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This Month's Articles



Giving and Your Estate Plan - 1

In the Courtroom - 2

Estate Planning Tips - 3

Take A Break - 3

It's National... - 4

It's National...

It's National Give Something Away Day on July 15th!

Giving USA 2021: The Annual Report on Philanthropy for the Year 2020, released today, reports that individuals, bequests, foundations and corporations gave an estimated \$471.44 billion to U.S. charities in 2020.

Giving Statistics for 2020:

Giving by individuals rose 2.2%

Giving by foundations increased by 17%

Giving by bequest grew 10.3%

Giving by corporations decreased by 6.1%

Giving to religion, education, human services, foundations, public-society benefit organizations, international affairs, and environmental and animal organizations all rose. Giving in the areas of health, and the arts, cultural, and humanities all saw a decline in donations.



July 2022 | Vol. 9

Estate Planning Buzz

Giving and Your Estate Plan

When the pandemic began, cleaning the house and cleaning out the house became a large focus for us. When we were finally able to donate all our items, we filled our entire front porch and what one place wouldn't accept meant trips to other places to make donations. However, it was worth it to know others could benefit from these items. We have also been recipients of an important donation. A very special family friend passed away before our daughter was born. She had an extensive children's book collection. So large that I had to construct a bookshelf to properly display her incredible collection. Our daughter has enjoyed the books and has a greater literary knowledge because of these books.

Giving is a two way street. We feel good when we give and we hope that what we donate makes the receiver happy. Gifting can also be a large part of estate planning. You can leave donations to charities you've supported over the years in your plan. You can give items to particular people you know will enjoy them as much as you did, like the book collection left to my daughter.

Or, you could leave instructions to donate artwork and collections to museums or other institutions for public enjoyment. And those are just a few examples of how you can use your estate plan to leave a lasting impact after you're gone.

Inside and Outside of the Courtroom

Deceptive Marketing Practices

Value Village, headquartered in Bellevue, Washington, is the largest for-profit thrift-shop chain in the world (330 stores). Value Village interacts with other nonprofit charities in two ways: It pays them a monthly fee in exchange for using their names/logos to solicit donations of used merchandise from community members. For instance, having “these racks support more than just clothes. By shopping and donating at this store, you support [local nonprofit charity logos]” on signage. Value Village also purchases donations from charities, to sell them to consumers at a higher cost.

Washington Attorney General Bob Ferguson, however, argued the store sold many donated items “at a substantial profit” without any proceeds going to charity. “Value Village made millions by deceiving consumers and donors,” Ferguson said when announcing the state was bringing a suit against the chain.

This was supported by a 2015 investigation that found nonprofits received nothing for non-clothing donations. And when charities did receive payment, it was far less than the public was led to believe. For example, Big Brothers Big Sisters got 2 cents for each piece of furniture or 2 cents per pound for housewares (like books or toys). The rate increased to 19 cents if the charity collected and delivered the items to Value Village. The investigation determined 90% of residents overestimated the amount of money local nonprofits received.

The complaint filed by the state listed a series of deceptive marketing practices. From 2005-2015, Value Village advertised that donations made at Marysville, Edmonds and Everett stores

would benefit the Moyer Foundation. But Value Village stopped donating to the Moyer Foundation in 2006. The Moyer Foundation only found out in 2015, and then the company pulled its advertising. A store in Spokane advertised donations would help the Rypien Foundation. In reality, the charity was actually paid a flat fee each month and didn’t get any extra money from donations. The lawsuit sought to stop the advertising practices and damages of up to \$2,000 per violation.

Value Village responded that charities benefited in other ways. Some nonprofits would get paid fixed fees for licensing agreements, some got assistance with fundraising since the thrift shop encouraged customers to donate to charities directly. Furthermore, Value Village said it paid nearly \$13 million to nonprofits in Washington state in one year, and more than \$120 million during the past 10 years. It produced statements of support from two nonprofits cited in the suit.

A judge sided with the state in 2019, noting Value Village “knew or should have known” its marketing could deceive consumers. But the Washington Court of Appeals overturned that, finding it “unconstitutionally chills protected speech – charitable solicitation” because the banners, signs, announcements, and advertisements “at least implicitly advocate for the views, ideas, goals, causes and values of [its] charitable partners.” The court noted speech seeking to drum up monetary or other support for nonprofit organizations has broader constitutional protections than commercial advertising.

Tips for Your Estate Plan

Some simple steps to take

1. Research charities that align with your values or experiences to make a charitable contribution.
2. Make sure you are aware of how your gift will be spent or if there are any requirements.
3. If donating items, look to see if they have a list of what is most needed or what they cannot accept.
4. Think about gifting to family and talk to family members see who would want what items or what items you think people would most appreciate.
5. If making a monetary gift to a family member or friend, consider the gift tax limits. You can currently gift \$16,000 per individual, per calendar year without being subject to gift taxes.

Take A Break

Susie, Fiona, and Betsy attend Zoe’s birthday party. Betsy sees Fiona carrying her gift in, realizes she forgot hers, and searches the car for it. She finally finds it under the seat. Betsy places her gift on the table next to Fiona’s. Susie’s gift is so big that while carrying it she knocks over the table and all the gifts lose their cards. The gifts are restacked, but after the party Zoe must figure out who gave her which gift. Betsy complained throughout the party that Fiona smelled like salmon, but they all had a good time celebrating Zoe. Who gave which gift to Zoe?

