



March 21, 2018

Dear Clients,

I am writing to advise you that we have added an experienced financial professional to the Santa Fe Advisors team. This is also the first of a series of regular informational letters on financial planning topics.

First, we are delighted to announce that Ricardo Sanchez has joined Santa Fe Advisors as a client service associate. He has fifteen years of experience in the financial management industry. A native New Mexican, Ricardo previously worked at Thornburg Investment Management in mutual fund operations, providing client support to shareholders and financial advisors, as well as data management of the firm's mutual fund transactions. He received a BA in English from University of New Mexico. In his free time, Ricardo enjoys playing volleyball and trail running, actively volunteering his time to assist the UNM Women's Volleyball Team. He also enjoys traveling and spending time with family and friends.

Ricardo will be responsible for client service, operations management and marketing support. Please feel free to stop by the office and meet him.

Tax efficient charitable giving options

If you support charitable organizations with cash gifts, there are other ways to support those organizations that may be more tax-efficient. Below is information about two approaches that may be useful to help you satisfy your charitable goals while being aware of the different resources available to you.

Gifts of Appreciated Securities

After the tremendous bull market that started in 2009, most investment accounts hold assets that have appreciated considerably, whether they be individual stocks, mutual funds or exchange traded funds (ETFs). In taxable, non-retirement accounts, shares of these securities can be gifted directly to a charitable organization for a tax deduction equal to the full fair market value of those shares. By gifting the shares rather than writing a check, you save on the capital gain tax that would otherwise have been incurred by selling the shares and gifting the proceeds or using available cash that can be used for other regular expenses.

For example, to make a gift of \$1,000 to a charitable organization, rather than write a check from your checking account, Santa Fe Advisors can coordinate the gift of an equivalent value of appreciated mutual fund or ETF shares from your non-retirement account. The process is simple: first, we need a contact at the organization who can



provide the organization's account information. We then review the share and gift amount with you, which you approve by signing the Fidelity transfer authorization form. Finally, we confirm with the organization that the gift of shares was received and your gift was acknowledged.

Gifts from IRAs

If you are age 70^{1/2} or older and have a retirement account from which you are taking required minimum distributions, you can direct a portion of the required minimum distribution towards a charitable organization to satisfy your gift. The amount gifted to the organization is exempt from taxable income and counts towards satisfying your required minimum distribution for the year.

For example, in 2018, you are required to take a required minimum distribution from your IRA of \$30,000. Each dollar that you withdraw from the IRA is taxed to you as regular income. However, if you wish to make a charitable donation to an organization, Santa Fe Advisors can assist you with directing the gift from your IRA to the organization thereby reducing your taxable income and satisfying your charitable goals. This process is also straightforward. We will need a contact at the organization who can provide relevant account information, then you approve the distribution by signing the Fidelity transfer authorization form. Finally, we confirm with the organization that the distribution was received and that that you were credited with the charitable gift.

We are glad to review either of these charitable giving options with you in greater detail. Keep in mind that Santa Fe Advisors does not provide tax advice so either of the above charitable gifting options should be carefully reviewed with your tax advisor.

Receipt of Statements from Fidelity and other Custodians

As you all know, Fidelity is the primary custodian and record keeper for your investment accounts with Santa Fe Advisors. Fidelity, and any other custodian that you may have for other accounts, should be sending you statements, at least quarterly, showing all holdings and transactions that occurred during the statement period. You may be receiving the statements via electronic notice or direct mail. Please notify us, as soon as possible, if you are **not** receiving your custodial statements at least quarterly.

Please contact any member of the SFA team with questions about this letter. As always, we appreciate the opportunity to help you achieve your financial goals.

Sincerely,

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