00:00:11:00 - 00:00:38:10

Speaker 1

Welcome. My name is Andrew Baron, and this is. Well… It Depends! The podcast where I address different financial decisions that can't be answered with a simple yes or no. In this episode, I ask the question, Should I give away my wealth today? But before we get into it, a short disclaimer. This is being recorded on February 28, 2024.

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The contents of this podcast are strictly for informational purposes only, and nothing said should be taken as an investment tax or legal advice. It's important to consult with a professional before making any financial decisions, as the strategies discussed may not be suitable for you specifically.

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Getting into it.

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Speaker 1

Should I give my wealth away today? Well… It Depends! First, let's consider making an immediate impact versus future growth. If you give your wealth away today, you can see its immediate impact. This allows you to support causes and loved ones when they need it most. However, if you hold on to your wealth and pair it with strategic investing, you may increase the size of your portfolio, allowing you to make a greater difference in the future.

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The tradeoff here is making an impact today or making a greater impact in the future.

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Speaker 1

Now, let's talk about taxes. The decision to give away your wealth may be influenced by the tax benefits of doing so.

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Speaker 1

Making contributions to charities come with significant tax benefits. However, gifting to individuals is a little bit more complicated. For example, for highly appreciated assets, it may instead be better to wait until your passing so that these assets are stepped up to the new market value. This essentially eliminates the tax liability that would have otherwise been paid.

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Speaker 1

Another crucial aspect is the issue of legacy and control. By giving your wealth away today, you can see its firsthand impact and help guide its use, which can be incredibly rewarding. Compare this to having your assets distributed on your passing, which means relinquishing your control and having your wealth used for purposes that may have not aligned with your original intention.

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Lastly, let's discuss the emotional considerations. Giving away your wealth can be incredibly rewarding, so it expresses love and appreciation and can provide a sense of purpose. Yet for some, the idea of giving away their wealth comes with feelings of anxiety and loss. It's important to factor in all these considerations before making your decision.

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Speaker 1

To recap way how much your gift will make an impact today versus having a potentially larger difference in the future. Consider the tax ramifications of your decision. Evaluate how much control you're willing to give up and how this will affect your emotional well-being. So to answer the question, should I give away my wealth today?

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Speaker 1

Well… It Depends!

Speaker 1: Andrew Baron, CFP®, EA