Save Money and Give More
By Lorraine Conaway

You may be asking yourself save money and give more, really? How is that possible? It may well seem impossible with today's high-risk investing, rising taxes, increasing medical and health care expenses and with companies reducing benefits left and right. How in the world is anyone able to save more money and still give to charity?

Let's take a moment and look at who is giving to charity. It is actually a myth that you have to be wealthy to give back. There are people from all walks of life, income, educational background, economic statuses, and demographic circumstances. You see people give to their church, give part of their life insurance, and bequest their home. These are Middle American people, the average Joe if you will. According to an article in 2012 on the Huffington Post, middle-class Americans give more than rich residents. Also the Center on Philanthropy at Indiana University conducted a study in 2010 that statistically show that women give more than men.

So how does one give back without breaking the bank? In today's economy one of the most powerful ways to give back is through planned giving.

What is planned giving? It is a way of providing support to non-profit organizations and charities. These techniques allow philanthropic individuals and donors to potentially make larger gifts than they could make from their income alone. For the individual giving, "planned gifts" provide estate and tax planning strategies that can potentially reduce the tax impact on the donor's financial situation. These "gifts" can be in the form of cash, stock, bonds, notes receivable, property, and many other types of assets. Planned giving may also represent the opportunity to share in the benefits of whatever assets are involved in your "gift".

How does that work? Typically, a donor collaborates with their tax advisor, financial strategist, and attorney to establish a strategy of giving that addresses the family's objective(s). It may be in the form of a bequest of assets, or a current charitable trust, where either the income or the asset returns to you, the donor. The establishment of this approach can provide a tax deduction upon transfer of assets to the trust. Using this technique you can give the income to charity and retain the assets. On the flip side of the "planned giving" coin, you live on the income for period of time or life and have the remaining assets in the trust go to charity. There are additional strategies, outside of these options, that can be implemented to create gifts to charity without having to pull out your checkbook. However, every charity will appreciate a written check.

Okay, so now that you have a better understanding of what planned giving is and how it may work, let's examine how this could potentially impact the family next door.

A couple in their late 40s had a modest life style. The wife received an inheritance that causes substantial taxes (such as IRA, taxable annuities, and 401Ks). Since the couple regularly contributes to their church, they decided to set up a charitable trust, along with other planning that was coordinated with their tax advisor, to reduce their tax liability. After everything was said and done their tax liability was substantially reduced. The charitable trust was set up to be giving to their church for a period of years, so they could save money from their paycheck that would have originally gone to the church. In additional to reducing or saving tax up front, their "planned giving" prepaid the money that they were going to be giving to the church anyways. Please keep in mind that such results will not always translate for each individual situation and circumstance and always needs to be reviewed by a tax advisor.

If you would like to discuss how you may be able to save money and give more, please contact Conaway & Conaway at www.info.conawayandconaway.com or call toll free (888) 266-2929.