

## Make Your Money Matter

Your Giving Ways

Jan Clymer, 1% Club Member



For 20 years, I sat across the table from clients seeking my financial advice on all matters of their assets. We structured investment portfolios, discussed estate planning goals and determined efficient tax strategies. Diversification was a key planning consideration because it lowered overall risks and met more long-term needs. For many of my clients, these choices were daunting even though they realized that *not all* of their holdings should reside in any one asset class. Charitable giving also presented similar daunting choices, and diversification considerations also lowered risks and met more long-term needs. This column briefly outlines four major charitable giving approaches: 1) Outright Gifts; 2) Estate Gifts; 3) Income Producing Gifts; and 4) Other Planned Gifts. Choices within these broad categories can help meet long term needs for you, your beneficiaries and favorite nonprofit organizations.

### Outright Gifts:

*Cash* – Immediate income tax deduction for donor

*Securities* (held long term) – Immediate income tax deduction for donor and avoidance of capital gain tax

### Estate Gifts:

*Will or Trust* – Cash or assets – estate tax deduction

*Retirement Plans* – Cash or assets – estate tax deduction and avoid income tax heirs would have to pay on these assets

### Income Generating Gifts:

*Charitable Gift Annuity* – Fixed income for life, partially tax-exempt – income and estate tax savings – average \$10,000 + gifts

*Charitable Remainder Annuity Trust* – Fixed income for life, partially tax exempt – income and estate tax savings – average \$250,000 + gift

*Charitable Remainder Unitrust* – Fixed percentage of trust value for life – payout fluctuates with market value, can add assets to trust – average \$250,000 + initial contribution

### Other Planned Gifts:

*Charitable Lead Trust* – Income to charity for term, assets then revert to family – reduces gift and estate taxes on assets passing to heirs – average \$250,000 +

*Donor Advised Fund – at fund company* – Income tax deduction for amount given to Fund – control of distributions spread out over time – control over distributions becomes a family legacy until fund exhausted – \$10,000 minimum initial gift – can be added to

*Donor Advised Fund – at community foundation* – same as above, usually control over distributions for one or two generations then funds revert to sponsoring foundation – average \$10,000 minimum initial gift, can be added to  
*Private or Family Foundation* – Establishes legacy of philanthropy for family – income or estate tax deduction – control over distributions remains in family in perpetuity – average \$1 million +

Diversification considerations can be the key to astute and savvy charitable giving which helps meet our own needs as well as those of our most favored nonprofit organizations.

In the coming months, Joe Selvaggio has recruited other 1% Club members to guest write this column; each of those guest columns will be devoted to a *single* giving way.

The One Percent Club  
1035 E. Franklin Avenue  
Minneapolis, MN 55404  
Tel. (612) 455-5198  
Fax (612) 455-5101  
www.theonepercentclub.org

Giving  
1%  
of Net Worth  
Back to the Community

1%  
The ONE PERCENT CLUB  
Giving Back

Edition #80 May 2006

The mission of the One Percent Club is to increase charitable contributions in our community by engaging people to commit to a minimum standard of giving: the greater of 1% of net worth or 5% of income annually.

SAVE THIS DATE:  
September 13, 2006

Michael V. Ciresi  
Keynote Speaker  
at Annual Dinner Event



One Percent Club member and philanthropist, Michael V. Ciresi, will be the keynote speaker at the September 13, 2006 Annual Dinner. He is a name partner and Chairman of the Executive Board of Robins, Kaplan, Miller & Ciresi, L.L.P., and has been instrumental in the growth and diversity of the firm's practice. Mr. Ciresi's trial practice and consulting is focused in the areas of product liability, intellectual property, business and commercial litigation.

## Minnesota couple thinks and acts globally

By Judith B. Schuster

Judy Hawkinson and Patrick Plonski live in Minnesota because they like it here. But they work for and donate their major contributions to organizations that support countries in the Southern Hemisphere.

As the new executive director of Friends of the Orphans, Hawkinson addresses the multiple physical and educational needs of more than 3,000 orphans and abandoned children in Bolivia, the Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua and Peru. Her husband, Plonski, has been the executive director of Books for Africa for more than three years. That organization collects out-dated, new and used textbooks for English-speaking countries in Africa.

“There are lots of worthwhile local organizations,” Hawkinson said. “But we have both always been interested in Third World poverty. Joining Friends of the Orphans gave me a wonderful opportunity to do something tangible for the children in very impoverished countries. Patrick and I are addressing profound issues of poverty on different continents, and we are both using education to do so.”

Both are members of the One Percent Club. Plonski said, “The Founder of Books for Africa, Tom Warth, was also one of the founding members of the One Percent Club. I’ve also known Joe Selvaggio, the director, for a long time. I’ve always been engaged in professional and volunteer activities that involve positive involvement in the community. I want to know I’m making a difference and I believe that using my talents and my money in the non-profit sector helps do that.”

Hawkinson added, “We take our membership seriously. We joined because we believe it is very worthwhile to give away a significant percent of your income or assets. I grew up in a family of philanthropists, and I think it is important for me to model that with my own giving.”

While the couple also donates money to what Hawkinson describes as “the usual things,” the church, United Way and the universities from which they graduated, most of their charitable contributions go to the organizations for which they work.

Hawkinson’s father, R. Donald Hawkinson, is also a member of the One Percent Club. She explained that her grandmother, Stella, was the one who introduced her to philanthropy. “I saw how good she felt that she could make a difference helping others. My initial experience was as a child when I served coffee to fund raisers who were meeting at her home.”

Before joining Friends of the Orphans, which financially supports the operation of nine orphanages, Hawkinson had worked as a fund raiser for a variety of organizations for more than 20 years, both as a professional and a volunteer. “When I learned about the need at Friends of the Orphans, I felt it was a calling for me. As a mother, I want all children to have a loving home

and I know that education is one of the best ways to move children out of poverty and into productive lives.

“We start young children in the Montessori program, and then if we believe they have the interest and ability, we find a way to send them on to college. We hope that they will stay in their native country and will lead happy, productive lives, perhaps as a lawyer or doctor, or as a parent or welder.

“I believe there is some charitable organization for everyone,” Plonski, who expects to finish work on his Ph.D. in international education next year, said. “There are so many worthwhile organizations that there is no excuse for not supporting something as a volunteer or donor.”

Last year, Books for Africa was able to send \$13 million in books with funding of \$650,000. The books are donated from lots of sources including schools and publishers. Because of the donation, the organization can leverage its funding. The books are used to educate children from the primary grades to the university level. Some go to community libraries.

Plonski said he has always known that he wanted to make a living in the non-profit sector in the international arena, but live in Minnesota. “When I go to work in the morning, I want to be involved in a product that helps people in other parts of the world.

“My wife’s work and mine means that we cover two continents that face the same issues of profound poverty. When you see how the people in these countries live, it makes you feel wealthy. Even if only one life is changed because of our effort, it is worthwhile. We know that many lives are changed through our organizations’ efforts.”

For more information or to donate funding or volunteer for either organization, interested members can contact Friends of the Orphans at 651-482-1703 or Books for Africa at 651-602-9844.



***1% Club members Patrick Plonski and Judy Hawkinson take their membership very seriously: “We joined because it is very worthwhile to give away a significant percent of your income or assets.”***