

FREE Online Programs: Financial Literacy

Financial literacy is empowering—yet good, practical education about financial management is too often out of reach for people, especially those with limited incomes. Former BCF Board Member Paul Merriman—founder of The Merriman Financial Education Foundation—has dedicated his retirement to providing free trainings to all ages about how to secure a more stable financial future. On behalf of BCF, every year Paul organizes free virtual events with speakers who are nationally renowned experts in their fields in order to help educate our community on how to better plan for our futures. These events target all ages and levels of financial literacy, including youth, first-time investors who are still in the workforce, and those who have just entered retirement. Learn more below!

APRIL 1

Top ten financial mistakes by seniors

What are the most important financial decisions made transitioning from work to retirement? How much risk should a retiree have in their portfolio? Paul Merriman will tackle these and other important financial issues. This event will be hosted by the Bainbridge Island Senior/Community Center.



APRIL 7

Do I need a financial advisor?

How much money do I need before hiring an advisor? What should I look for in a financial advisor? What are the best sources of information for DIY investors? Paul Merriman will answer your questions here.



APRIL 14

The inside story about ESG Investing?

In this presentation, financial experts Larry Swedroe and Sam Adams highlight the various forms of sustainable investing and how they impact you as an investor.



APRIL 21

What's new for social security 2022?

How can an individual or couple maximize Social Security benefits? How much should young people plan on future Social Security payments? What is the best Social Security claiming strategy? Mary Beth Franklin, award-winning journalist and Certified Financial Planner, will discuss these topics.



Visit www.BainbridgeCF.org to register



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COMMUNITY UPDATE



SPRING 2022



Analyzing Needs in Our Community

Bainbridge Community Foundation recently conducted its Annual Nonprofit Survey with 55 nonprofit participants followed by four sector gatherings to discuss the results. Overall, the discussions were positive and nonprofits continue to prove their resilience, but programmatic and operational obstacles remain.

Isolation and mental health are the top two challenges still facing our community, which were also reflected in last year's survey. Concerns around food insecurity decreased overall, although health and human services nonprofits have been seeing a rise in food assistance requests since federal support expired. Family economic uncertainty appears to have risen across all age groups.

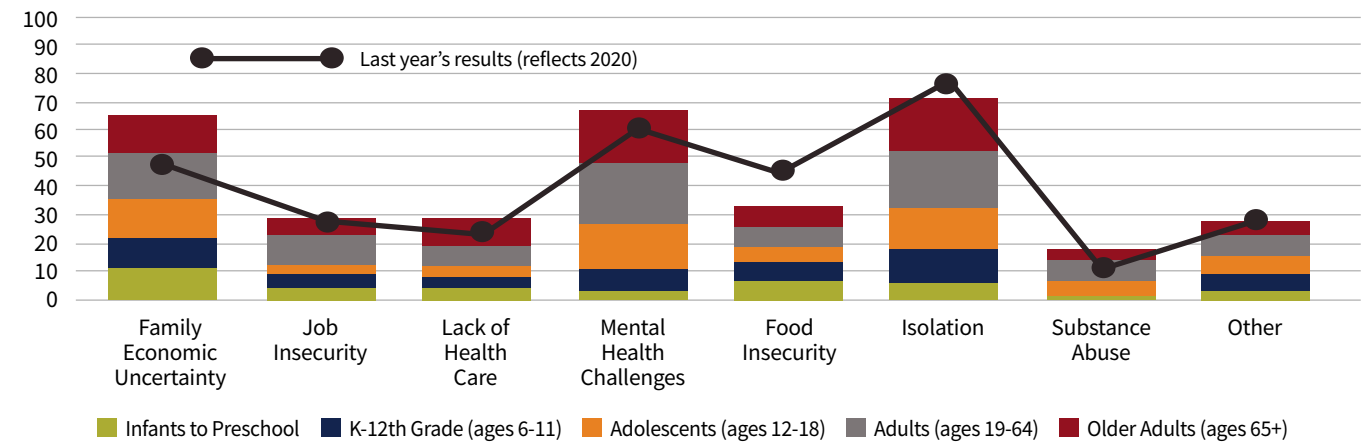
Other issues discussed at the sector gatherings included livable wages for nonprofit employees and recruiting more volunteers. We look forward to consolidating the analysis



2022 Arts, Culture, and Humanities Sector Gathering

in the next iteration of BCF's State of the Sector Report: A View of Our Community so we can help support our neighbors. Stay tuned! To read last year's report, visit our website at www.BainbridgeCF.org and click on "Forms and Publications" and then "Reports."

Nonprofit Survey Results: Challenges Facing Our Community



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BCF Hosts Red Cedar Council Luncheon

Bainbridge Community Foundation hosted its



Red Cedar Council luncheon on Wednesday, February 16th at Heyday Farm to celebrate the gifts of a special group of visionary donors. To become part of the Red Cedar Council, donors include BCF in their wills or estate plans to achieve their long-term philanthropic goals.

At the lunch, Red Cedar Council members had intimate conversations about their visions for the future of Bainbridge Island—and how their legacy will live on through their strong connection to the foundation. These discussions over a Heyday Farm meal led to deeper connections with like-minded individuals, and many formed new relationships while others reconnected with friends.

To learn more about the benefits of joining the Red Cedar Council, visit our website or follow the shortened link here: tinyurl.com/yc3kebt4.



2022 Red Cedar Council Luncheon at Heyday Farm

Small Investments to Strengthen the Financial Future of Your Kids

Below outlines a way to share generational wealth with your children, even when you start with a small amount. Read below to learn more. This piece has been edited for length.

By Paul Merriman
Former BCF Board Member and Founder of The Merriman Financial Education Foundation

As hard as it may be to believe, it's possible to turn a single \$3,000 investment into \$50 million in a single lifetime. I can't say that I have done it, but I'm going to show how you could.

This is a very tall order, one that requires an entire lifetime and more than one person to carry it out. If you're a parent or grandparent, you can do this. Someday, a child or grandchild could be very grateful that you did.

The key is compound interest, which was famously cited by Einstein as one of the wonders of the world.

The plan I am about to describe isn't magic. It's a recipe with four essential ingredients:

- ▶ An initial investment of \$3,000
- ▶ A Roth IRA
- ▶ An investment that's likely to grow at 12% over a very long time
- ▶ A long lifetime (plus ample patience).

Want to try it? Here's how, using an imaginary infant named Maria for the example.

When Maria is born, set aside a lump sum of \$3,000. Invest it in an ETF or a mutual fund that holds small-cap value stocks. (To learn more about this check out my podcast called The Best Small-Cap-Value ETF.)

Leave the money in that asset class to grow. And grow. As soon as Maria has taxable earned income, start contributing the money in the account to a Roth IRA in her name, keeping it invested in small-cap value. That way, at least under current

tax law, it will never be taxed. Do this every year until all the money is within a Roth account.

Assuming that Maria leaves this money alone and that it continues to compound at 12%, when she is 65 years old, your one-time \$3,000 investment in small-cap value will be worth about \$4.75 million.

That is still far short of \$50 million. Let's follow the money and see how this scenario plays out.

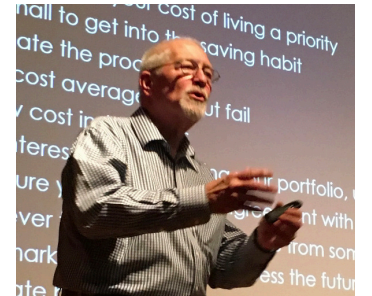
Assume that at 65 Maria starts withdrawing 5% of the balance of her small-cap value account every year. That first year, she takes out \$237,281. (Compare that figure to your \$3,000 investment.) Because the money continues to compound at 12%, her balance grows, and so do her yearly withdrawals.

When she's 70, she'll take out \$323,572, based on her account value of \$6.47 million. At 80, the account is worth slightly more than \$12 million, and she takes out \$601,710 — theoretically without any tax liability.

If we assume Maria keeps this up until her death at 95 (her final annual withdrawal being \$1.5 million), her account will be worth about \$30.5 million. Starting at age 65, she will have taken out a total of \$21.6 million. That final value plus all the withdrawals come to more than \$50 million from your initial \$3,000. And, presumably, very little of it will have been taxed.

So let's ask ourselves: What's wrong with this picture?

To read the full article, visit tinyurl.com/3267rcmx. To learn more about upcoming workshops organized by Paul Merriman, read the back of this newsletter and RSVP on our website at www.BainbridgeCF.org.



Paul Merriman

Community Grants Cycle Closes March 29 at 5PM

BCF's Community Grants Cycle is almost closed! BCF has been accepting applications for the 2022 Community Grants Cycle from all sectors of our nonprofit community from March 1 - March 29. **We encourage nonprofit leaders to reach out and discuss possible funding opportunities!**

To learn more, visit BCF's website or feel free to contact Debbie Kuffel at debbie@bainbridgecf.org.



Community
Grants Cycle

So, what happened to tax reform? And what does that mean for charitable giving strategies?

Last year's heavily-debated versions of the Build Back Better Act called for tax increases that potentially could have impacted charitable giving. But, as 2022 gets into full swing, legislation that's eventually passed may bear little resemblance to early iterations. In particular, debate over the cap on the deductibility of state and local taxes ("SALT") has illuminated a parallel debate over whether the changes to the cap would impact charitable giving. As of



early March, though, tax increases to support President Biden's legislative agenda are still very much up in the air.

In other tax news, advocates for charitable organizations are lobbying lawmakers to bring back Covid-19-related tax incentives, including the \$300 (\$600 for joint filers) so-called "universal" charitable deduction.

Ask your financial advisor if you have questions about how this might impact your giving in 2022.