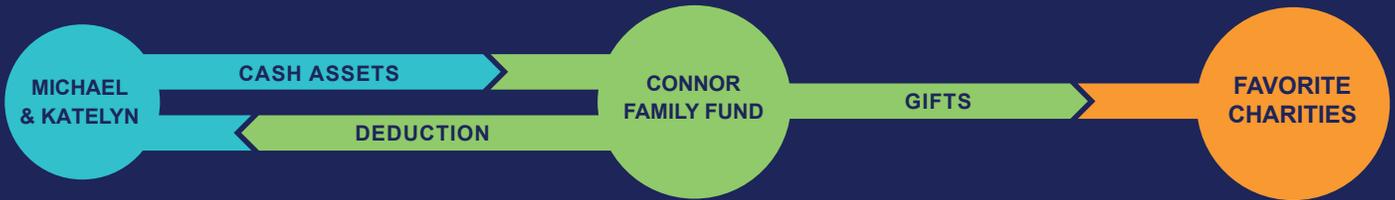


Michael & Katelyn Connor

Extra Deductions & Involving Heirs



Michael and Katelyn Connor’s adjusted gross income is projected to be \$200,000. With a total net worth of \$2 Million, including qualified retirement accounts and other investments, the couple will be faced with a \$43,000 income tax bill this year.

The Connor’s accountant recommends creating a Donor-Advised Fund (DAF) for their charitable giving. By transferring \$50,000 worth of appreciated securities to their DAF, Michael and Katelyn avoid the capital gain on the asset and can deduct the gift as a charitable deduction against their adjusted gross income.

Michael and Katelyn will use their new DAF to engage and educate their children about the importance of charitable giving. They include their children in the process of granting their funds and also allow them to make recommendations for a portion of the DAF’s annual distributions. The Connor children are named as the successor grant advisors and will assume the grant making upon Michael and Katelyn’s passing.

The \$50,000 contribution to the DAF provides a \$50,000 income tax deduction and is projected to provide a current income tax savings of \$14,000. Michael and Katelyn also avoid \$6,000 in state and federal capital gain taxes on the highly-appreciated securities transferred to their Donor-Advised Fund, realizing a total tax savings of \$20,000.

Benefits for Michael & Katelyn	
Income Tax Deduction	\$50,000
First-Year Tax Savings	\$14,000
Capital Gain Tax Avoided	\$6,000
Total Tax Savings	\$20,000

Assumptions:

- Marginal Federal and State Income tax rate of 31.6%.
- Marginal Federal and State Income capital gain tax rate of 39.96%

This example is hypothetical and for educational use only. The situations, tax rates or return numbers do not represent any actual clients or investments. There is no assurance that the rates depicted can or will be achieved. Actual results will vary. Please consult with legal and tax counsel about the suitability.

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