

The Big Give-Away

Find out how much God has given you and from it take what you need; the remainder is needed by others.
- St. Augustine

Last fall a friend invited me to participate in Crown Financial Ministries' [Biblical Financial Study, Special Edition](#). The course is designed for those entrusted with wealth and those who manage it. With fewer financial limitations to serve as boundaries, those with significant resources face unique challenges. Fortunately, there are thousands of years of Judeo-Christian wisdom to instruct and guide us in navigating an ocean of unlimited choice. The class inspired me to think more about how CUSH can be of better service to our clients.

One of the cornerstones of biblical wisdom in the area of financial management is the recognition that all our resources (monetary or otherwise) are on loan to us for only a very short time. This recognition should logically give way to discernment of proper stewardship and allocation of those resources. One of the ways we, at CUSH, would like to better serve our clients while being principled stewards is by offering vehicles to facilitate these goals.

As trusted advisors we are in the privileged position to discuss the goals, dreams, ambitions, and legacy wishes of our clients, and ultimately all of these lead to giving. Sometimes that means giving to family, friends, or other loved ones, and sometimes that includes a local church or another cause close to one's heart.

A friend of mine, Bruce Kusmin with Mariner Wealth Advisors, likes to say "we help our clients do well so they can do good." I love that motto; what a wonderful mission statement! I wish I would have thought of it. I like to say that *our mission is to put clients in a position to worry about nothing but*

how to give it all away. Not too bad, but Bruce's is pithier (maybe we'll borrow it? ☺).

Good artists borrow, great artists steal. – Pablo Picasso

If I plagiarize, it's only because I like someone else's idea better than mine and I want credit for it.

– Anna Chin-Williams

At last month's [What's The Big Idea?](#) event, Roxie Jerde and Katie Gray of the Greater Kansas City Community Foundation spoke with our guests about the merits of using Donor Advised Funds (DAF) to facilitate charitable giving. I've included a primer on the world of DAFs below, but first I want you to consider some of the benefits (yes benefits!) of charitable giving. Consider these thoughts:

We make a living by what we get. We make a life by what we give. – Winston Churchill

If I could boil down everything I have learned into one sentence or thought, it would be this: Generosity and financial freedom are inextricably linked. If you want to replace fear, guilt and frustration with freedom, confidence and joy, you have to hold your treasures – your money, your possessions, your time and talents— with an open hand. – Ron Blue, Generous Living.

Honor the LORD with your wealth, with first fruits of all your produce; Then will your barns be filled with grain, with new wine your vats will overflow. – Proverbs 3:9-10

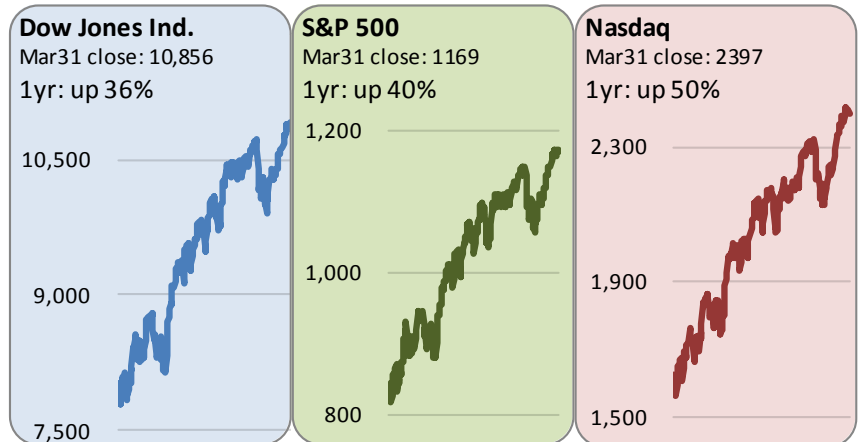
Give and gifts will be given to you; a good measure, packed together, shaken down, and overflowing, will be poured into your lap. For the measure with which you measure will in return be measured out to you.

– Luke 6:38

“We make a living by what we get. We make a life by what we give.”

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Source: Cush Capital Management, LLC / Yahoo Finance

One of the most common reasons people don't have a giving strategy is that they haven't settled the question of how much is enough. Until each of us settles this question for both ourselves and our children, we will never be able to give with a full heart.

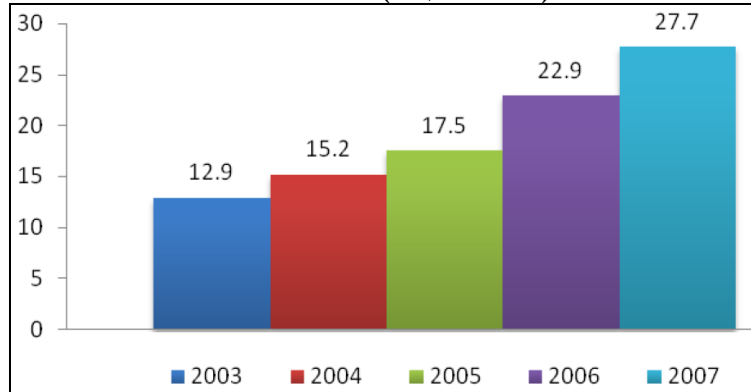
There are two ways to get enough. One is to continue to accumulate more and more and the other is to desire less.
 – G.K. Chesterton

To that last quote I would add that, while it is the obvious mission of your financial manager to aid in wealth accumulation, it has been our practical experience that those who focus on desiring less tend to be much happier. If you want to experience life to its fullest, and have the greatest impact on those around you, then we would like to help make that happen by incorporating a giving strategy into your overall financial plan. For our readers who missed our [What's The Big Idea?](#) event, we have a primer.

Donor Advised Funds 101

What is a Donor Advised Fund (DAF)? A DAF is a charitable giving vehicle wherein an individual, family or corporation makes an irrevocable, tax-deductible contribution of personal assets and at any time thereafter can recommend grant distributions to qualified charitable organizations ([MS Society](#), [Global Orphan Project](#), [Catholic Charities](#), or your local church). The sponsoring organization (*i.e.*, [The Greater Kansas City Community Foundation \(GKCCF\)](#), [The Servant Christian Community Foundation](#), [The Catholic Foundation of Northeast Kansas \(CFNEK\)](#), or even [Fidelity](#)) performs the record keeping, due diligence and other related administrative functions, typically charging fees much less than those incurred in running a private foundation. This is evidenced by the explosive growth of DAFs since the 1990s. In an article in the Wall Street Journal last April, author Mike Spector noted that total assets in DAFs reached \$27.7 billion in 2007, which was up from just \$7.5 billion in 1999.

Donor Advised Fund Assets (in \$ Billions)



Establishing and Funding a DAF

According to the GKCCF's Katie Gray, establishing a donor advised fund is fast, simple and inexpensive. An "establishing document" is tailored to the donor's need and takes just a few minutes to complete. The Foundation takes care of the rest, and the fee can be as little as \$21 a month.

"Because we streamline the giving process, there is no chasing down receipts or check stubs at tax time," says Katie. "Instead, the donor will receive a simple statement showing how much they gave and to which organizations."

Cash, mutual funds, bonds, most publicly traded securities and real estate can all be contributed to a DAF. Appreciated securities make the most effective contributions -- donors can avoid the capital gains tax and deduct the total value of the contribution from their federal income taxes, up to 30% of adjusted gross income. Unused deductions can be carried forward for five years.

Once your DAF is funded, you can give a name to the account (*i.e.*, "The Jones Family Charitable Foundation") and you may name one or more account advisors (such as a spouse, child or other relative) who will also be able to recommend grants from the fund during your lifetime. Grants can be made to tax exempt charitable organizations who fall under the Internal Revenue Code Section 501(c)(3), and public charities under IRC

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Section 509(a). Most established religious organizations and educational institutions are not listed as 501(c)(3) nonprofits but are nevertheless tax-exempt charitable organizations and can thus receive grants from a DAF.

Example Donor Story: When David Morgan retired, he wanted a way to give more to his community. “I’ve lived here my whole life, and now that I have more time and resources, I can give back to a number of causes and organizations that are very special to me,” he says. David’s highly appreciated company stock provided the means to establish “The Morgan Family Foundation,” a DAF setup through the Greater Kansas City Community Foundation. David received a tax deduction on the full market value of his appreciated stock, while avoiding the significant capital gains tax that would have otherwise arisen from the sale. He now meets with the foundation’s professional program staff to recommend grants in the areas he cares about most. “Last year, based on my recommendations, the fund bought uniforms for an after-school sports league and supported an adult literacy program,” reports David. “Some of our charities are too small to accept direct stock gifts. Giving through a Donor Advised Fund has eliminated that barrier.”

A Bank of America study looking at philanthropy found that households with income in excess of \$200,000 or assets in excess of \$1 million cited red tape, the time commitment it takes to give, lack of access to research on prospective nonprofits and lack of knowledge about needy organizations as the greatest barriers to increasing their charitable giving. DAFs address these issues by streamlining the process and allowing donors to help several organizations for the energy it ordinarily takes to help just one.

CUSH Capital and Donor Advised Funds

I’d like to give a special thanks to a CUSH client, Claude Thau, for making the introduction to Katie Gray and the Greater Kansas City Community Foundation. Claude recognized an obvious fit given our similar values and we are looking forward to a long-term relationship. Often-times, big ideas start

with a simple “what if” . . . in our case, it was an off-hand comment I made during our first meeting with Katie Gray: “Wouldn’t it be great if CUSH clients automatically received a Donor-Advised Fund to serve as a “catch-all” contingent beneficiary?”

Katie agreed that it would be a great way to get people thinking about charitable giving either now or in the future, and the GKCCF subsequently agreed to waive all fees associated with non-funded beneficiary accounts for clients of CUSH Capital. We encourage all of our clients to take advantage of this opportunity. This could be the seed that establishes a lasting legacy for generations to come. By participating in the Greater Kansas City Community Foundation’s Financial Advisor Program, CUSH Capital can tap into the expertise of one of the country’s largest and most experienced community foundations. Through this program, CUSH Capital will advise on how the assets in your DAF should be invested and will manage these on an ongoing basis. We partner with the GKCCF in creating your fund and selecting your beneficiary charities.

“A Donor Advised Fund could be the seed that establishes a lasting legacy for generations to come.”

What’s the Big Idea?

Would you like to learn more about Crown Financial Ministries’ [Biblical Financial Study Special Edition](#)? Join us for part of our ongoing series [What’s The Big Idea?](#)

This is a casual open house / networking event where we will share our thoughts on the market in conjunction with one or two of our latest research ideas. In addition, each month we share other viewpoints and perspectives on a variety of topics. This month, Bart Nill of Compass Financial Ministries:

Did you know that there are over 2,300 scripture verses on money and wealth? Bart Nill will share how their Special Edition Bible study might change your perspective on the use of worldly wealth.

DATE: April 22nd, 2010

TIME: 5:30 pm – 6:15 pm (includes drinks and appetizers)

PLACE: CUSH Offices – 11020 Oakmont, OP, KS 66210 ([MAP](#))



Our Mission

CUSH Capital seeks to educate our clients about the market and serve as trusted advisor. By customizing and tailoring financial plans to each client, we strive to create a shared vision of your future. CUSH Capital provides our clients the tools and resources to implement this future. This is only made possible by our independence, which eliminates conflicts of interest and allows us to act as a fiduciary in all matters. We recognize the great depth of our responsibility with regard to our clients' financial future, and we don't take that lightly. Ultimately, our goal is to assist our clients in creating the most secure, comfortable and meaningful lives for themselves and for their families. In every way, in all that we do, we are committed to serving our clients with discretion, honesty, and integrity.

The Strategy

At our core we are value investors, but in truth our philosophy so clearly differs from that of the herd. We have little difficulty distinguishing ourselves from the frenetic hyperactive trading strategies profiled on the financial news channels and common to so many other advisors. We offer a better alternative by selecting high quality stocks and bonds for the long-run. This low turnover, tax efficient approach is considered one of the most successful techniques for compounding wealth ever created. The key points are:

1) Targeting businesses with long-term sustainable competitive advantages. This allows investors to compound gains and avoid excessive transaction costs. (Short-term selling and reinvesting can substantially eat up profits due to trading costs and tax consequences compounded over time).

2) Recognizing that stocks are businesses with an intrinsic value that correlates to success in the longer-term. This intrinsic value CAN be measured, but it takes serious work to do that well.

3) Knowing that it is rare to find a great company with a sustainable competitive advantage trading at a discount to its intrinsic value. When these opportunities present themselves you have to be prepared to invest with conviction.

Vern Cushenbery, CFA, CPA Chief Executive Officer

I founded CUSH Capital to deliver my clients the kind of trusted financial advice and portfolio management that is so rare in the financial community.

My years of experience in consulting allowed me to audit the portfolio strategies used by the very best. There is no substitute for hard work in this business -- no secret sauce. The only way to succeed in the long-run is to do your own research and think for yourself because if you follow the crowd or get caught up in the confusion of the financial press, then you are certain to fail.

CUSH Capital pioneered the concept of **wholesale investing**. We do our own research; we don't outsource, we **in-source**. Not only does this keep us independent, but it also lowers your fees. I publish this newsletter to keep clients involved and informed. I invite you to become a part of our team. Visit our website to subscribe to this newsletter today, or call me. I will be happy to answer any questions about your financial future.

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Sincerely,

Vern Cushenbery, CFA, CPA

Mr. Cushenbery has more than a decade of experience in portfolio management and research. He was formerly Chief Investment Officer with Legacy Investment Management, and prior to that he was with the Buffalo Funds. He holds an MBA and a Masters of Accountancy degree from the University of Missouri at Kansas City, and a BS in Finance from Kansas State University. As a CFA Charterholder and Certified Public Accountant, Vern is uniquely qualified as an investment advisor.

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