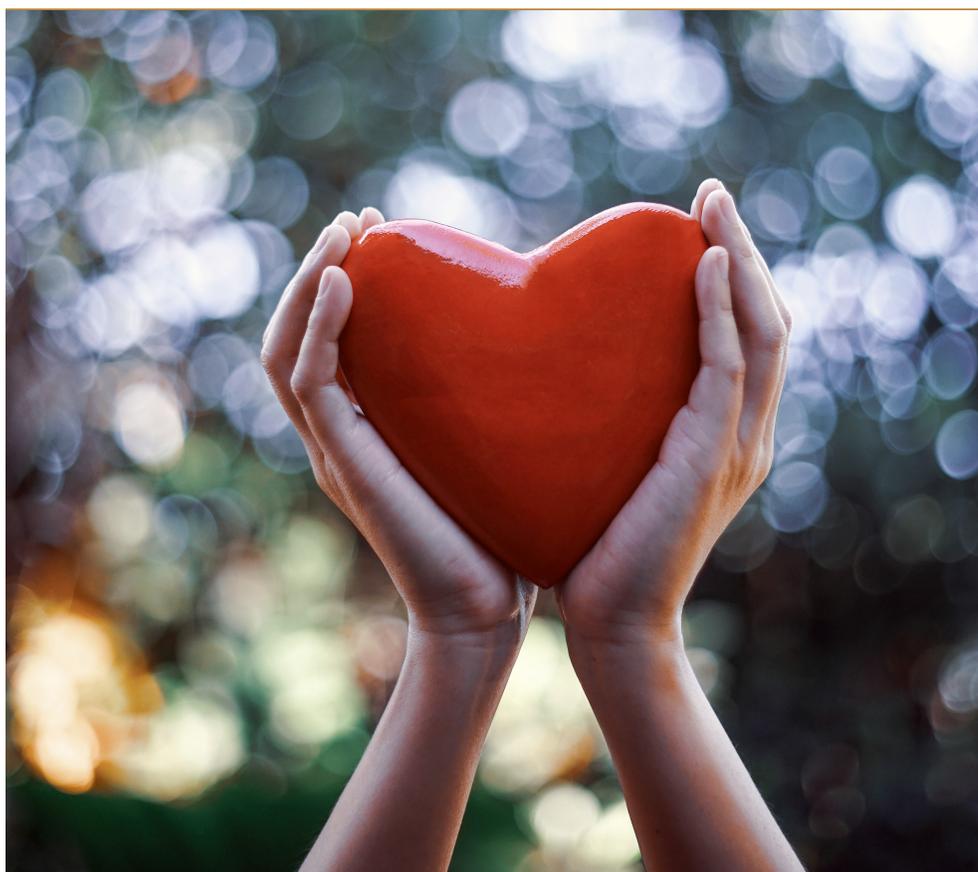

Wealth Planning Insight



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How Can I Help? Philanthropic Support to Lessen the Impact of COVID-19

Philanthropists around the world are asking what they can do to help combat the COVID-19 outbreak and its far-reaching impact. The World Health Organization (WHO) has declared COVID-19 to be a global pandemic, and nearly every U.S. state has declared a state of emergency. Financial need will soon be all around us. It is worth first pointing out the substantial medical costs incurred in diagnosing, treating and healing those who contract the virus. The economic loss of the COVID-19 outbreak to financially fragile families will also be significant. Moody's Analytics predicted last week that as many as 10 million U.S. workers would experience a loss of income—either layoffs, furloughs, fewer hours or wage cuts. Many non-profit organizations that support those experiencing economic hardship have already



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strained resources. These nonprofit organizations also heavily rely on volunteers, and many volunteers are unable to assist as usual given current social distancing recommendations from the Center for Disease Control and Prevention (CDC). Organizations providing a safety net to those in need will inevitably struggle to keep up with the increasing demand.

If specific causes and goals have been identified, BBH Wealth Planners are prepared to work in depth with our clients and other philanthropists to strategically identify, evaluate and/or create nonprofit organizations and programs that target those goals and causes. For example, some have expressed concern for those working in industries with unstable wages, such as the creative arts and restaurants, and BBH Wealth Planners have discussed and implemented custom solutions that target an individual family's goals, resources and tax/financial situation. No single newsletter or whitepaper can replace those important and highly personal conversations. For those who are just beginning to think about how they might help in the wake of the COVID-19 outbreak or who would like to provide general financial support, the great news (if there is any in this era) is that there are many effective ways to help. It is important to consider the tax implications of any support provided, and in this article, we hope to offer suggestions and guidance for you to think through as you support those in need.

Local Support: Community Foundations & United Way

A community foundation is a tax-exempt charitable organization that maintains and administers charitable donations on behalf of multiple donors and then deploys those donations to support the needs of the geographic community or region where it is based. Community foundations make it their business to keep up-to-date on the needs and issues affecting the local community and have a history (or at least, a limited history since the concept of the community foundation is only about 100 years old) of rapidly assessing and deploying funds to assist emergency needs. Nearly every community foundation has thoroughly assessed how COVID-19 is adversely affecting the community and has identified organizations to receive immediate funds to help those in need. Most community foundations have set-up special COVID-19 rapid response funds where any member of the public can donate cash or appreciated securities to get

needed funds as quickly as possible to local nonprofit organizations assisting with the COVID-19 outbreak. If a special COVID-19 fund has not been set-up by a donor's local community foundation, the local community foundation will probably still have a way for a donor to make a charitable gift to address the highest COVID-19 needs in the community. These needs may change as the outbreak evolves, thus community foundations funds are typically flexible and can adapt rapidly to address changing needs.

The United Way, a coalition of local charitable offices that pool efforts in fundraising and support of major issues affecting local communities, is playing a similar role and should also not be overlooked. A donor's local United Way is a great resource to learn how to support the most acute needs created by the COVID-19 outbreak. There are nearly 1,800 local United Way offices throughout the world, and for those donors looking to support international communities or specific issues that span across communities, connecting to a local United Way office will be a great place to tap into insights on how to help in the wake of COVID-19. BBH is the largest corporate supporter of the United Way in New York, and we can provide information on what the organization is doing in your local community if you are interested. In general, their focus has been to support vulnerable populations who are either ill or financially struggling.

Focus on Medical Needs

Some donors will want to specifically address the health care and medical implications of the COVID-19 outbreak. Urgent medical needs that will likely grow as the outbreak increases include funding additional medical personnel and training, supplies, such as surgical masks and isolation gowns, other protective equipment, specialized medical equipment and portable clinics required for isolation, screening and treatment. Substantial funding will be required for urgent research to develop a vaccine and effective treatment for this devastating virus.

Here are a few of the many charitable organizations that are leading the charge to address the acute medical needs brought on by COVID-19:

- **The CDC Foundation** is an independent nonprofit created by Congress to provide philanthropic sup-

port for the Centers for Disease Control's health protection initiatives and the many needs that arise during an emergency response that the federally-funded CDC cannot cover. The CDC's Coronavirus Response Fund provides support for the fast-emerging needs related to the virus, including i) prevention, detection and medical response, ii) deploying emergency staffing, iii) delivery of food and medical essentials to quarantined families, iv) awareness campaigns to advance prevention and reduce stigma and v) support for state and local health departments, logistics, communication and data management.

- **The World Health Organization (WHO)** directs and coordinates international health within the United Nations system. For those that wish to support the global health issues of the outbreak, the COVID-19 Solidarity Fund was created to support WHO and its partners in a massive effort to help countries prevent, detect and manage COVID-19 – particularly those where the needs are the greatest.
- **The Bill & Melinda Gates Foundation's public charity affiliate, Gates Philanthropy Partners.** The Gates Foundation is universally regarded as one of the most successful philanthropic entities in the world. In 2016, the Gates Foundation launched Gates Philanthropy Partners, a public charity that could more easily accept donations from the public. Gates Philanthropy Partners was created to give donors the best of both worlds – the tax benefits and ease of contributing to a public charity combined with the opportunity to support the expert philanthropic efforts of the Gates Foundation (a private foundation). The Gates Foundation has committed \$100 million for COVID-19 issues globally, and the foundation has asked the public to assist their efforts by considering donations to two Gates Philanthropy Partners Funds: i) the Combating COVID-19 Fund, which will help develop the most promising vaccines and diagnostics and ii) the COVID-19 Therapeutics Accelerator Fund, which will expedite the process of getting new treatments to market quickly.

Support to Individuals or Families

Financially secure individuals and families may wish to help those who have been shifted into financial insecurity by the COVID-19 outbreak. But helping those less fortunate does not always bring a tax deduction, and in fact, might yield tax complications. Funds given directly to a family or person in need, including cash gifts or gifts through a crowdfunding site like gofundme.com, do not qualify for a tax deduction. Only gifts to a qualified 501c3 charitable organization are tax deductible. While not always practical, it might be worthwhile to help the needy person or family receive aid from a qualified charitable organization, allowing the concerned donor to make a tax-deductible gift to that charitable organization.

Also, gifts or donations to an individual in excess of \$15,000 per person per year are considered taxable gifts and will either result in gift tax or the use of some of the gift giver's lifetime exemption from the gift and estate tax (currently this exemption is \$11.58M per person). If aid in excess of \$15,000 per person per year is desired, consider paying the needy individual's health care or educational expenses directly. Amounts paid for health care or educational expenses directly to the health care or education provider are not considered taxable gifts.

Non-Financial Support

Many donors feel financial stress given recent market and economic conditions and might not be ready to make substantial financial gifts. As the effect of the virus expands, there will be many more people that can be touched by human acts of kindness, even when social distancing is necessary. Donors should reach out to nonprofits they would like to support and ask if there are any ways to volunteer remotely or in safe ways, such as making phone calls or data entry. Also, anyone can raise awareness and be an advocate for practices recommended by the CDC to control the outbreak.

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