PLANNED GIFTS
MORE THAN JUST A PLEASANT SURPRISE

2016 Nonprofit Sustainability Conference
June 9th, 2016
Jeffrey Byrne + Associates, Inc

National fundraising and financial development firm headquartered in Kansas City, Missouri

$1,250,000,000 raised for 320 nonprofit organizations

Mission: Committed to nonprofit fundraising success.
Values: Service, Passion, Integrity, Leadership

Services:
+ Consulting Services
+ Advancement Planning
+ Analytics
+ Communications, Publications + Marketing

Member of The Giving Institute
Session Objectives

1. Define Planned Giving
2. Understand benefits to donors and organizations
3. Know various types of planned gifts
4. Launching the program
5. Having the conversation
Planned Giving Defined

Any major gift—made in a donor’s lifetime or at his/her death—as part of his/her financial and/or estate planning.
Rationale

- Research projects $59 trillion will be transferred to the next generation between 2007 and 2061
- In 2014, Americans gave $358.38 billion to charitable organizations across the U.S.
  - 8% ($28 billion) given through bequest
- Only 10% of U.S. donors provide for a charity in their estate plans
- Only 5% of those who die leave a bequest to charity compared to 85% who give during their lifetime
Planned Gifts

- Often unexpected
- Likely from a current or past donor
- Often designated
- Often fully realized upon donor’s passing
- Leave a lasting impact on an organization
- Mission was important to a donor
- Assure the future of your organization
Benefits to Donors

- Solve financial problems/improve situation
- Receive something in return
- Teach children/grandchildren about philanthropy
- Provide for something they care about
- Create a legacy
Benefits to Organizations

- Closer relationship with donor
- Donor support in ways not possible otherwise
- Encourages using assets as potential gifts
- Steady stream of future income
Why People Don’t Leave a Planned Gift

• NO ONE ASKED THEM TO (#1 reason)
• No one even ever suggested they do so
• “I just didn’t think of it”
Why Nonprofits Don’t Utilize Planned Giving

- Executive staff and Boards don’t understand it
- Pressures for immediate financial resources
- Resource constraints
Planned Giving is Unique

- Requires a different way of thinking about your donors
- Requires a different way of asking for a gift
- Takes time
- Can be complicated, requires professionals
- Can be difficult to measure results
- Can be the “ultimate” gift
Incorporate Planned Giving into your Organization

1. Board and executive staff endorsement
2. Technical Experts Task Force
3. Target audience
4. Vehicles to offer
4. Marketing/promotion
5. Internal capacity
6. Integration
7. Relationship building
Task Force

• Technical expertise and guidance
  - CPAs
  - Estate planning lawyers
  - Financial planners
  - Trust officers

• Representation from across community
Prospects

• Any income level
• Past donors
• Closest to your organization
• Religious affiliations
• Singles, widows, widowers, couples without children
• Gender differences
• Unique situations
Promoting Planned Giving

- Include the mention of Wills in all mailings
- High visibility on website
- Segment a “PG” prospects group
- Newsletter articles with testimonials
- Brochures
- Planned Giving software
Types of Planned Gifts

- Bequests
- Life Insurance
- Life Income Gifts
  - Charitable Gift Annuity
  - Trusts
    - Lead
    - Remainder
    - Uni
  - Pooled Income Fund
  - Retained Life Estate
Bequests are Key

- More than 80% of Planned Giving dollars come from Bequests
- Revocable
- Estate tax deductible if:
  - made to an eligible charity
  - amount of Bequest can be ascertained with reasonable certainty
  - cannot be defeated by a contingency, event or a person (e.g. family member)
Life Insurance

- Organization named as beneficiary
- Revocable
- Benefit outweighs cost
- Receive fixed amount
- Less legally vulnerable
- Estate tax deduction; potential income tax deduction
Charitable Gift Annuity

- Donor gives cash or assets
- Donor receives regular, periodic income based upon age at time of gift (or ages of the beneficiaries)
- Organization pays the income
- The charitable contribution deduction is in the amount of the remainder interest
- One-life and two-life
- Relatively simple to administer
Charitable Remainder Trusts

- Donor transfers assets in trust in exchange for an income interest
- Irrevocable
- Several benefits
- Involve legal counsel
- Several types
Pooled Income Fund

- Donation is used to purchase shares of an investment pool/fund
- Fund’s annual income allocated among participants
- Donor can name self/others as income beneficiary
- At end of beneficiary’s life, shares given to organization
- Federal income tax deduction
Retained Life Estate

- Donor makes gift of real estate
- Retains right to dwell in the property for remainder of life
- Organization receives property upon passing of donor
- Donor pays all property taxes and insurance
- Donor receives income tax deduction
Funding a Planned Gift

- Appreciated Securities
- Real Estate
- Tangible Personal Property
- Life Insurance
- Retirement Plans (e.g. IRA)
- Annuities
- Savings accounts
- CDs
- Real Estate
- And last but not least…Cash
Scenario: Bob

- 85 year-old widower
- Has stock that has been increasing in value
- Concerned about:
  - Cash (outliving his money)
  - Taxes/capital gains liabilities
- Really wants to make a gift
Solution: Charitable Gift Annuity

Benefits to Bob
- Guaranteed life income at guaranteed rate
- Avoid capital gains tax
- Charitable contribution tax deduction
- Reduces size of taxable estate

Benefits to Organization
- Simplicity
- Low barrier of entry
- Guaranteed future income
- Irrevocable
Stewardship

- Serve needs of the donor
- Ensure donor is happy with his/her decision to give
- Keep donor informed
- Personally thank all donors
- Name Planned Giving Society something meaningful
- Consider appropriate recognition gifts
- Issue special invitations to organization events
- Host an annual luncheon, reception or outing
Conversations

- Listen
- Don’t rush the donor
- Use clear verbal and written communication
- Be organized
- Build relationships
- Have a basic understanding/awareness of different planned giving vehicles
Conversations

- Identify opportunities -- and act upon them
- Talk far more about life, not death
- Treat the vehicle as a giving tool, not a product to be sold
- Know when to seek professional counsel
- Always convey commitment to your organization’s mission
Remember

• You are not a Planned Giving expert

• Your job is to provide information for educational purposes

• Donors should consult their own legal and financial advisors
Case Study

Cass Regional Medical Center Foundation
Planned Giving Keys to Success

• Case for Support
• Board and executive leadership support
• Prospects
• Clearly defined vehicles
• Promotion
• Time
• Stewardship
• People
Thank you!

Committed to nonprofit fundraising success.