

A Tax-Efficient Guide to Charitable Gifting + Economic and Employment Indicators

Opening Remarks by Edward Geoffrey Sella, CPA/PFS, CFP[®]
President & CEO / Financial Advisor | SPC Financial[®]
Partner | S&M

Who have we assisted?

We are pleased to have assisted 2,000+ families pursue their unique wealth management, estate and tax planning goals.

We strive to share our financial vision, wisdom, and tax experience with a multitude of diverse clients:

- CEOs, private business groups, foundations
- attorneys, executives, entrepreneurs
- independent professionals, military families
- physicians, health care professionals
- federal + state government employees
- architects, builders
- widows, widowers, retirees, unmarried couples
- parents, grandparents, budding young families

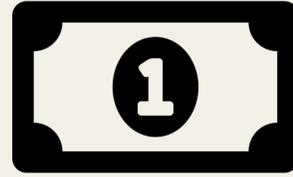
What does our team look like?

- We are proud to have a human-centric team of 28
- Our team holds 24 specialized certifications, including twelve CFP[®] professionals and five CPAs*
- Our team spends 500+ hours each year continuing their education to better serve our clients
- SPC participates in community outreach programs





2,000+
families assisted



\$923 million
assets under advisement +
management²

²accurate as of June 30, 2020



42%
of clients utilize financial +
tax services³

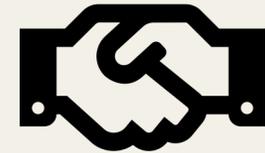
³accurate as of April 13, 2020



28
human-centric team
members



24
specialized certifications
across our team



SPC
participates in community
outreach programs

Our Financial Professionals

- **Edward G. Sella**, CPA/PFS, CFP® | President & CEO / Financial Advisor • SPC | Partner • S&M
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Our Strategy



Discover

Our planning process begins with a thorough discussion of your current financial situation and a complete understanding of your lifetime goals.



Analyze

An examination of financial, tax, and estate documents, along with risk assessment and retirement aspirations will be explored.



Develop

A customized, tax integrated, wealth management plan will be designed to help meet your individual financial objectives.



Implement

Our financial planning team and investment analysts will construct a suitable timetable for integrating all aspects of a mutually agreed upon financial plan.



Monitor

Each investment advisory team will routinely conduct a comprehensive portfolio assessment + its impact on changes to tax laws, investment/financial environments, and employment status.

Our Services



Risk Management (Insurance)

There are multiple risks. These risks can either be assumed or transferred to a third party. Risks that could have a significant impact should be transferred.



Legacy Planning

Arranging your financial affairs to help accomplish your personal objectives for your heirs.



Retirement Planning

There are two important phases: accumulation & distribution. During the accumulation phase, it is important to maximize the available tax incentives. During the distribution phase, it is important to consider potential tax consequences and/or Medicare premiums.



Planned Gifting

A systematic strategy to help pass wealth onto heirs in a tax efficient manner.



Estate Tax Planning

Various federal and State taxes may be applicable at death. In addition, there can be non-tax considerations for developing an Estate plan including the potential loss of government benefits by an heir; the need for guardianship provisions; the desire to protect a spouse and the goal of protecting an inheritance from creditor claims.

Our Services



Wealth Preservation

Strategies and techniques for preserving wealth for community, spouses, and heirs.



College Funding

Utilizing different methods for accumulating funds and paying for college expenses.



Portfolio Management

Within a portfolio allocation, specific decisions need to be made to help manage risk, income tax liability, and other financial considerations.



Asset Allocation

An extremely important process to help ensure the portfolio allocation is aligned with risk tolerance and is tax efficient.¹



Succession Planning

If you have an ownership interest in a business, it is important to ensure the continuity of the business in the possible event of a business owner's premature death, disability, or retirement.



Income Tax Planning

Tax laws evolve every year. It is important to ensure that your income tax planning incorporates these changes.*



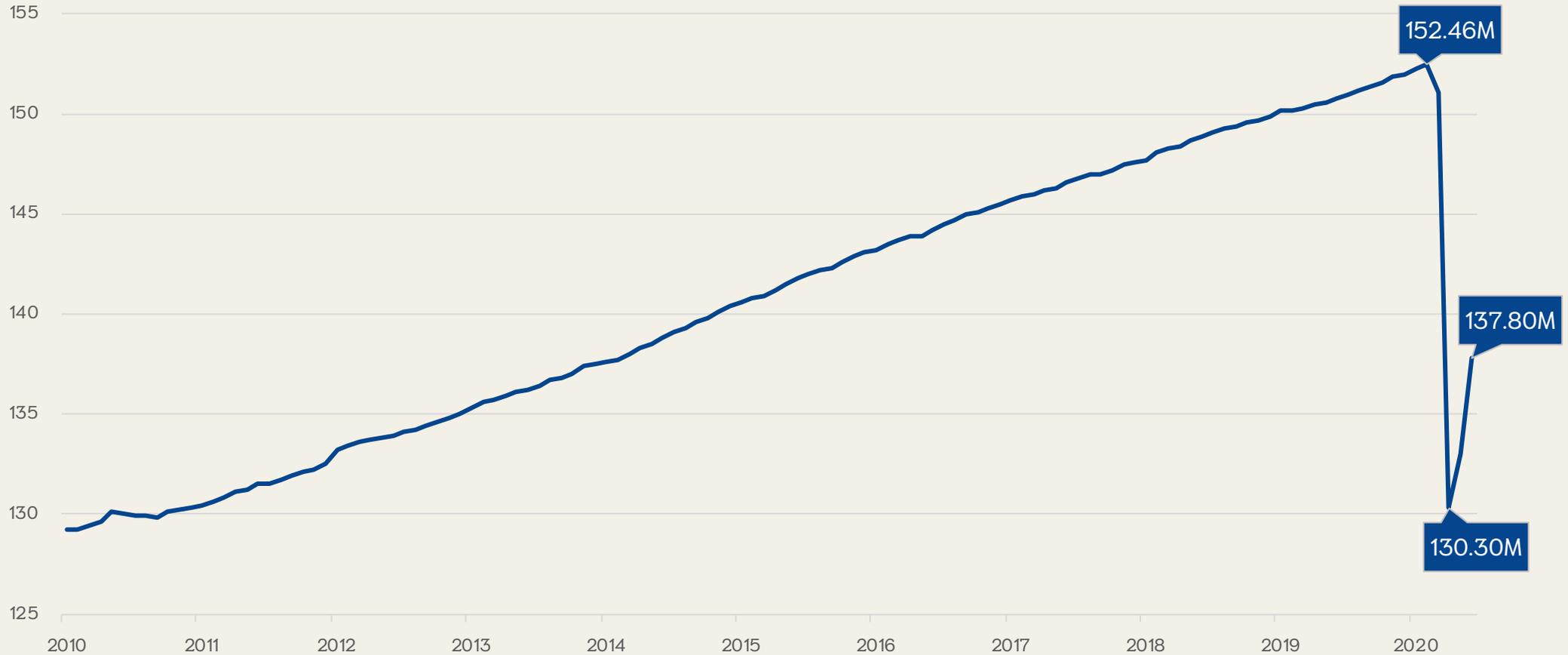
Economic + Employment Indicators

Presented by **Jason J. Davis, CFA, CIMA[®]**

Financial Analyst | SPC

Jobs Report

US Total Nonfarm Payrolls (Millions)



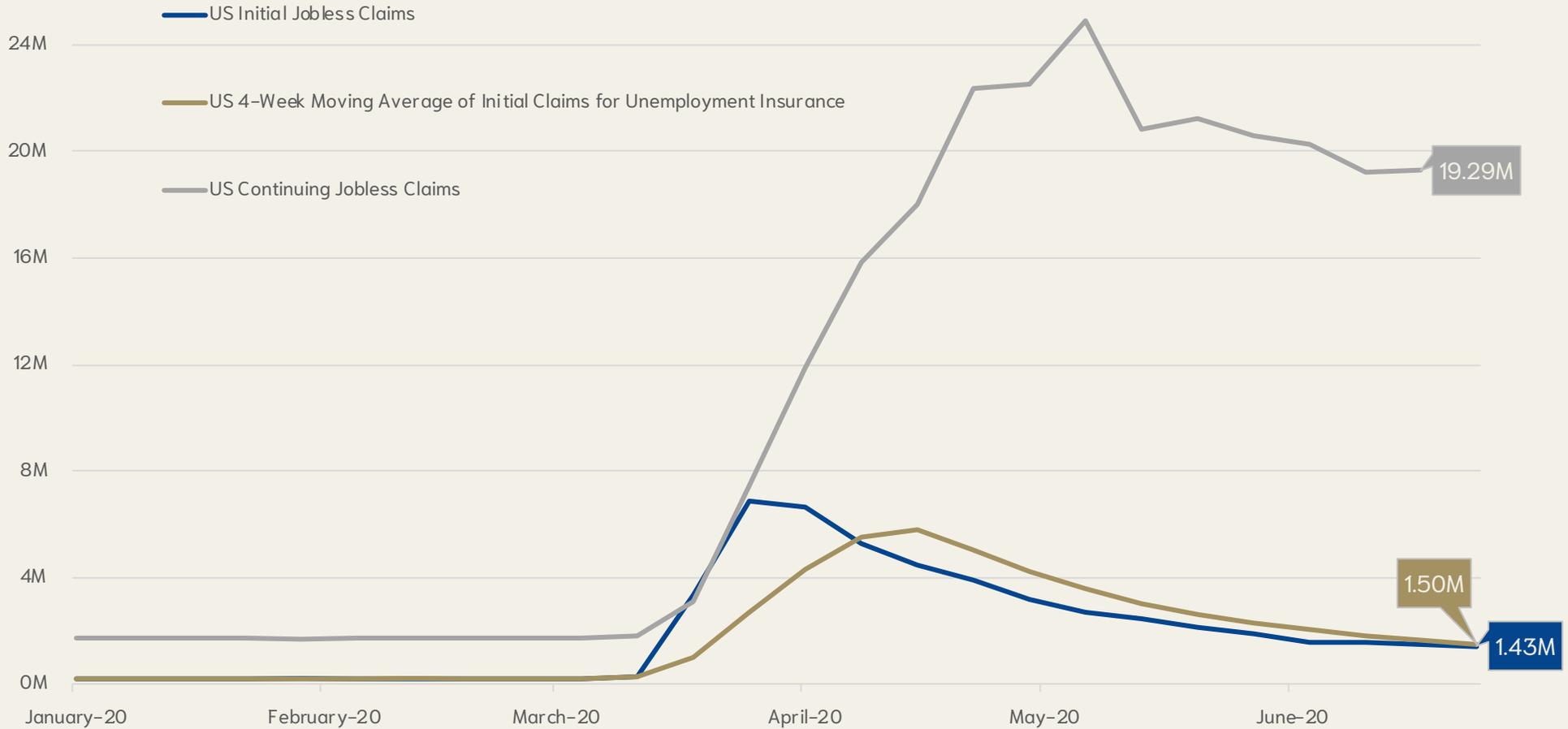
Source: YCharts, Bureau of Labor Statistics. Seasonally adjusted.

US Unemployment Rate



Source: YCharts, Bureau of Labor Statistics. Seasonally adjusted.

US Unemployment Claims



Source: YCharts, Department of Labor. Seasonally adjusted.

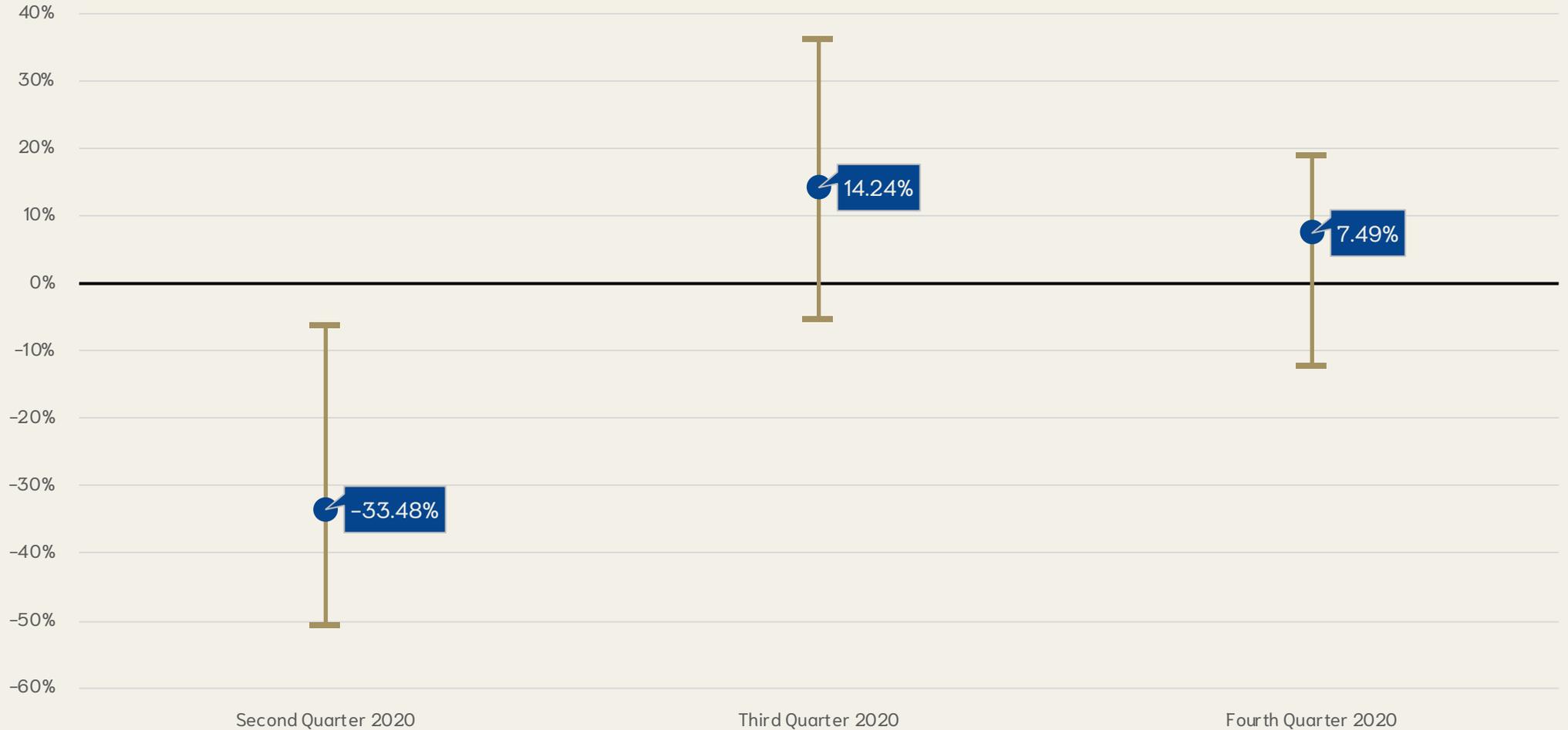
Consumer Spending

Percent Change in all Consumer Spending



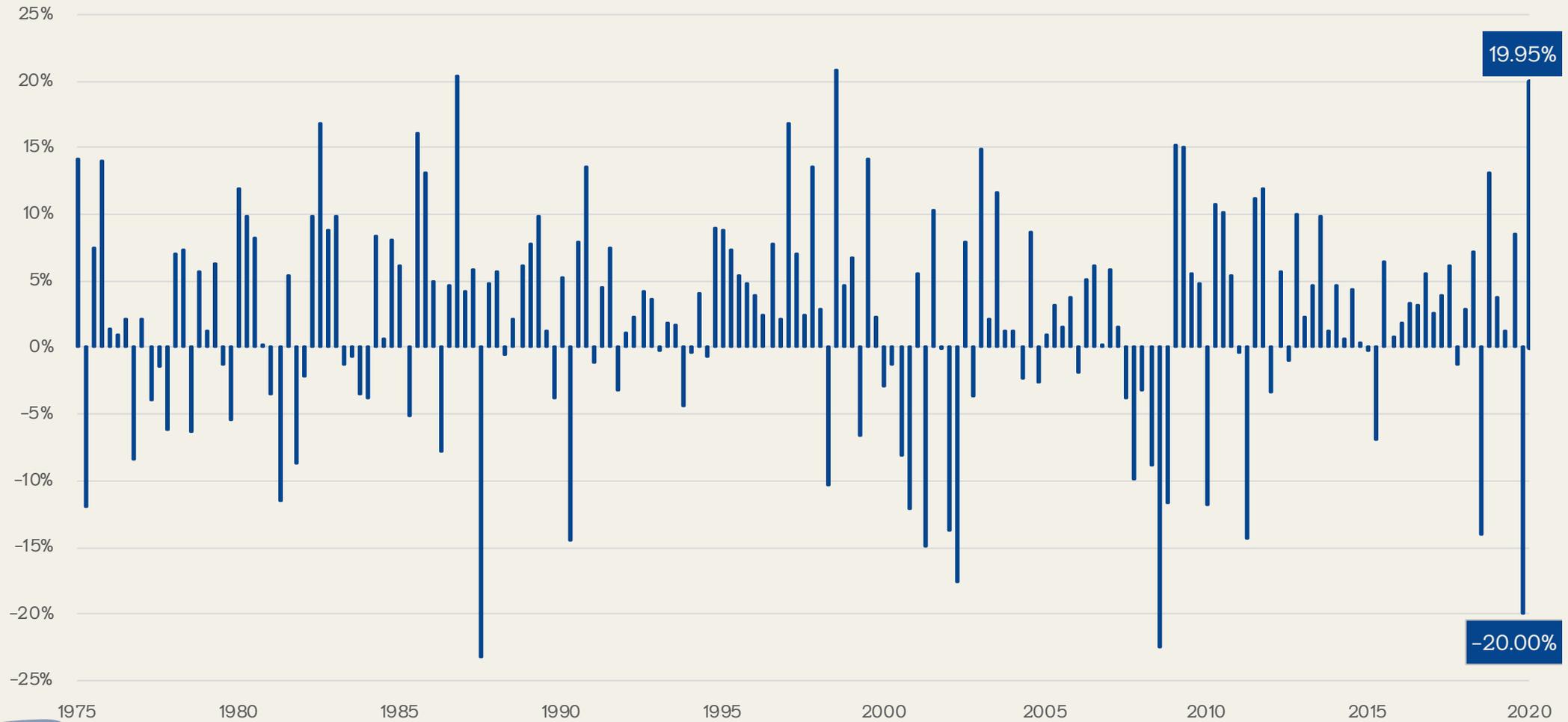
Source: Tracktherecovery.org. Change in average consumer credit and debit card spending indexed to January 4-31, 2020 and seasonally adjusted. This series is based on data from Affinity Solutions.

GDP Estimates

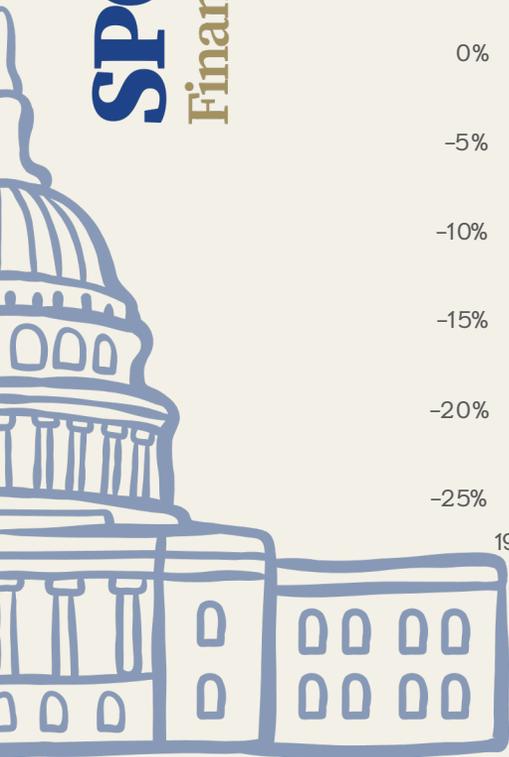


Source: The Wall Street Journal. Economic Forecasting Survey of 75 economists.

S&P 500 Quarterly Returns



Source: YCharts





Charitable Giving + Tax Benefits

Presented by **Rory M. McGlynn, CFP[®]**
Financial Advisor | SPC
Tax Accountant | S&M

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Charitable Giving Basics

- Charitable intent is necessary when making a donation
- Income tax deductions associated with charitable giving are the byproduct of the charitable inclinations
- Giving for a deduction in and of itself RARELY makes financial sense



Schedule A

- Cash
- In-kind gift
 - Furniture
 - Clothing
 - Misc. Household Items
- Tax Cuts and Jobs Act (2017)

SCHEDULE A (Form 1040 or 1040-SR) (Rev. January 2020)		Itemized Deductions		OMB No. 1545-0074	
Department of the Treasury Internal Revenue Service (99)		Go to www.irs.gov/ScheduleA for instructions and the latest information. Attach to Form 1040 or 1040-SR.		2019 Attachment Sequence No. 07	
Name(s) shown on Form 1040 or 1040-SR				Your social security number ***-**-****	
TAXPAYER & SPOUSE					
Medical and Dental Expenses					
Caution: Do not include expenses reimbursed or paid by others.					
1	Medical and dental expenses (see instructions)	1			
2	Enter amount from Form 1040 or 1040-SR, line 8b	2			
3	Multiply line 2 by 7.5% (0.075)	3			
4	Subtract line 3 from line 1. If line 3 is more than line 1, enter -0-	4			
Taxes You Paid					
5 State and local taxes.					
a State and local income taxes or general sales taxes. You may include either income taxes or general sales taxes on line 5a, but not both. If you elect to include general sales taxes instead of income taxes, check this box <input type="checkbox"/>					
5a		5a	15860.		
b State and local real estate taxes (see instructions)					
5b		5b	6435.		
c State and local personal property taxes					
5c		5c			
d Add lines 5a through 5c					
5d		5d	22295.		
e Enter the smaller of line 5d or \$10,000 (\$5,000 if married filing separately)					
5e		5e	10000.		
6 Other taxes. List type and amount <input type="checkbox"/>					
6		6			
7	Add lines 5e and 6	7			10000.
Interest You Paid					
8 Home mortgage interest and points. If you didn't use all of your home mortgage loan(s) to buy, build, or improve your home, see instructions and check this box <input type="checkbox"/>					
Caution: Your mortgage interest deduction may be limited (see instructions).					
a Home mortgage interest and points reported to you on Form 1098. See instructions if limited					
8a		8a	15185.		
b Home mortgage interest not reported to you on Form 1098. See instructions if limited. If paid to the person from whom you bought the home, see instructions and show that person's name, identifying no., and address <input type="checkbox"/>					
8b		8b			
c Points not reported to you on Form 1098. See instructions for special rules					
8c		8c			
d Mortgage insurance premiums (see instructions) STMT 10					
8d		8d	0.		
e Add lines 8a through 8d					
8e		8e	15185.		
9 Investment interest. Attach Form 4952 if required. See instructions					
9		9			
10	Add lines 8e and 9	10			15185.
Gifts to Charity					
11 Gifts by cash or check. If you made any gift of \$250 or more, see instructions					
11		11	3400.	STMT 9	
Caution: If you made a gift and got a benefit for it, see instructions.					
12 Other than by cash or check. If you made any gift of \$250 or more, see instructions. You must attach Form 8283 if over \$500					
12		12	4723.		
13 Carryover from prior year					
13		13			
14	Add lines 11 through 13	14			8123.
Casualty and Theft Losses					
15 Casualty and theft loss(es) from a federally declared disaster (other than net qualified disaster losses). Attach Form 4684 and enter the amount from line 18 of that form. See instructions					
15		15			
Other Itemized Deductions					
16 Other - from list in instructions. List type and amount <input type="checkbox"/>					
16		16			
Total Itemized Deductions					
17 Add the amounts in the far right column for lines 4 through 16. Also, enter this amount on Form 1040 or 1040-SR, line 9					
17		17			33308.
18 If you elect to itemize deductions even though they are less than your standard deduction, check this box <input type="checkbox"/>					
18		18			

LHA For Paperwork Reduction Act Notice, see the Instructions for Forms 1040 and 1040-SR. Schedule A (Form 1040 or 1040-SR) 2019 919501 01-14-20

Giftting Appreciated Assets

- Think beyond CASH
- Use appreciated non-IRA securities
- Receive deduction for fair market value of securities
- No income tax triggered with gift
- Ex. I bought 100sh AAPL in March 2000 for \$3/share
 - Cost basis = \$300 but Current value = \$37,300
 - Gift \$37,300, but does not trigger \$37,000 of capital gains

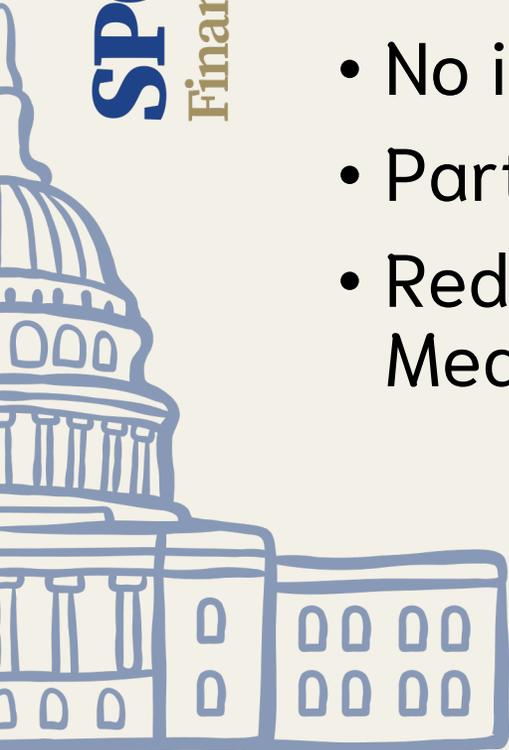
Donor-Advised Fund (DAF)

- “Private Family Endowment”
- Gifts to DAF are deductible in year of the gift
- Assets inside DAF to continue to grow
- Decide when and how often to make ‘grants’ to charitable organizations
- Create a legacy for family charitable giving



Qualified Charitable Distributions (QCDs)

- If 70½ , gift distributions directly to charities
- Give up to \$100k annually using QCDs
- No income recognized for QCDs
- Particularly useful if no longer using Schedule A
- Reduce Adjusted Gross Income (AGI) which determines Medicare Part B premiums



CARES Act's Impact

- Above-the-line deduction for CASH gifts only in the amount of \$300/taxpayer – for those who use the standard deduction.
- 2020 RMD Waiver – consider other options than QCD?
- If planning to make large gifts in 2020, please speak with your financial/tax advisor

Tax-Efficient Giving Considerations

- Gift assets with largest “long-term unrealized gains”
- ‘Bunching’ charitable giving every other year to maximize deductions
- Consider anticipated income now and in future years when reviewing charitable giving strategies



Tax-Efficient Giving Considerations

- Offset tax cost of converting pre-tax \$ to Roth
- Don't gift from Roth IRAs
- Windfall? Consider CRUTs, CRATs & Pooled Income Funds
- List charities as beneficiaries of Traditional IRAs, 401(k)s, TSPs





Questions & Answers

If you have any questions, please:

- use the Q&A feature at the bottom of the webinar screen, OR
- send them to us via live chat at spcfinancial.com/townhall.

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