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Issues of *Futures* appear as they were originally published. Information in these publications has not been updated to reflect changes that could affect calculations given in case examples.

Newsletter begins on next page.

A no-nonsense newsletter for estate planners and financial advisors from The Dayton Foundation

Why One Advisor Uses the Free Charitable Checking AccountSM Service & Refers Clients

An Interview with Donald J. Schade, Financial Advisor & Senior Vice President – Investments, Merrill Lynch

When you ask Don Schade why he opened a Charitable Checking Account with The Dayton Foundation, he answers it with another question: “Why wouldn’t I?”

For Schade, the list of reasons for having a free, personal Charitable Checking Account is long and self-evident, once you understand the service.

“I’ve had a Charitable Checking Account (CCA) for several years. I heard about the service from one of my clients, who wanted to transfer appreciated stock to his CCA for his charitable gifting. When I understood the service, it made all the sense in the world to me. I get a lot of ideas from my clients,” Schade said.

How the Service Works

The CCA Service operates much like a personal checking account, in that the individual deposits assets (appreciated assets or cash) and then directs the Foundation to send contributions to any IRS-approved charities he or

she chooses, locally or anywhere in the U.S. The account holder makes the decisions; the Foundation does the work of verifying the IRS status of the charities, sending the checks and providing quarterly statements of transactions and account balances.

The Foundation also provides the account holder with the only charitable receipts the IRS requires and an end-of-year statement, which makes record keeping easier for tax-filing purposes. There are no requirements for minimum deposits, balances or size of grants to charity. Furthermore, the Foundation provides a secure, password-protected, online service called Donor Express. Through Donor Express, account holders may obtain up-to-date balances and other account information 24/7, including gift history, and may perform their grantmaking online. An account can even be opened online in a matter of minutes – or a person may call the Foundation for an application that is short and easy to complete.

“It’s very, very convenient,” Schade said. “That’s the beautiful thing about it. All of us have situations when we plan multi-year commitments to charities. The CCA Service allows us to budget when to transfer appreciated stock, for instance, (which the Foundation sells and deposits in the individual’s account) and take the charitable deduction. We then can have the funds go to charity on a schedule of our choosing. And when we’re active with a number of charities, the paperwork can be a nightmare if we have to keep track of it ourselves. The Dayton Foundation does all this for us, without a fee.

“I tell my clients that for any major gifts, don’t use cash. Cash is the most expensive way to make a gift to charity. Low-basis stock is the best.”

An Example

“For example,” Schade said, “let’s say you have an adjusted cost basis of

\$3 a share for a thousand shares of stock that you sell at \$45 each. You have to pay federal and state taxes on the \$45,000 sale price. The federal tax alone would be \$6,750.

Instead, if you’re a charitable person and you gift the stock to The Dayton Foundation, they will have your stock sold. They then will deposit the full value of the stock (less commissions) into your account for your charitable purposes, undiminished by capital gains taxes. This means you have to sell less assets to make the same charitable gift. Or, to put it another way, it costs you less to make your charitable gift.

“This is a win-win situation – a win for the client and a win for charity. It’s also a win for the advisor, who has less hassle working through The Dayton Foundation – which knows exactly what to do with the stock transfer – than through charities not accustomed to dealing with gifts of stock. It cuts down on the chance for error and disappointment from a client whose stock wasn’t sold immediately by a charity less familiar with the proper process. I love a win-win-win.”

Flexibility and Organized Giving

Furthermore, Schade noted, the client gets to choose when it’s most advantageous to take a charitable deduction – and thus make the gift to the Foundation – but has total flexibility to decide when to parcel that gift to the client’s special charities. “You can organize your charitable giving better

“It’s such a tax-efficient and easy way to be charitable.”

– Donald J. Schade



DONALD J. SCHADE

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than you otherwise would be able to do," he said. "I get enthused and tell my clients about the service all the time. It's such a tax-efficient and easy way to be charitable.

"Of the clients I've referred, I can't think of an instance where a client is less than happy with the service." The trick, he noted, is to get clients to try it.

Trying It As a Service to Clients

Schade believes that the best way to encourage your clients to set up a CCA and benefit from the service is for advisors to try it themselves.

"Do yourself a favor," he said, "and look into it yourself. See how it works. Once you establish an account and get familiar with it, you'll be sold on it – and your enthusiasm will work its way over to your clients. And when you use it yourself, you'll understand it. You'll be better able to explain the benefits to your clients. It's a wonderful option clients may not know about. Familiarizing clients with the service and encouraging them to use it can be a real value-added service to your clients.

"I can't imagine why an advisor involved with charitable giving wouldn't use the service. I don't know what the drawback is. Once you use the service, you're convinced – and soon your clients will be too. You won't want to go back to doing your charitable giving as you did before – nor will they. It's hassle free. The simplicity of it encourages you – and them – to give. As a dear friend of mine once said, 'Just do it!'" 🐶

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– Donald J. Schade

The Foundation's Biggest Event!

Mark your calendars for 5 to 8 p.m., November 3, for the best party in Dayton – the 2005 Biennial Meeting Celebration of The Dayton Foundation at the Benjamin and Marian Schuster Performing Arts Center. It's also a great opportunity to bring clients and colleagues for a special evening that's both fun and meaningful.

This year's theme will be "Celebration: The Art of Giving!" An exciting program in the Mead Theatre will include the latest news from The Dayton Foundation, followed by a special honoring of former Governing Board Chairs John E. Moore, Sr., and Frederick C. Smith, and performances by Dayton Contemporary Dance Company, The Human Race Theatre Company and Rhythm in Shoes. A Wine and Light Supper Social will follow in the Wintergarden, where a special art exhibition by the Dayton Visual Arts Center will be on display and The Eddie Brookshire Trio will play. Come celebrate and enjoy the company of other financial and estate advisors, Foundation donors, community leaders and other special friends from around the community.

If you have not received an invitation in the mail, please consider this your invitation and call Jenny Shinker at The Dayton Foundation at 225-9945 to reserve space. Your reservation (\$29) needs to be in by October 20. Be sure to respond early, as space will be limited. You won't want to miss this one!

Save the Date!

Note: Solutions differ from case to case. The above does not constitute professional financial or tax advice.

Donald J. Schade, Vice President – Investments with Merrill Lynch, has 37 years of experience in the investment management business.



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The Regional Community Foundation

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