Susan DeRemer: I'm Susan, I'm going to be your host for this particular event, which is the gift planning introduction. What I'm going to do is tell you that before we get started, please make sure that you're muted. However, if you have questions, you can ask them during the presentation, or enter them into the chat box at the bottom, at which point, we will then answer those questions at the end of the presentation. And there will also be a link for the survey for the app towards the end of this presentation. And if you would please fill that out, we would greatly appreciate it. At this point, I'm really happy to turn this over to John Rich, who is our Chief philanthropy officer.

John Rich: Great. Well, thank you all thanks for taking time out of your busy day on a Saturday to join. And I knew I was up against a lot of incredible other breakout sessions. So, I'm just glad a couple of people showed up. So, thank you for taking some time out of your day. And I hope that, that you find this of interest and informative but I, at the same time. Do want to keep this more of a conversation. So, please feel free to stop and ask us questions.

Again, I want this to be more of an open dialogue. So, feel free to ask any question at any time. So, I'm John Rich, I am the newest member of the PKD leadership team. And again, I am the chief philanthropy officer. And what that basically means is I work with our frontline major gift fundraisers. Krista Hurd is a member of that team. Of course, Susan, we have a couple of other individuals.

And we have the pleasure of working with the supporters of our organization and very proud of the incredible support that our organization receives from individuals like us. So, thank you all for what you do for the PKD foundation, so give me a group with background. I was a 20-year financial advisor. When I was recruited to join the world of philanthropy, I kind of specialize in my financial advising work I really liked working with families, family offices on setting up charitable opportunities where they could use different type of tools to provide not only for their families, but also do something for organizations that were important to them and their lives.

So, I really enjoyed working on the charitable side. And I was recruited to take over and actually build a gift and estate planning and a major gift program at a conservation organization called Ducks Unlimited. And I was with Ducks Unlimited for 19 years in Memphis, Tennessee. And then I was recruited to oversee the major and principal GIFT program at St. Jude Children's Research Hospital, which is also housed here and headquartered here in Memphis, Tennessee. And I was in that position for six years, really enjoyed working with families planning for supporting research and the incredible things of St. Jude does. And then I was recruited for this opportunity, which I really had a passion for, for this work.

And the reason I'm so passionate about it is my family has kidney disease in our family, not PKD. But another genetic kidney disease, which my mother has my grandmother passed away from it. I've had an uncle that's passed away from it. So, the mission of the PKD foundation was near and dear to my heart. So, I'm really glad to be here. I think we have an incredible team and incredible mission. And again, it's thanks to people like yourself. So anyway, that's kind of my brief overview of where I'm at how I've gotten here. I have a master's in philanthropy. From the American College I love to learn as much as I can about something I'm passionate about. And philanthropy is passionate to me and so I have a master's in that.

I'm also what's called a fellow of charitable estate planning, which is a certification I have to take a test to sort of recertify every four years and that is basically means I keep up on all of the tax changes and implications that are offered through the charitable tax code for the benefit of charitable planning so I'm kind of attacks and youth I guess is a good way to look at that but for focus on charitable aspects of it.

So, I've got a couple of other people who just joined, I want to keep this, just throw this out to y'all want to keep this as a conversation. So, feel free to stop me at any time. Again, throughout your disclaimer, obviously, of course, I am a staff member. So, I am paid obviously to work for and represent the foundation. But you know, this is just basically a disclaimer, over just your legalese, which we have to have on everything. So, if you want to read this, I do believe you all have access to the to the presentation. And I do want to throw out one thing that's not on here, I am going to make some discussion and talking points about tax benefits. But under no circumstances, am myself or PKD, giving tax advice.

I'm just throwing out ideas, the ideas that you should then take to your financial advisors, your CPA or your estate planning attorneys. And I'm happy to talk directly with them if there's ever a question, but I just want to make sure that we're not let you all know, we're not giving tax advice. I'm sharing concepts and ideas that you need to run by your own personal advisers. So, what is gift planning? I think that's a good question. And it's called a lot of things is called plan giving is called gift planning. It just really depends on how you how you what organization you're looking at, and what that that a team calls it. But really what it is, is kind of an integration of a donor’s personal goals, their financial goals, estate planning goals and their charitable goals. And what it does is it creates opportunities through this gift planning.

And the work that we do is it creates opportunities that a lot of people weren't even aware of to support organizations, and missions that they are passionate about. And there's lots of benefits on how this all-ties in. So, one of the things I think one of the easiest ways that I found to kind of really sum it up and the three bullet points is generally when you think of the tax code and the Internal Revenue Service, a lot of people obviously don't have, you know, the most favorable feelings about the IRS and tax code, because let's face it, nobody likes to give up money. But yet, obviously, our country wouldn't be as great as it is if it wasn't for taxation, and an income tax and all that.

But what I have found is that the tax code in the United States really offers absolutely incredible benefits that come through the tax code, and incentive for individuals to support charitable organizations. Our country would not be the place to live that it is if it wasn't for the most incredible country when it comes to philanthropy, and organizations that are out there trying to make people's lives better. So, the IRS sees value in that. So, they give us a lot of tax benefits. For supporting organization that I will have to say that tax benefits are not the main driver of charitable gifts, there's been a lot of studies done on this, its really tax benefits are far down the line. But it's still something that's important. And the IRS is seeing the value in that because charities fill the gap that the government would otherwise have to support.

So, they give incentives for people to give to give kind, you know, gifts in kind to charitable organizations. And I like to kind of think of it as a big pen, you know, the old bi see the old Bic pen. So, what I think is great about it is the tax code gives you an opportunity through giving to charities, of appreciated assets, you get a bypass of the game on that asset by using some of the charitable tools, you don't have to pay income tax on the difference between the basis and the value if you use charitable giving tools. One thing that we've definitely seen, especially in the very low income, like on CDs and things were paying over the last few years, a lot of older people retired people have money setting in CDs that were making maybe 1%.

So, obviously inflation you're making 1% Inflation is renting it for to you know, seven or whatever it is right now. So, buy a lot of these tools that provide lifetime income. Most people see an incredible increase in their monthly and annual the income plus the vital really what I believe is the main driver of charitable giving is that charitable tax deduction. And we'll kind of talk about deductions a little bit more as we go. So really, we have a choice we can either give outright right now, or we can give a planned gift. And I had a donor one time telling me, he said, John, I would prefer just to give you an outright gift, because I trust you, I love the mission. I know you all are doing amazing work. But my big concern is, if I give it to you, all right, now what if I need it down the road for long term care for one of my kids, grandkids short term situation, but I still want to do something to leave an impact and leave the world a better place than what I found it.

So, show me how I can do something that's going to make a difference in your work, also going to make a difference in my legacy, what would that look like? So, I'm going to just kind of show the difference between current and planned. So, a current giving, you can either give all or you can give it up and it's super simple. You can write a check; you can transfer stock. CDs, a lot of different ways to do it. It's current. Everybody knows about that. It's like literally the Salvation Army Kiddle right out in front of a store that is outright current giving their strict requirements, very few options. From this tax standpoint, playing giving really offers something for everybody that can be very simple. We'll talk about different gifts today. Some are very simple; some are extremely complex.

And they all offer different advantages. Some are current, and some are deferred. And we'll talk a little bit about that. Some are, again, are well known, some are lesser known. And some offer incredible flexibility. And the plan giving gift planning options have lots of unique features. Any questions so far? Okay. So, I'll just kind of show some of the most common gifts. Like the quests, the quests have been a gift that has been around for as long as time honestly, the Catholic church back in the world millions or 1000s of years ago, at people that would leave, the church would actually pay them basically and annuity while they were alive if they left their farm to them through their estate plan that is basically of the quest.

So, the quest, or the easiest, most common way that individuals give to charitable organizations, then they're saying is called charitable remainder press, we'll talk a little bit about trusts CRTs. And there's a couple of variations of trust, and we'll talk about that to charitable lead trusts. There's a there's a, some nuances there for incredible opportunities to support charitable organizations, real estate as another big area, that people they will leave real estate to a charitable organization either immediately or outright. Or they'll leave it through a life estate reserve or some different opportunities or just leave it as a final remainder beneficiary. Again, the life estate reserve will type kind of talk about that. And then bargain sales, these are some of the most utilize.

And there's one other gift that we are not at this point have not set up but we are working on that. And that's called a charitable gift annuity. We are going to have a charitable gift annuity program in the very near future here, because it's an incredible tool that will really bring a lot of opportunities to our supporters. And we'll, I'll briefly talk about that. But that's something as we add that you'll start to see more and more coming from us information around charitable gift annuities.

So, bequest, again, it's a gift of PKD at death. So, basically you keep the asset, you enjoy that for the rest of your life, and you carve either a percentage of part of your estate, lots of different ways you can do that to leave to us or you can leave the entire state I had donors that had no heirs that left 100% of their estate to the to the charitable organization and that does happen but you don't have to you can leave some to charity, you can leave it to multiple charities, but that's basically what it is you use the asset for your lifetime and then death through a trust agreement or a will or other arrangement. then that property transfers to the foundation.

It's great because the donor wants to do something for PKD foundation. But again, their concern is, as my, as my good friend mentioned years ago, that I'd love to just give an outright gift. But what if I need it? Well, this solves that problem, you get to use it, and you can decide to give it at death, you can provide the quest provisions inside of a will or trust. So, there's benefits to both very easy for beneficiary designation life insurance, a lot of people will buy insurance for income protection, while they have you know, young families and kids and then down the road, when they are no longer the kids are out on their own, they may no longer really need that insurance for what it was originally purchased for.

And they will name charitable organization is the beneficiary on a life insurance policy or split, and they'll give some to the charity some to family members. And there's benefits of doing that. So that's a beneficiary designation. So again, the benefits of glass it's very easy to do, it's an estate tax deduction. So basically, anything you leave to a charitable organization, the value of that is not included in your estate taxation, valuation, so it goes to the charity without any income tax is hid to the donor or to us, we receive it totally tax free. And we use those funds for the incredible research work and the other aspects of our foundation that we're doing. And again, I love the fact that it preserves lifetime flexibility, it's very simple, very easy to implement, then you get a little bit more complex, and that is with what are called charitable remainder trusts.

And we'll talk about the two different versions of these. So basically, what you do is you set up a trust, and you transfer assets into that trust, and that trust can be, it can be the Jan Whiteman charitable trust. So, she transfers personal assets of her name, into the trust. And now the trust owns those assets. And that's an irrevocable arrangement. So, that means that money would not be ever included in Jan's estate. And then the trust, what it does is it will sell whatever that asset is that's transferred in, it will sell it and get a complete, you'll get a complete bypass of the capital gain. So, a lot of individuals especially when the market was like, really just robust and growing like crazy. last few years.

And now we've hit a little bit of a bump, but we know it will come back, I worked on a trust, when I was at St. Jude, for somebody that had their family had bought apple stock. And I think they had a cost basis of around $4 a share. Well, we all know what Apple has done over the last several years. And they worked at Apple, so they kept getting all this stock. So, their basis was it was like less than $100,000, and the stock was worth about $6.7 million. So, if they were to have just sold that stock, the difference between the basis and that gain would have been taxable, and then but by transferring it to the trust, the trust sold the stock, and they bypass that capital gains tax completely, which obviously made the donor very happy.

And the only person that lost out and that was the Internal Revenue Service and the donor was quite fine with that, as most people would have been but the trust will then convert whatever asset is turned into the transfer to the trust will then turn that into an income stream that will come back to the donor and it can be for one or more lives and it can be for a term of yours some dress can run for I think the you know some can rent for like my life, my wife's life and the life of my children. There's some time there is some calculations that have to go into really the overarching key point to a trust for to pass the IRS litmus test is a good way to look at it is there has to be at least

10% of the remaining value of the initial value of the trust left to go to a charitable organization.

Because again that the key to this is the reason these incredible benefits are there is because IRS wants there still to be a gift, something to continue a charitable missions work. So, there has to be the expectation of at least 10% remainder at the end of the truss, whether that's at the end of the last surviving member of the trust, or at the end of the term of yours stressed, and then whatever's left in that, as I mentioned, will then transfer to PKD foundation for us to use for our work. So again, it's a gift to PKD, you get an immediate charitable tax deduction, you get a fixed payment for term or life, most people see an incredible increase in their income. And again, the trust can sell the assets completely tax free, that is very big benefit. And kind of people that are interested and think about these, kind of, there's a persona of what individuals look like that have that.

And these are folks that have a lot of cash on hand. Or they've got lots of assets. But meta score, when I was at Ducks Unlimited, the conservation organization, we worked with a lot of ranchers and farmers up in the Dakotas and Montana and Wyoming, that really, they didn't have a lot of cash, but they had an incredible asset, and that is their farmland. And so, they were able to use those assets into a trust, still continue to farm and do other opportunities. But they were able to start to get some income from that, from my transferring land and other assets into these trusts. Generally, if you're going to look at it, because there's costs involved with setting up a trust, and then you have k one fees or filing fees every year. So, for somebody to really obviously be a good prospect for a charitable remainder trust, you have to be looking at assets of about $200,000 and above.

Before it's really feasible. There are other gifted vehicles that don't carry some of those initial costs of setting up a trust. And then how you do it, it's super simple. Yeah, you've wrapped a trust document, you set it up with you through your attorney. And when you have it set up, you fund it with like $10, just to open the trust. And that way you get a federal tax ID number for the trust. And then you can transfer assets into the trust. And we'll talk about there's two kinds, there's a charitable remainder unit trust, and a charitable remainder annuity press. And I'll give you a quick little overview on the on the nuances of those two trusts. So again, after the trust is set up, the donor transfers cash, or the property into the trust and trust sells the property getting tax free.

And then the trust makes regular payments or income payments to the donor or donors over life or for specific number of years. So again, there's two types there's a crack, which is a charitable remainder unit trust and a charitable remainder a new interest. And the differences are with a unit trust, a curt you can actually transfer additional assets into it over time. So, you set it up, I've had some people say, well, let's kick the tires on this. Let's set this up. I'll transfer you know, IBM stock into it that's highly valued. And we'll just see how it works. And if I like what it does, and then I'll transfer more assets. And honestly the biggest complaint that I've ever heard from donors, and I've worked on lots of trusts in my 30 plus year career.

And that is gosh, I wish I would have known about this earlier or I've sold an asset, or I sold a business and I paid the maximum taxes, I wish I would have known about this tool a lot sooner. So, I never had anybody say I wish I had done it. They always say I wish I would have done it sooner I knew about it. So again, a unit trust or a credit allows you to add additional assets into the future. And all the same provisions happen to trust cells. No taxation on it increases your payment, your income. annuity trust is a one time you're allowed to only put the initial fund in from the very beginning, a trust pay out on the unit the unit trust is it's a fixed percentage. So, in other words, it will pay a fixed percentage every year of the value and we'll talk about that.

And annuity trust is just like it says if you set it up and it's paying you 7% of the investment account, you're going to get the same amount of income for as long as that trust runs or until it runs out of Corpus or runs out of the amount of money that's in there and a minimum pay-out is they have to pay at least 5%. A year out to you both of them either a unit trust or a credit, our credit has to pay out at least 5%. Most people choose a little bit higher than 5%. And both of them do get that 10% deduction and the probability test the

5%, or five, I'm sorry, 5% probability test at least 5%, I mixed up my deduction in my probability test. So, there has to be at least the expectation on a credit, a charitable remainder annuity trust that there's at least 5% of the initial fund in there. But there is not that 5% On a crap.

But historically, it's much larger than that most organizations and trust it because of good performance inside the trust, most of them lead more than 15 20% into the charitable organization, which again, is why people, they need the income, but they also want to do something to help a charity. So, this gives them the best of both worlds. So, a charitable lead trust is a little bit different. charitable remainder trust pays the donor, the income for, for the term of yours, or for their life. And charitable lead trust works the opposite it actually when you set up a charitable trust, you give the asset into the trust, and the trust then makes income or payments to PKD for a number of years. So, it's kind of opposite. And I'll explain why there's benefits to bow. So, the trust then makes payments out to us yearly to support our work and our mission for term of years.

And you can choose, five years, 10 years, 20 years, I've worked on one, that the individual set it up for 25 years. And I know because I'm friends with the individual, and the asset has now transferred back to him. And I can share an example of what that had done. And I'll share that in a couple of minutes. It was amazing, amazing tool. So, he got the help admission. And at the same time, he got the income, the chunk of money back plus the appreciation. And then at the end of the period of years, again, you can choose how long you want to make the income payments to PKD. You choose how long and then at the end, the end of the term of yours, it either goes back to the donor, which is called a grantor charitable lead trust, or it goes to family members or errors, which is called a non-grantor charitable, lead trust. But lost anybody.

Okay. So again, the benefits of it is you're making an annual gift every year to continue the incredible work that our Foundation is doing. You either get a charitable, the trust, either the donor either gets a charitable gift deduction or an estate tax deduction. And that will show about the difference about that. Great thing is you pass the appreciation to the family. And we'll talk about the appreciation. So again, these are these are normally larger gifts. Honestly, I feel like you're you should be thinking about a charitable lead trust. And most of my friends that are CPAs and tax advisers and tax and estate planning attorneys, most of the charitable lead trusts we've worked on and my experience to have been at least a million dollars or more in assets, just because they are a little bit complex, and there's some expense to set the trust up.

So, it's great when you have high growth potential. Some people transfer family businesses even into these things, and they will pay income, and then that eventually that asset will transfer to the family or individuals that have a low gift or estate tax concerns, or they want to reduce it. And again, typically trust is a million or better. And how you set it up. It's simply just do it. You just have your legal team draft up a trust document. And we do have specimen legal contracts that we can share. But again, it's a draft. And obviously you have to provide that and get your own legal counsel to bless it and complete the documentation. But we can give them kind of a roadmap. But they're obviously your advisor and they're the ones who are going to approve and every state has different required language for these different types of trusts.

And then after the trust is set up the donor transfers either cash or the property into the trust. And then that trust on an annual basis will then spin income off to support the work of our mission. And then at the end of those time, into the side of the pond timeframe for the length of running the trust, the assets either passed to the donor or to their family, or heirs. And here's again, a grantor, which means, let's say I set it up, and I want the money to come back to me on the grant. Other one is a family, I set it up, but I don't want the asset back, I want it to go to my children or can my grandchildren. So, that's the difference between a grantor and a family charitable trust. And so, a grantor when I set it up, and that means it's coming back to me, I get an immediate charitable tax deduction.

With the family charitable lead trust, they do not get an income tax deduction on the grantor as that income is paid out to the charity, I have to pay income on whatever the mountain goes to the charity. But the income tax deduction that I received to set it up generally makes it a non-taxable event. So, I will not have to pay income tax on whatever funds are going to come into the charitable organization. And at the end, let's say I ran it for five years. So, the way the charitable tax deduction works is you get the year that you make the gift plus five additional years to use up that full charitable tax deduction, income tax deduction. So, most charitable trusts run for at least six years, or longer, just because donors on a grantor want to make sure they maximize their deduction, and still give as much as they can to the mission, an organization they support.

So again, at the end of that term of yours, the asset reverts back to that donor family. charitable lead trust is different, they don't get, they don't get a income tax deduction, the donor that puts it in there when it's going to go to his heirs, or her heirs, or they don't get a they don't have to pay income tax either. And then the asset transfers to the family. So real fast, the one that I worked on at Ducks Unlimited. And it was a 25-year term of trust, and it had transferred to the family, I guess. So, it's we're 2022. So, in 20 2018, the assets transferred back to the family. So, he originally set it up with $10 million. And it was paying Ducks Unlimited $750,000 a year. And he was an aggressive investor. And he kept the investment fiduciary responsibilities with his advisors who did a marvelous job.

So, Ducks Unlimited was getting 750,000 A year and they did for 250 years, I'm sorry, 25 years. And anyway, they got that. And at the end of the 25 years, through good investment performance. They went to the family was so he set it up with 10 million. And what ended up going to the family was like 17, almost $18 million dollars, even though they had been making gifts of $750,000 a year to Ducks Unlimited for 25 years. And those family members when they got that back, they paid no inheritance tax no stepped-up basis. No income tax on it at all. So, the owner got what he wanted, he got an asset out of his name. He supported the organization and he had passed before the end, which was kind of a bummer, because I think he would have been very proud of what he had put together.

But he accomplished his goal supporting the organization and at the end moving assets to his grandchildren into another trust set up for the grandkids and moved a seven almost eight million more than originally set up plus all the years of supporting the work so terribly trusts are an amazing gift. But they're complex. And but for the right donor, they're an excellent tool. Any questions so far?

Susan DeRemer: Yes, you have 10 minutes left.

John Rich: Okay, great. Well, so life estate reserve. This is another thing this is where you donate property. So basically, life estate reserve means like I've worked on like a home in Florida a couple years ago and the lady said my most biggest asset I have is my home but I need to stay here right but I don't have any heirs I wish I was away I could get some kind of deduction for this home but still keep it nice. So, there is it's called a life estate reserve. So, what she did If she basically deeded the property the home over to Ducks Unlimited. And then she got to continue to live in the house. And as far as I know, she's still living to this day and still obviously in that property. And then she got a deduction. So, I think our cost basis in that house because it was in Florida, which and it was on the beach, so it was a very low been in her family since like 1950.

And the value of that place had grown tremendously. So, when she deeded it to us, or to Ducks Unlimited, she got an incredible current tax benefit. And basically, she had tax free income because of the deduction for six years before she had to pay an income tax. And at the end of her life, the property then goes to Ducks Unlimited, they're going to be able to sell that, and obviously use that money for their mission. So, the donor openly makes a gift to us. They get a charitable tax, charitable income tax deduction, and they get the right to live in the home. But of course, you do have to sign what's called a, an MIT agreement, which is maintenance, insurance and taxes. So, the donor or the individual that retains the life estate, still is responsible for paying the taxes and the upkeep on the home.

And she had no problems with that. She was excited about the six years of tax-free income, because of the deduction, offset her adjusted gross income. So, target donors again, you know, older donors, they have enough other assets to live on, they're trying to maybe reduce their income. Again, they want to they want a current income tax deduction, again, you get the year to get plus five years for six years to use that full deduction. And how it's implemented again, deeds the property to the charitable organization, the donor reserves the life estate, which allows them to live in the home for the rest of their life. Then they exercise execute an MIT, which is a maintenance insurance and tax agreement. And again, they are going to cover the insurance taxes maintenance at the death than the asset will transfer directly to PKD. And at that time will sell the asset.

And will obviously, whatever it sells for is going to be non-taxed event to us, because we are a 501 C3. And I would imagine that house, the value on that. And I think the cost basis that they were able to track it down to was close to, I think it was only like maybe $30,000. And the value of this place was over $8 million, because it's on the Beach, Florida. And so obviously when Ducks Unlimited sells that they're going to have very big windfall, but it's great for the donor and great for the charity. And a bargain sale basically means you sell an asset to us as a charity at less than fair market value. And you get a gigantic charitable tax deduction for doing that. So again, the deduction between there's a difference between the fair market value and the sales price, it's a great tool, the benefits, donor gets cash in hand.

They bypass again, they get an incredible charitable tax deduction, kind of our target, they're people that are interested in these opportunities, they don't appreciate property, they want to do something to help our mission, but they just don't want to give an outright cash get. So, this is the best of both worlds, they need cash, or they have debt, they leave debt relief. So, it's super simple. Again, they deed the property to us, or you don't have to do a full amount. You can even do fractional, the charity pays the donor, we basically make a payment, or we'll set up like an annuity to pay to pay, you know the donor for the property because we know ultimately, or we're going to immediately sell it, it's when we get it and then the donor gets the big deduction, they get the income.

And we get the funds to use for our mission. The tax deduction. Again, people don't just give to charitable gifts for tax deductions, but it's a nice added benefit. And the last thing I want to talk about is IRAs. IRAs are one of the most wonderful tools in the world. But there's been major tax changes on IRAs, and I'm finding that most people aren't aware of it. What you fund a 401k or a pension plan when you retire, you have to then convert that into an IRA. So, you got to start taking minimum required distributions starting at age 72. That's taxes, ordinary income. So, if I have a $50 million IRA and I died, I can give that to my spouse and there's no tax event when it goes to her. But down the road, there's because of some tax changes. There were some problems.

Again, it's taxed as ordinary income. Good news is IRAs give great benefit and that is to say your required minimum distribution is $20,000 this year, but you don't need the income because it's going to put you in a higher tax. tax bracket, you can give that full 20,000 required minimum distribution to us or up to as much as $100,000 a year. It satisfies your RMD. But you pay no income taxes. So, it's a really nice benefit. The Cares Act changed the way that this works, it used to be what's called a stretch IRA, which means, like, my parents are 86 and 85. When my parents pass away, and I inherit the IRA, the old way at work, is I was allowed to stretch that income that I'm required to take over my life expectancy, not any longer. Now, you got to liquidate a non-spousal heir has to liquidate that IRA over a 10-year period of time, well, that's a problem.

Because number one, I'm planning on still being working in the next 10 years going to love what I'm doing. But that means so I'm getting income from my career. But I'm also now getting this giant income coming from an IRA. So, who's really going to love it is the Internal Revenue Service, because I'm going to be in a higher tax bracket. And some states like California and other places like that have very high state income tax, the analysis that had been ran by Forbes magazines talked about it and fortune and others, that some places, some individuals will lose 70% of their IRAs asset, because of the new 10-year requirement. So, it's not a great asset now to leave the kids. So best thing you could do is give the IRA or IRA away, if you don't really need the income, I had a guy tell me, he said my IRA is nuisance income, I kind of laugh because I got two kids in college.

And I'm just thinking, there’s no such thing as Newson income when you have two kids in college. But as, as my kids grow up and leave and are self-sufficient, yeah, I'm going to start taking income from my IRAs, but it will become a nuisance. So, what you can do is you can give that RMD away during your lifetime, and that's a nice thing. Or you can transfer at death into a term of your trust. And as of yesterday, I got a notice from the IRAs, that there is the opportunity, and it may actually pass what the what would be called the legacy Ira act. And this is hot off the press as of yesterday, which basically would allow me if I had an IRA, I could transfer at death into this trust, that would then pay my kids or I could just transfer it, you know, immediately into a gift annuity if I want to do that.

And then that would still leave something to the charity. So better to give IRAs to charitable organizations and other assets to family members that aren't going to be taxed the way that IRA, so it's a great tool, when you're funding it, you don't pay taxes on it, but the taxes, especially under the new changes are not going to be very beneficial for families. And wealth transfer. So okay, real quick. Anybody have any questions?

Speaker 3: You didn't mention donor advised funds?

John Rich: You're right. And Roger, I'm sorry about that donor advised funds are literally the one of the fast and you're exactly right. I thought about that I forgot to put it on there. The DAF basically allows you to put a chunk of money into it. And you can then just pay, you get a onetime deduction. Let's say you put $500,000 into a DAF, you get the deduction for that 500,000 immediately, and the fun sets there. And then you decide every year, what organizations you would like to make a grant to out of that donor advised fund.

Speaker 3: And in addition, when you die, you can instruct recommend because technically it's their money, recommend either setting up an endowment, where the fun takes care of distributing the money. You don't have to have subsequent advisors, where you have a next generation of advisor who then works either on your recommendation or his or her own. So, there's some flexibility between the donor.

John Rich: Lot of flexibility and they also don't have the 5% required distribution a year like a private foundation has but the beautiful thing about it is most individuals give way more than 5% a year as Donor Advised.

Speaker 3: There's legislation pending apparently, or under consideration to change 5%.

John Rich: Yeah, I don't think honestly, I talked to Chuck Grassley, I know Chuck through Ducks Unlimited. He doesn't think that's ever going the past because they've got the statistics to show that donor advised funds are actually on an annual basis giving out more than 5%. So, they think it's not going to be an issue. So, but who knows? It's the government and Washington, you never know what's going to happen. Any other questions?

Speaker 3: Different one entirely. If I can make it quick. Do you know of any statistics that show that people with medical problems or PKD look at the future in a different way? That is, they want to hold on to the money longer because they make it very sick, and not have adequate insurance, as opposed to average people who don't necessarily see the future in the same way.

John Rich: Yeah, that's a good one. Honestly, I don't have an answer on that. But I will definitely research that. I think that's a good point. But that's where the nice thing of like life income type of agreements, like a charitable trust, or other things, or charitable gift annuity can really be, you know, a good kind of a hedge against that potential situation. So, yeah. Let me let me do a little research. I got a couple buddies that are, they're just, I mean, I'm a tax geek, but they're even more so than me. And let me visit with them. And they're both attorneys and CPAs, too. So let me just see what they have any statistics on and what I'm does a lot of work for, like Shriners Hospital, and so maybe he'll have some information.

Speaker 3: Thanks.

John Rich: Great. Well, thank you, Roger. Great input. I appreciate that. Anybody else I know we're kind of running out of time.

Susan DeRemer: We have run out of time, actually. So, if you do have any other questions, you can see John's email address is on the bottom of the slide, jonr@pkdcure.org. You can feel free to reach out to him with any questions after you kind of think some of these things over that he's been mentioning today. But we appreciate all of you being here today. We want you to be able to enjoy the rest of the conference. So, I do want to keep moving us along. And have a wonderful day to day. And thank you for supporting the PKD Foundation.

John Rich: Thank you, everybody.

[Audio Ends] [01:08:09]