Weathering the storm

Simple strategies to give charitably in volatile times.

Buckingham Strategic Wealth wealth advisor Adam Yofan says the needs in our communities are still so great, that continuing to give is critical no matter what is going on with inflation.

By Christian Pelusi
Christian Pelusi is a senior communications officer at The Pittsburgh

Foundation.

Inflation not only raises the cost of living, but it also raises ire. According to Adam Yofan, wealth advisor for Buckingham Strategic Wealth, conversations with clients can be raw and emotional.

“Some [clients] are scared, some are pissed,” he says. “Inflation is some of it, but so is portfolio decline. I have empathy, because people are paying more for gas, more for food, seeing 401Ks decline…you’re asked to do more with less.”

David J. DelFiandra, partner and chair of estates and trusts practice at Leech Tishman, hears it often, too. Like a meteorologist being questioned about possible accumulation. The difference: DelFiandra sees some light amidst the cloudy skies.

David DelFiandra. (Photo by Joshua Franzos)

“The increased inflation has led to higher interest rates that makes borrowing more expensive,” he says. “This affects clients’ investments in both their own companies and other projects. However, the increase in interest rates make certain estate planning strategies more beneficial.”

So, does inflation affect giving? Not that much.

“If their legacy is to give and show their children how to give, clients are going to give now, even if their portfolio is down,” Yofan says. “This is just a speed bump to them. And we’re telling our clients just that. Down markets are not going to last forever. Inflation won’t last forever. High interest rates won’t last forever. But your legacy will. So, if your goal is to give, give now, because people need it now.”

DelFiandra sees some specific opportunities to do just that.

“Charitable remainder annuity trusts (CRATs) and charitable remainder unitrusts (CRUTs) will produce higher charitable income tax deductions for our clients who are considering such vehicles. Also, qualified personal residence trust (QPRTs) produces a lower taxable gift for our clients. And split interest purchases of real estate require less of an investment for the children of clients.”

As for Yofan, his message to clients remains unchanged, no matter the economic climate: “Revisit your legacy goals because you can’t take it with you. After your family is taken care of, what organizations or causes do you care about? Work with your current financial advisor to try to quantify what might be left at your death and work with your philanthropic advisor at The Pittsburgh Foundation to learn who could use your help today.”

“I think too many times the ‘how’ prevents the ‘why’ or the action. Whether it’s a DAF or CRUT or a deferred gift annuity. Figure out who you want to give money to and give them the money. Don’t get bogged down with the vehicle.” – Adam Yofan

FILE UNDER Philanthropic Investment Professional Advisors Corporate Donors Giving/Fund Holders

RELATED CONTENT