

A Closer Look at Charitable Donations

If you're in the habit of giving to charity, you may be well-versed in simply writing a check and directing it to the charity or cause of your choice. But application of a little strategy in charitable donations can provide additional advantages, for both the charity and for the donor.

"We're not here to tell our clients whether to give or how much, but if giving to charity is something you do or want to do, it's worth considering exactly how you go about it," said Dan Ray, CFP® and Client Advisor for Regency. "For investors, sometimes there are more beneficial or strategic ways to do it."



Dan Ray

Donors can begin simply, through the traditional method of writing a check from their funds on hand. Dan calls this "giving from income." "The benefits to giving from income are it's spontaneous, and most gifts to charity from income might qualify for a tax deduction," he said, offering a reminder that donors should always check with their tax advisor about tax implications.

Another method Dan cited is "giving from assets." This method may involve donating a security from your investment portfolio directly to a charity. "If you're giving from a taxable investment account, it's likely that account contains assets that have appreciated in value," Dan said. "Done properly, the transfer of an appreciated security directly to a charity can help the donor to avoid the capital gain they would pay when they eventually sell that holding," he said. Additionally, if the investor wants to maintain the value of their portfolio, they can take the funds that they were going to give to the

charity, and add them into their portfolio, potentially buying back the same holding that they just donated. The net effect will be to increase their cost basis, which will reduce future taxable gains.

A third method applies to owners of an IRA who must take required minimum distributions (RMDs). "In past years, RMDs could be directed to a charity of the recipient's choice, as long as Congress renewed a provision annually to allow it. Assuming this provision is renewed in the future, the IRA owner simply does not have to report as taxable income the required IRA distributions that are paid directly to the charity from the account. This helps to relieve the tax burden that comes from having to pay additional taxes on the RMD," Dan said, adding that for RMD donations, Regency is still waiting to see what Congress does with the provision this year.

Of course, there are plenty of other ways investors can make charitable donations while creating a tax advantage. Because these strategies typically require advanced planning and advice from your financial, tax and legal advisors, they fall under the heading of "planned gifts" and can include strategies such as Charitable Remainder Trusts, Charitable Gift Annuities, Donor-Advised Funds, and more.

Which way is right for you and your charity? According to Dan, it really depends upon your situation and your goals. "Maximizing the advantages of charitable giving can require a lot of consultation, with professionals from estate-planning attorneys to CPAs," he said, "but Regency, in consultation with your CPA, may be in a position to guide you."

Want to learn more? Contact your Regency Advisor at (559) 438-2640.

Regency makes CNBC's Top 100 list for the second year running

CNBC has again named Fresno-based Regency Investment Advisors to its list of Top 100 Fee-Only Wealth Management Firms in the United States. To learn more, visit the CNBC website at <http://www.cnbc.com/id/102605785>.

The CNBC Digital editorial team, along with Meridian-IQ, ranked fee-only wealth management firms according to a proprietary formula that takes into account several factors, including assets under management, number of staff with professional designations, working with third-party professionals, average account size, growth of assets, years in business, number of advisory clients, and providing advice on insurance solutions. CNBC applied the AdviceIQ Regulatory Compliance Review Process in its calculations and eliminated firms from consideration that had any complaints, actions or disclosures from any of the four primary regulators. In the event of a tie, the firm with a greater amount of assets under management received a higher ranking.

REGENCY MARKET COMMENTARY: THROUGH JULY 31, 2015

Key Indexes Source: Morningstar	YTD	1 yr	3 yr	5 yr	10 yr	20 yr
	ANNUALIZED RETURNS					
DJ Industrial Average – Large Cap	0.55%	9.34%	13.54%	13.93%	7.98%	9.29%
S&P 500 – Large Cap	3.35%	11.21%	17.58%	16.24%	7.72%	8.85%
Russell 2000 – Small Cap	3.54%	12.03%	17.90%	15.27%	7.61%	8.78%
MSCI EAFE – Foreign Large Cap	7.72%	-0.28%	12.32%	8.01%	5.02%	4.96%
Barclays US Aggregate – Bonds	0.59%	2.82%	1.60%	3.27%	4.61%	5.67%
USTREAS 3-Month T-Bills	0.00%	0.01%	0.06%	0.07%	1.35%	2.52%
IA SBBI US Inflation	1.45%	-0.01%	1.31%	1.79%	2.00%	2.26%

The second quarter of 2015 served as a reminder to investors of the importance of staying focused on the long term. Those looking for clear short-term direction may have found themselves frustrated. Markets have continued to offer mixed signals and perplex the analysts. For example, those who were watching the headlines during the second quarter may have found themselves worried over the following:

- **The Greek Debt situation.** Although the situation there is beginning to abate, long-term investors were less likely to be worried because Greece is such a small piece of GDP for Europe, and Regency investors had little cause for concern because our portfolios have little exposure to the Greek markets.
- **Volatility in China’s “A-Share” markets and fears over declining growth in that economy.** Fears generated by this headline may have spilled over a bit into domestic markets during the second quarter. But from an investment perspective, Regency client portfolios have minimal exposure to China, and virtually no exposure to China’s “A-Share” market fluctuations.
- **The Puerto Rico default.** Fears about Puerto Rico may be generating headlines today, but once again, Regency portfolios have little exposure to Puerto Rico or its municipal bond markets.

Markets fluctuate on a daily basis, and with stories like those grabbing headlines, it’s understandable that investors who focus more on the short term may feel less comfortable than they did even one quarter ago. But Regency builds its portfolios to focus on the long term.

The second quarter brought a number of positive indicators. Unemployment fell to 5.3 percent in June, consumer confidence was higher in May and June, and

FOCUS 360 Disclosure: Past performance is not indicative of future results, and inherent in any investment in the market is a possibility of loss. There are inherent limitations in making assumptions due to the cyclical nature of the market. “YTD” refers to “Through July 31, 2015,” in all instances.

new-home sales reached their highest level in seven years in May. On the other end of the spectrum, the measure of the 1Q 2015 GDP was revised downward to actually be contractionary, and while analysts were looking for some inflation during the quarter, 2Q actually brought a small amount of deflation. While prognosticators were saying earlier that the Fed would likely raise interest rates four to five times this year, the Fed has not yet committed to raising those rates.

Also, while the 2Q measures of market performance may look tepid, a closer look reveals that performance was stronger in July than in May or June. For example, the S&P 500 rose 3.35 percent YTD through July 31, but it was up only .28 percent until July, when it rose 2.10 percent in the month. The Barclay’s US Aggregate Index for bonds was down 1.68 percent in 2Q; in July it rose 0.70 percent, bringing the YTD return to 0.59 percent. Foreign stocks also reinforced the importance of diversification, with the MSCI EAFE rising 2.08 percent in July, bringing its YTD return in US Dollars to 7.72 percent. Weakness in the US Dollar helped that number, but the gain still represented a pretty strong return.

The good returns in the face of mixed signals are making it a perplexing time in the markets. **Those who are worrying about the day-to-day ups-and-downs in the markets may find some relief by shifting their focus back to the long term.** With a long-term outlook and in a properly allocated and diversified portfolio designed for one’s risk tolerance, investors can worry less about what will happen tomorrow in the headlines, while focusing more on the long term.

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appreciate against the dollar again. If that happens, the effect of currency conversions would be the reverse of the recent trend, taking what’s a potentially significant gain in foreign stocks and boosting it, perhaps creating dramatic returns for investors. At that point, I could imagine investors saying, “I’m sure glad I kept some of those foreign stocks.” Which is one of the reasons disciplined investors should not shun foreign stocks today.

Evangel Home: Helping women and children for 60 years

In the early 1950s, after frequent visits to the Fresno Rescue Mission as a volunteer, Pauline Baker Myers noticed something. The men attending services and receiving meals at the Rescue Mission were offered lodging, but women were turned out onto the street, hearing that the Mission had no room for them.

Wanting to do something about the need she saw, frustrated by having an idea to help women but watching one door close as another opened, Myers sought the support of her husband and guidance from above in meeting the need.

Expecting her husband to be less than welcoming of her idea, Myers found herself surprised at his words of support: "It's about time." Then, after Myers and her husband worked diligently for several months to get through the legal legwork and prepare a building, Myers found herself suddenly widowed over Labor Day weekend in 1954. The boat carrying her husband capsized, with all aboard lost.

Suddenly alone, in crisis herself, Myers sought guidance from above. As the story goes, Myers asked, "Lord, if

this work (Evangel Home) is of Thee, give me my husband's body." Soon thereafter, her husband's body came home, and Myers devoted herself entirely to opening the facility for women and children in crisis that she had envisioned, never turning back.

This year, the organization Myers founded will celebrate 60 years of helping women and children in crisis. Located in Fresno's Mural District just north of downtown, Evangel Home opened February of 1955, and has never turned back from its mission. Gerre Brenneman, Evangel Home's director since 1988, says the Home remains as determined and focused as Pauline Myers was when she founded the facility.

"I often think that I could whine and bellyache some days about how funds are low or how women's issues are harder. But then I think about Pauline and about how we were founded," Brenneman said. "She never took her hand from the plow. That's in our DNA. We don't turn back. We don't quit."

It's that determination and focus that Evangel Home tries to build in its clients. "I think there's a stereotype of shelters being for battered women," Brenneman said, stating that the reality is women and children are in crisis for a variety of reasons. "Our philosophy is we're better at helping one woman a thousand ways as opposed to a thousand women one way," she added.

So how does Evangel Home help? It begins with a crisis home and emergency shelter. "Women and children here receive the basics -- food, clothing, and a place to lay your head," Brenneman said. "There's no cost to stay, but they have to maintain a good attitude, attend chapel, and do household chores. We also require at least one counseling appointment."

Longer term, Evangel Home's programs are designed to help women in crisis become more self-sufficient. According to Evangel Home's website, their "Crossroads" nine-month residential program includes parenting skills, boundary setting, finances, counseling and Bible study. As part of that self sufficiency, Evangel Home started a business -- "Five Gals Cleaning" -- that allows women receiving help there to build self-sufficiency and determination by going to work.

Inside the Home, you might hear the word "hedgehog" blurted out from time to time. Evangel Home has adopted the hedgehog as its unofficial mascot, but not because they're cute. Instead, the hedgehog serves as a reminder about focus.

"When we started this, we had so many things to focus on, programs, people, and we started chasing everything. But when you're chasing everything, it's possible to lose your mojo, your focus, your purpose," Brenneman said. "Hedgehogs do only two things: they take care of their homes, and they search for food. They remind us to stay focused on what's important, and not to go chasing everything."

To Brenneman, the Home's 60th Anniversary is not an opportunity to look back; after all, founder Pauline Myers never did. Instead, Brenneman sees the anniversary as an opportunity to continue its mission and to look forward.

"We've stayed true to our mission, and we've never accepted a government penny because we're not only faith-based, but Christ-based. This was our founding principle, and we remain true to that principle today," Brenneman said. "Our motto is 'Christ leads. People care. Lives change.' At the same time we welcome everybody. Our mission is to welcome them and help them."

Evangel Home will celebrate 60 years of helping its clients with a Diamond Jubilee Banquet, scheduled 6:30-8:45 p.m. Tuesday, Sept. 15, at TorNino's Banquets, 5080 N. Blackstone Ave., in Fresno. Tickets are \$35, and are available through evangelhome.org.

From time to time FOCUS 360 will include profiles of people and organizations making a difference in our community. It is not known whether those profiled approve or disapprove of Regency Investment Advisors or its advisory services provided. This article reflects the opinions of those interviewed, and should not be taken as a request for you to donate to any particular organization.



Hot Topics: Foreign stocks and currency swings

By Dan Ray, CFP® and Client Advisor

I'd written in our last issue about the importance of balance when investing in U.S. and foreign stocks. My key point then was the importance of maintaining a disciplined portfolio, one that includes an appropriate weighting between U.S. and foreign stocks.

With that in mind, there's one other factor to consider when investing in overseas stocks. It has to do with the relative value of currencies, and the effect of those relative values on quoted investment performance.

Look at foreign returns in the headlines today and you might see that the MSCI Germany index -- that country's equivalent of the S&P 500 -- has risen 14.97 percent YTD. Or you might see that the MSCI France index is up 20.72 percent YTD. See those headlines, and if you're invested in a European stock fund, you might think your accounts should be up by that much. But despite those headlines, the average U.S.-based investor in foreign stocks is actually up only 7.06 percent.

Why the difference? It has to do with recent fluctuations in the relative values of the currencies used for investing.

Many investors don't realize that indices for foreign stocks are not quoted in U.S. Dollars, but rather in the

local currency. That means any returns generated by foreign stocks need to be translated back into dollars, and that translation is rarely a one-to-one conversion. For example, year-to-date the Euro has declined in value 11 percent when compared with the U.S. Dollar, which in this case reduces the foreign-stock returns quoted in the index by a factor.

Thankfully, while those currency movements may be dramatic in the short term, data shows they tend to wash out in the long run. In fact, if you had spent the last 27 years hedging your foreign stock investments against currency fluctuations, it would have made a difference of only 0.19 percent. In other words, not much of a difference at all.

But in the short term, that currency conversion can work for or against investors. Recently, with our own economy doing better and the Euro declining, it's a double-whammy that makes U.S. stocks look more attractive than their foreign counterparts.

Historically, market and currency fluctuations have both been cyclical. While it's impossible to predict exactly when these trends will reverse, history shows that they do tend to ebb and flow, and this tends to work to the advantage of the long-term, disciplined and diversified investor. I can imagine a situation, perhaps in the not-too-distant future, when European economies will begin to recover, and the European currencies begin to

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