The Grateful Dead: 
. . . . . planned giving rocks

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Planned Giving Quiz

What percent of the public believes that leaving money to charity thru their will is a good idea?
   A) one in four  B) one in two  C) three in four  D) five in six

What percent of the public actually leaves money to charity in their estate plans?
   A) one in four  B) half  C) three in four

What percent of Americans die without a will?
   A) 30%-40%  B) 10%-20%  C) 40%-50%

What percent of baby-boomers will retire with a pension?
   A) 80%  B) 65%  C) 45%  D) 25%  E) 15%

Who knows the most about estate planning?
   A) the wealthy  B) the affluent  C) the middle class  D) they are all pretty uniformed

What types of organizations have the best planned giving programs?
   A) hospitals  B) large arts organizations  C) churches  D) colleges
Which things are possible with planned giving?
   A) you can make an outright gift
   B) you can give an asset and keep the income
   C) you can give away income and keep your asset
   D) all of the above
   E) A and B only

What can you do to promote your organization’s planned giving program?
   A) join the Guardian Society
   B) identify estate planning attorneys and financial planners in your community
   C) work planned giving into your agency discussions with large and small groups of donors
   D) help promote our regional planned giving seminars
   E) all the above

Bonus Super Bowl essay question: Why is planned giving just like football?
2016 Giving = $390.05 Billion

Sources of Contributions:

- 72.0% Individuals
- 15.0% Foundations
- 8.0% Bequests
- 5.0% Corporations

Where the Dollars Went:

- 32.0% Religion
- 15.0% Education
- 12.0% Human Services
- 10.0% Gifts To Foundations
- 8.0% Health
- 8.0% Public-Society Benefit
- 5.0% Arts, Culture, Humanities
- 6.0% International Affairs
- 3.0% Environment/Animals
- 2.0% Foundation Grants To Individuals
4 - Legged Stool of Fundraising

Source: The Fund Raising School Center on Philanthropy
The Development Process

- Planned Gift
- Big Gift
- Major Gift
- Special Gift
- Upgraded donor
- Repeat donor
- Donor
- Prospect
- Suspect
The Donor Pyramid

THE DONOR PYRAMID
Cultivation • Participation • Commitment

PROGRAMS
- PLANNED GIFT PROGRAMS
- CAPITAL CAMPAIGNS
- ANNUAL FUND PROGRAMS

TECHNIQUES
- PERSONAL SOLICITATION
- TELEPHONE SOLICITATION
- MASS SOLICITATION
  - Special Events
  - Personalized
  - Mass Mail

UPWARD MOBILITY THROUGH INCREASINGLY SOPHISTICATED TECHNIQUES
- UPWARD MOBILITY THROUGH INFORMATION, EDUCATION, INVOLVEMENT
- PLANNED GIFTS
- CAPITAL DONOR
- SPECIAL GIFTS DONOR
- RENEWED DONOR
- NEWLY ACQUIRED DONOR
- THE UNIVERSE

Source: The Alford Group Inc.
Planned Giving

I. Primary Planned Giving Vehicles

A. Bequest

A bequest through a will or trust is the most common form of planned gift. A bequest allows an individual to make a substantial contribution to support a charity without diminishing the assets available to the donor during his or her lifetime. Because a charitable bequest is tax deductible for federal estate tax purposes, important estate tax savings can result from this type of gift that may reduce or possibly eliminate one's federal estate tax burden.

B. Life Insurance

Gifts of life insurance can offer an attractive way to benefit a charity at a relatively low cost; gifts of new or existing policies may also provide tax benefits. A gift of life insurance may be especially attractive for younger donors due to the lower premium expense. For older donors, the reason for having a policy in place may no longer apply. For example, the children may be grown, there may be no mortgage remaining on the family home, or a spouse may have other assets for his or her support. In these situations, donating an existing policy may be a wonderful way to support a charitable cause.

C. Life Income Plans

Some planned giving opportunities can greatly assist a charity in meeting its needs and objectives while also producing an income for the donor or his/her loved ones. There are many tax benefits with these powerful planning tools.

1. Charitable Remainder Trust

A charitable remainder trust provides income to the donor or named beneficiaries during life. Payout rates are negotiated with the charity, which may or may not choose to serve as Director. After the death of named beneficiaries, the trust assets are transferred to the charity and are allocated for the purpose designated by the donor.

- Charitable Remainder Unitrust - provides variable payments to the life income beneficiary or beneficiaries. The annual payments are based upon a percentage (at least 5 percent) of the annually redetermined fair market value of the assets in the trust.
• **Charitable Remainder Annuity Trust** - provides the named beneficiary or beneficiaries with a fixed specified sum each year that cannot be less than 5 percent of the initial value of the gift placed in the trust.

2. Charitable Gift Annuity

A charitable gift annuity is a simple contractual arrangement between the donor and the charity. A gift annuity provides a guaranteed fixed sum each year for the life of the beneficiary or beneficiaries. The payout rate is negotiated with the charity and is based on such factors as the age of the beneficiary(ies) and the value of the asset used to purchase the annuity. A charitable gift annuity offers many tax benefits, and part of each year's annuity payment is treated as tax free income (return of principal).

D. Retained Life Estate (Real Estate)

A special provision in the federal tax law allows an individual to give a personal residence (including a vacation home) or farm to a charity and still retain the full use and enjoyment of the property. The donor would continue to be responsible for the property's maintenance, insurance, and taxes. This retained right to use and live on the property can be for the donor's lifetime or for the donor and a surviving beneficiary's lifetime. Substantial income tax and federal estate tax benefits may be realized with this type of planned gift.

E. Retirement Plan and IRA Designations

Many individuals have amassed large sums of money in their retirement plans and in their IRAs. The federal government's tax structure places a heavy tax burden on these assets at the time of one's death, especially if one wishes to pass these assets to his or her children. If a person names his or her children as beneficiaries of his or her qualified retirement plan or IRA, substantial income and estate taxes may be assessed. The total combined tax burden can exceed 70%. In other words, a donor's heirs would receive only 30% of the retirement plan or IRA. The solution has often been to name a charitable remainder trust as the beneficiary of one's retirement plan or IRA. The children can be income beneficiaries of the charitable remainder trust. This gift vehicle can leave a donor's estate in a much better financial position. Often, however, the donor may simply choose to name the charity as beneficiary of his or her retirement plan or IRA.

F. Charitable Lead Trust

A charitable lead trust allows a donor to contribute assets to a trust for a specified period of time. With this trust arrangement, the charity receives income from the trust as a gift.
The assets are later returned to the donor or his or her heirs when the trust terminates. The main advantage in creating a lead trust is to reduce federal estate taxes when transferring property to heirs.

II. Common Activities/Priorities of a Comprehensive Planned Giving Program

• Various mailings to defined demographics (e.g., planned giving newsletter, target mailings)

• Proactive cultivation of prospects (work closely with major gift officers)

• Ongoing stewardship - prompt thank you notes and recognition, entertainment, events, etc... (best prospects for future planned gifts)

• Planned giving recognition society

• Advisor group relationships

• Work closely with back office to ensure that administration is done properly (e.g., Forms K1 and 1099 out promptly, timely gift receipt accomplished, etc...)

• Contact goals rather than dollar goals

• Work with community foundations in some gifting situations

Source: Phil Purcell, J.D., CFRE, Ball State University Foundation
Establishing a Planned Giving Program

1. Set goals and timeline

2. Obtain board approval of program implementation, budget and goals

3. Create and obtain approval for gift acceptance, endowment spending and stewardship policies

4. Establish list of planned giving prospects for marketing and personal contact

5. Create a Legacy Society
   • produce materials (Legacy Society brochure, letter of invitation, letter of intent document, bequest language document)
   • create tracking system
   • set acknowledgement procedures for new members
   • select recognition items
   • plan annual gathering or luncheon

6. Create planned giving section on your web site

7. Personally cultivate top planned giving prospects through personal visits, phone calls, letters etc.

8. Implement a print marketing program
   • planned giving newsletters
   • articles and advertisements in organizational materials
   • establish response procedures for incoming inquiries
   • develop collateral materials to send to those who respond

9. Training
   • for staff members
   • provide training to the board

10. Host on-site education gatherings
    • professional advisor luncheons
    • donor seminars
adapted from: Stelter – Des Moines, IA  www.stelter.com
Marketing Bequests & Planned Gifts

1) Get Board members to role model behavior

2) Your Legacy or Heritage Society

3) Your Web Site

4) Newsletters and Annual Reports

5) Staff members email signatures

6) Mailings

7) Annual Fund literature

8) Professional Advisors

9) Host educational gatherings
   • for your donors
   • professional advisor luncheons

10) Train your staff and your board

11) Cultivate top planned giving prospects
Getting Your Board Involved

Board members do not need to become gift planning experts! They can however do the following:

- Understand the very basics of planned giving, especially bequests so that they do not intentionally avoid this area of fundraising.

- Make a bequest to your organization in their will.

- Permit your organization to feature them in your newsletter, annual report, or web site to role model planned giving behavior.

- Join your Legacy Society or Heritage Society.

- Identify professional advisors (estate planning attorneys, financial advisors, accountants) in your service area who should become familiar with your good work.

- Host or co-host cultivation and stewardship events for Legacy Society members and prospects.

- Provide Excellent stewardship to all donors, especially those who have notified you of a bequest or other planned gift.

- Collect planned giving and bequest materials from a variety of sources including their college alumni publications to share with your staff.

- Help recruit financial professionals for your board of directors and your Planned Giving Task Force or your Council of Professional Advisors.

- Identify and cultivate donors and prospects that are likely candidates for planned gifts and bequests.

- Recruit an attorney or wealth advisor to conduct a brief training for your Board at a board meeting or retreat.
• Sponsor or underwrite an estate planning seminar and reception for your donors and stakeholders.

• Support an operating budget that funds planned giving marketing and the mailing/printing of collateral materials.

• Become familiar with your local partners, such as the Community Foundation and estate planning professionals, and know the services they can provide.

• Learn what information about planned giving and bequests is available on your organization’s web site so they are able to discuss it with donors and prospects.

• Attend training seminars about planned giving being conducted by your local Community Foundation, AFP Chapter, or NCPG (now PPP) Chapter.

• Serve as an active member of the Planned Giving Task Force or the steering committee for the Legacy Society.

• Keep abreast of changes in the tax code relating to charitable deductions and inheritance tax.

What is Planned Giving?

“Planned giving is the cultivation of donors for the purpose of receiving major gifts, usually at the future. Because of the gift size and complexity, they require "planning" and often are transmitted through a legal instrument such as a will or trust. Frequently and increasingly they involve planners from allied professions.” NCPG (now PPP)

Loring, Sternberg & Associates. Resources
Resources

Stelter:  www.stelter.com

Planned Giving Design Center Web Site:  www.pgdc.com

National Association of Charitable Gift Planners:
(https://charitablegiftplanners.org)
(formerly NCPG – National Committee Planned Giving)

Planned Giving.Com:  www.plannedgiving.com

Virtual Giving:  www.virtualgiving.com

John Brown Limited, Inc.:  www.johnbrownlimited.com

Calder Sinclair:  www.caldersinclair.com

R&R Newkirk:  www.rrnewkirk.com

Planned Giving Today:  www.pgtoday.com

Leave A Legacy: a public resource site - leavealegacy.org
Charitable Bequests

A charitable bequest is simply a distribution from your estate to a charitable organization through your last will and testament. There are different kinds of bequests. For each, you must use very specific language to indicate the precise direction of your assets, and to successfully carry out your final wishes. In any charitable bequest, be sure to name the recipient accurately. A bequest to The Cancer Society might go to national headquarters, when you meant it to go to the affiliate in your community.

Do you have an estate?

Your estate is the sum of your assets, including property you own, insurance policies, retirement accounts, cash on hand, etc. Wealthy people may have very large estates, but even people who aren't wealthy often have the resources to make a charitable bequest. If every adult in America made a will and included a bequest of just $100, billions of dollars would flow to charitable causes every year.

Below, we have listed some of the more common kinds of bequests, and some bequest language. We always recommend that you carefully review the terms of your will with a professional trained in handling trusts and estates.

General Bequests are legacies left to certain people or causes that come from the general value of the estate, and are made by designating a specific dollar amount, a particular asset or a fixed percentage of your estate to the cause of your choice.

**General bequest language:**

"I give, devise, and bequeath to NAME OF CHARITY/LOCATION, the sum of $________(or a description of the specific asset), for the benefit of NAME OF CHARITY and its general purposes."
Specific Bequests are made when a particular item or property is bequeathed for a designated purpose. (i.e., instruments bequeathed to the local school district for use in music education; dollar funds to be used in the operation of a school or church.)

**Specific bequest language:**

"I give, devise, and bequeath to NAME OF CHARITY/LOCATION, the sum of $_______ (or a description of a specific asset), for the benefit of NAME OF CHARITY to be used for the following purpose: (state the purpose). If at any time in the judgment of the trustees of NAME OF CHARITY it is impossible or impracticable to carry out exactly the designated purpose, they shall determine an alternative purpose closest to the designated purpose."

Residuary Bequests are made when you intend to leave the residue portion of your assets after other terms of the will have been satisfied.

**Residuary bequest language:**

"All the rest, residue, and remainder of my estate, both real and personal, I give to NAME OF CHARITY/LOCATION, for its general purposes."

Contingency Bequests allow you to leave a portion of your estate to a particular charity if your named beneficiary does not survive you.

**Contingency bequest language:**

"I devise and bequeath the residue of the property, real and personal and wherever situated, owned by me at my death, to (name of beneficiary), if (she/he) survives me. If (name of beneficiary) does not survive me, I devise and bequeath my residuary estate to NAME OF CHARITY/LOCATION, for its general purposes."

Without a will, there is no mechanism in place to make a bequest, so here are the steps you should take to make sure your wishes are granted.
Make a list of organizations or causes that you would like to support. Make a detailed list of your assets (financial, real estate, vehicles, jewelry, collectibles, musical instruments, etc.)

Set up an appointment with your financial analyst or attorney, or planned giving officer at the organization you intend to support. These professionals will help sensitively guide you through the process.

The planned giving councils that are members of the National Association of Charitable Gift Planners can help you locate professional resources as you prepare to write your will. Click here to find help near you.