

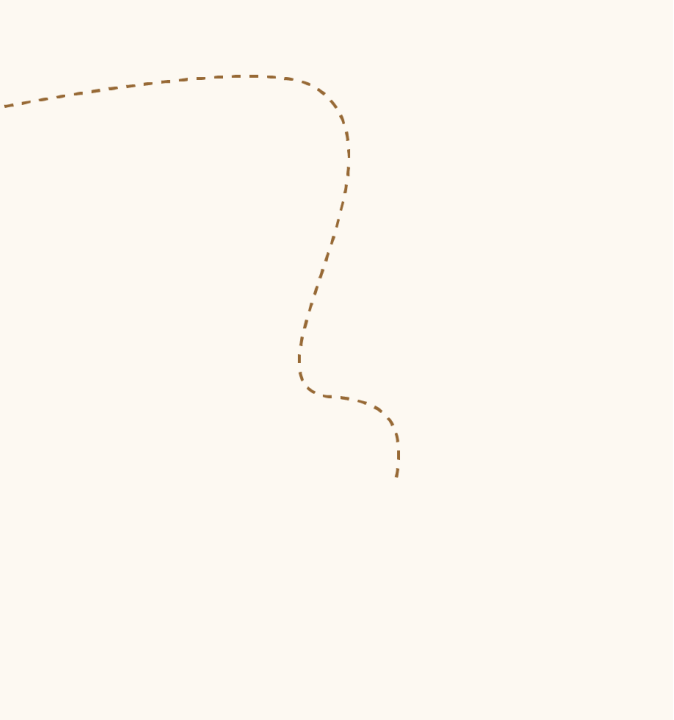
MAXIMIZING IMPACT: Strategic Approaches to Charitable Giving





What does it mean to be “charitable”?

For illustrative purposes only. There are important tax and legal considerations related to charitable giving. Please consult with your personal tax and legal professionals prior to making an investment. Please see additional important disclosures at the end of this presentation.



Common Giving Vehicles

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Donor-Advised Fund



Private Foundation



Public Charity



Charitable Trust

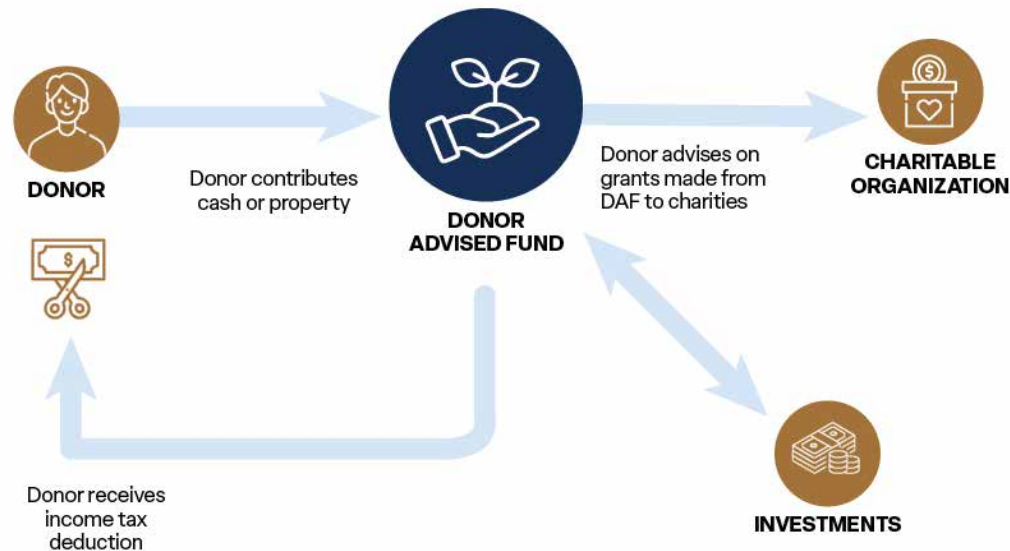


Charitable Gift Annuity



Donor-Advised Fund (DAF)

HOW A DONOR-ADVISED FUND WORKS



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Formation: Formed either during lifetime or upon passing. Consider forming DAFs during lifetime since they are relatively easy to establish and maintain.

Initial Contribution Minimums: Initial contribution minimums vary by charitable administrator. On average, initial contribution minimums range from \$0 - \$25,000. The assets in the DAF are invested and grow tax free.

Charitable Activities: Charitable activities of the DAF are limited to grants to other charitable organizations. Grants from the DAF may be made to most public charities but generally not to individuals or private foundations.

Management/Control: Assets held in the DAF are legally owned and controlled by the charitable administrator. Donor and/or other family members may recommend the investment strategy as well as grants to be made from the DAF to the end charities. The donor may generally change the charitable administrator at any time.

Charitable Deduction Limitations (if funded during lifetime):

- **Cash:** 60% of adjusted gross income
- **Securities and real property:** 30% of adjusted gross income

Distributions: Presently, no annual distributions required. Some charitable administrators require that small grants be made every few years to ensure the account remains active.

Excise tax: None.

Privacy: Names of individual donors are not disclosed to the public, and grants to charities can be made anonymously.



Private Foundation

Formation: Formed either during lifetime or after passing via instructions in a will or revocable trust.

Entity Type: Trust or Corporation – Corporations generally offer greater flexibility in management and ongoing administration than trusts. For example, trusts' charitable purposes tend to be far more strictly and narrowly interpreted, making them significantly more difficult to change over time.

Situs: Consider state laws, especially those related to board minimums and registration requirements, when selecting state of formation/incorporation.

Recommended Seed Funding: Given the formation costs and ongoing costs of administration, we generally recommend a minimum of \$3,000,000.

Charitable Purpose: Will the organization primarily make grants to other charities, or will the organization undertake its own charitable operations? Generally, broad scope of charitable purpose is preferred.

Management/Control: Board of Directors/Trustees.

Lifetime Charitable Deduction Limitations:

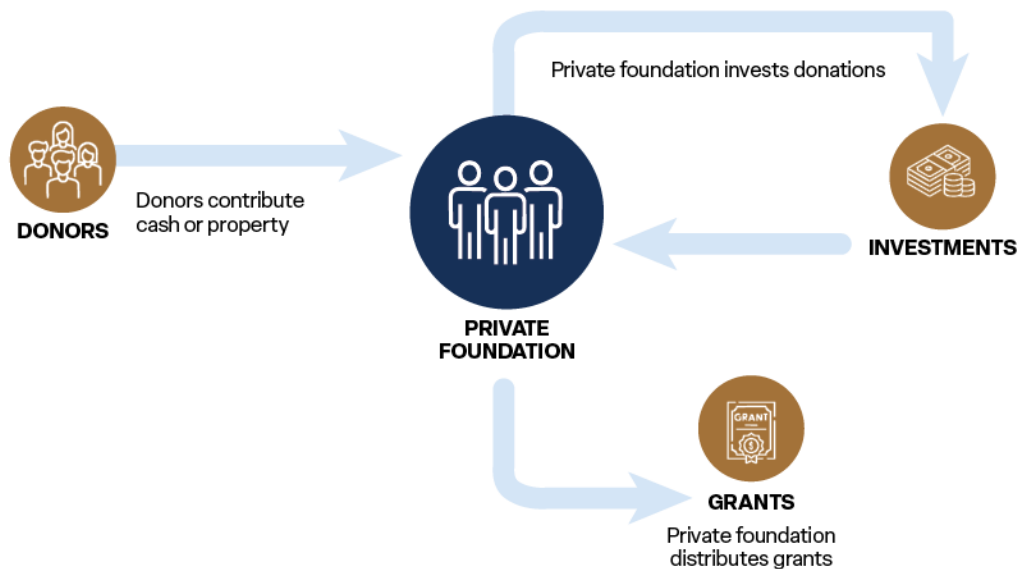
- **Cash:** 30% of adjusted gross income
- **Securities and real property:** 20% of adjusted gross income

Publicly traded stock is valued at fair market value, while all other contributions are valued at cost-basis. (Note: certain private foundations qualify for increased contribution limits.)

Distributions: 5% of net asset value must be distributed by the foundation annually. Distributions may be made to the donor advised fund.

Excise tax: 1.39% annual excise tax on net investment income.

HOW A PRIVATE FOUNDATION WORKS



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Public Charity

Formation: Formed either during lifetime or after passing via instructions in a will or revocable trust.

Entity Type: Trust or Corporation - Corporations generally offer greater flexibility in management and ongoing administration than trusts. For example, trusts' charitable purposes tend to be far more strictly and narrowly interpreted, making them significantly more difficult to change over time.

Situs: Consider state laws, especially those related to board minimums and registration requirements, when selecting state of formation/incorporation.

Recommended Seed Funding: Given the formation costs and ongoing costs of administration, we generally recommend a minimum of \$5,000,000.

Charitable Purpose: Most public charities undertake their own charitable operations or have a mix of their own charitable programming plus grantmaking to other charitable organizations. Generally, broad scope of charitable purpose is preferred.

Management/Control: Board of Directors/Trustees. Generally, more than 50% of the board should be unrelated by blood, marriage, or outside business co-ownership and not be compensated as employees of the organization.

Lifetime Charitable Deduction Limitations:

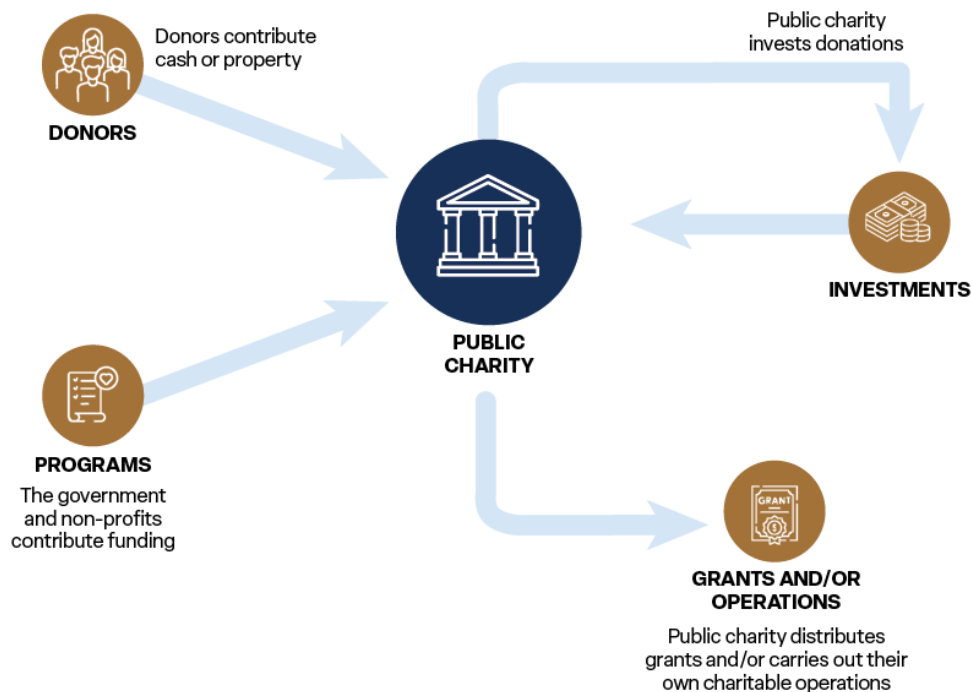
- **Cash:** 60% of adjusted gross income
- **Securities and real property:** 30% of adjusted gross income

Public Support Test: To maintain public charity status, an organization is generally required to:

- receive at least one-third of its support from contributions from the general public; OR
- receive more than one-third of its support from contributions from the general public and/or from gross receipts from activities related to its tax-exempt purposes.

The IRS provides a five-year grace period for newly formed organizations to meet the public support test. Once the grace period is over, the public support test is completed annually but is calculated using the cumulative total of the current year and the four preceding years.

HOW A PUBLIC CHARITY WORKS



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Amplifying Influence With Multiple Giving Vehicles

Mandatory annual distribution of 5% of net asset value



DONOR ADVISED FUND

Discretionary grants to public charity



PRIVATE FOUNDATION



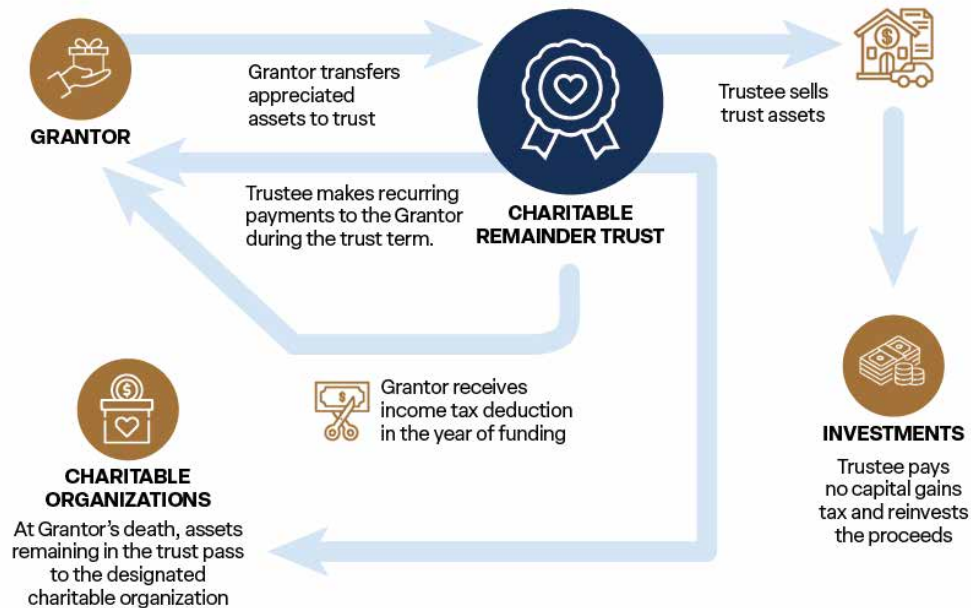
PUBLIC CHARITY

Limited provision of facilities and services

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HOW A CHARITABLE REMAINDER TRUST WORKS



Charitable Remainder Trust

Formation: Formed either during lifetime or after passing via instructions in a will or revocable trust.

Entity Type: Trust

Situs: Generally, the trust situs is the home state of the grantor.

Recommended Seed Funding: We generally encourage a minimum of \$1,000,000. However, the interest rate environment can raise the minimums.

Deductibility: The donor may be eligible to take an immediate partial income tax deduction. The amount of the deduction will depend on the term of the trust, the projected remainder being made to charity, and the appropriate applicable federal rate (AFR).

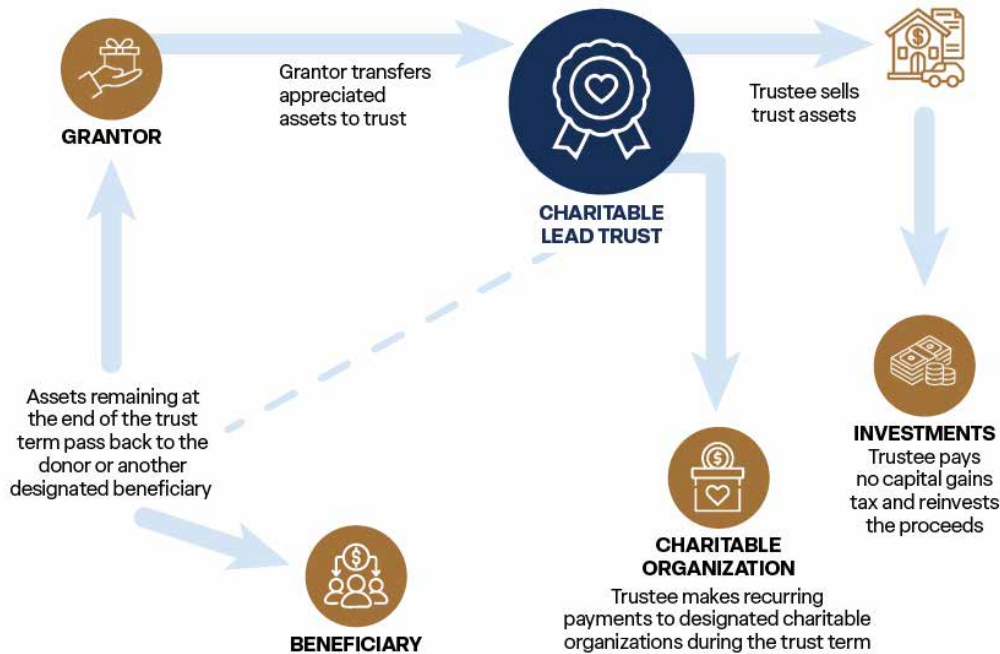
Charitable Purpose: Charitable activities of the CRT are limited to grants to other charitable organizations.

Management/Control: Trustee.

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HOW A CHARITABLE LEAD TRUST WORKS



Charitable Lead Trust

Formation: Formed either during lifetime or after passing via instructions in a will or revocable trust.

Entity Type: Trust

Situs: Generally, the trust situs is the home state of the grantor.

Recommended Seed Funding: We generally encourage a minimum of \$1,000,000. However, the interest rate environment can raise the minimums.

Deductibility: The donor may be eligible to take an immediate partial income tax deduction. The amount of the deduction will depend on the term of the trust, the projected payments being made to charity, and the appropriate Applicable Federal Rate (AFR).

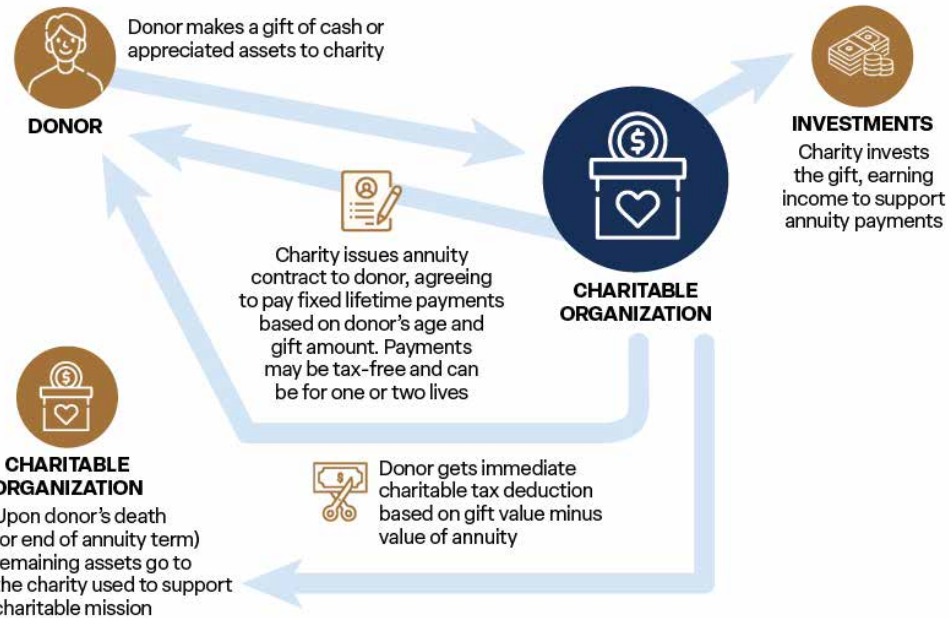
Charitable Purpose: Charitable activities of the CLT are limited to grants to other charitable organizations.

Management/Control: Trustee.

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HOW A CHARITABLE GIFT ANNUITY WORKS



Charitable Gift Annuity

Formation: Formed during lifetime.

Entity Type: n/a - Charitable gift annuities are formed as a contract between a charitable organization and the grantor(s).

Contribution Minimums: Contribution minimums vary by charitable organization but can be as low as \$5,000.

Deductibility: The donor may be eligible to take an immediate partial income tax deduction. The deduction is generally the difference between the amount transferred to the charity and the present value of the annuity payments the donor will receive.

Charitable Purpose: Support of singular charitable organization.

Management/Control: Investment decisions as well as use of funds is solely controlled by the charitable organization.

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Notable Impacts of OBBA on Charitable Giving



- **Floor for Itemized Deductions:** Taxpayers who make charitable contributions will only be able to claim a tax deduction to the extent that their contributions exceed 0.5% of the taxpayer's adjusted gross income (AGI).
- **Deductibility Cap:** Beginning in 2026, the tax benefit for itemized charitable deductions will be capped at 35%, even for taxpayers in the 37% top marginal tax bracket.
- **Above-the-Line Deduction:** Beginning in 2026, taxpayers who do not itemize are entitled to deduct certain cash contributions to charity. The deduction is limited to \$1,000 for single filers or \$2,000 for married couples filing jointly. Contributions to donor-advised funds and private non-operating foundations are not eligible for the deduction.

For informational purposes only. Clark Capital does not provide tax or accounting advice. Please consult with your personal tax or accounting professional prior to investing.

Wealth Planning Services Overview

Clark Capital's wealth planning capabilities are designed to help you grow your business and enhance the high net worth experience you provide to your clients. Full access to our suite of comprehensive wealth planning services is available to client households exceeding \$10 million, at no additional cost to the advisor or client.

Trust and Estate Planning

We work collaboratively with clients' legal and tax advisors to create and implement effective wealth transfer strategies that are aligned with your clients' goals.

Strategic Tax Management

By strategically managing their tax liabilities, clients can help reduce their current and future tax burdens, while preserving and growing their wealth.

Concentrated Position Planning

Our team provides personalized guidance to financial advisors and their clients on issues related to both public and private concentration in equity positions. We help develop strategies for asset location, diversification, charitable giving, and liquidity management to manage risks associated with concentrated positions.

Philanthropic Planning

We help develop a personalized strategy that aligns with your clients' values and helps you maximize their impact. Our team leverages experience in a broad range of philanthropic vehicles, such as donor-advised funds, private foundations, and charitable trusts, to help clients achieve their philanthropic goals.

Business Succession Planning

Whether it's passing on a business to family members, or selling it to a strategic buyer, private equity, or through an ESOP, developing a personalized strategy can help your clients navigate the business succession planning.

Equity Compensation Planning

We can support your efforts to help clients navigate the complexities of equity compensation and other methods of stock-based compensation.





Patrick Schultz, JD, CEPA®

Senior Wealth Planner



Patrick Schultz is a Senior Wealth Planner at Clark Capital Management Group. In this role, Patrick works closely with clients' legal and tax advisors to provide client-facing service across a wide range of wealth planning strategies. He specializes in estate and tax planning strategies, charitable planning, executive and equity compensation planning, business succession planning, pre- and post-transactional planning, concentrated position management, and other personal planning strategies.

Prior to joining Clark Capital Management, Patrick led the Central Division of J.P. Morgan Wealth Management's Wealth Planning and Advice Team, where he oversaw the delivery of a holistic wealth management experience to advisors and their clients.

Patrick earned a B.A. in history from the University of Wisconsin - Milwaukee and a J.D. from Marquette University Law School. He holds both the FINRA Series 7 and 66 licenses.



Shelby Anderson, J.D., CEPA®

Senior Wealth Planner



Shelby Anderson is a Senior Wealth Planner at Clark Capital Management Group. In this role, Shelby works closely with clients' legal and tax advisors to provide client-facing service across a wide range of wealth planning strategies. She specializes in estate and tax planning strategies, charitable planning, executive and equity compensation planning, business succession planning, pre- and post-transactional planning, concentrated position management, and other personal planning strategies.

Prior to joining Clark Capital Management Group, Shelby was an Executive Director on J.P. Morgan Wealth Management's Wealth Planning and Advice Team, where she oversaw the delivery of a holistic wealth management experience to advisors and their clients. Shelby joined J.P. Morgan in 2019 as a Vice President and Assistant General Counsel before transitioning to the Wealth Planning and Advice Team. Prior to joining J.P. Morgan, Shelby was an attorney for Ice Miller LLP, where she advised individuals on sophisticated estate planning, succession planning, charitable planning, and wealth transfer planning strategies.

Shelby received her B.S. in Finance from The Ohio State University and her J.D. from Indiana University. She is a member of the State Bar of Illinois, Indiana, and Ohio.



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