

# Leveraging A.I. in Charitable Gift Planning for 2025 & Beyond

Paul Caspersen CFP®, AEP®, MS



Planned Giving Interactive

ESTATEGIFTPLANNING.COM

Charitable  Solutions LLC  
MINIMIZING RISKS MAXIMIZING GIFTS

20<sup>th</sup>  
ANNIVERSARY  
— 2003 • 2023 —

PGC

— Planned Giving Council of Northeast Florida —  
SERVING THE FIRST COAST SINCE 1993

# Today's Agenda

1. Overview of Charitable Solutions, LLC
2. Introduction to AI
3. How Generative AI Works
4. Advancements in AI in 2025
5. AI Gift Planning Tools: Max™ and Frank™
6. Using Other AI Tools
7. Ethical Use of AI, Data Protection, and Compliance
8. Q & A

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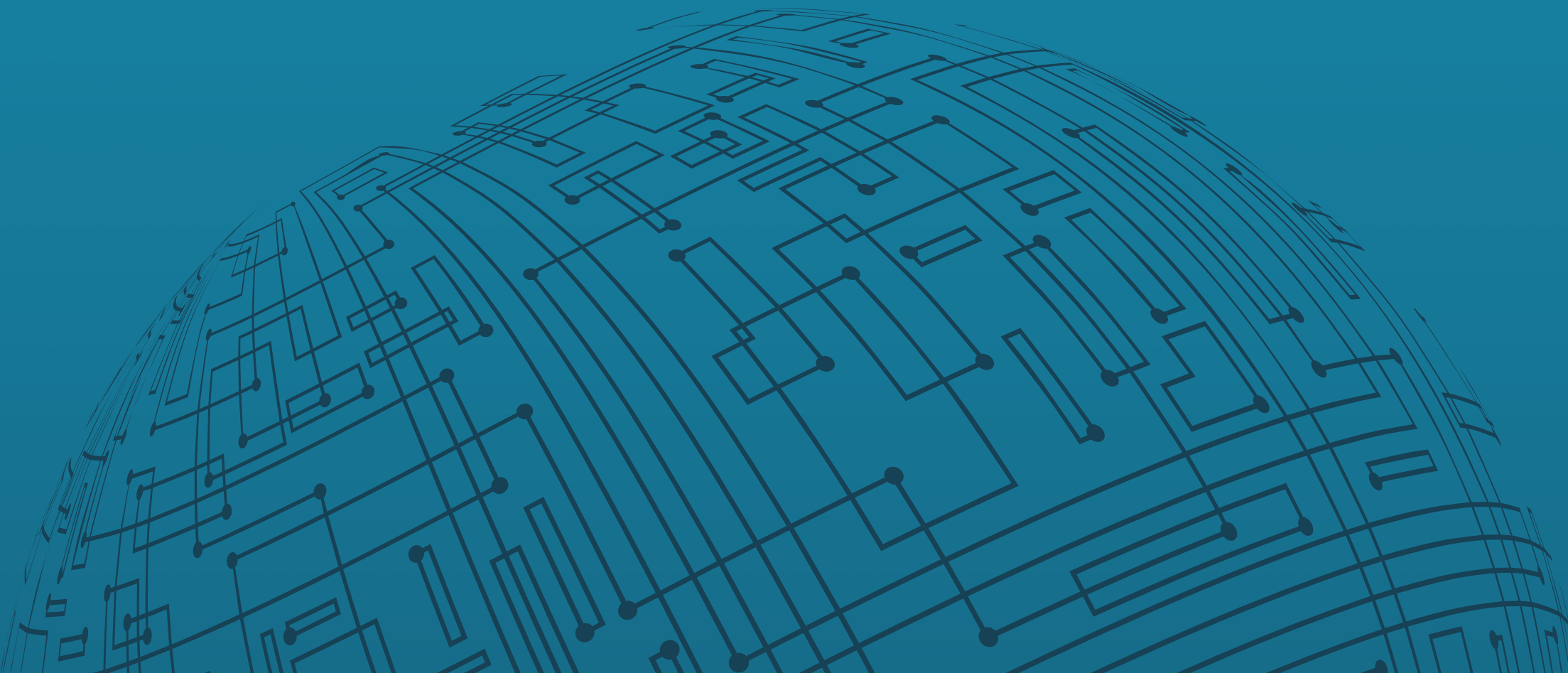
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# Overview: Charitable Solutions, LLC



# Mission: *To help make charitable gifts happen that otherwise wouldn't.*



## Non-Cash Asset Risk Management



- Outright Non-cash Contribution Receipts & Liquidation Consulting
- Outsourced option through **Dechomai Foundation** - a national donor advised fund dedicated to non-cash assets
  - Direct DAF investments in concentrated, long term positions account for 1/3<sup>rd</sup> of current assets
  - Noncash life income gifts (CRT/CGA)
  - \$3 Billion Completed (\$4.4 million average with a fee of 1.4%)



## Charitable Gift Annuity Risk Management

- CGA Risk Management Audits
- Comprehensive Risk Management Plan
- CGA Cash Flow/Financial Modeling
- Large or Concentrated Risk Analysis
- Reinsurance vs. Self-Insurance Analysis
- CGA Reinsurance Brokerage



## Emergency Assistance Fund Administration/Audits & Disaster Relief and Personal Hardship Funds



- Third Party Administration
- Outsourced model to **Emergency Assistance Foundation**
  - Currently administering 350+ Funds around the world, serving 12 million+ employees
  - \$300M+ in grants awarded in 2020-2022



## National Gift Annuity Foundation



- **National Gift Annuity Foundation** can issue CGAs in all 50 states and then grant 100% of Residuum
- 700+ contracts, \$60 million+ in assets



## Charitable Appraisals, LLC

- Tax-qualified appraisals for:
  - Business Interests (C-Corp, S-Corp, LLC, LP)
  - Cryptocurrency
  - Restricted Stock
  - Life Insurance Policies/Portfolio Audits
  - Fractional Real Estate Interests
  - Precious Metals and Jewelry
  - Oil and Gas Partnerships
  - Art and Collectibles



## Professional Advisor CE & Board/Staff/Nonprofit/Donor Speeches



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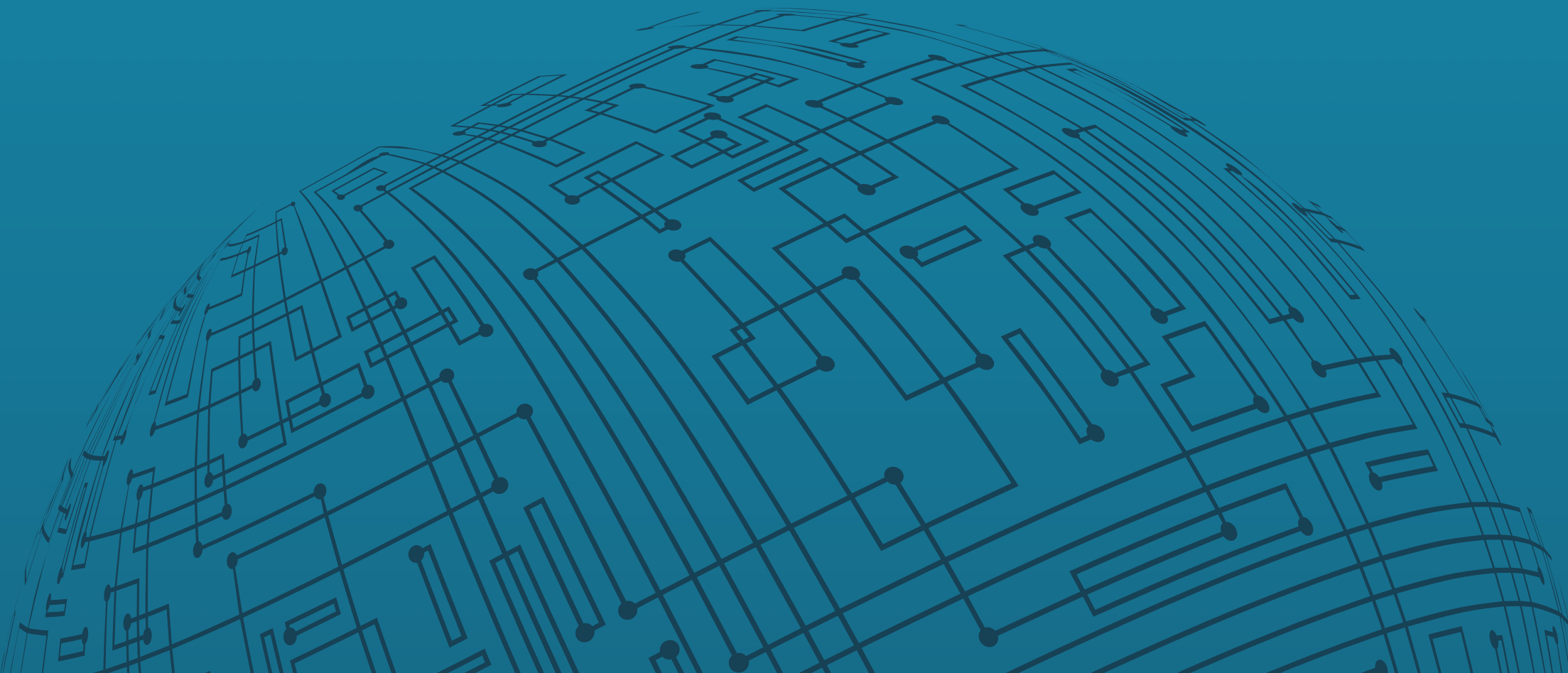
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# Introduction to AI



# Evolutions of the Web

Web 1.0

connect to information

Web 2.0

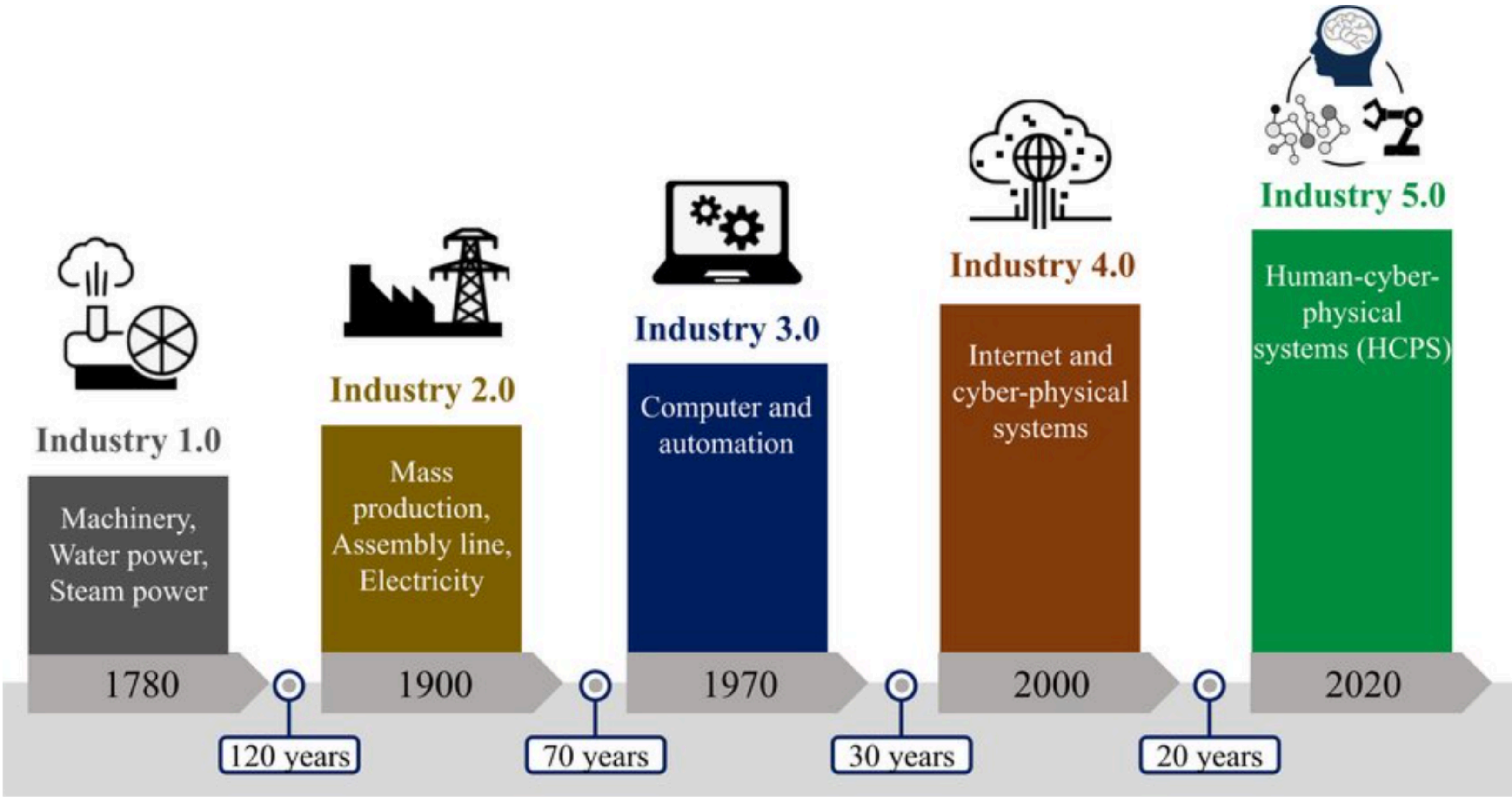
connect to one another

Web 3.0

- Blockchain
- AI
- Metaverse
- Decentralization Defi



# The 5th Industrial Revolution



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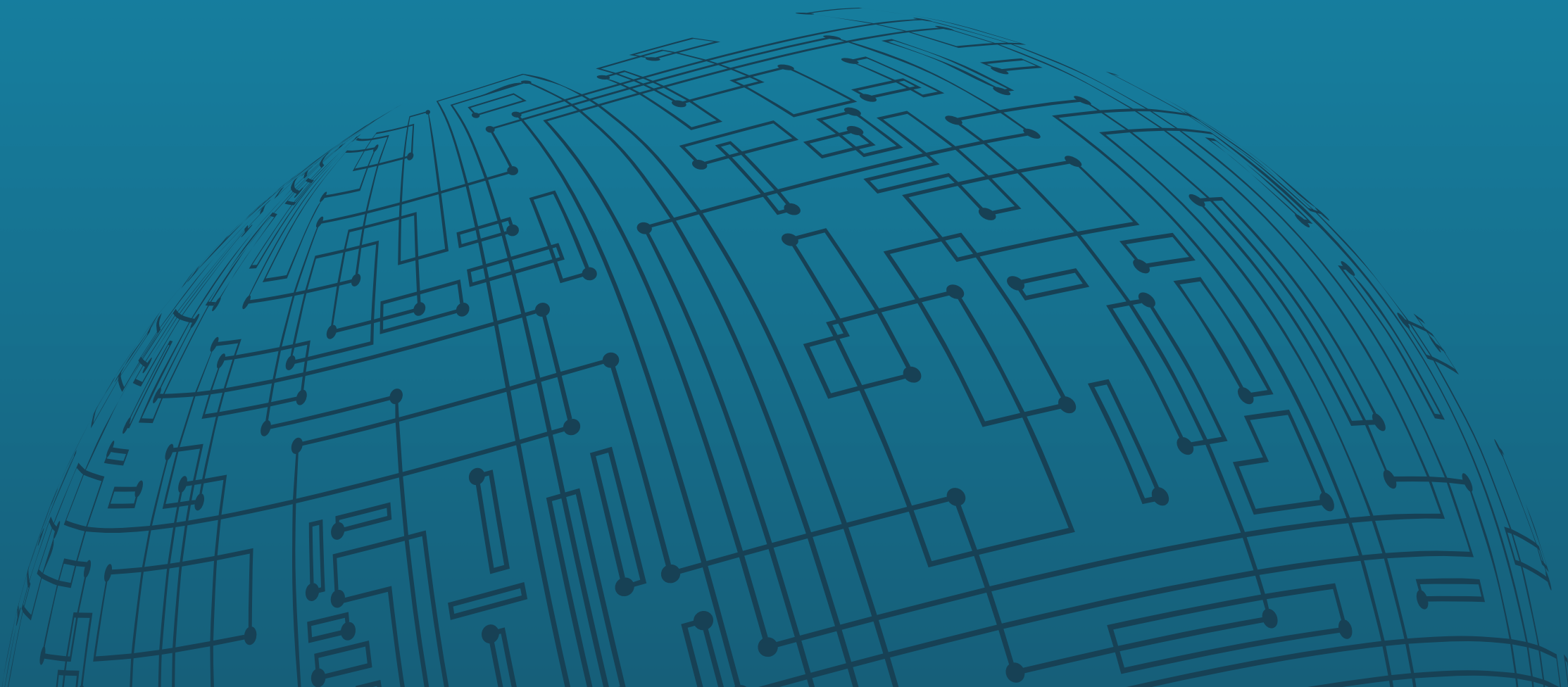
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# How Generative AI Works



# 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

# AI Nomenclature



ChatGPT

Generative artificial intelligence (AI)

Machine learning

GPT (generative pre-trained transformer)

Natural Language Processing (NLP)

Large Language Model (LLM)

Prompt engineering

\*Self-Reflective AI (Meta-Reasoning)

\*Advanced Chain-of-Thought (CoT) Prompting

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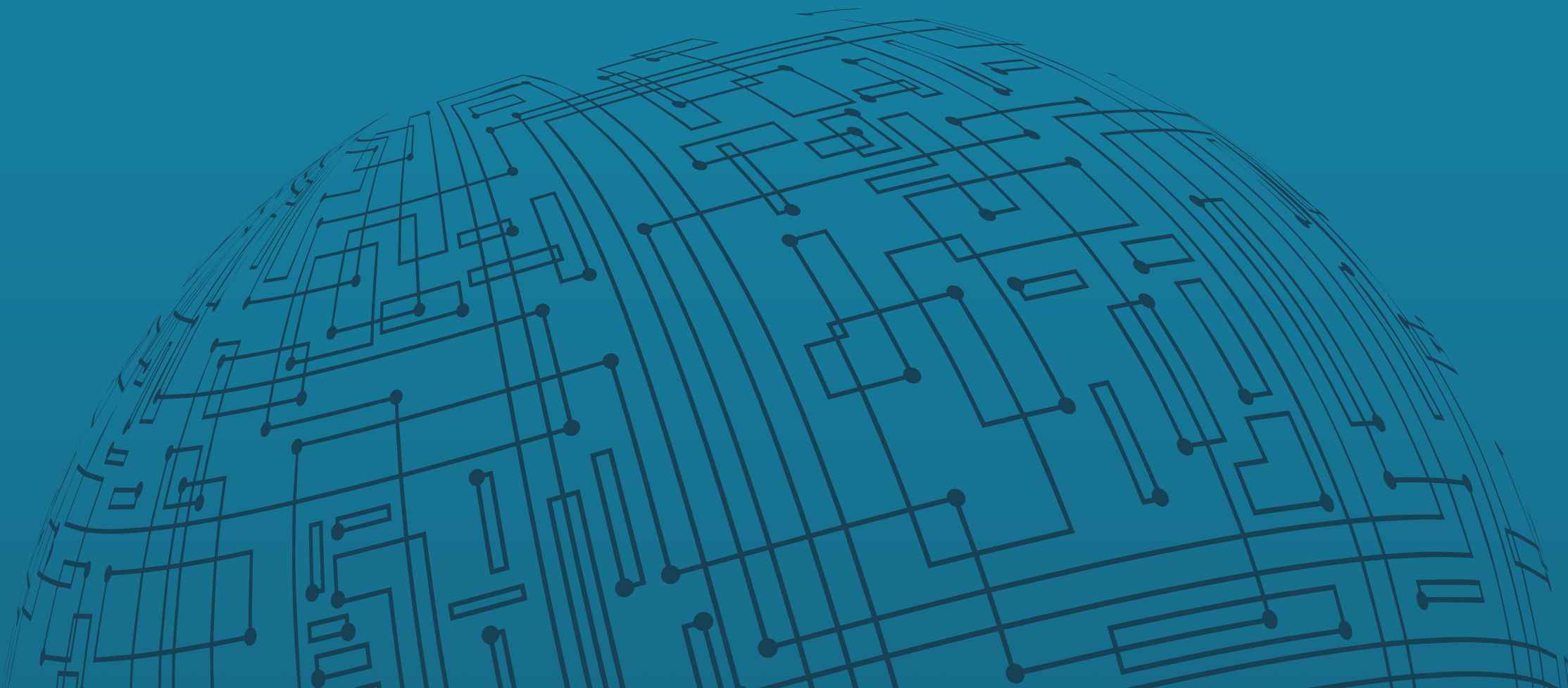
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# Advancements in AI in 2025



# When Will You Embrace?

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

-George Smith, ACTEC Fellow

Dr. Rick



**THEN**

**2022-2024:  
LLMs &  
Generative  
A.I.**

**NOW**

**2025:  
A.I. Agents  
Completing  
Tasks**

**NEXT**

**2026:  
A new  
meaning of  
“Hybrid”  
Position**

# Tech & AI Revolution

Aspect	1995 (Web 1.0)	2025 (AI) (Web 3.0)
<b>Foundational Technology</b>	Pentium chips enabled faster, more capable PCs.	Quantum chips like Willow power advanced AI.
<b>Ecosystem Development</b>	ISPs, Netscape, and basic protocols paved the way.	AI tools and platforms grow accessibility.
<b>Skepticism and Hype</b>	Doubts about the internet's utility and e-commerce. <i>"Internet will never replace brick and mortar."</i>	Concerns about AI use cases and reliability.
<b>New Economic Models</b>	Digital ads and online stores emerged.	AI agents begin to assist with commerce and decisions.
<b>Cultural</b>	Changed how people consumed information and connected. (Web 2.0)	Transforms how people create and solve problems.

# AGENTIC AI

# VS

# AI AGENTS



**MAKE  
AUTONOMOUS  
DECISIONS**



**AUTOMATE  
SIMPLE  
TASKS**

Aspect	Agentic AI	AI Agent
<b>Autonomy Level</b>	Highly autonomous, can act independently	Limited autonomy, needs human input
<b>Goal-Orientation</b>	Goal-driven, solves problems on its own	Task-specific, follows set instructions
<b>Learning Capabilities</b>	Continuously learns and improves	May not learn or only learns within set rules
<b>Complexity</b>	Handles complex, dynamic environments	Handles simpler, more structured tasks
<b>Decision-Making Process</b>	Makes decisions based on reasoning and analysis	Pre-programmed responses to inputs

*Change all dinner reservations for the next three days to places that can tolerate noisy children. Shouldn't be more than a mile away from our hotel.*



*Source: ARK Invest*

# AI Agents

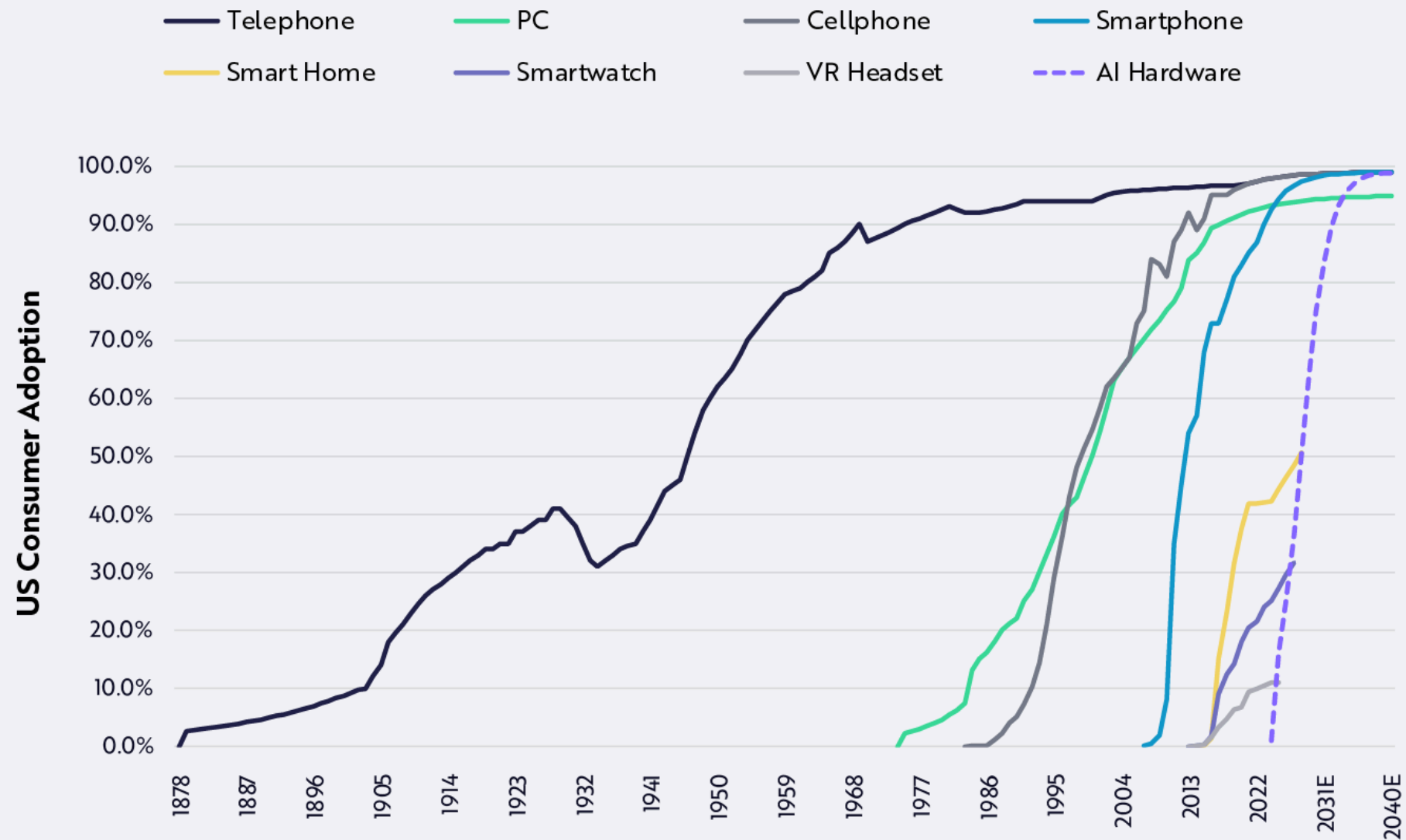
Understand natural language queries

Execute user-specified tasks across the internet

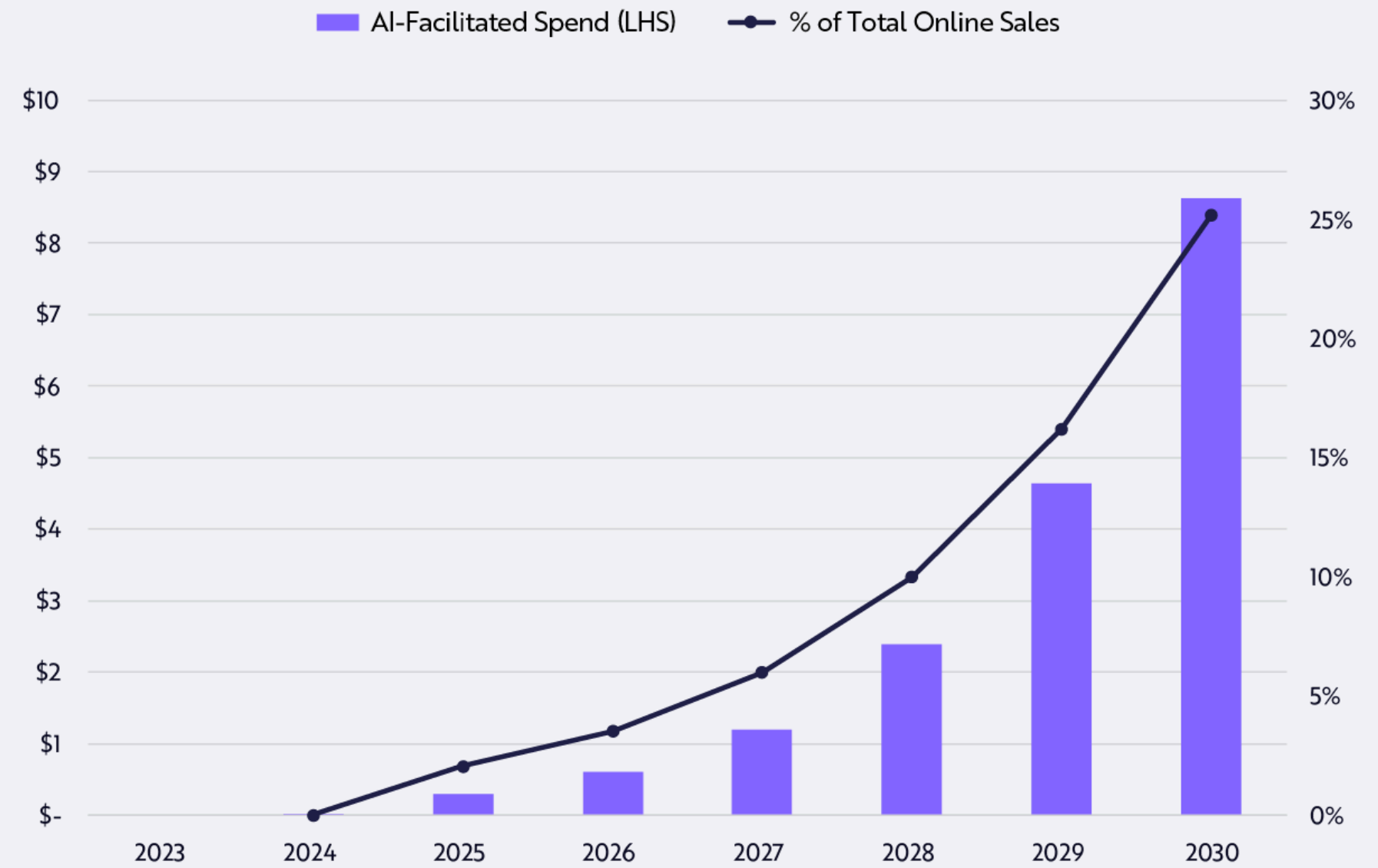
Adapt continuously based on user preferences.

# Consumer Behavior & Forecast

## US Consumer Hardware Adoption Cycles 1878 To 2040



## Global AI-Facilitated Online Spend Forecast



Source: ARK Invest

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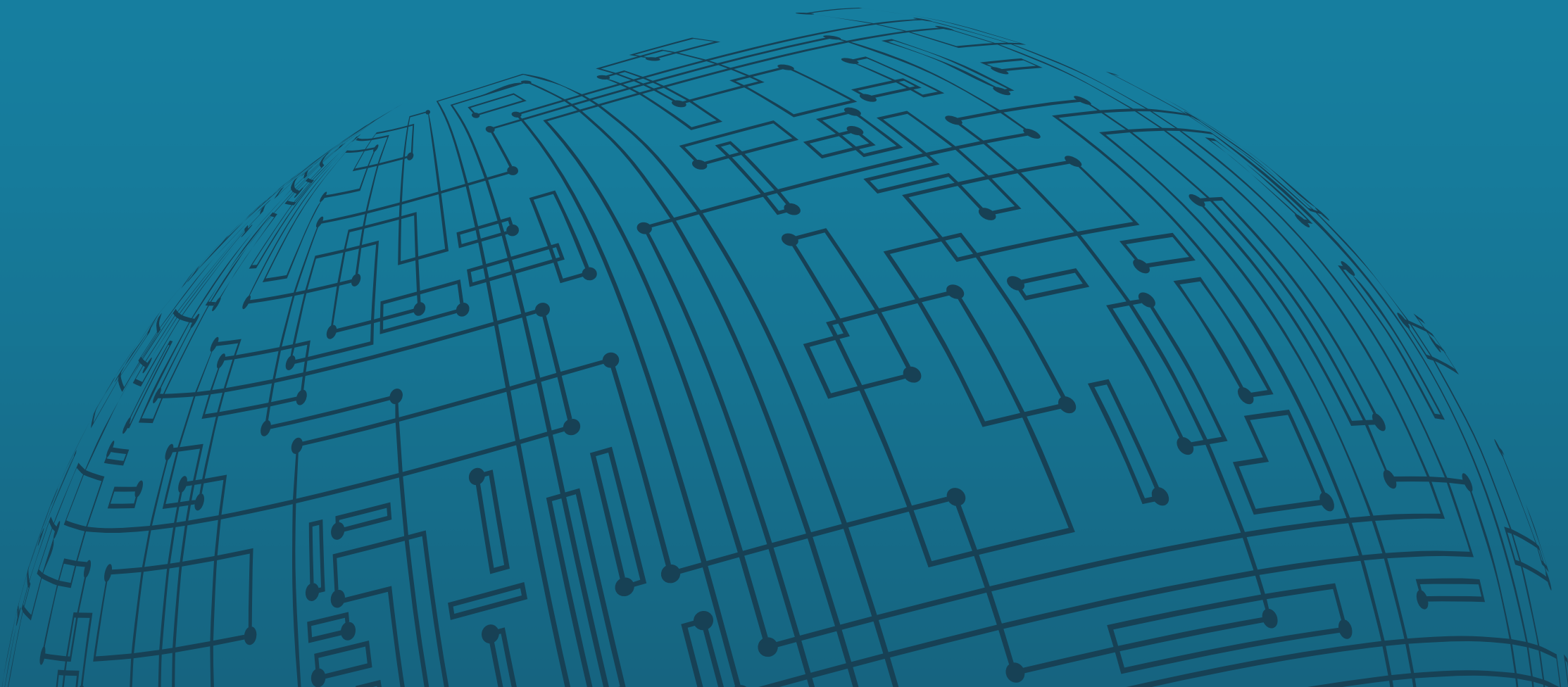
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# AI Gift Planning Tools



# Future of Planned Giving Websites

Create More Pages?






Minimalistic with A.I. tools?



# 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.

# Data Sets For Max™ & Frank™

PGI | gift planner's workstation™

Where the data comes from...

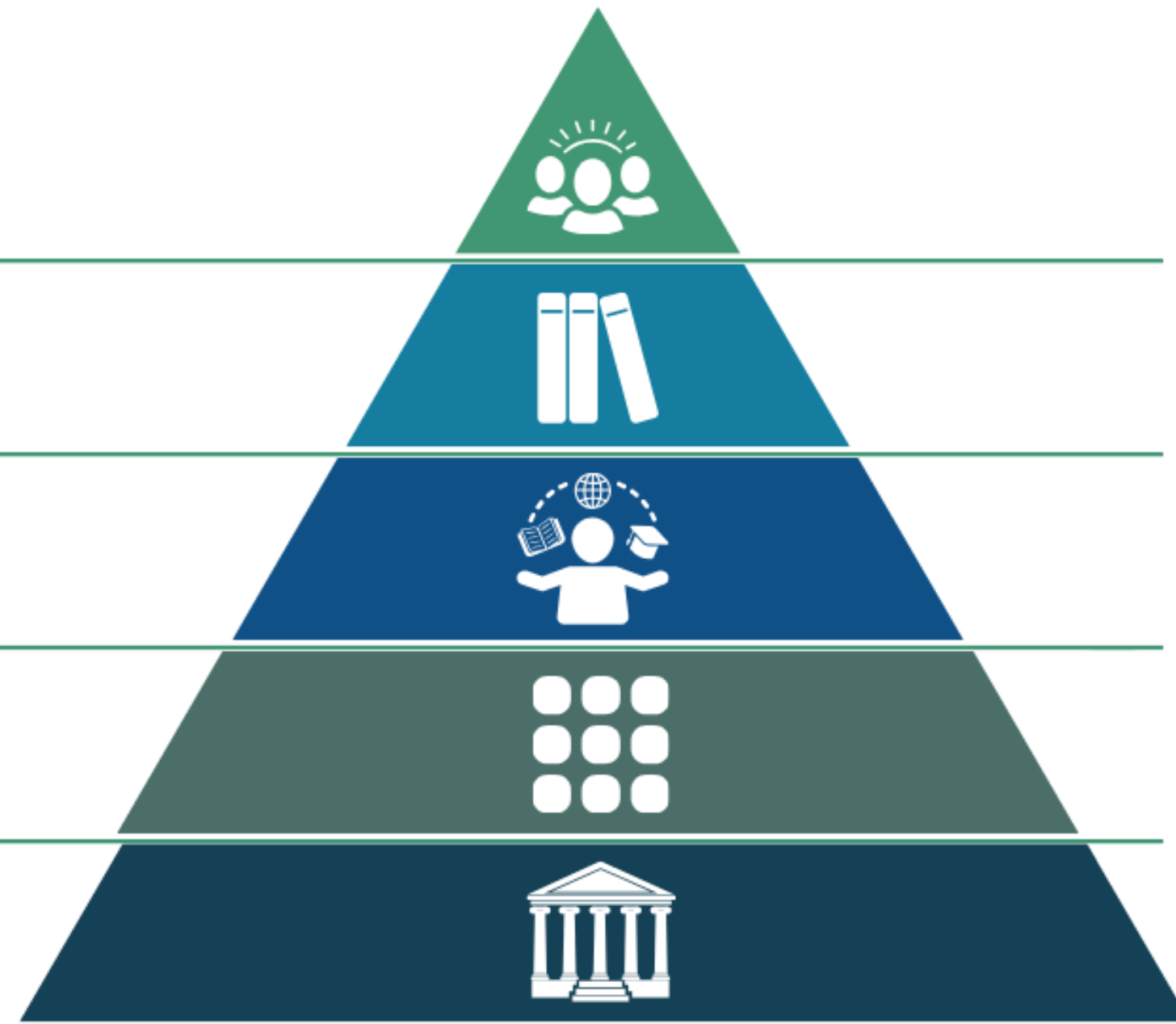
1 Journal of Gift Planning-NCGP & Other Approved Special Contributors

2 Clontz & Raffin-3rd Edition

3 Dr. Russell James

4 Gift Planners Workstation™

5 US Internal Revenue Code, Treasury Regs, Rulings



# Frank™ or Max™

Which is right for you?

PGI | gift planner's workstation™



# Demo “MAX”

**User-Friendly Interface:** Designed to be intuitive and easy to navigate, especially for older adults.

**Interactive Experience:** Asks personalized questions to tailor advice to each user’s specific needs.

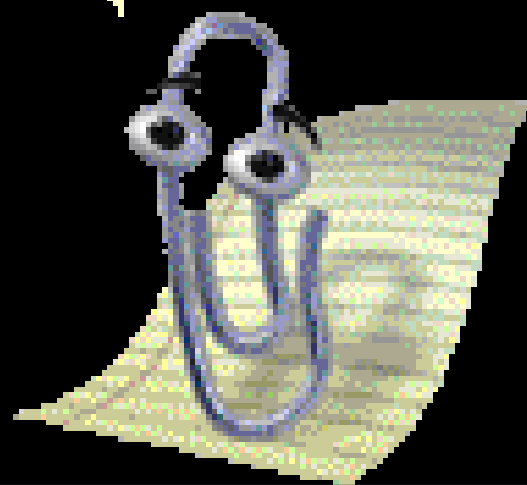
**Organizations:** Increases user engagement and satisfaction.  
Offers consistent and accurate information to potential donors.



It looks like you're writing a letter.

Would you like help?






- Get help with writing the letter
- Just type the letter without help
- Don't show me this tip again



“There is something truly meaningful and powerful about having another person there if you need them, but only IF you need them.”

*--Elizabeth Nicholas, product designer*

# 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?

# Demo “Frank”

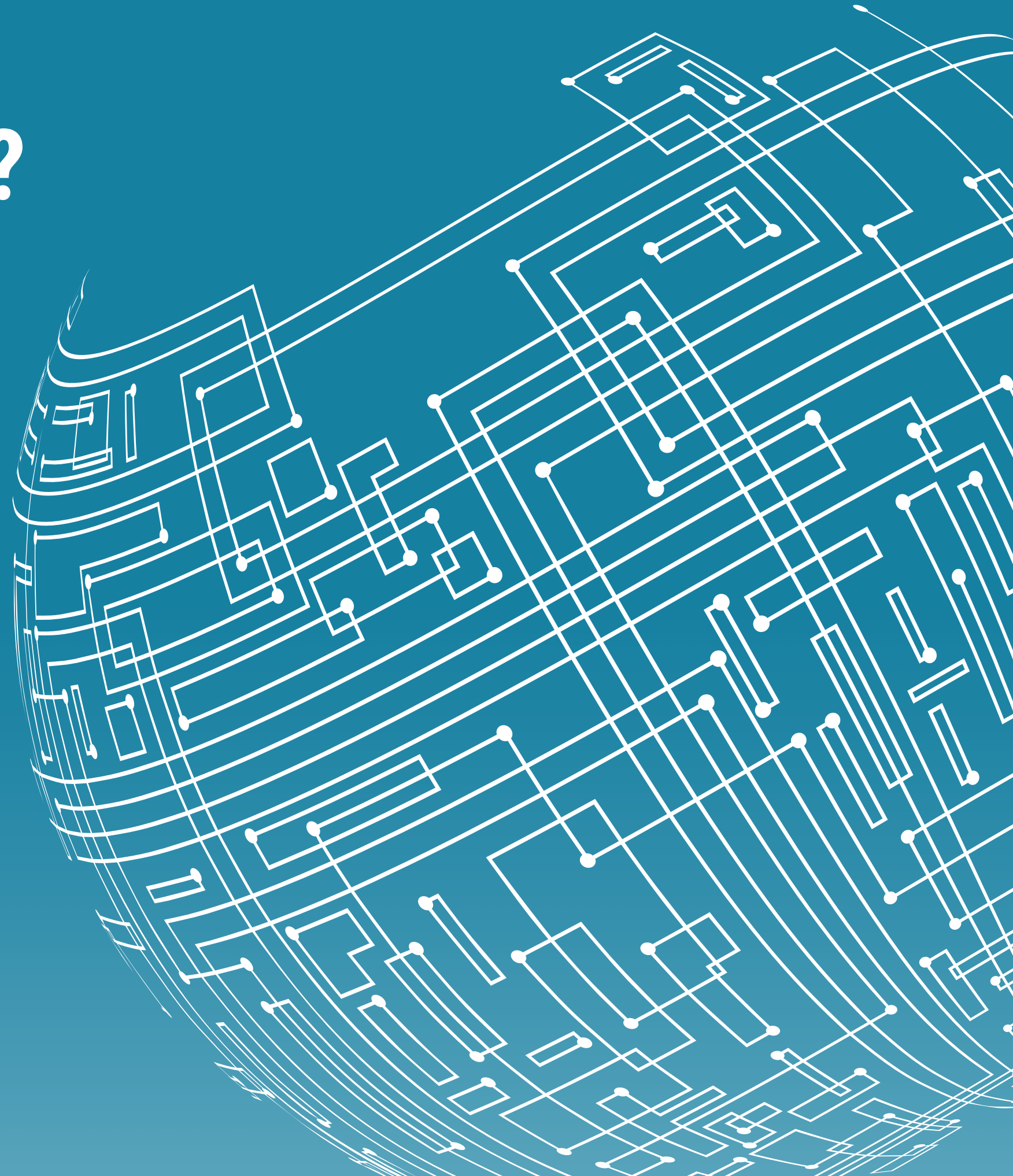
Designed to be intuitive and easy to navigate, enabling users to easily prompt actions like writing articles or researching scenarios.

**Interactive Experience:** Provides tailored guidance by asking and answering personalized questions and follows a 5-step process for analyzing gifts.

**Organizations:** Enhances productivity and supports informed decision-making with accurate planned giving technical research, citing the Internal Revenue Code.



# How Can AI HURT Advisors?



# Chat GPT 4.0

# VS.

# Frank

I have a donor with a valuable diamond ring, probably worth \$1.5m. can she fund a CGA with it?



Funding a Charitable Gift Annuity (CGA) with a valuable diamond ring, or any other type of personal property, can be complex and may not be straightforward. Generally, CGAs are funded with cash or publicly traded securities due to their liquidity and ease of valuation. However, it is possible to explore funding a CGA with a diamond ring, but there are several steps and considerations to take into account:

1. **Valuation:** The diamond ring must be professionally appraised to determine its fair market value. The appraisal must be from a qualified appraiser to ensure the value is accurate and credible for tax purposes.
2. **Acceptance Policies:** The charity or organization issuing the CGA must have a policy in place that allows them to accept gifts of personal property. Some organizations may not accept such gifts due to the complexities involved in liquidating the asset.
3. **Liquidation:** Once the ring is accepted, the charity will need to sell it to convert it into cash. The donor may have to wait until the ring is sold to finalize the CGA, as the annuity payments are typically based on the proceeds from the sale.
4. **Tax Considerations:** The donor may receive a charitable income tax deduction based on the appraised value of the ring, subject to IRS rules and limitations. Additionally, there may be capital gains tax implications if the ring has appreciated in value. ?
5. **Legal and Administrative Fees:** The process of appraising, accepting, and selling a high-value item like a diamond ring can incur significant legal and administrative fees, which might affect the net proceeds available to fund the CGA.
6. **Donor Intent:** It is crucial to ensure that the donor fully understands the process, potential delays, and any costs involved in using a valuable personal asset to fund a CGA.

When Asked the Same Question

o2

I have a donor with a valuable diamond ring, probably worth \$1.5m. can she fund a CGA with it?



Yes, a donor can fund a Charitable Gift Annuity (CGA) with tangible personal property, such as a valuable diamond ring. However, there are several considerations and potential restrictions:

#### 1. Valuation and Sale:

- The charitable organization will need to ensure that the diamond ring is accurately valued and can be quickly sold. If the charity sells the gifted asset for less than the amount on which the annuity payments are based, the gift to the charity could be reduced, eliminated, or result in a net loss. ✓

#### 2. Acceptance Policies:

- Most charitable organizations have specific gift acceptance policies. They may be cautious about accepting tangible personal property due to the risks associated with valuation and liquidity.

#### 3. State Regulations:

- In some states, there are explicit prohibitions. For example, in New York, a charity is explicitly prohibited by the Insurance Law from accepting tangible personal property for an annuity. ✓

#### 4. Risk Mitigation:

- As an alternative, the charity may accept the property at a conservatively lower value to compensate for the various risks and eventual sale of the asset. ✓

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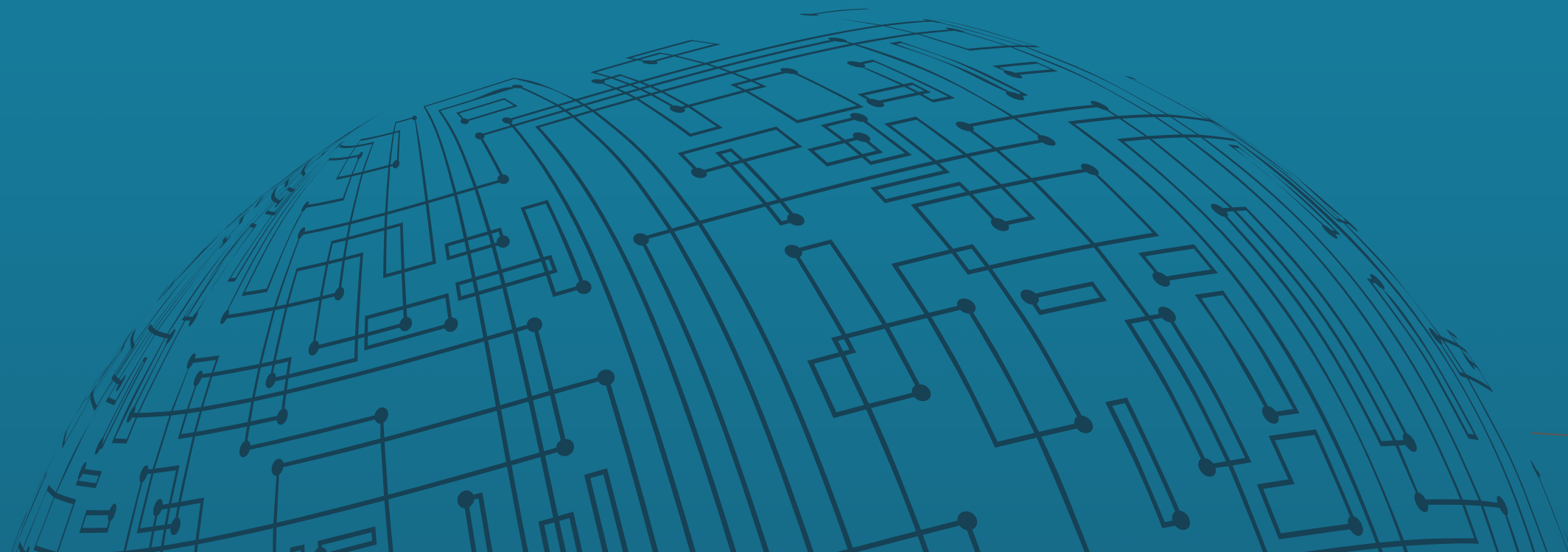
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# Using Other AI Tools



# Chat GPT Practical Applications

01

PROOF READ

02

DRAFT EMAILS

03

SUMMARIZE LARGE TEXT

04

EXPLAIN IN SIMPLE TERMS

# Chat GPT Prompt Guide



**PRIME**



**PERSONA**



**PROMPT**



**PRODUCT**



**POLISH**

# Prompt



# Polish

"Frank, explain the capital gains tax implications of contributing [specific appreciated asset, e.g., publicly traded stock] to a [specific planned giving vehicle]. Include IRC references."

"Frank, explain the capital gains tax implications of contributing Microsoft shares to a donor-advised fund. Include IRC references."



Contributing Microsoft shares to a donor-advised fund (DAF) can provide significant tax advantages, particularly in terms of capital gains tax implications. Here's a detailed explanation based on my knowledge base:

#### 1. Avoidance of Capital Gains Tax:

When a donor contributes appreciated publicly traded stock, such as Microsoft shares, to a donor-advised fund, the donor avoids recognizing the capital gains that would have been incurred if the shares were sold. This is because the transfer to the DAF is considered a charitable contribution, and the donor does not realize the gain on the appreciated value of the stock. This is supported by IRC § 170(e)(1), which states that the amount of the charitable contribution deduction for appreciated property is generally the fair market value of the property, provided it is long-term capital gain property.

#### 2. Fair Market Value Deduction:

If the Microsoft shares have been held for more than one year (qualifying them as long-term capital gain property under IRC § 1222(3)), the donor can deduct the fair market value of the shares at the time of the contribution, rather than the original purchase price (basis). For example, if the donor purchased the shares at \$1 per share and they are now worth \$25 per share, the deduction would be based on the \$25 per share fair market value, as long as the shares are contributed to a qualified public charity, such as a DAF. This is consistent with the rules outlined in IRC § 170(b)(1)(C).

#### 3. Adjusted Gross Income (AGI) Limitation:

Contributions of appreciated stock to a DAF are subject to a deduction limit of 30% of the donor's AGI, as per IRC § 170(b)(1)(C)(i). If the donor's contribution exceeds this limit, the excess can be carried forward for up to five years under IRC § 170(d)(1).

#### 4. No Immediate Sale Required by the DAF:

The DAF is not required to sell the shares immediately upon receipt. However, the DAF must comply with securities laws and may need to consider liquidity options, as noted in my knowledge base (Clontz & Raffin 3rd Edition Chapter 2, Page 23). This ensures that the DAF can manage the donated stock effectively without triggering insider trading concerns if the donor is an insider.

#### 5. Strategic Tax Planning:

Donors often use this strategy to offset high-income years, as the deduction for the fair market value of the shares can significantly reduce taxable income. Additionally, the donor avoids the capital gains tax that would have been incurred on the sale of the shares, which could be as high as 20% federally for long-term capital gains (IRC § 1(h)), plus the 3.8% net investment income tax under IRC § 1411, and any applicable state taxes.

### Example:

Suppose a donor owns 10,000 shares of Microsoft purchased at \$1 per share, now worth \$25 per share. By donating these shares to a DAF:

- The donor avoids recognizing \$240,000 in capital gains ( $\$25 - \$1 = \$24$  gain per share  $\times$  10,000 shares).
- The donor can claim a charitable deduction of \$250,000 (10,000 shares  $\times$  \$25 fair market value), subject to the 30% AGI limitation.

This strategy allows the donor to maximize their charitable impact while minimizing tax liability.

For further details, consult IRC § 170 and related Treasury Regulations, and consider professional tax advice to ensure compliance with all applicable rules.

**Sheryl Rowling, CPA/PFS**

**MORNINGSTAR**



# Meet Mo



The beta version of our chatbot launched in May 2024. Individual investors can access Mo through Morningstar Investor, while financial professionals can access Mo through Direct Compass.

Hi, I'm Mo, a beta version AI chatbot built on the Morningstar Intelligence Engine. I can answer questions using Morningstar articles and research for now and ability to pull from our data is coming soon. If you would like to chat with me, please ask your first question—please no personal information. Let's get started!

**Examples**

- What investments can help diversify my portfolio?
- What is the Morningstar Wide Moat Focus?
- What is value investing?

[More tips for chatting with Mo](#)

**Limitations**

- May occasionally generate incorrect information.

What investments can help diversify my portfolio?

Mutual funds, ETFs, and target-date funds give you instant diversification. You can even take it a step further by investing in different asset classes and investment styles. Holding broadly diversified investments like low-cost index funds that track the broad market provide exposure to lots of companies in different sectors and industries. Holding international stock funds in addition to U.S. stock funds is another way to spread your bets and give yourself exposure to different economies and currencies.

Get Support   Share Feedback   Clear Chat

Enter a question

Mo does not give investment advice. Mo is still learning and may not be 100% accurate. [Tips for Mo.](#) [Submit](#)

THE WAIT IS OVER

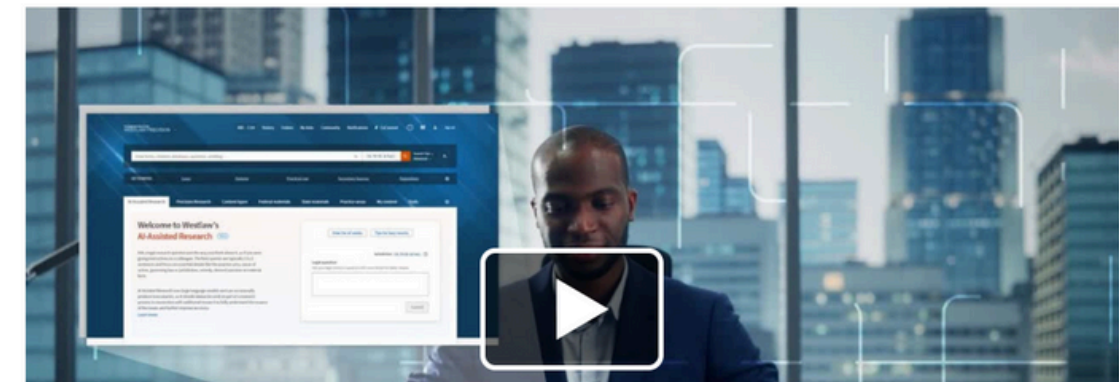
# Westlaw Precision now has generative AI

With AI-Assisted Research on Westlaw Precision, simply ask a question in everyday language and get a relevant answer with links to trusted Westlaw authority in moments

[Request free trial](#)

## Jumpstart your legal research with AI-Assisted Research

What do you get when you combine generative AI with Westlaw Precision's industry-leading legal content, unmatched editorial enhancements, and over 150 years of legal industry expertise? The answer: AI-Assisted Research. With AI-Assisted Research on Westlaw Precision, you can harness the power of generative AI — grounded in



# Future Uses of AI

Risk Assessment

Compliance & Fraud Detection

Back Office Tasks

Financial Planning

Client Communications

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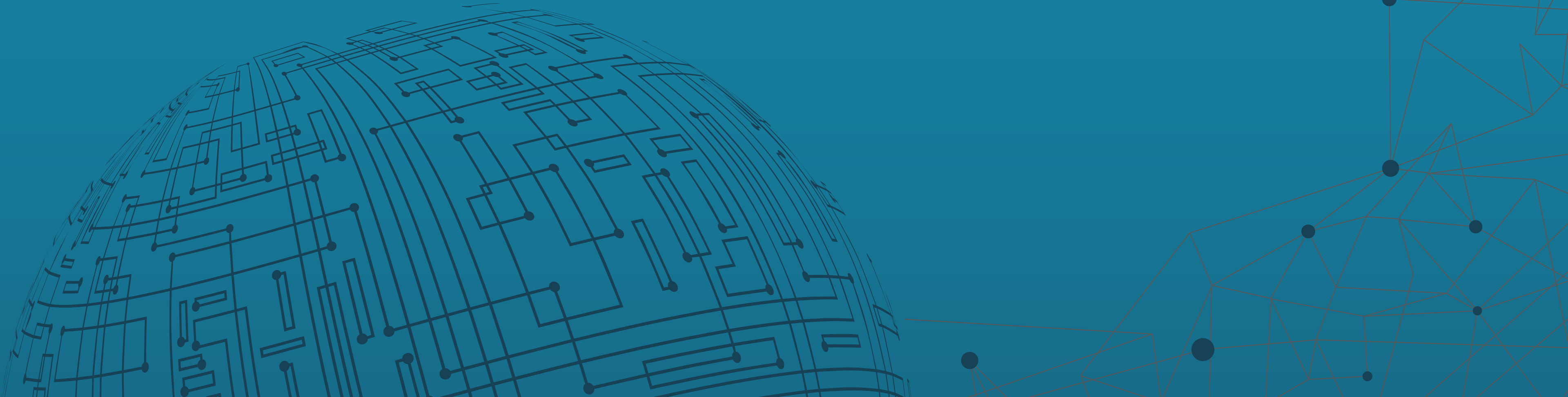
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# Ethics



# Ethics

Our Responsibility with AI



**PRIVACY**



**SECURITY**



**TRANSPARENCY**



**QUALITY**



**OVERSIGHT**

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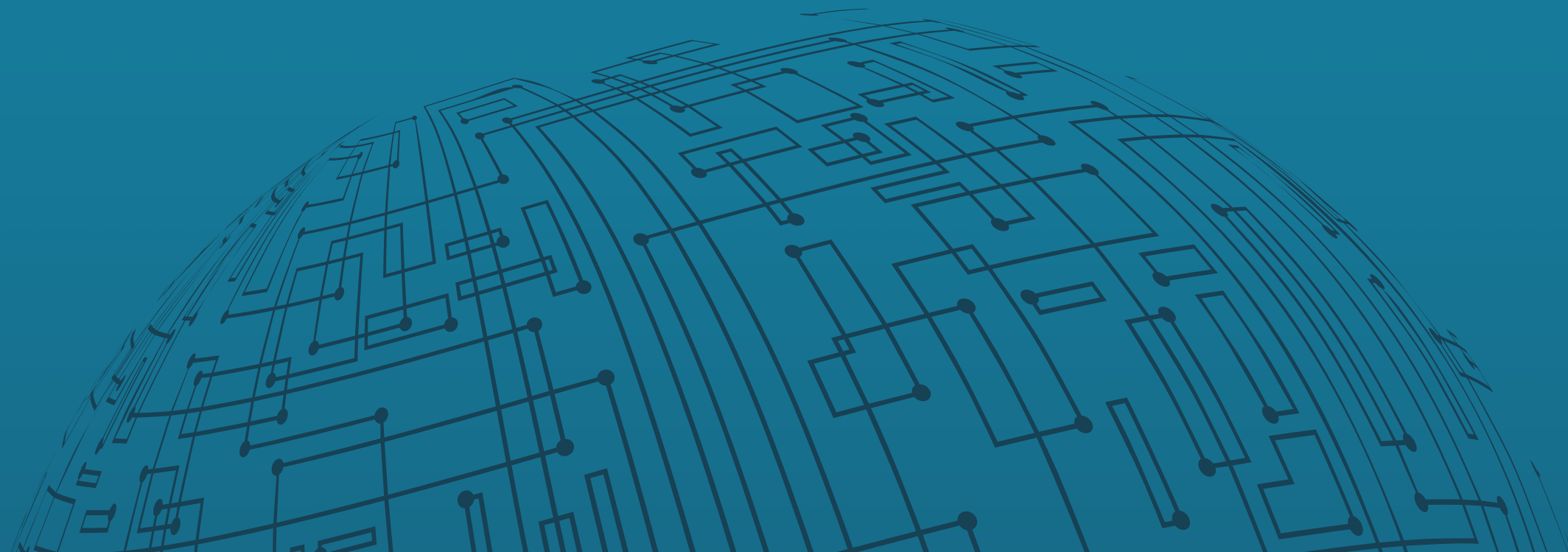
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# Audience Q & A



# Thank You

Enjoy 7 Days of Full Access to the  
Gift Planner's Workstation™.

*Use the link:*

**[EstateGiftPlanning.com/freetrial/](https://EstateGiftPlanning.com/freetrial/)**

