

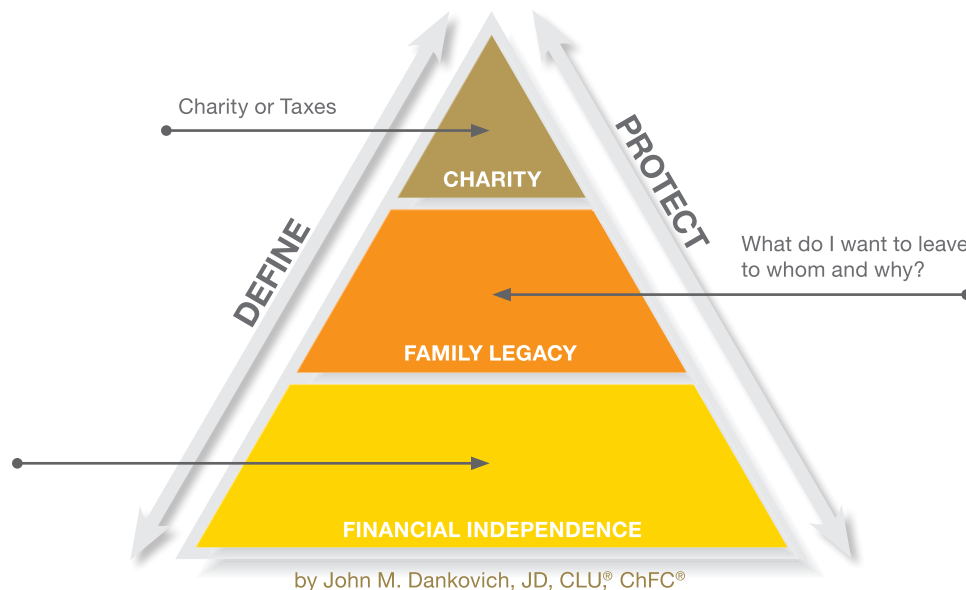
CAN I AFFORD TO BE CHARITABLE?

Intellectually, people know that charitable giving is a good thing. Emotionally, they know that giving will make them feel good. Yet, often they do not know how to think about their giving. Most questions they confront tend to center around “My first responsibility is to provide for my family for the rest of our lives. Can I afford to be charitable?”

In working toward an answer to this question, you must first start with some pretty basic financial principles. You must work through the Hierarchy of Planning by defining your objectives at each level and protecting what must be in place to satisfy that level of need before moving to the next level.

The first, or base, level is your own financial independence. Establishing a balance sheet (what do I own and what do I owe to others?) will provide the first steps toward determining your progress toward financial independence. Understanding where you are on this path is important. Then you know what you must do to provide all those things, experiences and necessities that are important for you and your family.

Once you have determined what you have, the next step is looking at your current incoming cash flows and your expenses, including needs (shelter, transportation, education, taxes, health care) and wants (entertainment, dining out, latest technology gadget). Important in this examination is determining what amount needs to be set aside for retirement living expenses. If after providing for all these expenses you have excess cash, the next level of the Hierarchy of Planning is defining and protecting your family legacy.



A real inheritance is not defined by financial terms. Rather, it is supported by financial terms. You see, an inheritance is deeply entangled in your family legacy. The first question you might ask yourself in determining your family legacy is “What do I want my children, grandchildren and other family members or my community to feel, think and say when they hear my name?”

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A second question might be “What do I want members of my family to always have?” Most families want to know that the financial aspects of their inheritance will help family members have access to three primary things: a safe place to live, quality medical care and food to eat.

Now, consider a third question: What opportunities do you want your children and grandchildren to have? This would include things like being a stay-at-home parent, education, travel or starting a business.

You may be able to provide for all these things or you may not. But, whatever you want to provide, you must be realistic in assessing your ability to provide your desired family legacy.

Now that you have defined and protected your financial independence and your family legacy, you can better formulate an answer to the question “Can I afford to be charitable?”



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