

# Leveraging AI in Charitable Gift Planning for 2024 and Beyond



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ARIZONA  
Charitable Gift Planners

Planned Giving Interactive

[ESTATEGIFTPLANNING.COM](http://ESTATEGIFTPLANNING.COM)

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PGI | gift planner's workstation™

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**Vertical  
Software for  
the Gift  
Planning  
industry**

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PGI | consulting

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**Gift Planning  
program  
assessments  
and retainer  
arrangements**

Charitable  Solutions LLC |   
MINIMIZING RISKS MAXIMIZING GIFTS 20th ANNIVERSARY 2003-2023

**Planned Giving  
Interactive's  
affiliation with  
Bryan Clontz  
firm  
Charitable  
Solutions, LLC**

# Today's Agenda

1. Introduction to Artificial Intelligence A.I. Revolution and Evolution
2. A.I. Nomenclature
3. The 5-step process for analyzing a charitable gift
4. Current A.I. Tools
5. Ethics
6. Audience Q&A
7. Closing Remarks



# **Introduction to Artificial Intelligence A.I. Revolution and Evolution**

# The Significance of 1993

- Mosaic web browser
- www goes public
- Nvidia was Founded
- Pentium processor
- Portable Document Format (PDF)

*“The Internet? We are not interested in it”*

- Bill Gates, 1993



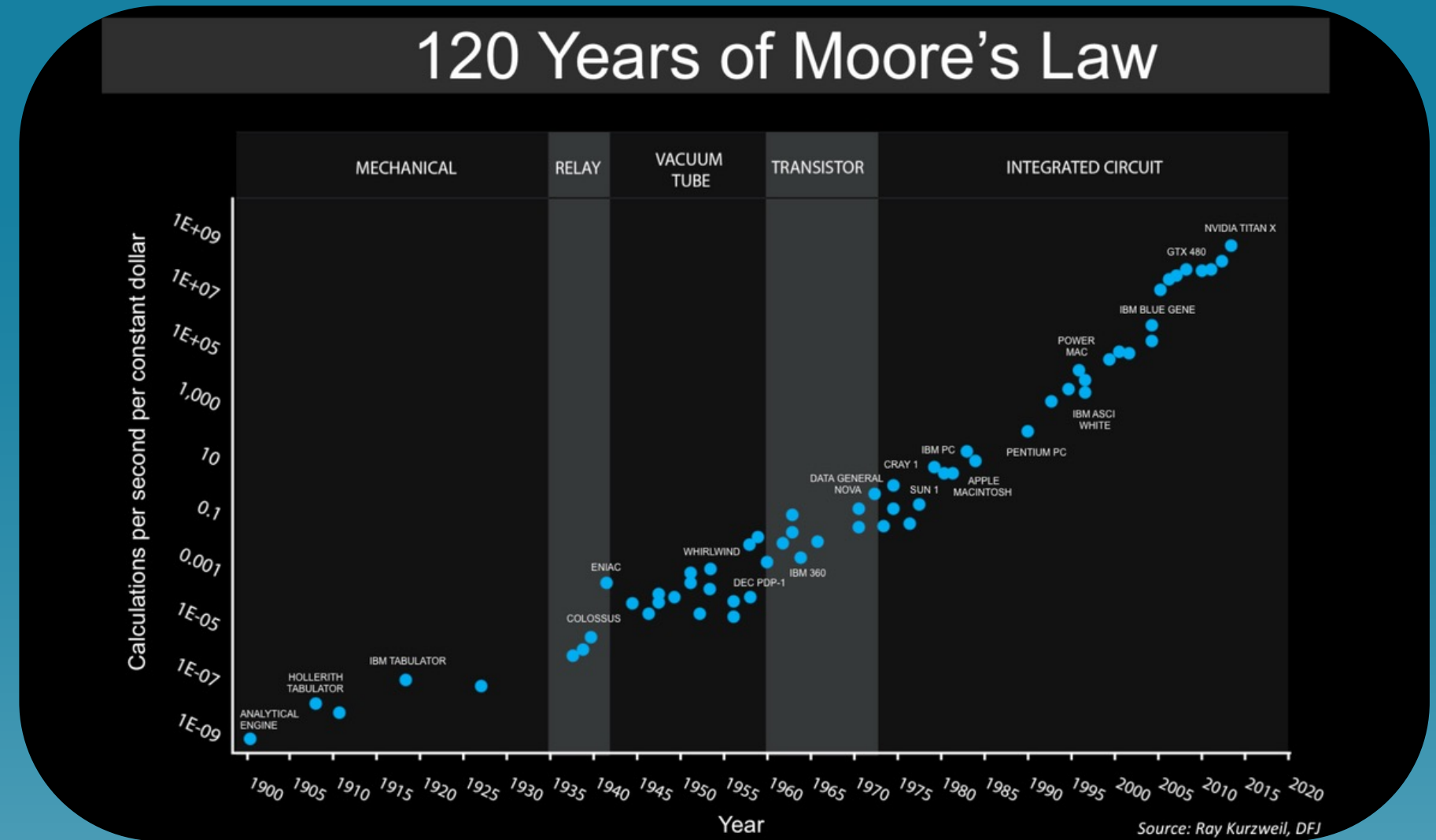
# Wright's Law

PROGRESS



# Moore's Law

ACCELERATED PROGRESS



# When Will You Embrace?

GEORGE SMITH, ACTEC FELLOW

“You won’t lose your job to AI, but you will lose your job to the student who knows how to use AI.”



Dr. Rick

# Evolutions of the Web

1.0

2.0

3.0

Connect to Information

Connect to one another Blockchain

AI

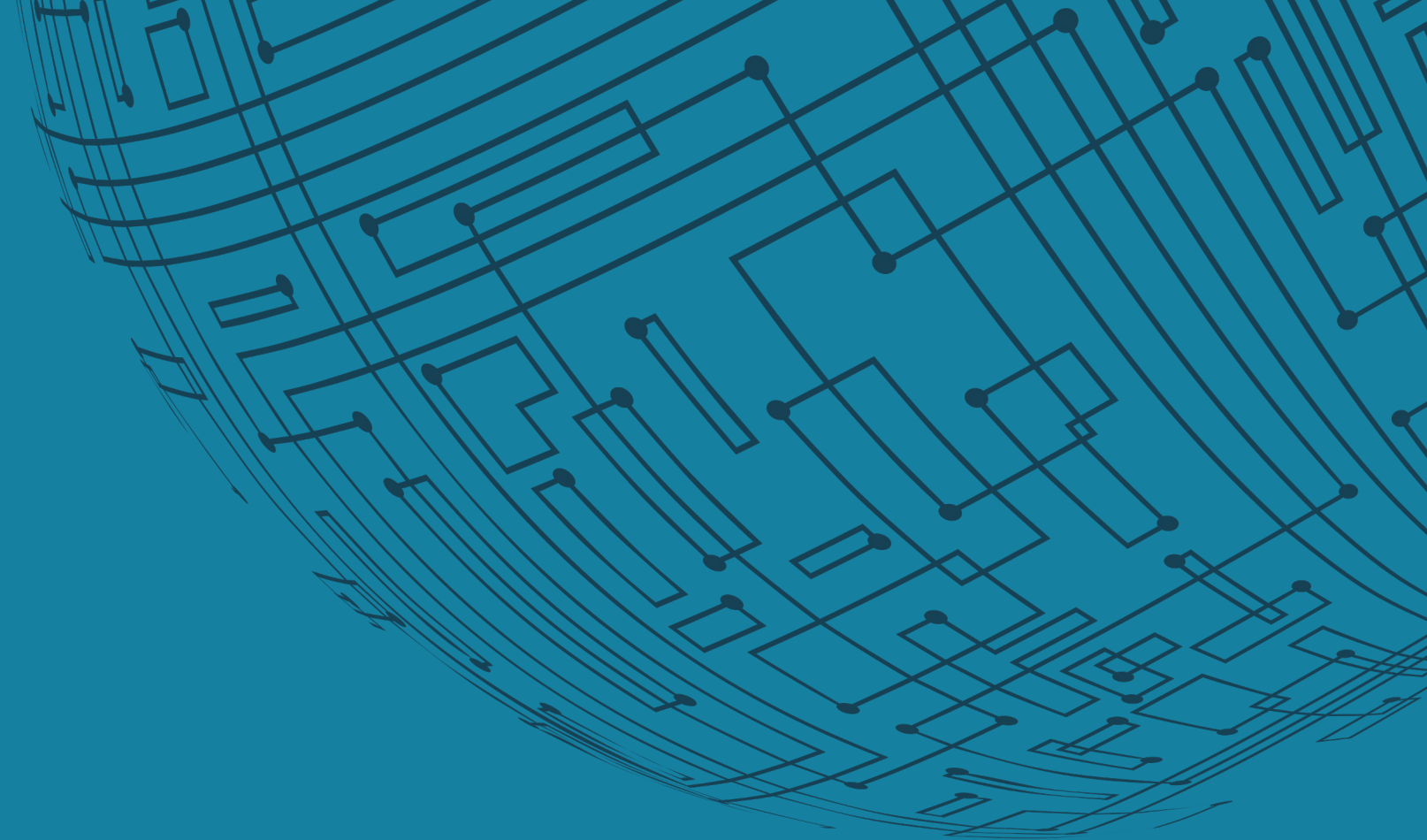
Metaverse

Decentralization Defi





# A.I. Nomenclature





# A.I. Nomenclature

CHATGPT

Generative artificial intelligence (AI)

Machine learning

GPT (generative pre-trained transformer)

Natural Language Processing (NLP)

Large language model (LLM)

Prompt engineering

# Chat GPT: A Deeper Dive

01

BRIEF HISTORY  
of AI before  
November 2022

02


Introduction  
of ChatGPT and its  
significance

03

THE DISTINCTION  
between pre and post-  
November 2022 AI

# GPT 3 vs. 4

**P** Can you fund a charitable remainder trust with real estate that still has debt?


 Yes, it is possible to fund a charitable remainder trust with real estate that still has debt. However, there are a few factors to consider before doing so. ✓

First, the property must have sufficient equity to make it worthwhile to use as the funding asset for the trust. If the amount of debt on the property is greater than the fair market value of the property, it may not be a good choice for funding the trust.


Second, the lender who holds the mortgage on the property must agree to the transfer of the property into the trust. This can be a complex process that requires the assistance of legal and financial professionals.

Finally, it's important to understand that if the property is sold during the term of the trust, the remaining debt on the property will need to be paid off from the proceeds of the sale before the remaining balance can be distributed to the charity. ✓

If you're considering funding a charitable remainder trust with real estate that still has debt, it's important to consult with a qualified estate planning attorney and financial advisor to ensure that the transaction is structured properly and meets your goals and objectives.

 Regenerate response

**P** Can you fund a charitable remainder trust with real estate that still has debt?

 I am not a lawyer or financial advisor, but I can provide some general information on this topic. It is generally possible to fund a charitable remainder trust (CRT) with real estate that still has debt, but there may be some potential complications and tax implications to consider.

When you contribute real estate with debt to a CRT, it could be considered a "bargain sale" transaction by the IRS. This means that the trust may need to assume the debt, and the difference between the fair market value of the property and the debt amount may be treated as a gift to the trust. This could trigger taxable income for you, the grantor, as you may be required to report capital gains based on the debt amount. ✓

Additionally, if a CRT assumes debt on the property, it could be subject to the unrelated business income tax (UBIT) on the portion of the income generated by the trust that is attributable to the debt-financed property. The CRT could also be disqualified if the debt is considered "self-dealing," which is a prohibited transaction for CRTs under certain circumstances. ✓

There are several ways you may be able to address these issues, such as:

1. Paying off the debt before transferring the property to the CRT.
2. Refinancing the debt to remove any self-dealing concerns.
3. Selling the property and using the proceeds to fund the CRT instead.

It is crucial to consult with a qualified attorney or financial advisor who is experienced in CRTs and familiar with your specific situation before proceeding. They can help you navigate these complexities and determine the best course of action for your personal circumstances.



# GPT 3 vs. 4

RY Does the qualified appraisal need to value the donated asset as of the date of gift, or the date the asset is sold?

For tax purposes, the value of the donated asset is determined as of the date of the gift, not the date the asset is sold. This means that the qualified appraisal used to determine the value of the donated asset must be based on its fair market value as of the date it was contributed to the charity.

If the asset has appreciated in value since the time of the donation, the donor may be eligible for a larger charitable deduction. Conversely, if the asset has declined in value, the donor may be eligible for a smaller deduction. ✓

It's important to note that if the donor sells the asset shortly after donating it to charity, the sale price may be used as evidence to support the value determined by the qualified appraisal. However, this does not change the fact that the value of the donated asset for tax purposes is determined as of the date of the gift. ✓

RY What's your basis or citation for the second paragraph in your answer above?

You are correct that I made an error in my previous answer. The sale of the donated asset after the gift is not relevant in determining the value of the charitable deduction. The value of the donated asset is determined as of the date of the gift, and any subsequent appreciation or depreciation in the value of the asset will not affect the amount of the charitable deduction. ✓

I apologize for any confusion my previous answer may have caused. The correct answer is that the qualified appraisal used to determine the value of the donated asset must be based on its fair market value as of the date it was contributed to the charity. This is in accordance with IRS regulations under IRC Section 1.170A-13(c)(3)(i). ✓

Thank you for bringing this to my attention and please let me know if you have any further questions.

P Does the qualified appraisal need to value the donated asset as of the date of gift, or the date the asset is sold? ✎

I am not a legal or tax expert, but I can provide you with some general information that might be helpful. 📄

In the United States, when you donate an asset (like real estate, stocks, or other property) to a qualified charitable organization and claim a tax deduction, the IRS typically requires a qualified appraisal to determine the fair market value of the donated asset. The fair market value is generally based on the date of the gift, not the date the asset is sold. ✓

The qualified appraisal must be completed within 60 days prior to the date of the gift and no later than the due date (including extensions) of the tax return in which the deduction is first claimed. The appraisal should be conducted by a qualified appraiser who meets certain IRS requirements. ✓

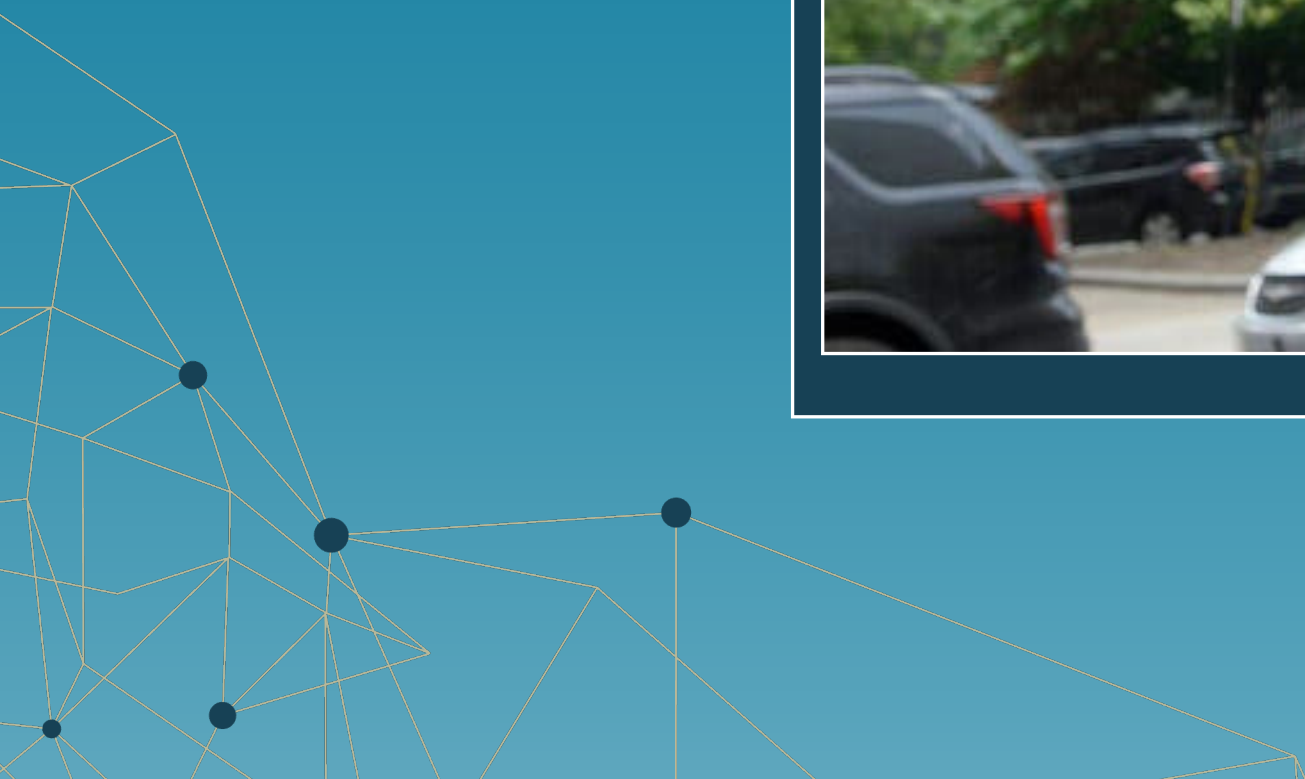
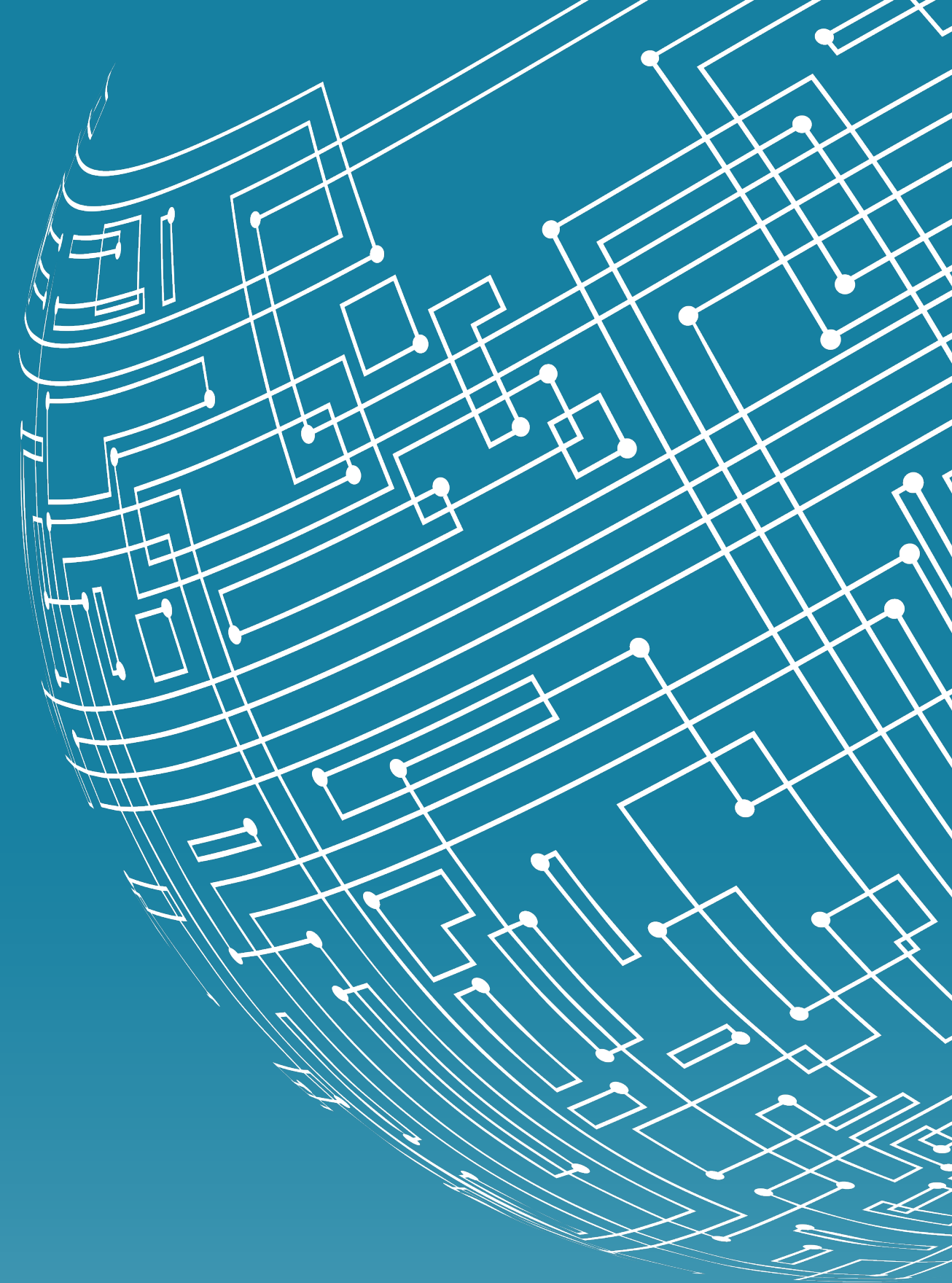
However, tax laws and regulations may change, and the specifics of your situation could be different. It's always a good idea to consult with a tax professional or attorney for advice tailored to your particular circumstances.



# How Can AI HELP Gift Planners?

- AI can help gift planners save time
- AI produces high-quality work
- AI improves organizational and logical structure
- AI enhances creative analysis and identification of persuasive precedent
- AI reduces gift planner stress and frustration
- AI improves client relations

# How Can AI HURT Gift Planners?



# Prompt Guide

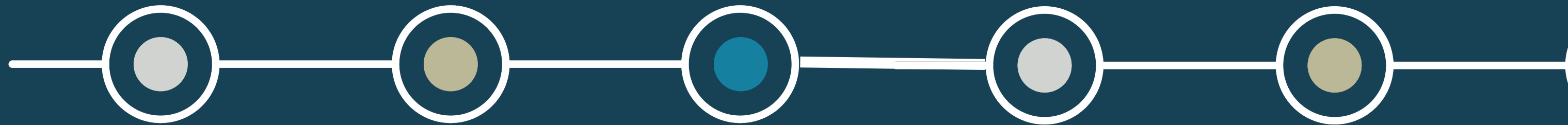
**PRIME**

**PERSONAL**

**PROMPT**

**PRODUCT**

**POLISH**





# Sample Prompt

**Prime (Context):** "I am currently assisting a donor, Mr. Johnson, who wishes to establish a \$1 million professorship at his alma mater. Mr. Johnson is a retired engineer, has two adult children, and has accumulated substantial assets, including a primary residence, investments, and a valuable art collection."

**Persona (Personality and Tone):** "For our conversation, ChatGPT, please adopt a knowledgeable, respectful, and supportive tone. We aim to provide Mr. Johnson with clear and empowering advice as he considers a significant charitable contribution and its implications on his broader estate."

**Prompt (Clear and Specific Actions):** "I need your help to guide Mr. Johnson in his charitable planning. First, provide a detailed overview of considerations for funding a professorship through a major gift. Include potential tax benefits and implications for his estate. Next, outline options for involving his children in the philanthropic process without impacting his overall estate planning goals. Also, discuss strategies for managing and appraising his art collection, potentially as part of his charitable or legacy activities."

**Product (Desired Output):** "I expect a structured response that includes key points on each aspect of his philanthropic and estate planning goals. Use bullet points for clarity and ensure the information is accessible so that both Mr. Johnson and I can easily grasp the suggestions and implications. Highlight any critical legal considerations and provide examples of similar charitable actions when relevant."

**Polish (Refine and Verify):** "Once you provide the initial advice, I will review it to ensure it meets Mr. Johnson's needs and adjust as necessary. We might need further information or clarification on some points, so be prepared for additional queries to refine our strategy."

# Practical Applications

01

PROOF READ

02

DRAFT EMAILS

03

SUMMARIZE LARGE TEXT

04

EXPLAIN IN SIMPLE TERMS



# **The 5-step Process for Analyzing a Charitable Gift**

# 5-STEP PROCESS OF ANALYZING A CHARITABLE GIFT™

01



WHO IS THE DONOR? INDIVIDUAL, TRUST, CORPORATION OR FOUNDATION?

02



WHAT IS THE TYPE OF ASSET DONATED? "LONG" OR "SHORT" TERM GAIN PROPERTY, TANGIBLE, INTANGIBLE OR REAL?

03



WILL THE ORGANIZATION CONSENT TO A RELATED USE, OR IMMEDIATELY LIQUIDATE THE ASSET?

04



WHO IS THE DONEE? A "PUBLIC" OR "PRIVATE" 501(C)3? DOES THE DONEE MEET THE DEFINITION OF A CHARITABLE ORGANIZATION UNDER IRC 170(C) AND 2055(A) FOR INCOME AND ESTATE TAXES?

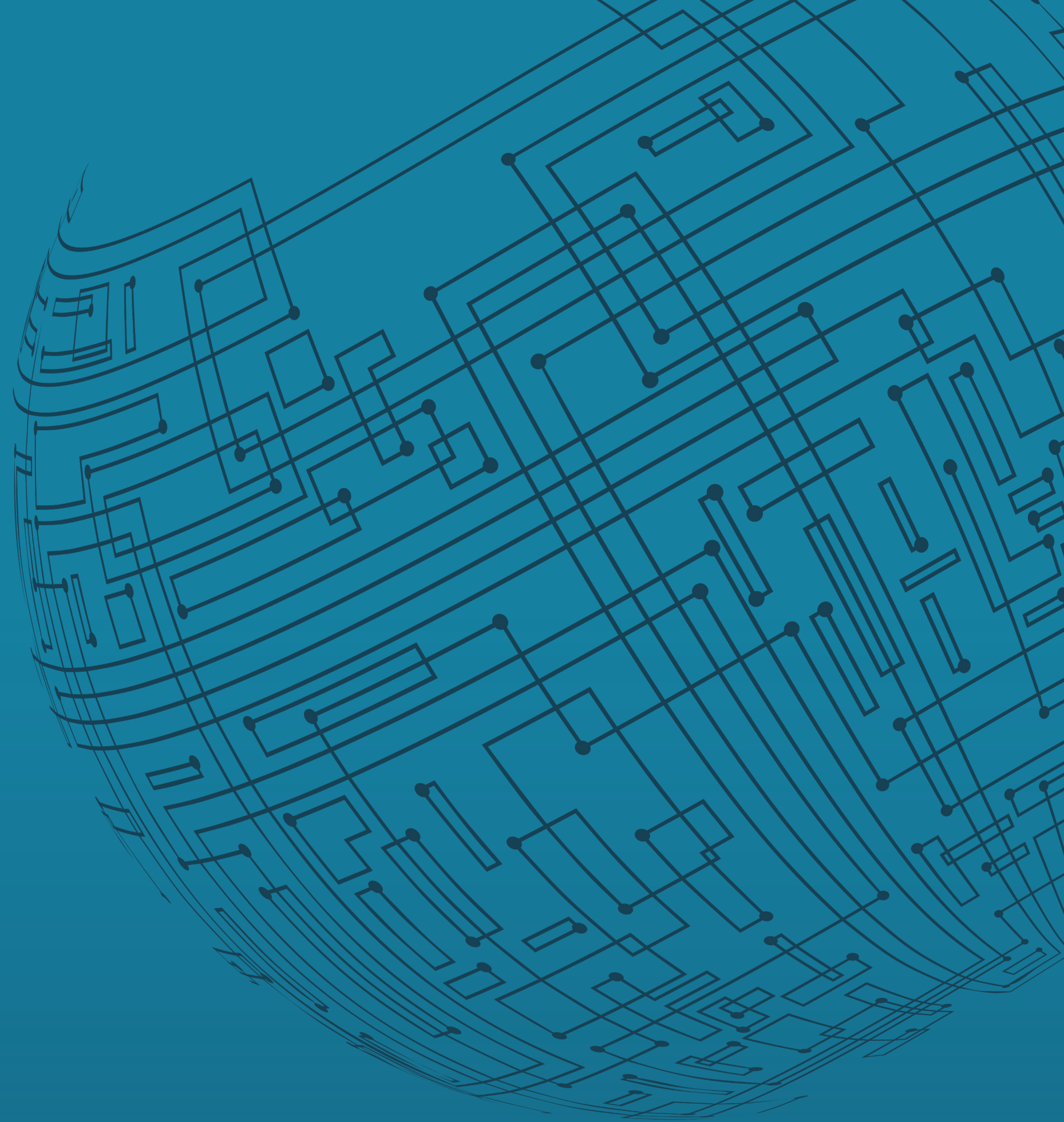
*(NOTE: DAF'S DON'T ALWAYS GET THE SAME TREATMENT AS PUBLIC CHARITIES.)*

05



WHAT IS THE GIFT VEHICLE? IS THE DONOR RECEIVING SOMETHING IN RETURN FOR THIS GIFT, SUCH AS AN INCOME INTEREST OR QUID PRO QUO?

# Current A.I. Tools



THE WAIT IS OVER

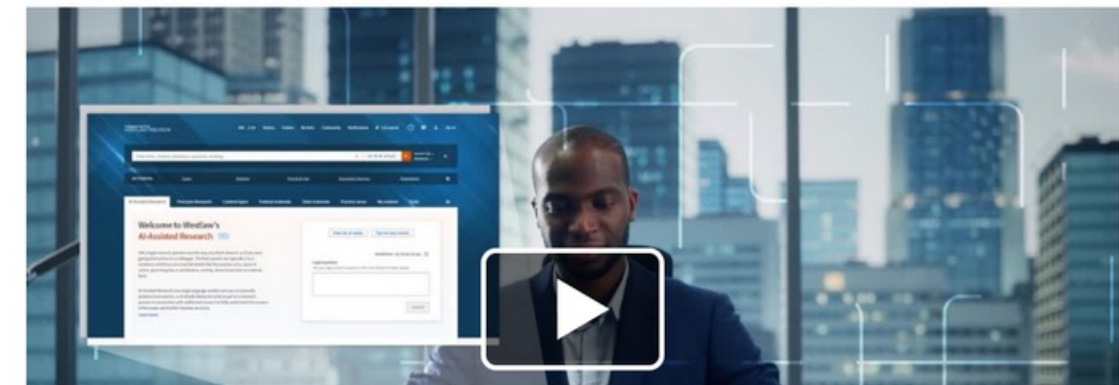
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# Frank



Frank is a digital research assistant that uses the power of the Gift Planner's Workstation™ to make Planned Giving Interatives research available to our Workstation members. Frank is trained in the following skills:

- Estate Planning Techniques
- Charitable Giving During the Donor's Lifetime
- Advanced Charitable Estate Planning
- Advanced Tax Planning Strategies
- Writing Projects

Users may also ask Frank a variety of questions related to estate and charitable planning. Here are some examples that can guide users on what they can ask:

"What are the best ways to donate real estate to charity if the real estate still has a mortgage?"



I have a client who will sell her company before the end of 2024, it's a Sub S with 10 total shareholders. She would like to donate some shares to her Donor Advised Fund before the sale. Where should we start our research?



To assist your client in donating shares of her Sub S corporation to a Donor Advised Fund (DAF) before the sale of her company, you should consider the following steps and key points based on the provided context:

### 1. Understand the Tax Implications:

- Review the general income tax aspects of donating shares of a Sub S corporation. It's crucial to understand the tax consequences of selling the stock post-donation, as there will generally be an unrealized business income tax on the gains.

### 2. Substantiate the Value of the Gift:

- Ensure that your client obtains a qualified appraisal of the shares to substantiate the charitable deduction claimed. This is a necessary step for using a charitable income tax deduction for gifts of privately held S stock.

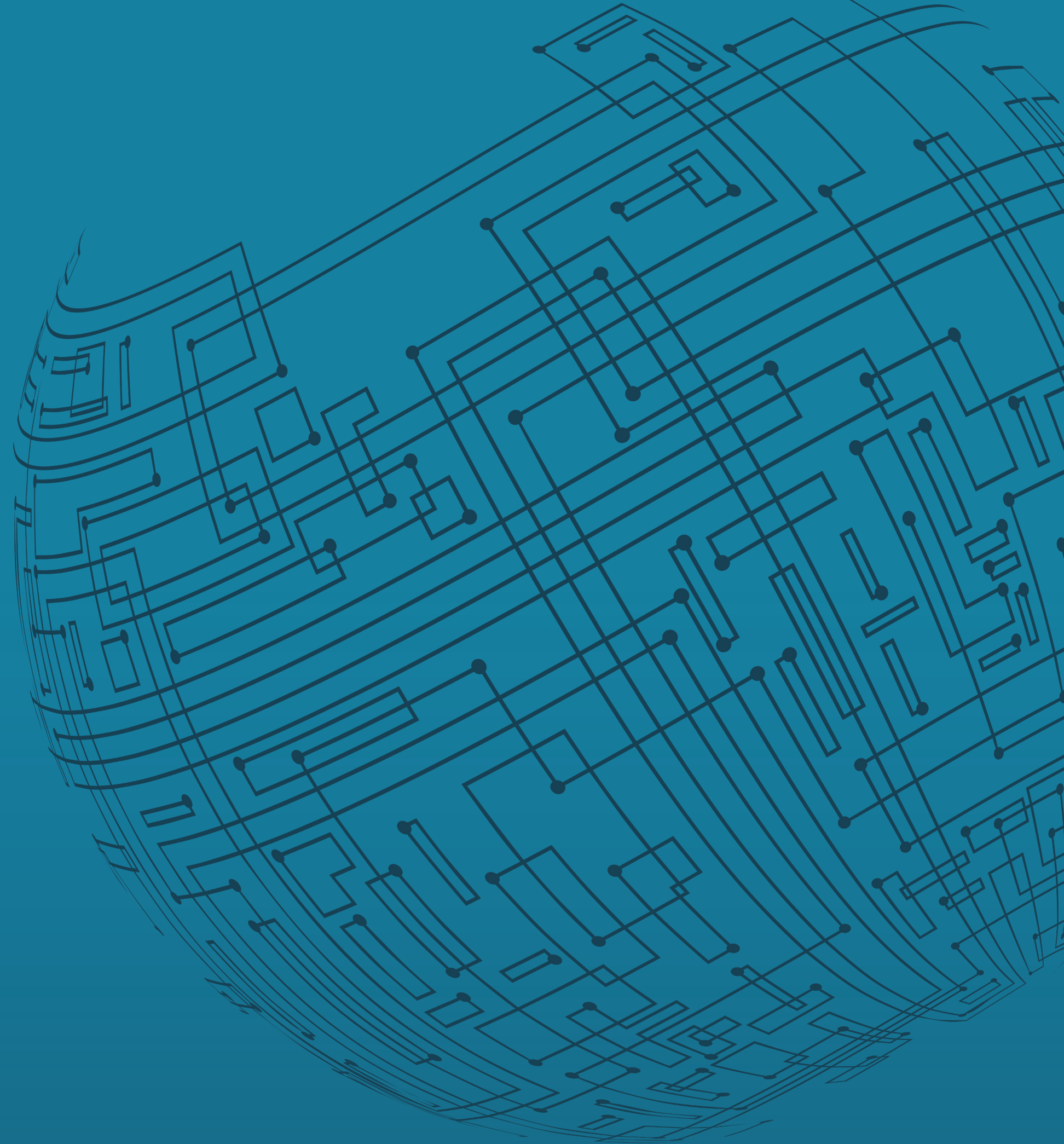
### 3. Review Legal and Corporate Documents:

Welcome, I'm Frank, your AI assistant. Please ask your question and we can

Shift + Enter to add new line

complicate the donation of shares.

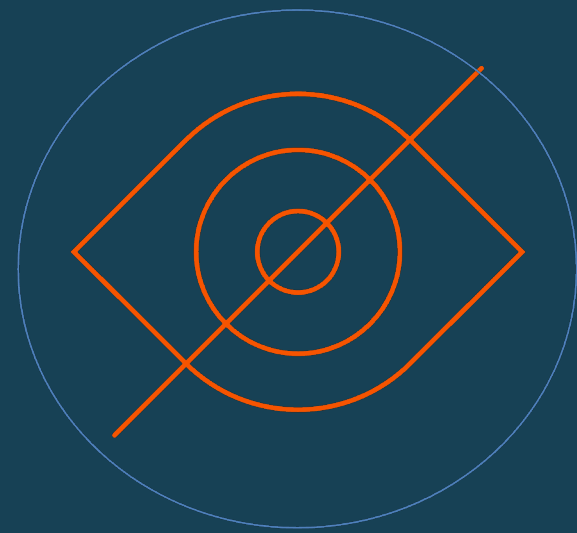
# Ethics





# Ethics

## Responsibility with AI



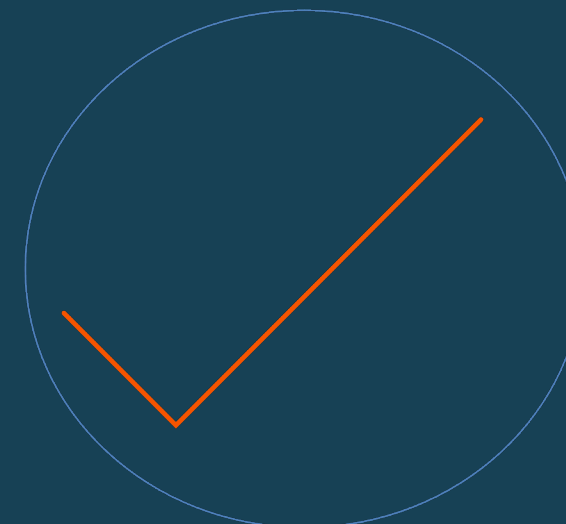
**PRIVACY**



**SECURITY**



**TRANSPARENCY**



**QUALITY**



**OVERSIGHT**

# Ethics

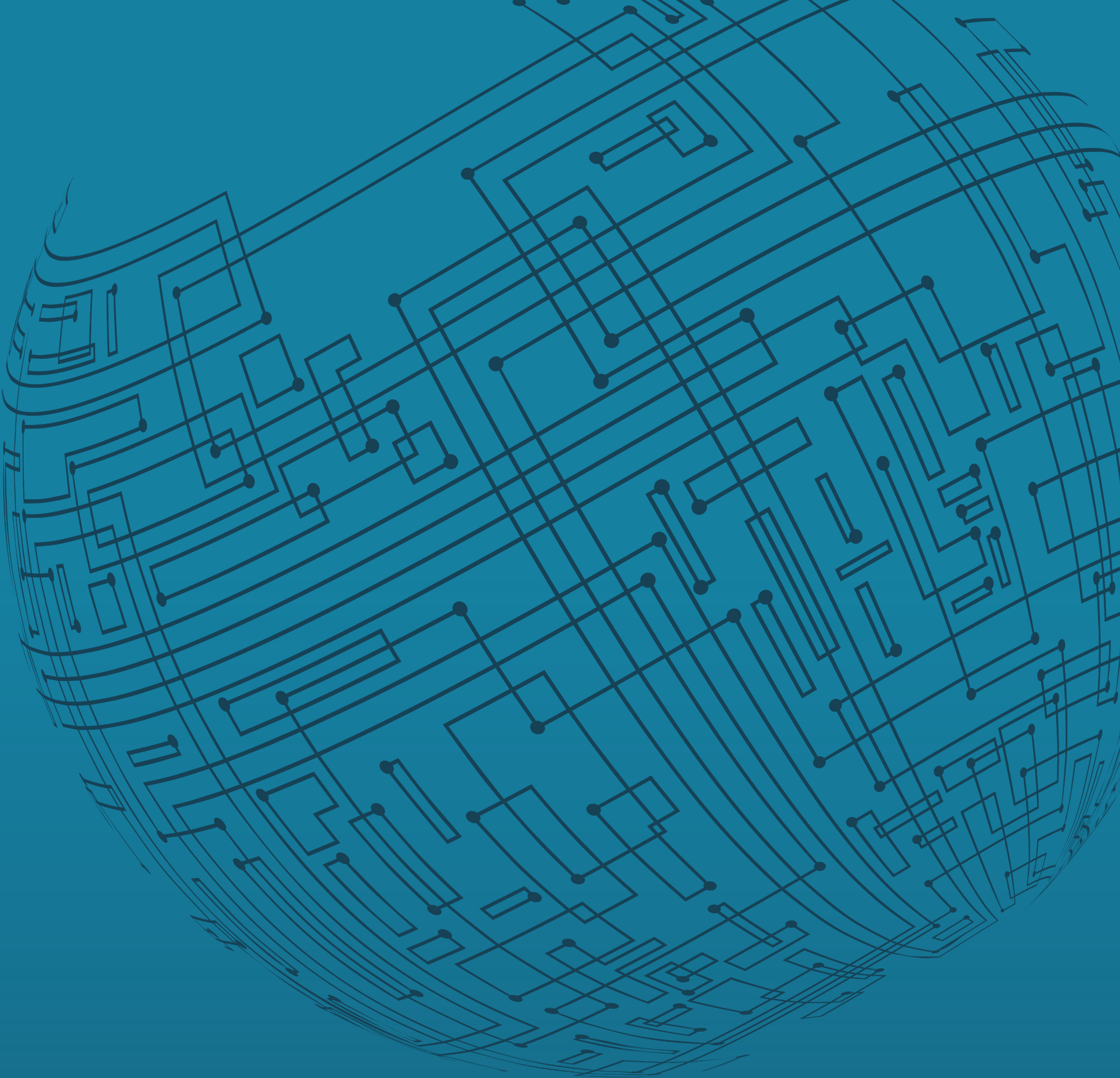
## Future Directions and Ethical Considerations of AI in Estate Planning

- Emerging AI technologies: Artificial General Intelligence
- Ethical considerations in AI deployment
  - **Competency and Verification**
  - **Donor Confidentiality**
  - **Disclosure and Consent**
- Preparing for a future shaped by advanced AI



**Audience**

**Q&A**



**Thank  
You**

