

# THE EVOLUTION OF CHARITABLE CAPITAL PLANNING

## A NEW FRONTIER FOR FINANCIAL ADVISORS

Empowering you & your clients to use new cash flow created through increased tax-advantaged income and tax deductions as well as cutting away capital gains tax to satisfy insurance & investment needs.

In order to respect wealth and maximize its use in achieving true financial objectives for your clients, it is important to understand that wealth breaks down into three forms of *financial capital* within their **financial life support systems** surrounded by the following *financial* areas:

Cash Management	Business Succession	Asset Protection	Tax Planning	Investment Planning
Retirement Planning	Long Term Care Planning	Risk Management	Estate Distribution	Planned Giving

**Financial Capital** is made up of all forms of investments; real estate, stocks, bonds, businesses, collectibles, cash, bank accounts, etc.. Although most Americans are only aware of two forms of **Financial Capital**, the three forms are:

**Taxable Capital:** The ownership, use and control of this *capital* must be given up by your clients and passed on to the **U.S. Treasury** for the general welfare of America and the world through *ordinary income* and *capital gain taxation* and, again at death . . . *estate taxation*.

**Personal Capital:** This is *Capital* that is left over after taxation. Your clients have control, use and ownership of this capital. They can sell, consume or pass this capital on to their heirs or satisfy their *giving* desires.

**Charitable Capital:** This misunderstood and underutilized third form of *capital* can be *created* by **you** for your clients through the conversion of *taxable capital* using the heart of tax law dating back to 1969. Congress passed into law *IRC Section 664* in order to help motivate American citizens to *give* more, while *sidestepping* the inefficiencies of our governmental revenue and disbursement systems. Although your clients give up ownership, the use and control of this *capital* can be maintained while self-directing the contributions of your clients to *society* through custom designed planned giving. Your clients can pin-point exactly where they wish funds to be contributed in satisfying their heart-felt *giving* objectives while:

- Satisfying other financial needs by leveraging increased cash flow generated from tax savings and partially tax-free payments generated.
- Helping satisfy the number one concern of retirees . . . *will they outlive their money*.
- Converting low-yielding and/or investment risk assets into high tax-advantaged lifetime payments.
- Benefiting from tax deductions while appointing others to receive specific benefits.
- Avoiding estate tax and capital gains on contributed assets.
- Offsetting taxable income from other sources.

“The conversion of  
**TAXABLE CAPITAL**  
into  
**CHARITABLE CAPITAL**  
can generate more  
**CAPITAL**  
for your clients to  
*Use & to Control*”

Most American citizens are not aware of what congress created over thirty years ago. Charitable organizations and financial advisors have not been very effective in educating their donors and clients, respectively, in how to convert **Taxable Capital** into **Charitable Capital** in order to generate more **Capital** for them to use and control.

In addition, the extreme desire for Americans to have ownership of assets maximizes income, capital gain and estate taxation. However, the redirection of that desire can allow for the continued control and use of *capital* while *increasing* income, *decreasing* taxation, *increasing* inheritance and *increasing* giving — maximization of **Charitable Capital**.

So, why not assist your clients by using the **Charitable Capital** planning tools which Congress has made available for over 30 years? Planning tools such as:

Remainder Trusts	Supporting Organizations	Reinsured Gift Annuities	Family Foundations
Lead Trusts	Community Foundations	Donor Advised Funds	Pooled Income Funds

We are all philanthropists in one form or another. Either by default, government-directed, or by self-directing portions of **Taxable Capital** into **Charitable Capital**.

In summary, what type of philanthropists do your clients and their families desire to be?

Why not help them understand and respect the *opportunities* and *pitfalls* which surround their **financial life support systems**? Why not use tax law effectively and develop an intelligently planned course of action in accomplishing their needs, concerns and objectives?

All while elevating your “level of value” in their eyes as a financial solutions provider . . . motivating them to give you more of their business.

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