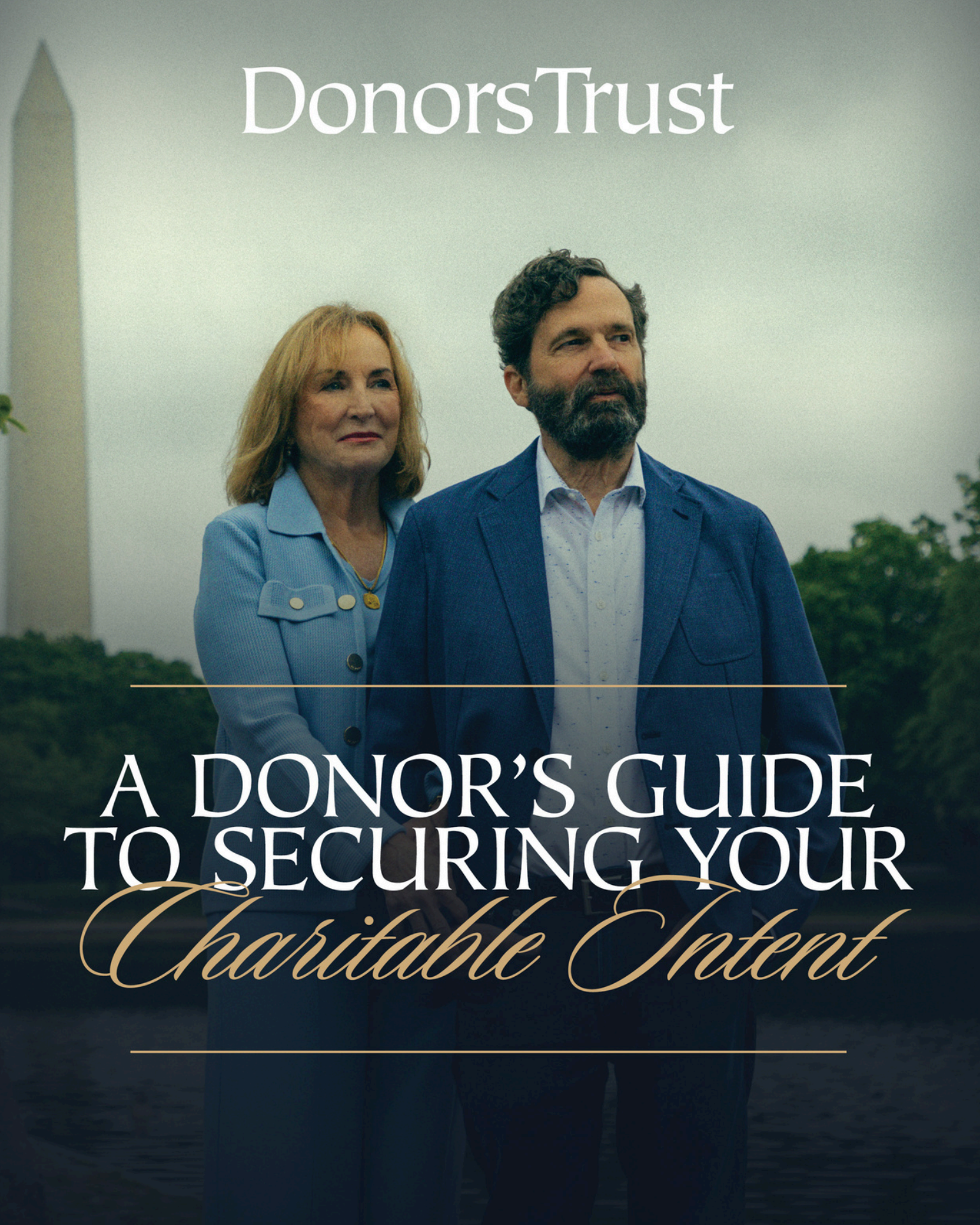
DonorsTrust



A DONOR'S GUIDE TO SECURING YOUR *Charitable Intent*

Behind every gift is a donor's intent. We give because we want to effect change in our communities, our country, and the wider world around us; our philanthropy is driven by our values, priorities, and convictions.

But sometimes our charitable dollars can stray from our intent as a donor. A charity we support might change its strategy or drift from its mission. And after we're gone, our children and grandchildren might misdirect our philanthropic capital because they misunderstand our wishes or disagree with our values.

A Tale of Two Brothers

Twenty-five years ago, a California-based philanthropist opened a donor-advised fund account with DonorsTrust. Having heard stories about charitable dollars being used contrary to a donor's wishes, he wanted to ensure his philanthropy wouldn't be redirected after his death.

As a conservative living in a liberal area, this philanthropist recognized the risk of entrusting his charitable legacy to the local community foundation. Instead, he opened a donor-advised fund account with DonorsTrust and worked with our philanthropic advising team to write a Donor Intent Statement that would guide his wife and daughter as successor advisors on the account.

When he passed away a decade later, DonorsTrust oversaw the account until the fund was sunset. Our team ensured his charitable legacy continued to uphold the values and stated intent that had animated his philanthropy during his life.

Over the years, this man had urged his brother to follow suit and secure his legacy with a DonorsTrust account. His brother instead opened a foundation with his bank, which neither advised a donor intent statement nor provided guidance on how to be most effective with his giving. The account was left open-ended, but he wasn't concerned. He trusted the bank to work with his family after his death.
But the bank shut his family out. The funds he had earned and given to his foundation were directed by a board who didn't know him. The board granted those funds to a host of causes that were not always aligned with his giving wishes.

Don't let your philanthropic legacy get hijacked. DonorsTrust was established to ensure that donors like you would have their charitable wishes honored now and after their death. In this guide, you'll discover the eight simple steps to securing your charitable intent.

1 BE CLEAR IN YOUR PURPOSE.

It is essential to have a clear, focused mission and vision for your giving. Asking yourself the following questions can help you put your purpose into words:

> What are you trying to accomplish with your giving? What causes do you care about most and why? What societal challenges are you most passionate to see addressed? What strategies and tactics do you like to support? Do you want to give in a public way or more privately?

Answering these questions will help safeguard your intent for the future; it will also lead to more disciplined, measurable, and satisfactory giving today.

2 LEAVE A LIST OF FAVORITES.

Write down a list of the charitable groups you are most passionate about. These can be organizations that you currently fund as well as those you might one day support. Explain why these groups stand out among other charities with similar missions. Categorize them according to the causes you identify in your purpose. Rank or tier the groups so it is obvious which are most important to you.

3 EXPLAIN WHAT YOU DON'T LIKE.

You probably have groups you intentionally don't support. Perhaps they treated you poorly when you donated in the past, or maybe you disagree with the organization's tactics or ideology. As you create this list, you might include whole swaths of organizations that work against your principles or work in philanthropic areas that you aren't keen on. Pay particular attention to the organizations that might seem like a good fit on paper but really aren't. Without having it in writing, your heirs would be forgiven for funding these groups.

4 CHOOSE THE RIGHT VEHICLE.

You have choices in the vehicle carrying out your charitable legacy. These include a private foundation, donor-advised fund account, charitable lead trusts, charitable remainder trusts, or a bequest in your will. Each has its own advantages, drawbacks, and tax implications. To best protect your charitable intent, consider employing multiple vehicles. Your tax attorney and financial planner can help you determine the best vehicles for your philanthropy.

5 SET YOUR PACE.

Supporting a group after your lifetime doesn't require you to give all available funds immediately. Design a plan for how and when you want your charitable dollars disbursed. If you have a foundation, consider whether you want future foundation leaders to grant out only the required 5% each year or give beyond the legal requirement. Setting a pace is particularly important with a donor-advised fund account, which has no mandated payout requirements.

A slower pace gives you a chance to invest and grow your charitable dollars and supplies your favorite charities with predictable income that allows for more stable long-run operations. Spreading out your giving also leaves open the possibility of redirecting your donations down the road should your favorite groups stray.

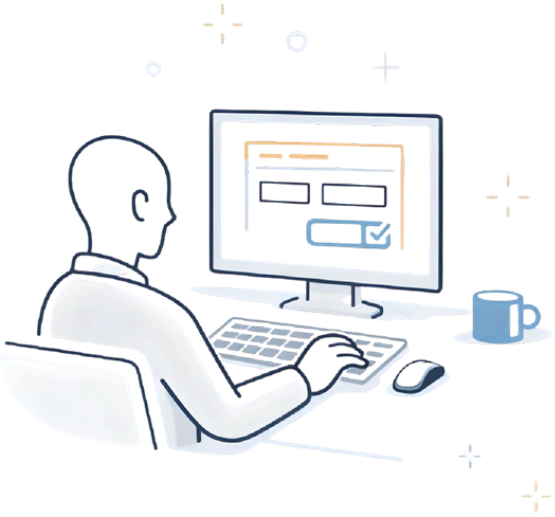
Giving at a more aggressive pace can enable more immediately tangible impact. Larger gifts can help short-term projects get off the ground, allowing a charity to go beyond its normal operations and do something special. Fast-paced giving also limits the possibility of unwittingly supporting a group that has slowly drifted from its original mission, ensuring your money is spent while the charity is still governed by a leadership team you trust.

6 BIND IT IN WRITING.

Once you've established guidelines stating your charitable intent, work with your attorney and/or financial advisor to put it in writing. Decide whether you want to share the appropriate document—all or in part—with relevant parties, be they heirs, trusted friends, or charitable beneficiaries. At a minimum, ensure the right people know that you have outlined your intent and expect it to be followed.

7 FLEXIBLE NOW, THEN FIXED FOREVER.

Things change. After you have codified your estate plan, you may discover new charities or lose interest in once-favored groups. Changes in wealth, family circumstances, or tax law could prompt you to rethink your giving strategy. Revisit your plan annually and set it up so you can easily make adjustments, allowing you to keep your intent current. Keep the need for future flexibility in mind as you consider your charitable vehicles and take care with rigid arrangements such as irrevocable trusts.



8 SHUT IT DOWN.

This may be the most important step to head off eventual drift away from your donor intent: Limit the life of the charitable vehicle you establish. Spending your charitable capital within 25 years of your death limits the chance your money will support causes with which you disagree. Not only will your donor intent be protected, but your money will be making an impact with the causes you hold dear even sooner.

A DonorsTrust donor-advised fund makes it easy is for you to follow these 8 steps, and our team of philanthropic experts is ready to walk you through them. In addition to providing tax-advantages and simplicity for charitable gifts, DonorsTrust distinguishes itself with its emphasis on the protection of donor intent and its commitment to limited government, personal responsibility, and free enterprise.

DonorsTrust clients write a Donor Intent Statement, name successor-advisors if desired, and define how long their account will operate after their death. Whether as your sole charitable vehicle or just the one protecting your faith-based and liberty-oriented giving, DonorsTrust can help you establish your charitable legacy in a way that protects your principles. Call us at **703-535-3563** or email **tellmemore@donorstrust.org** to learn more.

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