As seen in… FOUNDATION
The Business & Spirit of Philanthropy in Canada

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THE ACCIDENTAL PHILANTHROPIST
MARK HALPERN

Maximize Your Footprint: *Becoming an Entrepreneurial Philanthropist*

BY MARK HALPERN, CFP, TEP, MFA-P

I've written before about "Accidental Philanthropists™" — people who discover, through working with us, that they can choose to leave less of their hard-earned money to the tax department and more of their legacy to their families and the charities they care about.

This article will introduce you to five different types of generous givers I've met over the years and provide a step-by-step guide to help them become an *intentional* philanthropist, even if they started out as an accidental one. Let's meet the giver types first.

Giver #1: Keep me anonymous

Some givers want to keep their donations private. Maybe that's because they don't want to publicize the fact that they have wealth. They may also believe that staying anonymous keeps their gift pure since it's made for no other reason than generosity.

Giver #2: I'm setting an example

Givers may be primarily motivated by encouraging others. They may want to instill the values of philanthropy in the next generation. Or they may want to rally people in their community to change lives for the better together.

> *"More than ever, business owners know that customers prefer to deal with companies that are good corporate citizens."*

Giver #3: I want my name to live on
These are the givers who provide large donations that allow them to add their names to hospital wings, university buildings and prestigious awards. They understand that public philanthropy provides a kind of immortality.

Giver #4: I want to reduce my taxes
Giving to charity, especially when done strategically, can be an excellent tax minimization strategy. Donations can be integrated with other corporate and personal tax planning to provide the greatest possible relief from taxes.

Giver #5: It's great for business
Now, more than ever, business owners know that customers prefer to deal with companies that are good corporate citizens. Demonstrating a commitment to a charitable giving program can give a boost to your brand and your business.

Give more with an entrepreneurial philanthropic strategy for your business

We have worked with so many clients who were surprised by how much more of a difference they could make with some simple restructuring of their assets. By minimizing taxes, they freed up money and could leave substantially larger sums both to their families and to the causes they support. Young clients in their 20s and 30s have created donations of a million dollars or more for pennies on the dollar using Life Insurance along with appropriate planning.

The steps that follow are geared towards business owners, but many work well for individuals too. And, whichever type of giver you are, this kind of strategic approach to philanthropy can help you give more than expected and transition from success to significance.

01

Define your "Why"
What are you passionate about? Do you want to lift people out of poverty? Help children reach their full potential? Accelerate research into a specific disease? Protect the environment? Support animal rights? Decide what resonates with you and where you want to have a meaningful impact.

02

Dream BIG
If you had the means, what audacious sum of money would you like to donate to charity? For example, think about the difference you could make to your favourite causes with a $100 million donation. Shoot for the stars and we can end up on the moon. It all starts with having a philanthropic financial goal.

03

Make it real
Start making it happen by committing to allocate a certain percentage of net or gross revenues or annual profits to charity. Aim as high as you can and promote the fact that the more your business earns, the more you'll donate.

04

Put structures in place
Establish a charitable foundation or Donor Advised Fund (DAF) to manage your charitable gifts. A charitable foundation is a standalone structure that has initial set up costs and annual reporting. You invest the funds. A donor-advised fund is an account within a public charity eg Toronto Foundation, Jewish Foundation, Oakville Foundation, Burlington Foundation, Canada Gives, and is much simpler to set up. You can use either for your business and/or personally.

Contact us to obtain a copy of our one pager "*Donor Advised Funds and Private Foundations. What's the Difference?*"

05

Gift assets strategically
Consider whether it makes the most sense to donate cash or to be more strategic and give appreciated securities, flow-through shares, and life insurance. It can be the difference between donating at .50 cents per dollar to as a low as .05 cents per dollar. As a business owner, re-examine your estate plan to see if there are ways you can convert taxes into a charitable legacy after death. One of the best ways is to donate an old life insurance policy that you don't really need or that would not move the dial on your family's inheritance. It can generate a large tax receipt today and going forward premiums are considered charitable donations to save you more taxes. Contact us to obtain a copy of our one pager "*More Than 20 Ways to be Generous. Donations are Not All the Same.*"

06

Get staff engaged
Identify champions who can share your charitable vision widely across your organization and get your board, senior leadership team and employees excited about contributing to a larger goal. Matching programs can work extremely well, where the business matches employee contributions to the charities everyone chooses, or to charities that are selected through an

“Share your charitable goals with the businesses you work with and explain how they can help”

employee survey. The business could even match the premiums employees pay on donated Life Insurance set up to create even more transformational gifts to charity.

07

Talk to your suppliers

Share your charitable goals with the businesses you work with and explain how they can help you achieve them. We ask many of our own suppliers to give a percentage of what they make from us to our charitable foundation. They get the charitable receipt, and we direct the funds towards the causes we care about. Suppliers who would once have given us gift baskets and sports tickets prefer to thank us for doing business with them through charitable donations and are happy to redirect those funds towards a gift that really matters.

08

Tell your clients

Promote what you are doing to your customers and clients. Tell them that simply by choosing your products and services they are contributing to your revenues and therefore your charitable giving campaign. You may want to make the link even more direct by donating a percentage of each client’s business revenue to a charity or a flat dollar amount for every transaction, or direct those funds to their favourite charity, charitable foundation or donor advised fund.

09

Communication

Get some help to determine the best way to communicate above internally and externally. Your messaging should be clean, clear and elegant. It should be unified and unifying. Each segment of your charitable strategy needs to be integrated. This part of the planning should be a lot of fun to produce.

10

Integrate it all

Charitable giving shouldn’t be an afterthought, or a sporadic cheque here and there. It should be planned. That way, you can make a bigger impact, channeling money that would otherwise have gone to taxes towards your favourite causes instead. Fundamentally, an approach that integrates your business and personal financial planning with a charitable giving strategy enables you to contribute to the social good more efficiently and effectively.

Enjoy the emotional rewards of your generosity

Generous people often tell me how wonderful they feel after making a charitable gift. They savour an undeniable and palpable sense of achievement.

We walk the talk

At WEALTHinsurance.com, we’ve taken each of these eight steps as we continue to work towards our own corporate goal of creating $100 million in charitable contributions every year. Beyond knowing that we’re making the world a better place, this initiative has created stronger relationships with our team, our suppliers, our clients, professionals many of whom are actively participating in helping us achieve our vision.

Don’t do this alone. We look forward to helping you maximize your philanthropic footprint. There are many great ways to help reduce taxes now and, in the future, but putting them together requires comprehensive estate planning and knowledgeable people. Proper planning will ensure you are not only on the right side of CRA, but also for your plans to work effectively.

Our advisors across Canada are available to help you preserve your hard-earned money on the phone, Skype or through Zoom.

Please be in touch to arrange a personal, no-obligation consultation. F

MARK HALPERN, CFP, TEP, MFA-P, is a well-known Certified Financial Planner, Trust & Estate Practitioner, Master Financial Advisor – Philanthropy. He was honoured to speak in the Disruptors Category at Moses Znaimer’s most recent ideacity conference. Watch his talk “The New Philanthropy” at bit.ly/MarkHalpernTalk. Learn more at www.wealthinsurance.com. Mark writes this column exclusively for each issue of *Foundation Magazine*.

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Published in Foundation Magazine
January/February 2022