

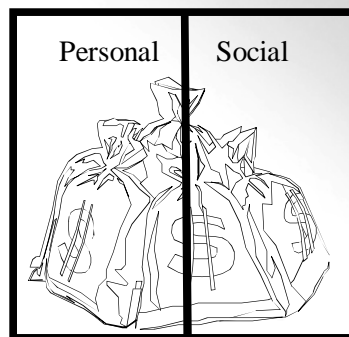
# Social Capital

“How to make your  
money work for you --  
not the IRS”

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## What is the “Social Capital” Concept?

- It's a different way of looking at your wealth.
- Every American has two kinds of financial capital:



**Personal capital is the money that we can use  
for our own purposes.**

**Social capital is that part of our wealth  
that we cannot keep.**

**It is money that must be paid ...  
for the benefit of the community.**



## **Yours vs. Theirs**

**Income  
+ Assets  
Total Wealth**

**Personal Capital**

**Social Capital**

**Family**

**Society**

**Lifestyle  
(Consumed)**

**Inheritance  
(Retained)**

**Taxes  
(Government  
Directed)**

**Charitable  
Gifts  
(Self-Directed)**

## SOCIAL CAPITAL

That part of what we own and earn that we are not allowed to, or choose not to, keep.

For the vast majority of Americans, social capital simply means:

- income taxes,
- capital gain taxes,
- gift taxes,
- estate taxes.



## Most Americans are not opposed to the concept of paying taxes --

- to maintain and build the country and their communities.
- However, they are opposed to:
- paying for ineffective bureaucratic organizations and wasteful programs
- and the unfair share of taxes that individuals can pay:
  - 35 – 39.6% income tax and
  - **35 – 55% estate tax!!!**



## “Give” a dollar in taxes to the Internal Revenue Service

- and you relinquish all control,
- no one knows you “gave” (except your CPA) and,
- no one said thank you!

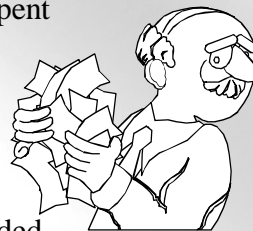


## “Give” a dollar to a qualified charitable organization and ...

- you exercise some control over its use,
- by specifying the programs it supports,
- benefiting the community in which you live,
- for the people you know and care about,
- and you can receive the recognition you may desire.

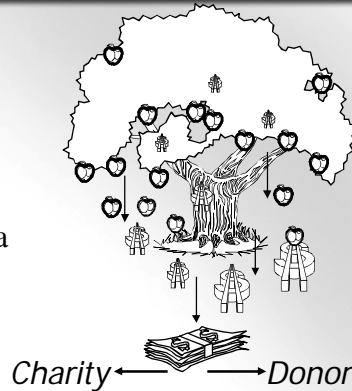
## How can the social capital concept help you?

- By showing you how to transform tax dollars into charitable gifts.
- Instead of giving tax dollars, spent at the government's discretion, social needs can be met with charitable gifts.
- By using social capital tools -- “aka” planned giving.
- Planned giving provides an added benefit: **MORE CONTROL** (without the costs of ownership!)



## As part of an overall financial plan, social capital can “bear other fruits”

- a lifetime income to you,
- your capital gains taxes reduced or eliminated,
- your income taxed at a more favorable rate, and
- reduction or even elimination of your gift and estate taxes.



## *The Social Capital Toolbox -- “Planned Giving”*

- Helping you give the largest possible appropriate gift that has the most value for your charitable purposes at the lowest possible cost to you.
- Planned giving is a group of techniques which help you accomplish that purpose.
- There are four basic techniques:

## ***Four Ways To Give A Planned Gift***

### *1) Give it now.*

- Cash
- Appreciated Property (Stock or Real Estate)
- Personal Property

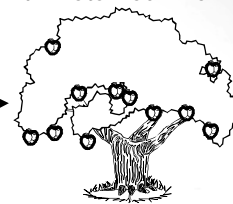


*Charity*

## ***Four Ways To Give A Planned Gift***

### *2) Give it later*

- Outright Gift Given Through Will or Trust
- Cash, Appreciated Property, Personal Property, Tax Qualified Retirement Plans
- Gift of Residence with Retained Life Estate

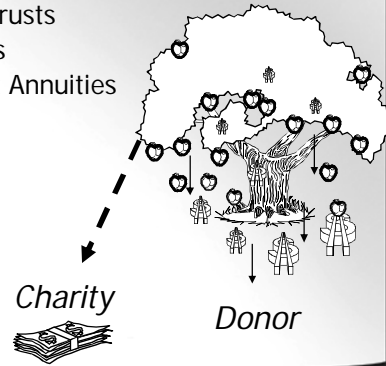


*Charity*

## Four Ways To Give A Planned Gift

3) Give away the asset but keep the income

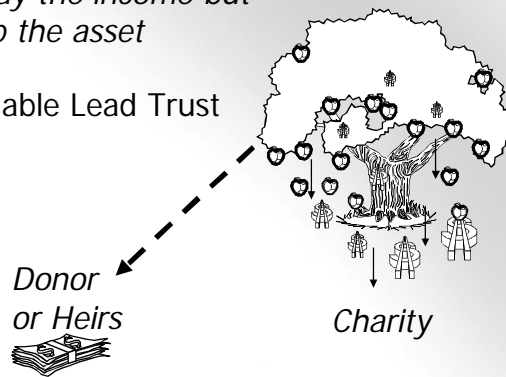
- Charitable Remainder Trusts
- Charitable Gift Annuities
- Deferred Charitable Gift Annuities



## Four Ways To Give A Planned Gift

4) Give away the income but keep the asset

- The Charitable Lead Trust





## A “Legal” Point of Interest

- “Over and over again, the courts have said there is nothing sinister in so arranging one’s affairs as to keep taxes as low as possible. Everybody does so, rich and poor, and all do right, for nobody owes any duty to pay more tax than the law demands. Taxes are enforced exactions, not voluntary contributions.”

-- Learned Hand, United States Justice

## Summary of the “Social Capital” Concept

- Social capital is that part of our wealth that we cannot keep.
- However, through financial and gift planning, the money that would go to the IRS -- your social capital -- can be put to work for you.
- You can exercise some “control” over government spending by directing how your social capital will be spent.



## You Decide...

Your Plan Now? (Most folks have these two)

Heirs  
\_\_\_%

IRS  
\_\_\_%

The Plan You Want? (Which two would you pick?)

Heirs  
\_\_\_%

Charity  
\_\_\_%

IRS  
\_\_\_%

## Two Important Questions:

- Which would you rather be:  
a good taxpayer?  
or an informed philanthropist?
- Have you considered a charitable gift  
as part of your overall estate plan?"

## How can you help MOWAA?

- Ask all of your clients to consider a charitable gift as part of their estate plan.
- Invite those that have included a gift in their estate plan for MOWAA to advise us
- Visit [www.mowaa.org](http://www.mowaa.org) for our video news updates