

Making Every Dollar Count: How Tax-Smart Strategies Maximize the Impact of Charitable Giving

Most people wouldn't manage their stock market investments or retirement funds without the help of a licensed financial advisor.

Shouldn't that be the case for philanthropy, as well?

Giving generously to a worthy cause or non-profit organization should be undertaken with an experienced private wealth advisor who understands how to deploy smart strategies that help a donor's money go further.

"Everybody wants to do good, but most people don't know how to do it effectively," said Louis Walsh, CFA, Managing Director of Investments and Private Wealth Financial Advisor at Walsh Investment Consulting Group, part of the Wells Fargo Advisors Financial network.

Walsh Investment Consulting Group offers private wealth advising, including institutional consulting services, retirement plan consulting, and charitable giving strategies. Walsh provides comprehensive investment management strategies for wealthy families, small businesses and foundations to the greater Jacksonville area. He also has significant experience serving and operating charities and foundations.

Together, Walsh and his team offer more than 100 years of experience in private wealth management. They work with each client to customize a philanthropic plan that help maximize their giving through several targeted strategies.

For example, donors often make payments on a large gift over multiple years and claim each payment on their annual taxes separately. Walsh said this historically increases the tax burden for the donor. Concentrating their charitable giving to a single year, however, helps to allow donors to exceed the standard

charitable giving deduction and can save clients thousands of dollars, depending on the amount of the donations.

"We use a vehicle called a Donor Advised Fund. This can allow donors to shift their charitable giving into one calendar year to ease the tax burden, while still distributing the funds to their charities of choice across multiple years," Walsh explained.

We believe another successful strategy Walsh uses leverages a little-known rule: Donors over the age of 70.5 can make donations to non-profit organizations directly from traditional IRAs and those funds are not subject to federal taxes. Not only that, but the funds are fully deductible. Both the charity and the donor benefit from the gift.

"Some time ago, one of our clients was at a social function with friends, and they were all discussing their favorite charities. Our client casually mentions their 'charity checkbook' and explains how they give directly from their IRA. And none of their friends – who all give generously to various charities – were using this strategy or had even heard of it," Walsh says.

Walsh says the goal is to help improve the efficiency and impact of his clients' current charitable giving. However, these strategies often lead clients to give even more to the charities they love, which can lead to a greater and more direct impact for the causes they champion.



Louis V. Walsh, IV, Jaqueline Woodson, Andrea Diaz-Rosario, Adri Senecal, Matthew Monroe

Decreasing tax burdens on the upper-middle class and the wealthy may seem counterproductive for taxpayer-supported programs. Walsh argues the opposite, in fact, is true, because the top-earning families are the biggest charitable givers.

"While taxpayer-funded support for government-run programs is still important, I believe it's the least efficient means of giving back to those who need it most," he said. "As little as 25 cents of every dollar of funding goes directly to government program beneficiaries. Private and religious-based nonprofit organizations have a much better track record; they minimize overhead and make every dollar count. That makes them a better philanthropic investment," said Walsh.

"When you give directly to nonprofits and use proven, tax-efficient strategies, the money is still going to those in our society who need it most, it's just three times more effective," he said. Please remember to always ask your own tax preparer for the strategies that will work best for you.

To learn more about effective charitable giving strategies, call Walsh Investment Consulting Group at (904) 839-2891.

Wells Fargo Advisors Financial Network is not a legal or tax advisor. Investment products and services are offered through Wells Fargo Advisors Financial Network, LLC (WFAFN), Member SIPC. Walsh Investment Consulting Group is a separate entity from WFAFN.