



Build a Planned Giving Program from Your Annual Fund

March 18, 2010

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**St. Louis County
Library Foundation**



Introduction

- **Our Backgrounds**
 - **Worked with a variety of organizations:**
 - Community Foundations
 - Social Services
 - Associations & Social Fraternities
 - Education
 - Arts
- **Focus of Discussion**
 - **How to secure planned gifts using your current annual fund program**
 - NO matter the size of your program
 - NO matter the number of potential donors

What Is Planned Giving?

Which of these might be considered a “planned gift”?

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- B. Buying a box of Girl Scout cookies
- C. Making a gift of stock to your favorite charity
- D. None of the above

What Is Planned Giving?

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- C. Setting up a charitable gift annuity
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Planned Gifts

Through our multiple choice questions, we have identified four (4) types of planned gifts:

1. Gifts of stock
2. Gifts through a will
3. Gifts of life insurance
4. Charitable Gift Annuities

Planned Gifts

What characteristics do these gifts have in common that make them “planned gifts”?

- Made with assets accumulated over a period of time
- Involve tremendous planning and relationship building with promotion
- Work with planning professionals

Opportunities for Charities

U.S. Wealth Transfer

- 300 million Americans
- Only 42% of adults have wills
- Only 8% of those include charitable bequests
- \$41 trillion will transfer by 2050
- \$6 trillion in charitable bequests

Opportunities for Charities

St. Louis Regional Wealth Transfer

- \$532 billion will transfer by 2055
- \$181 billion will go to charities and \$93 billion in charitable bequests
- 7% have charitable bequests in their estate planning
- 1–2% below national average for bequests
- 33% are willing to make a bequest in their estate

Charities have a wonderful opportunity to increase the number of bequests.

Planned Giving Program IQ

What's the right size annual fund for a planned giving program?

- Years of Existence: 25 years
foundations can be younger
- Annual Fund without special events/grants:
\$500,000

Planned Giving Program IQ

How many individual donors do you need to grow a planned giving program?

- 1500 annual fund individual donors
 - Can include active 5 year special event donors
 - Can include donors from a related or umbrella organization

Planned Giving Program IQ

Do you need a planned giving officer to build a planned giving program?

- No, but you do need someone who will solicit individuals
- Staff time for dedicated major and planned gift visits: 10 people a quarter

Case Studies

How do you manage a planned giving program without specialized staff when you are:

- A small staff doing everything?
- A small staff focused on a strong annual fund?
- A small staff focused on special events?
- Already promoting planned gifts?

Miriam School and Foundation

- Small staff with direct mail, special events, volunteers, and communications
- Annual gifts visits made by volunteers
- Long giving histories, but not much cultivation

Small Staff

Planned Giving Best Practice —

- Work upside down and inside out:
 - Board and Development Committee
 - Key Staff
 - Faithful Donors

Start with the Board

- If not the chair, a key member needs to “own” planned giving
 - At Miriam, a Committee was formed to promote planned giving to the Board
- Decide what planned gifts will be solicited and accepted – “What are we marketing?”
 - Focused on bequests for endowed scholarships

Start with the Board

- The Board needs to be the first group to document their own planned gifts.
 - Use some type of commitment form or card
 - Request a value
 - Confirm type of gift asset

Discussion...

Arts & Education Council

- Strong Annual Fund
- 50 year old organization
- Track record of \$100,000,000 raised
- Many 20 plus year donors

Strong Annual Fund

Planned Giving Best Practice –

Focusing on and Asking all loyal and consistent givers is the best way to grow planned gifts

- How many donors will make a planned gift to your organization if you don't have a program?

You have to ask!

How Do You Know if You Have Planned Giving Donor Prospects?

Rank by likelihood of being planned gift prospects:

- A. People who support your mission
- B. Regular donors of small gifts
- C. Donors of major gifts
- D. Older donors
- E. People who volunteer for your events

Consistent Givers

There may not be unanimous agreement on the ranking order when segmenting your donors

*...but DON'T overlook the year-in and year-out **faithful donor**—no matter the size of the annual gift.*

Planned Giving Ask

Set a Gift Amount

- Rules of Thumb
 - A Planned Giving target gift amount is 200 times a donor's largest gift
 - \$1,000 = \$200,000
 - A donor must give 20x their current gift to endow their annual gift
 - \$1,000 = \$20,000

Consistent Givers

- Determine how donor confidentiality will be respected
 - Restricted purpose gifts
 - Restricts where a gift can be used
 - Anonymous gifts
 - Restricted endowment gifts
 - Restricts how a gift can be used

Discussion...

Epworth Children & Family Services

- Small staff with direct mail, special events, volunteers, and communications – \$850,000
- No individual visiting
- Long giving histories, but no good records

Special Event Driven Organization

Planned Giving Best Practice —

- Use events to target potential planned gift donors:
 - Tie-in receptions
 - Faithful donor activities
 - Highlight personal stories

Socializing and Recognition

- Decide how planned giving donors will be recognized
 - Separate or within your annual fund
 - Heritage society
 - Public recognition opportunity

Discussion...

Optimist International Foundation

- Parent organization is 90 years old
- Foundation is 40 years old
- Sporadic planned giving over years with little follow up
- Fundraising is volunteer driven
- Records are drastically incomplete with no business

Growing Planned Giving

Planned Giving Best Practice —

- Board must support planned giving program growth if it is to be successful through:
 - Volunteer recruitment and education
 - Computer support
 - Policy implementation
 - Budget for purchased literature
 - Upgraded website

Get Key Staff on Board

- Executive Staff must support planned giving implementation if it is to be successful
 - Computer support
 - Policy implementation
 - Donor recognition
 - Support larger presence in organization marketing

Processes to Grow Planned Gifts

- Reports of consistent givers
- Ability to capture donor information
- Ability to track donor recognition
- Set up personal planned giving strategies and document income gifts and charitable plans

Literature

- Website
- Tagline
- Buck slips
- Specialized Brochures

Planned Giving in a Box

- Providing your donors a multimedia marketing effort without creating all new content:
 - Stelter
 - Pentera
 - Crescendo
 - EDS
 - RR Newkirk

Stelter

Catholic Charities uses
The Stelter Company for its
website and print materials

www.ccstl.org

Crescendo

Optimist International Foundation
uses **Crescendo** for its website

www.oifoundation.org

Discussion...

Myths About Why We Can't Start Planned Giving

- Only one or small development staff
- No JD on staff – too technical
- Cost of implementing
- Requires too much time

Questions & Evaluation

Thank you for coming!

**You've taken the first step...
now grow from there!**

Considering Types of Planned Gifts to Accept – or Not

- Charitable life insurance
 - Paid-up policy
 - Single-premium policy
 - Charity becomes the owner and beneficiary of regular policy
 - Policy needs to accrue cash value (not term)

Considering Types of Planned Gifts to Accept – or Not

- IRA/Pension Plan beneficiary designations
- Retirement Plans
 - 401(k) or 403(b)
 - 25% of Americans
 - Military, Government, Company Pension
 - 40% of Americans

Beneficiary Designations - IRA

- Jim
 - He set up an IRA for retirement income
 - It grew to \$500,000
 - He would like to give his IRA to his grandchildren at death



This example is for illustrative purposes only and does not reflect the performance of a specific investment.

Beneficiary Designations - IRA

- How an IRA is taxed at death
 - Estate tax – the full \$500,000 included in a donor's taxable estate
 - Income tax
 - \$500,000 taxed as grandchildren receive proceeds
 - Deduction attributable to estate tax paid reduces income tax to approximately 19%

IRA to Grandchildren		IRA to Charity	
IRA	\$500,000	IRA	\$500,000
Estate tax	(225,000)		0
Income tax	(96,250)		0
Balance to GC	\$178,750	Charity	\$500,000

Beneficiary Designations - IRA

- How an IRA is taxed at death if estate tax is not owed

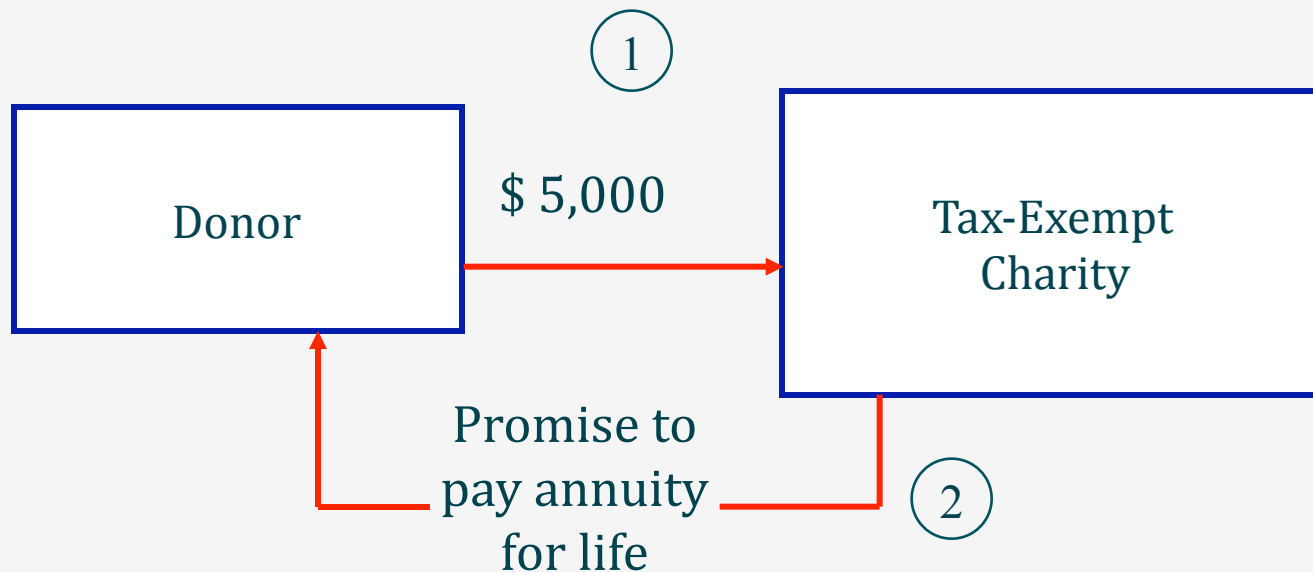
IRA to Grandchildren		Stock Gifted to Grandchild	
Gift	\$500,000	Gift	\$500,000
Income Tax	175,000	Income Tax*	0
Grandchildren Receive	\$325,000	Grandchildren Receive	\$500,000

How to Give Retirement Plan Assets

- Beneficiary
 - Simple form filed with plan administrator
 - Be sure to let Donors know how easy it is to make the change
- IRA Rollover
 - Current legislation set to be renewed retroactive to January 1, 2010
 - IRA and Roth IRA accounts, only
 - Up to \$100,000 per year per taxpayer can be distributed directly from an IRA account to charity
 - Account owner age 70½ or older on the date of contribution

Considering Types of Planned Gifts to Accept – or Not

- What is a Charitable Gift Annuity?
 - Irrevocable transfer to a Charity in return for the Charity's promise to pay an annuity for life (of donor or another)



Charitable Gift Annuities

- Features of a Charitable Gift Annuity:
 - Annuity payments are fixed for life
 - The older the beneficiary, the greater the annuity amount
 - At beneficiary's death, charity keeps balance
 - ACGA-recommended rates
 - State-by-state regulation varies widely

Program can be started by using a bank or Community Foundation to handle the set up and administration.