

Don't overlook the potential for planned giving

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A good friend speaking at a recent planned giving seminar stated that each year the amount donated through bequests is greater than all corporate donations in the U.S. Someone at the seminar said there was a simpler way to make the point. When asked how, the seminar participant said, "Dead people give more than businesses." No matter how it is stated, planned gifts produce significant resources for nonprofit agencies nationwide.

We are in the midst of the largest intergenerational wealth transfer in U.S. history. It is estimated that between \$41 trillion and \$136 trillion in assets will pass from the "greatest generation" to the "baby boomers." Giving USA 2010 reported that a total charitable contribution from American individuals, corporations and foundations was \$303.75 billion in 2009. A significant percentage will come in the form of bequests and planned giving vehicles. Studies reveal that the very wealthiest individuals have only about 25 percent of their assets in stock, with 20 percent in equities and 5 percent in mutual funds. Forty percent of their assets are in their homes.

In 2005, 10 percent of the nation's top 400 most successful fundraising groups reported that non-cash gifts accounted for more than half of their donations.

In fact, many of these organizations positioned themselves to experience this source of funding. Many of them have restructured their operations to expand their fundraising staffs so they could become more aggressive in seeking major gifts of stock, as well as bequests and other planned gifts. Others have provided training so their fundraisers could solicit donors for less common gifts, such as real estate, stock in family-owned businesses, or intellectual property. Given these factors, it makes sense for planned giving to play a larger role in your agency's development efforts.

It is impossible to predict exactly when an individual will be ready to make a planned gift. That's why it is critical that your agency keeps a constant stream of messages going out to the most likely prospects. Here are some recommended and specific strategies you should consider implementing to cultivate donors for bequests and other planned gifts:

A. Educate potential donors by featuring box ads in agency newsletters on "the mechanics" of the simpler planned giving techniques such as bequests or annuities.

B. Begin promoting year-end gifts well in advance. Early in the year, use a paragraph to get people thinking about how they can give a holiday gift of stock, mutual funds, real estate, etc.

C. Include planned giving information with all your correspondence. Put a flier describing one type of planned gift in thank-you letters and other appropriate correspondence, and include a response envelope.

D. Talk about planned giving opportunities in appropriate public presentations.

E. Conduct a donor base analysis to identify planned giving prospects and use a combination of age, gift history and affluence indicators to select prospects to receive targeted, direct response mailing.

F. Invite planned giving prospects to appropriate agency events.

G. Establish a "Planned Giving Society," a group of individuals who have named your agency in their will or established some type of irrevocable trust.

H. Prominently display members of the "Planned Giving Society" of your agency in all newsletters.

I. The executive director, director of development, and where appropriate, board members should meet periodically with these individuals to keep them updated on achievements, needs and plans for the future.

J. Invite the "Planned Giving Society" members to special events designed exclusively for them. These events should be celebratory in nature and should look back at past achievements as well as forward to what can be accomplished with the help of this very special and committed group of donors.

K. Include articles in newsletters about donors who have established planned gifts. How did they do it? Why did they do it?

There are likely quite a few individuals who are now, or who have been, involved in one way or another with your agency. Most of these people probably have a much greater capacity to give to you in their passing than they have had in their lifetime. Further, many of these people may not have the capacity to give much, if any at all, to an annual campaign. Therefore I recommend the following:

- Your director of development should develop a priority list of planned giving prospects.
- He/she should begin visiting the planned giving prospects to update them on the state of your agency. Talk about the agency and its needs and how much you value their long-term friendship. Ask if they have already, or if they would consider your agency in their estate plan through a simple bequest, annuity, charitable remainder trust or other vehicle. Ask them if they would agree to be listed in the "Planned Giving Society."
- With two to three calls per week over the next six months, 50-75 people can be visited, which should yield some positive results.

In addition, it is recommended that your agency consider providing a "Planned Giving Society" page on its website that provides basic information about planned giving vehicles (bequests with sample bequest clauses, charitable remainder trusts, gift annuity agreements, etc.) along with benefit information (i.e., potential income and estate tax benefits, any membership gifts or commemorative opportunities, etc.) At some point, your agency should also consider providing a gift calculator on your website to cultivate prospective planned giving donors. The gift calculator can show the potential tax implications of making a gift based upon the type of plan, gift date, gift value and ages of beneficiaries. If your agency does not have planned giving software, work with a consultant or find a colleague who can furnish presentation materials related to tax calculations and cash-flow projections.

Here are several other actions you should consider:

1. Give the website visitor the opportunity to request both traditional and online planned giving brochures.
2. Provide navigational loops to a recognition page, suggested bequest language, "Contact us" page, testimonials page and giving online page.
3. Provide short explanations of the various planned giving vehicles available. Examples include:
 - Paid-up life insurance.
 - Charitable remainder annuity trust. You give an asset in a trust that pays a fixed dollar amount each year to you or others you name for life or a term of years. After that term, the remainder interest then goes to your agency.
 - Charitable remainder unitrust. Your unitrust pays a fixed percentage of its value, determined each year, to you or others you name for life or a term of years. The remaining assets then go to your agency.
 - Charitable lead annuity trust. Your trust pays a fixed dollar amount each year to charity for a term of years or one or more lifetimes. The accumulated assets then go back to you or others you name.
 - Charitable lead unitrust. Your unitrust pays a fixed percentage of its value, determined each year, to charity for a term of years or one or more lifetimes. The accumulated assets then go back to you or others you name.
 - Gift annuity. In exchange for a gift to your agency, you or one to two other annuitants receive a fixed sum each year for life.

However, in all of the information you provide, your agency should be careful to include disclaimers. The following language is an example of one such disclaimer:

The tax and legal implications of making a charitable gift can be complex and can be affected by a wide range of factors.

Your agency does not, from either an ethical or legal perspective, serve as a personal adviser on tax or legal matters.

Obviously, it is recommended you consult with your attorneys and estate planning advisers prior to language used in conjunction with planned giving vehicles.

Remember, the simplest way to begin a planned giving program for your agency is to publish the phrase "Please remember our agency in your will or estate plan" in each newsletter and in other publications. Of course, use the legal name of your agency.

Next time I'll discuss how to maximize your annual giving program.

Gary Bernstein currently serves as President of Bernstein Group & Associates, LLC, lending his support to a variety of nonprofit organizations nationwide. In addition, Gary is the Program Director of the Sport Management program at Long Island University in Brooklyn, New York. Gary Bernstein has proudly authored a textbook titled, *The Fundamentals of Sports Marketing* with Sagamore Publishing and *Nonprofit Sport and Recreation Programs: Principles and Practices of Leadership and Management* by

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