

Professional Athletes Affecting Change Through Charitable Giving

September 14, 2020



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Key Takeaways

- Charitable gifting is a powerful tool for championing change.
- Donor Advisor Funds and foundations are two effective ways to make these gifts.
- Working with wealth advisors who specialize in philanthropy can help maximize results.

As a professional athlete, you are uniquely positioned to impact the lives of others. Your status provides a built-in platform to raise awareness and open dialogues about social causes. Charitable gifting is a powerful tool to take your advocacy to the next level. It turns words into action to affect meaningful change.

And just as you wouldn't jump into a competition without a game plan, the same holds true for philanthropy. You need a strategy to maximize performance.

Identify Your Passion

Choosing which charities to support from the seemingly endless number of nonprofit organizations can be a challenge. The best advice I can give is to follow your heart and the change you want to make. That might mean focusing on educational initiatives in your community, social justice, childhood hunger, or the environment.

From there, you need to make sure the organizations you're considering are committed to their mission. You don't want to find out after the fact that only 30 cents of each dollar contributed actually goes to the cause, and the rest to fund employee salaries. An advisory team with expertise in philanthropy can help you conduct this due diligence. They can contact the organization's director on your behalf, ask the tough questions, and ensure the charity is a valid 501(c)(3) tax-exempt organization.

If you prefer to do your own research, [guidestar.org](https://www.guidestar.org) provides detailed information on thousands of nonprofit organizations.

Decide How to Give

While you could simply write a check, many professional athletes use either a Donor Advised Fund or establish a foundation (or a combination of the two) to make their gifts. One approach is not necessarily better than the other. Your decision ultimately depends on many factors, including your goals, time commitment, tax strategy, and personal preference. On the following page is a high-level comparison to kick off your decision-making process. Your advisor can help you conduct a more in-depth analysis of these and other gifting strategies.

	Donor Advised Fund	Foundation
Description	A giving account established at a financial institution that's used to make gifts to your designated charities	A separate legal entity you establish to carry out your philanthropic initiatives
Time Commitment	Low Level of Involvement	Higher Level of Involvement
Control	Financial institution controls the fund. (You act in an advisory role.)	You control. (You work for your own charity.)
Flexibility	You can only make grants to tax-exempt organizations.	You can make grants, create programs and operate fundraising campaigns.
Day-to-Day Administration	The financial institution handles all administrative tasks.	Your wealth advisory team can help manage the foundation, or you might decide to hire a staff.
Privacy	Anonymity	No Anonymity
Tax Benefits	100% of your contributions may be tax-deductible.	100% of the contributions you make to your foundation may be tax-deductible.

Build Your Team

Successful professional athletes have a strong support system on and off the field—coaches, managers, trainers and, in some cases, teammates all working in tandem for a common goal. A strong support system is also vital for achieving your charitable initiatives. Here are a couple of key people who should be on your roster (if they're not already):

- **Wealth Advisor.** Think of this person as your philanthropy head coach. They'll help you integrate charitable gifting into your overall financial plan and design "plays" that maximize your donations while mitigating your tax liabilities.
- **Nonprofit Tax-Exempt Attorney.** Foundations are subject to a myriad of rules and requirements. Working with an attorney who specializes in tax-exempt organizations helps ensure the proper documents are created, executed and filed.
- **Administrative Staff (Optional).** In many cases, your wealth advisory team will serve in this capacity. They'll handle the day-to-day tasks related to your foundation and serve as the liaison between you and the Donor Advised Fund. If you decide to hire family members to provide this support, make sure they're qualified and that their compensation is reasonable, especially if they're working for your foundation. Otherwise, it could create the perception that your organization isn't committed to its stated mission.

Support to Propel Your Mission Forward

Cerity Partners shares your passion for making a difference. Many of our advisors serve on the boards of nonprofit organizations and foundations. They also have extensive experience designing advanced gifting strategies tailored to our clients' unique needs and goals. Our services span the spectrum from analysis of Donor Advised Funds and assistance with establishing foundations to tax reporting and fundraising support.

Let us help you affect the change you want to see. Contact a Cerity Partners advisor to get started.



Mark is a Partner in the Cleveland office and has more than thirty years of experience advising corporate executives, international professional tennis players and golfers, major league baseball and football players, and entertainers.

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