Charitable Planning Can Help Ease Client Procrastination

"Nothing is so fatiguing as the eternal hanging on of an uncompleted task."
–*William James*

Procrastination is a drain in ways that go far deeper than the incomplete task itself. We know this intellectually, but it can be so hard to break the procrastination habit. It seems that the more daunting the task, the harder it is to tackle. This surely is a major reason some of your clients routinely put off important planning discussions. And of course, many of those discussions are tax-sensitive, which means year-end can get very hectic and stressful for clients who wait until the last minute.

As the year begins to wind down, consider tapping into your clients' philanthropic interests as a catalyst to motivate them to start addressing year-end planning items right now rather than waiting until November or December. You may discover that the uplifting topic of philanthropy makes it easier to at least start a conversation. Then, the conversation can evolve to include not only charitable giving topics, but also other tax planning topics that need attention.

Here's how this could work with a client:

- Review the charitable components of the client's estate and financial plans, including provisions in wills and trusts, beneficiary designations, donor-advised funds, prior years' tax deductions, and historical gifts to favorite charities.

- Reach out to the client to suggest that you meet–or at least jump on a call–to check in on 2024 charitable giving plans and other items.

- Open the conversation by briefly recapping the charitable planning components already in place and the client's history of giving. Then ask the client about their plans for 2024.

- As you talk with the client about charitable intentions, bring up various charitable giving tools and opportunities that match those intentions. In each case, use the charitable discussion as a springboard for general tax planning items that need to be addressed before year-end.

- For example, if a client who is over 70 ½ mentions wanting to support a particular need or organization in the community, you can suggest that you loop in the Community Foundation team to potentially establish a field-of-interest or designated fund, which can then receive distributions from the client's IRA up to $105,000 annually per spouse. This, in turn, opens the door to discuss Required Minimum Distributions and other elements of retirement planning in general.

- If the client mentions that they are already dreading gathering tax receipts for 2024 charitable donations, suggest that the client consider setting up a donor-advised fund at the Community Foundation to serve as a convenient and rewarding "hub" for charitable giving. Going forward, the client can conduct the bulk of their giving using the donor-advised fund and avoid the mad scramble for receipts. If the client already has a donor-advised fund, make sure they know how to use it most effectively, and reach out to the community foundation team for help. What's more, discussing charitable donation receipts presents a nice opening to remind a client about other paperwork that may need to be gathered or completed to meet overall estate and financial planning goals.

- When your client talks about charities they plan to support before year-end, remind your client not to automatically reach for the checkbook. Most of the time, highly-appreciated marketable securities (or other highly-appreciated, longterm assets) are ideal gifts to a client's fund at the Community Foundation or other public charity because the client is eligible for a tax deduction at the assets' fair market value, and the proceeds from the sale of the assets will flow into the client's fund at the community foundation free from capital gains tax. That means more funds are available to support the client's favorite causes. Conveniently, the conversation about highly-appreciated stock can segue naturally into a conversation about overall stock positions.

- Philanthropy topics can naturally lead into even more topics that are sensitive to year-end timing, such as annual exclusion gifts, estimated tax planning, and updating wills and trusts before the extended family gathers for the holiday or travels together overseas.

The Chester Couty Community Foundation staff is here to help you serve your charitable clients every step of the way, every month of the year. We understand that late-December transactions are often unavoidable. The net-net is that we're happy to work with you according to your clients' schedules, whether that means getting a jump on a new year and processing stock gifts in February, helping you plan in September for year-end, or preparing fund agreements in December. It's our pleasure to assist!

For more information, contact the Chester County Community Foundation:
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