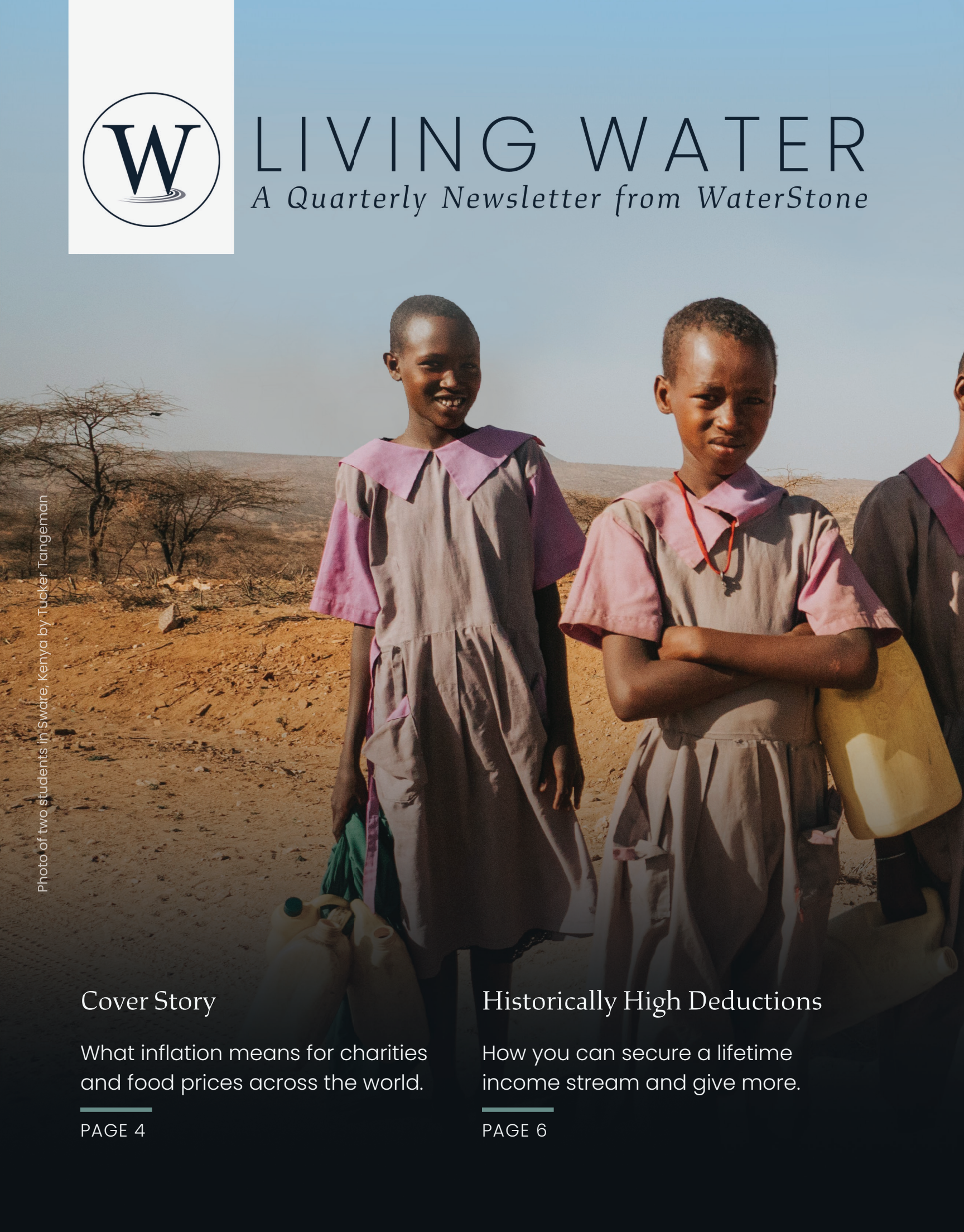




LIVING WATER

A Quarterly Newsletter from WaterStone

Photo of two students in Sware, Kenya by Tucker Tangeman



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Ken Harrison
CHIEF EXECUTIVE OFFICER

John Mulder
CHIEF GENEROSITY ADVISOR

Rick von Gnechten
CHIEF OPERATING OFFICER

About

WaterStone is a Christian foundation that comes alongside givers, advisors and ministries to provide trusted counsel and innovative giving strategies. Since 1980, we have assisted our clients in developing comprehensive plans for sharing their resources with ministries and organizations to fulfill their charitable intent.

Our expertise is working with business owners and stewards of family wealth to unlock the giving potential of their non-cash assets like real estate, business interests, oil and gas and agricultural commodities. Through WaterStone, families can multiply their giving impact for the Kingdom, minimize taxes and heighten the joy of generosity.

Learn More

Visit WaterStone.org or call our offices at 719.447.4620.

By the Numbers

\$900 MILLION
Assets Under Management

\$900 MILLION+
Complex Asset Contributions

\$1.7 BILLION
in Contributions

7,500+
Charities Supported

\$2 MILLION+
Weekly in Grants

\$900 MILLION+
Given in Grants



Embrace the Spirit of Giving

Remembering Opportunities to Give Back—in Your Own Backyard

Generosity can take many forms.

Sometimes, generosity is a monetary donation to keep a charity running strong. Other times, generosity is offering a helping hand to those in need in a local community.

Both forms of generosity are equally important, but **local food banks and toy drives** are top of mind every holiday season. Many need help now more than ever before.

Here's a snapshot of some of the needs we've seen around the country:

- In Montgomery County (near Houston), demand at the food bank has doubled while donations have decreased.
- In Orlando, food banks have struggled to keep up with demand, especially

in the wake of Hurricane Ian.

• Nationwide, there are an estimated 2.7 million children with an incarcerated parent, according to the National Institute of Corrections. Charities that minister to incarcerated individuals rely on donations and toy drives to make sure these kids receive presents from their parents.

These are only a fraction of our country's needs, but we're called to serve wherever God has placed us. That's why the WaterStone team chose to spend a day volunteering at our local food bank here in Colorado Springs.

Now is the perfect time to cultivate a spirit of generosity. Nothing brings more joy!



“ You will be enriched in every way so that you can be generous on every occasion, and through us your generosity will result in thanksgiving to God. — 2 Cor. 9:11 ”

COVER STORY

Generosity in a Time of Inflation

How inflation is amplifying needs across the world

For many Americans, inflation has been of primary concern for nearly a year. From food to gas to furniture to airfare, everything is more expensive, and Americans of all income brackets are feeling the impact.

In response, many have taken steps to reduce their expenses or reassess their appetites for risky investments. They can't control the price of a loaf of bread, but they can control how much they travel or how many bonds are in their portfolio.

WaterStone clients enjoy another way to save money. Charitable giving is a vital tool for decreasing yearly tax bills, and we can facilitate that immediate tax deduction if you'd like to make a conventional charitable

“ *Inflation has increased the cost of food staples throughout East Africa and the Middle East by as much as 250%.* ”



A student in Kampala, Uganda. Photo: Bill Wegener

gift. There are also many other ways to give. Business interests and real estate can also be donated, and we have the experience and resources to navigate the tax code and work alongside your financial advisor to pursue your greatest tax advantage.

Of course, we also understand that our clients don't practice generosity primarily for tax purposes. They donate because they want to help those in need.

As experts in charitable giving, we've witnessed how the needs across the world have skyrocketed since inflation began to rise. East Africa and the Middle East—home to some of the world's most vulnerable communities—have been devastated.

Jerry Kramer, who leads a Christian ministry to refugees in Northern Iraq, called Love for the Least, told us that food staples in the region have risen an astounding 250%.

“Most refugees receive no help with food from the UN. This is a catastrophe for them,” he said.

East Africa is faring no better. In Kenya, fish prices have increased by 15%; dry beans have gone up 6%; maize flour has gone up by 3%; and the price of green cabbage

has risen by 25%. World Relief, an international evangelical charity, reports that food shortages are intensifying as drought kills livestock and puts people at risk of malnutrition. Kenya Hope similarly reports that food prices have increased an average of 25% across the board. Policymakers throughout Africa have increased interest rates over the last year, but as with elsewhere in the world, many countries are still facing the possibility of a devastating economic recession.

There is still hope. God often works most powerfully in the midst of great suffering, and among many charities, the food crisis has opened the door to spread the Gospel. In Iran and Iraq, for example, God has used food ministries to help Kramer and others plant churches in regions that would normally be hostile to Christians.

Christ showed us His heart for the poor and the hungry when he fed 5,000 people in Matthew 14. Today, we have an opportunity to follow His example. Inflation is causing untold hunger, but we're honored to work with our clients to help relieve some of that suffering and give people both physical bread and the Bread of Life. By God's grace, they'll continue to receive aid and support from the men and women who have trusted WaterStone to direct their charitable donations.



A NOTE TO DONORS: *You are in the driver's seat of your giving. If a specific charity is close to your heart and you'd like to name it as a grantee, or if you would like to adjust your giving in response to this economic crisis, please contact us through your Giving Portal at [WaterStone.org](https://www.waterstone.org).*

Photo: Love for the Least

Historically High Deductions—For a Limited Time

WaterStone's Charitable Pooled Trusts (CPTs), or Pooled Income Funds, offer WaterStone clients the tax saving benefits of a charitable trust with a historically high immediate tax deduction—while also receiving a lifetime income stream.



With rising interest rates, the clock is ticking to take advantage of this unique opportunity. We're encouraging all of our Givers to consider a CPT now before the increasing interest rates affect CPTs next year.

For an example of how interest rates can impact the charitable deduction of a CPT, a 62-year-old couple contributed to a CPT in 2021 and received an immediate charitable deduction for 59% of the fair market value of the contribution. With the rates becoming more favorable in 2022, their charitable deduction for a 2022 CPT contribution was 70%! Next year, a contribution would only result in a 62% contribution. Make sure to give before December 31, 2022!

Like a mutual fund, a CPT pools the contributions of many and invests them collectively. In turn, this generates a lifetime of variable income for one or more lives.

In addition to the tax deduction and lifetime income stream, at the end of the trust, the entire remainder balance is distributed to charity. You can even use your WaterStone Giving Fund to make these charitable grants to your preferred charities! Now, more than in the future, a CPT offers

an attractive suite of benefits to anyone looking to give to their preferred charities and enjoy tax savings.

CPTs will...

- Generate a lifetime income stream based on earnings generated each quarter
- Earn an immediate tax deduction based on a historically low discount rate
- Support your favorite charities after you pass
- Provide an opportunity to diversify your portfolio while avoiding capital gains
- Save on estate taxes! (A CPT gift during life removes these assets from your estate and will not be subject to estate taxes.)
- Allow for investment strategies that meet your risk/return profile

IMPORTANT NOTE ON YEAR-END GIVING:

Give to worthy causes and make a difference while generating lifetime income.



Give

Choose cash or securities to gift to the Charitable Pooled Trust.

Receive a historically high immediate tax deduction today for the value that charity will receive in the future.



Grow

CPT investments will generate lifetime income to meet your objectives.

Designate income beneficiaries and receive a lifetime income stream from the trust.



Grant

Remainder passes to Giving Fund.

Giving Fund will grant the funds to your preferred charity based on your selected distribution type:

Immediate
Term of Years
Perpetual/Endowment

Update preferred charities with a simple call or email—no change to original trust documents.*



Opening a CPT with WaterStone is easy. Let us know your birthday(s) and we can run a calculation based on the current low discount rate. If the resulting Donor Proposal is satisfactory, we'll walk you through the remaining steps.

To take advantage of this opportunity before raising interest rates affect CPTs

next year, consider opening a CPT as part of your year-end giving strategy.

WaterStone advisors are standing by to offer more details—but please contact us as soon as possible to ensure this is processed before the end of the year. **Call our offices at 719.447.4620 or contact us via WaterStone.org today!**

Don't wait! All cash and security contributions for this calendar year need to be made by December 31, 2022. Your Giving Fund can also receive gifts of real estate or business interest, which require longer processing time and should be given as soon as possible. Contact WaterStone's Giving Strategies team today!



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A Letter from Ken's Desk

When the Pharisees challenged Jesus about eating with "tax collectors and sinners," He responded simply, "It is not the healthy who need a doctor, but the sick."

Christ's example teaches us to meet needs wherever we see them, and over the next few years, Christians should prepare to meet a host of needs not only in our country but around the world. As you read in this edition of *Living Water*, inflation is ravaging economies that are least able to handle it, and the widows and orphans we're called to serve need our help now more than ever.

The good news is that we can be the vehicles God uses to bless others. In the same way Jesus sent the disciples out to heal the sick, we are His hands and feet ministering to the needs around us today.

For some, that means maintaining charitable giving through one of WaterStone's many trusts and funds. For others, it means serving and providing for society's most vulnerable



and forgotten by physically ministering to their needs at a food bank, homeless shelter, or toy drive. For still others, that ministry takes place overseas, where that work happens in orphanages and refugee centers.

The next few years are full of uncertainty, but WaterStone donors give me hope that God will use them for His glory, love, and healing.

Thank you for your generosity.

Gratefully,
KEN HARRISON