"We are simply too inspired by what we do."

Monument QUARTERLY

3rd Quarter Newsletter

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Monument WEALTH MANAGEMENT

Feeling Charitable? Use Donor Advised Funds.

Dean J. Catino, CFP®, CPWA®, Managing Director, Co-Founder

Americans have always been generous to those in need, and there are great charitable organizations throughout our county. The total dollars given to charity each year are significant, and totalled $316 billion in 2012 according to the Center on Philanthropy at Indiana University.

The federal government recognizes the tremendous work and impact that charitable organizations have on the wellbeing of our society and allows donors to take a tax deduction of up to 50 percent of adjusted gross income for cash contributions and up to 30 percent for securities. Many of us simply write a check to those causes we feel deeply about, however, there are other vehicles that can achieve our charitable goals and offer added benefits from a tax-saving perspective.

Donor advised funds (DAFs) have been around for more than three decades. Simply put, they are charitable organizations that allow for tax-deductible donations to be made, invested and then redirected to qualified organizations. DAFs allow for donations to be deducted for tax purposes in the year of the donation, however, the donation amounts do not have to be "redirected" or granted to the final charitable organization in that tax year. They can be invested, allowed to grow over time and then granted to the organization of your choice. There are many DAFs available to the general public and many are administered by large financial institutions. Such funds are very much a turn-key solution for those individuals who have a charitable nature and offer simplicity, low cost and a charitable legacy element.

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Feeling Charitable? Use Donor Advised Funds. *Continued...*

There are several tax-efficient strategies that can be applied to owners of DAFs. Consider the following hypothetical situation and strategy: Mr. Jones is a successful businessman and makes an annual charitable donation of $10,000. He's also a savvy investor and has a non-qualified account of stocks with significant unrealized long-term gains. One of the stocks in his portfolio is an energy company that has a tremendous gain; it was a gift from his father many years ago and now has a market value of $10,000 and a cost basis of $1,000. Mr. Jones has great personal attachment to that stock, the energy company is still growing its profits and he sees no fundamental reason to sell.

The Tax Efficient Way to Give.
Mr. Jones decides to set up a DAF to make his annual $10,000 charitable gift. However, instead of writing a check from his bank account, he transfers the highly appreciated stock to his DAF. When the transfer is completed, he receives an immediate tax deduction for the $10,000 market value of the stock, then liquidates the stock position incurring no capital gain in the transaction and directs his DAF to make the grant to his charity in his name. Mr. Jones then uses the $10,000 from his checking account that he would have otherwise used to fund the charitable gift to purchase new shares of the energy company in his non-qualified account. He now still owns the same stock that his father gave him years ago, with no imbedded capital gain, received a tax deduction for $10,000 and he satisfied his charitable goal.

Charitable giving never felt so good!

This article and others written by Dean J. Catino can be found on www.monumentwealthmangement.com under our Resources tab. Please see additional disclosures on the back of this newsletter.

About Us

Monument Wealth Management is a financial advisory firm that helps accomplished entrepreneurs transition to a life of long-term financial independence and wealth defined on their own terms.

Monument helps to remove the anxiety and uncertainty that can accompany financial success through a rigorous focus on long-term cash-flow based private wealth planning for every possible scenario and goal.

Monument clients benefit from 'entrepreneurs advising entrepreneurs' and the seamless access to the firm's team of founders, superior investment management expertise, and a candid relationship with personal advocates who prize integrity and independence above all else.

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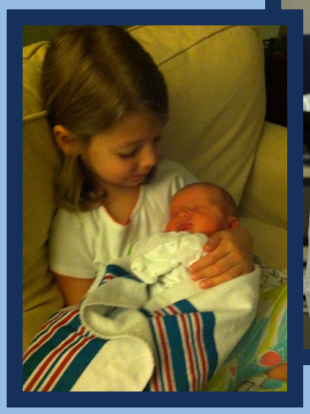
PHOTOS

This August, we were so lucky to have been able to welcome two new babies into the world! **(Right)** Meet our Asset Management Associate, Spencer Rand's baby boy, Felix Rand. (**Below**) Meet our Managing Director and Co-Founder, Tim Lee's baby girl, Abigail Lee.



This quarter, our Managing Directors and Co-Founders, Tim Lee and Dean Catino completed their Certified Private Wealth Advisor® certifications through the Chicago Booth School of Business.

At this year's LPL Financial Focus13 conference, our Management Director and Co-Founder, Dave Armstrong, presented on developing your ideal corporate culture and utilizing SalesForce.com for success to financial advisors from across the country.

10 Simple Steps

To Shore Up Your Financial Life

Michael Patrick Jacobs, CFP®, Partner

Often I am asked, "Where do I start?" when it comes to finances. Most financial advice starts with basics, like save and invest. But there are several more first steps to consider when you're trying to make sure your financial life will be both profitable and protected. Below are my 10 simple steps to take when addressing the financial front.

1 Review Personal Insurance.

Be sure you have life insurance coverage for both income replacement and for the homemaker. Assess your mortgage debt, college funding, and any special needs as well. Consider disability insurance, because unanticipated costs of living with a disability can be financially devastating. When possible, buy the insurance personally so the benefit is tax-free, rather than using a company plan that provides taxable income. Strongly consider an umbrella policy to cover any unexpected accidents or law suits.

2 Review Business Insurance.

Does your business have "key man" policies that will fund the cost of replacing a person who is a major contributor? Does your business have buy-sell insurance and an operating agreement to detail and fund a buyout in the event of an owner's disability or death? Imagine the troubles you could encounter being forced into partnership with your partner's spouse or children.

3 Title Assets to Carry Out Your Wishes.

Make sure your assets are titled in accordance with your estate plan. Consider trusts in scenarios where property or businesses are owned in multiple states to avoid the hassle and costs of probate.

4 Fully Fund Your Retirement.

Pay yourself first. There are large tax savings and the tax-deferral and compounding effects are considerable. Most companies will also match a portion of the contributions.

5 Lock In Rates on Long-Term Debt.

Rates are at historical lows and will be going up. Avoid floating rate debt. This includes some mortgages, home equity lines of credit, credit cards and many personal loans. Paying a slightly higher fixed rate in order to lock it likely makes sense.

6 Thoroughly Assess Your Investment Risk.

Avoid long-term, high-quality bonds if rates are rising. Never have more than five percent of your portfolio in a single holding. If you do, hedge it. Shooting for lower, safer returns in this environment is okay, because high risk could mean big losses.

7 Give While Living Rather Than at Death.

Many people plan on leaving sizable sums of money to charity or schools. Consider declaring the gift earlier in exchange for a tax benefit, income stream and the satisfaction of giving while alive.

8 Be Liquid.

Budget for the unexpected or a 2008-like downturn. This means having safe, liquid money available to weather a bad market so you're not forced to sell into a panic-laden environment. Twelve months of living expenses is suggested in most cases.

9 Educate Your Spouse and Children About Your Finances.

All too often after a spouse's death, survivors are left confused and nervous. Insist on both partners playing a role in the finances. I find getting children involved at some point makes a great deal of sense as well.

10 Live Below Your Means and Keep Score.

Create a budget, pay yourself first, and don't spend more. There is software to help track this, but I prefer a simple spreadsheet. Track your budget monthly and live within your income.

This article and others written by Michael Patrick Jacobs can be found on www.monumentwealthmangement.com under our Resources tab. Please see additional disclosures on the back of this newsletter.

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Disclosures

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