



BusinessWeek

A PUBLICATION OF MCGRAW-HILL COMPANIES

By Daniel G. Gensler, MS, CFP®

CREATING A FAMILY LEGACY OF GIVING

Donating money to a worthy cause can be enormously satisfying. It can have a positive impact for years to come, and even prove to be an enduring legacy. However, many generous people don't realize their philanthropy can also offer significant income and estate tax benefits. Taking a planned, longer-term approach to charitable giving may allow your contributions to grow into a more substantial amount over time, increasing the impact of your gift.

Family philanthropy views wealth from a unique perspective. An estate consists of two parts – family capital and social capital. Family capital is the wealth an individual can spend between now and the time he or she dies and what can be given to heirs. It's the wealth families get to keep! Social capital is the wealth that can't be spent before death nor given to heirs. Typically individuals give up their social capital in the form of taxes, a type of involuntary philanthropy. When they do, they give up control of that wealth.

Are there alternatives – ways in which families can distribute their social capital without giving up control of its use? Yes. A variety of planning options exist, including two common methods: Family Foundations and Donor Advised Funds (DAFs).

Due to the complexities and costs of managing and administering a family foundation, attention has been shifting in favor of DAFs.

Now, Americans have a choice about where their social capital goes, and how it's used.

DAFs provide a simple, flexible and cost effective way to capture, manage, and distribute a family's social capital to charitable organizations of choice. They turn what would have been tax dollars used at the government's discretion

into charitable dollars used by organizations whose missions and values reflect your own. Individuals give up their social capital, but retain "virtual control" over its use.

Now, Americans have a choice about where their social capital goes, and how it's used. Because DAFs operate under the umbrella of a host public-charity that provides all of the administrative and reporting services, families can concentrate on the emotionally satisfying side of family philanthropy – seeing their generosity at work!

As published in the December 30, 2002 issue of *Business Week Magazine*.



The Gensler Group, a thriving and successful wealth management and financial planning firm, helps create legacies for individuals and families.

Through objective and sound financial advice, The Gensler Group helps clients build dreams, preserve the present and protect the future.

The financial consultants of The Gensler Group are registered representatives with and offer securities through Linsco/Private Ledger Member NASD/SIPC

FOR MORE INFORMATION, PLEASE CONTACT:

**The Gensler Group: 800.200.5524 • WealthManagement@GenslerGroup.com
www.GenslerGroup.com**