Don’t simplify. Over-simplify.

Fall 2016
CIRCULATION 15,100

planned giving tomorrow

SPECIAL **STORYTELLING ISSUE** FOR FUNDRAISERS.

Why Nonprofits Are Just Getting By

Viken Mikaelian

It was a hot Monday afternoon in Las Vegas. I had an appointment with a small charity—not the kind I usually visit as most small charities do not focus on planned giving.

“So how many people report to you?” I asked the director of development. Clearly exasperated, she answered, “This is all me.” The office was chaos, papers stacked on her desk a foot high.

I sat down and we chatted. Over the next hour, she did 55 minutes’ worth of talking. Or, I should say, complaining. About the CEO, her boss, the board. According to her, no one really cared and all the weight was on her shoulders.

“How often do you visit donors?” I asked.

“Who has time for that?” she answered.

As you probably know, this scenario is typical of many small and even medium-sized nonprofits where chaos reigns. Even semi-sophisticated shops focus on the $10 and $100 gifts and events.

Some of you “get it.”

Many of you are clients of mine, and I know you get it. You think long term. You focus on bequests. You are proactive, not reactive. You don’t blow 90% of your budget chasing $100 cash gifts. You plant seeds knowing that you may not even get the credit when the trees grow and start bearing fruit. You do it because you know it’s the best way to ensure your organization’s long-term success. If the predecessor of that development director in Las Vegas had been a little more like you, that charity would be in a very different situation today.

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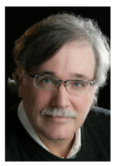
Turn Your Words Into Money

Every fundraising ask must have a puppy!

Jeff Brooks



How often have you read fundraising built on statements like these?

- *31,000 children die from hunger every day.*
- *There are 9,500 homeless people in our community.*
- *11,000 Americans die of cancer every week.*
- *2.7 million healthy cats and dogs are euthanized in the US every year.*

These are meant to stir you to action by bowling you over with big numbers. The organizations seem to think, People will open their wallets once they know how big the problem is!

It doesn’t work.

In fact, big-number fundraising is so bad it shouldn’t be called fundraising. Fundcrushing is more like it. It’s a force for evil, training people that charitable giving is for dummies. Fundcrushing spreads a message of apathy and hopelessness.

Let’s look at some of the differences between the two approaches:

FUND**RAISING**	FUND**CRUSHING**
You can change the world. Here’s how.	The problem is huge beyond imagining. Just look at those overwhelming numbers!
Meet this person you can help.	Grasp the enormity of the problem.
Give because you can be part of the solution.	Give because this problem is so big.
Feel empowered.	Feel unimportant and guilty.

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Taking The Risk Out Of Real Estate Gifts

Why, Who When and How

Kimm Dodaro

Why?

It’s simple.

- 78% of people in the United States own real estate.
- The average real estate gift is $284,000.

How many galas, how many golf events, how many staff hours do you need to get $284,000? I’ve worked in development planning those kinds of events, so I know what it takes! Nonprofits face a never-ending need to find enough dollars to sustain their organizations. What better way to do it than with a high value gift like real estate?

And yet… 80 percent of charities are rejecting real estate gifts outright.

Why is this happening?

Many organizations do not have the ex-

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Ask Brian

Got a question itching for an answer? Ask Brian M. Sagrestano at PlannedGiving.com/brian.
Bashful? You can ask to remain anonymous.
Check online at PlannedGiving.com/answers for replies that don't fit here and a lot more.

Q What's the best way to use a donor story?

A We use stories for lots of different purposes, from trying to "hook" the reader, to illustrating a particular type of planned gift and even for stewardship. These stories can be tremendously powerful. I remember when I first came into gift planning, the then director of planned giving at Wellesley College shared with me a marketing campaign he was offering in the alumnae magazine. Each full-page ad had the picture of a past planned giving donor, her connection to the College, a description of the gift utilized, and the impact the gift was still having today. In response to these ads, he received phone calls from other alumnae saying, "I want to do what 'Ramona Smith' did," naming the person in the ad. The ads stewarded the family of the donor, told a donor story for others to emulate, and got the word out about particular gift opportunities. It was probably the most successful alumnae magazine ad effort I ever saw because it tied the donor to the gift structure and the structure to the outcome. And ads that show results get results. Of course, when profiling donors don't forget to get their approval for the text and use of their image ahead of time. You'll want a signed release in your file just in case they are not happy with the ad when it is published or something unexpected happens down the road.

Besides writing this column and consulting for PlannedGiving.com, Brian Sagrestano is President and CEO of Gift Planning Development, LLC, and a principal in Constellation Advancement, LLC. He co-authored The Philanthropic Planning Companion, *which has everything a gift planning officer needs to know. Here you've got a direct pipeline to the author. See Brian's answers to other common questions at PlannedGiving.com/Brian.*

Have Your Say

Comments, stories, complaints...

Great issue—a keeper!

I arrived at work today to find the latest issue of your newsletter on my chair. I usually flip through such publications (not just yours) to see if it warrants a more thorough read later in the day/week. Not going to lie: I started with one headline (Viken's column on the back page – so sorry to hear about your dad's passing and the thicket you've had to clear in the aftermath) and continued to another, then another… Before I knew it, I'd read the entire issue. Thanks for all the practical, actionable advice for both work and "real life." I'm keeping this issue close at hand for future reference!

— Ann E. Kolakowski
Director of Bequests and Gift Annuities
The Humane Society of the United States
Washington, D.C

A correction.

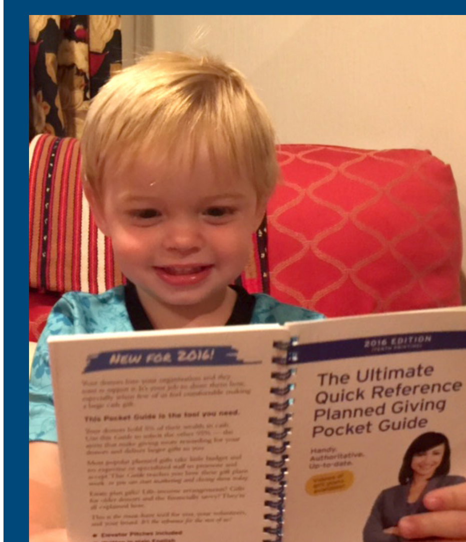
I appreciate *Planned Giving Tomorrow* and frequently read it thoroughly. There was an article in the Summer 2016 issue entitled, "IRA Qualified Charitable Distributions" on Page 7 that has a statement that is ambiguous and as a result could cause misunderstanding among readers. Second paragraph, last sentence, "The QCD cannot go towards a charitable gift annuity, a donor advised fund, a foundation or a supporting organization." Technically, the QCD cannot go to a private foundation. It can go to many of the different types of funds held within a community foundation, other than donor-advised funds.

— Judy Sjostedt
Executive Director
Parkersburg Area Community Foundation
Parkersburg, West Virginia

EDITOR'S NOTE

Thanks, Judy, for reading carefully and calling our attention to this oversight. The author's follow-up article in this issue page 9 clarifies the point.

IN OUR INBOX



It's never too early to start thinking about planned giving!

(True photo submitted by a client in Washington, DC!)

The First Time I Called Marjorie

And the lesson she taught me about my character.

Dennis Bartholomew

The first time I called Marjorie I thought to myself, oh my, this was a mistake.

At breakfast earlier that day, my friend David had said, "I have a client you should talk to." Her name is Marjorie, and she's really nice." David supported the nonprofit where I worked at the time, a transitional living program for homeless families, and he was Marjorie's banker. "She's a philanthropist," he went on. "She loves helping people and will love what you do. You have to call her."

Armed with that information, I did what any good nonprofit executive would do. I called Marjorie.

That's when she blasted me into the wall.

"Who are you?!" She shouted into the phone. "Who gave you my number?" She was irate—not just with me, but also with David. Eventually she calmed down and the conversation turned civil. Before we were done, I had managed to set up a lunch date. I offered to pick her up and she accepted.

On the day of our lunch I drove to Marjorie's house armed with all the pamphlets, brochures, photos and statistics I thought I would need to convince her to support our charity. As I pulled into the driveway of a modest home in a modest neighborhood, I tossed my thoughts of philanthropy out the window. I knocked on the door.

"Come in! It's open," said a voice inside.

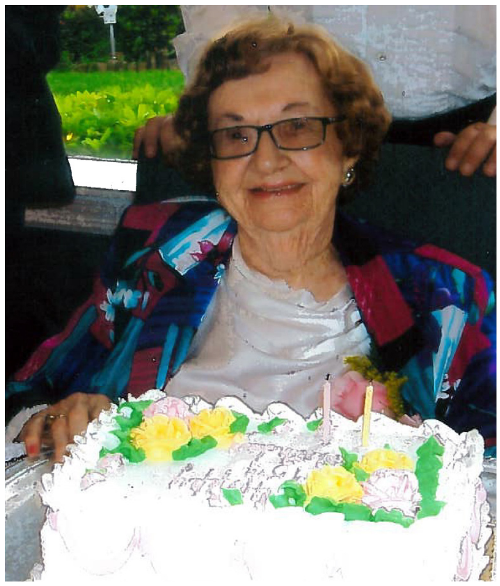
I stepped into the small living room, where a frail, but feisty 90-year-old woman was sitting in an overstuffed beige armchair watching the news on an old console TV.

"You must be Dennis," she said.

"I am, and you must be Marjorie."

That was the beginning of one the most incredible journeys with one of the most interesting people I have ever met.

Marjorie grabbed the purse next to her chair and stood up. "Let's go!" she announced. "Where are you taking me?"



Marjorie on her 95th birthday

"I was going to take you to —"

"I like the burgers at the airport restaurant," she interrupted.

With that we were off to the airport for burgers. On the way I learned quite a bit about Marjorie. She had worked in the Oval Office for six presidents and had traveled the world. Her sister was the White House calligrapher and her brothers- in-law were the White House photographers. She was physically frail but sharp as a tack and had an endless supply of stories that kept me enthralled on many future occasions.

At the restaurant, Marjorie took charge. She wanted to know everything about me. Not the agency—me! She asked questions about my family, my education, why I chose this line of work, and on and on until she had a clear picture of who I was. It was weeks before we toured my nonprofit.

The day of our tour was a day off school, and there were more than 60 children of all ages at the center. Seeing all those kids broke Marjorie's heart, and that day she made her first of many gifts and pledged her continued support.

What I learned from Marjorie was how much our relationship with our donors and the quality of our character means to those who place their trust in us. Marjorie trusted me enough that, when I was hired away to head another nonprofit, she supported that nonprofit, too. She left planned gifts to both agencies.

Marjorie passed away in 2010, but she left an impressive and meaningful legacy. Her name is on university buildings and veteran memorials, and her philanthropic planning continues to support the missions of several nonprofits. Her legacy has remained with me, as well. Never again will I judge a philanthropist by her tone of voice on the phone or by the look of his house. Marjorie taught me a lot, and I'm so very happy to have known her. ●

Dennis Bartholomew is a nonprofit executive, former corporate CEO, author and public speaker. He champions vital causes and has a history of connecting philanthropists to nonprofit missions that address their concerns. Contact: dbartholomew@tcchinc.org

Taking The Risk Out Of Real Estate Gifts

Continued from page 1

pertise, staff, time, resources and the funds necessary to take real estate gifts. Many feel it is too complex or too risky. Organizations don't know where to get help in overcoming this hurdle, so they just say no to real estate gifts.

Who: In this case, size doesn't matter.

Charities of all sizes can position themselves to receive them. Not long ago I was on a plane next to an executive director of a large university foundation. When I told her what I do for a living she said, "I wish I would've known about you three weeks ago!" A donor had wanted to donate a plane and a farm, but the foundation didn't know how to handle it and said no. A seven-figure gift—flat out rejected! Tell me again, how many galas would need to

> The majority of people in this country own real estate, and the majority of non-profits are unable or unwilling to accept gifts of real etate.

occur for that size gift? How much time and resources?

That was a large charity that missed out on a gift. On the other end of the spectrum, one of my favorite stories about a successful real estate gift comes from a small church and a military veteran I'll call Albert. Albert was 84 years old, terminally ill and was preparing to move out of state to spend his final days living with his daughter. He had a small house he'd lived in for ages, and all he wanted was to donate it to his church. But the church lacked the resources to be able to accept the gift, and had to turn it down.

The archdiocese contacted the firm where I work to see if we could help. We brought in another charity—a nonprofit that provides housing to vets. They took ownership of the house and gave a check to the church on behalf of the donor for 80 percent of the value of the house. Albert got the full tax deduction and moved to live with his daughter. The nonprofit got the house, fixed it up and began using it as a home for veterans.

Later the donor sent me a key ring with an angel and a heart to say thank you for helping make his wish a reality. It's one of the most precious gifts I've ever received. This man was so kind. Here he was dying of terminal cancer, making sure everyone else is taken care of. I get emotional every time I remember that story.

When: Look for the red car.

When I teach workshops, I ask the participants, "How many red cars did you see on your way here?" Most times, people have no idea.

"Every real estate gift is a red car," I tell them. "Once you understand what it is you are looking for, you're going to see them everywhere."

Sure enough, after every seminar I get emails telling me "Hey, Kimm. I found a red car!"

The majority of people in this country own real estate, and the majority of nonprofits are unable or unwilling to accept gifts of real estate. The opportunities are incredible. There are red cars everywhere!

In our workshops we teach different trigger points that help charities know when is the best time to ask for real estate gifts. For example, when someone is selling a business and wants a deduction, or when someone is selling a piece of real estate for a much higher price than they bought it for. Annual campaigns are a great time to solicit real estate gifts. When someone passes away and has children who live out of state, a charity could be very helpful to that family and relieve them of a burden.

How: Risk is only risk if you don't know what you are doing.

If I offered to perform open heart surgery, there's a high probability my patient will suffer. But if a heart surgeon does it, there's a high probability the patient will be just fine. Once the knowledge is there, the risk goes way down. For those who don't want to or can't facilitate real estate gifts themselves, they have a "heart surgeon" at their disposal. Once the charity has identified a potential real estate gift, The Walter Joseph Group takes it from there and the charity can simply wait for their check to arrive. ●

Kimm Dodaro has 25 years of service in financial planning, charitable planning and real estate. In her role with Walter Joseph Group, Kimm consults with individuals and charitable organizations on appropriate real estate and other complex assets gifting strategies. Contact kimm@walterjosephgroup.com

What The Puck?

A 95-year-old hockey player defines longevity risk.

Like a lot of kids in Minnesota, Mark Sertich started playing ice hockey when he was very young. Unlike most of them, he never stopped.

When he was 80, the other guys in his hockey club offered to pay his skating fees for life. (No doubt thinking, How much longer can he keep playing?)

That was 14 years ago.

"It's killing our budget," one of Sertcih's fellow hockey players told a CBS News reporter. Sertich plays in pick-up games three or four days a week, skating, scoring goals and colliding with guys who could be his great grandchildren.

Moral of the story: Don't place a CGA with an 80-year-old hockey player.

It's an inspiring story. Google "Mark Sertich hockey" sometime when you need a shot of motivation.

PHOTO CREDIT: THESCORE.COM

Turn Your Words Into Money

Continued from page 1

Fundcrushing discourages people from giving because it ignores two facts about human motivation:

1. *Facts* don't move people to give. We give when we respond emotionally to a situation. Facts suppress emotions.
2. People don't rise to action because a problem is *big*. They take action because they see a problem as *solvable*. Telling them the problem is big in effect tells them it's *not solvable.*

Most of your donors and prospects already know the problem you're working on is big. The sad thing is that many people don't donate because they think giving is futile. They feel they can't make a difference.

That's our fault. Fundraisers have been hammering away at how big the problems are for so long, many people only know one thing about the world's problems: They're huge. They have no idea we could solve many of our problems if we would get involved.

Let me show you what I mean by fundcrushing:

Every year, 15 million hectares of rainforest are destroyed. That's more than a football field of forest every second. Permanently gone. With the forest go irreplaceable plant and animal species. More than 137 species go extinct every day. That's one every ten minutes.

A donor who reads this message would have to have an iron will to keep caring and stay involved in the cause. It's as if I said to you, "My dog died. Will you donate to save his life?"

If you want to move people to join you in solving this environmental problem, you need to tell a story or paint a picture of a solvable piece of it. Give them an opportunity to act heroically and make a difference:

> The bulldozers are ready. They're parked on the edge of a patch of tropical forest that's about the size of the average American backyard. Several dozen gigantic trees stand waiting too. Each one is up to 200 feet tall, home to birds, mammals, insects, reptiles—including a very noisy troop of monkeys.
>
> It will all be flattened in a matter of hours. Unless someone like you steps forward with the funds to halt the destruction.

A few years ago, *New York Times* columnist Nicholas Kristof wrote about the tepid international response to the humanitarian crisis in Darfur. He cited some now-famous research showing that people were far more charitable when told about a hungry little girl in Africa named Rokia than when told about a deadly famine that threatened millions.

Kristof realized that the reason the Darfur crisis was neglected was because it was huge. People couldn't care. He theorized there would be more response if Darfur had "a suffering puppy with big eyes and floppy ears."

He was right.

Every fundraising ask must have a puppy! Not necessarily an actual dog but someone whose story tells the story in a way that touches the heart. The way a puppy does. If you don't have that, you aren't really fundraising. You're just spreading words around, hoping they'll randomly catch people's attention. After I read Kristof's piece, I made a sign to remind myself to find the puppy in every fundraising message. Here it is:

Here's how you can change fundcrushing into fundraising:

1. Offer bite-sized solutions the donor can afford. If you're talking to people likely to give $25, show them what they can accomplish with $25.
2. Tell stories about individuals or issues at a scale they can grasp.
3. Show a clear picture of the solution you want them to be part of.

That's how you win donors' hearts, minds, and donations. When you slam them with big numbers, you confirm the fear lingering in all our hearts: that we are not significant.

Don't do that to your donors. It's not nice. And it's not fundraising.

Jeff Brooks, creative director at TrueSense Marketing, has been serving the nonprofit community for more than 20 years. This article is an excerpt from his book, How to Turn Your Words Into Money*, and is reprinted here with permission from Emerson and Church Publishers. emersonandchurch.com*

Stories Sell

Six fundraisers reveal how they're leveraging the power of storytelling.

Patricia Meagher
Communications Specialist, University Development and Alumni Relations
University of California
San Francisco

Using stories for stewardship

This is a great place to be telling stories. Our campus is devoted to health care, and it's a source of amazing stories about our faculty, students, patients, hospitals, research—and of course our donors who make it all possible.

The people here are so fabulous, sometimes I come back from an interview and feel like I don't even need to write. The story writes itself! And I love talking with our donors because they usually have a very strong passion for giving.

We do a lot of stewardship, and for me, those stories are the most rewarding to write because you can look at a gift that was given years ago and see the fruits of it. We are constantly trying to let our donors know that their gifts are being used the way they intended. We want to make sure they know their donations are helping us improve the care we provide. Stewardship also keeps the donor engaged and potentially positioned for a future gift.

Local donors can visit the hospital or lab they gave to support. But for those who don't live nearby, we try to find other ways to keep them informed about how their gifts are being used.

Recently I created **a special stewardship book** about a major project at our children's hospital that an anonymous donor helped us start 20 years ago. I told a series of small stories, and the whole thing was written exclusively for that donor. You could really see the impact of that gift and how the program had evolved over the years. I loved writing it, and our donor loved receiving it.

patricia.meagher@ucsf.edu

Tim Redden
Vice President, Development & External Affairs
Fork Union Military Academy
Fork Union, VA

Using stories to honor a life

The best stories have both joy and sorrow, and they tell about people who overcome challenges. Dick Wall's story has it all, and he is generously sharing it on behalf of Fork Union Military Academy.

Dick and Carol Wall's son had severe dyslexia when he came to Fork Union. Our academy was able to give him the support he needed to learn and thrive. He overcame his learning challenges to do well in school, and he continues to do very well professionally.

A couple years ago Carol passed away from breast cancer. Dick has honored her in a number of ways, including traveling the country to promote a bestselling book that she published before her death but could not promote due to her illness. Dick also wanted to do something for Fork Union in honor of his wife, so he established the Carol Wall Scholarship, which will support kids with learning challenges.

Dick is a unique donor since he is also a savvy estate lawyer and sits on Fork Union's planned giving advisory committee. He chose to make his gift in the form of a $1MM whole life insurance policy. Dick knows his story and his gift are unique, and he wants us to tell his story as much as we can to inspire others to make similar gift. Even beyond that, he makes himself available to talk with people if they have questions about how the gift works.

I believe Dick's story is going to change the dynamics of our planned giving. It touches on so many angles—most importantly, **the legacy for his wife.**

reddent@fuma.org

Jeff Comfort
Vice President, Principal Gifts and Gift Planning
Oregon State University Foundation
Corvallis, OR

Using stories as background marketing

It's important to get the right story in front of the right audience. At OSU we have over a dozen colleges and programs. The college of engineering, business, science, etc., plus programs like athletics, alumni association. We try to feature donor stories on the websites where the story is most relevant and get into the publications and mailings of those colleges and programs. When they send out e-blasts we try to get a planned giving message in there with a link back to the story.

Donor stories are what I call **background marketing.** They heighten the profile of gift planning without the expectation of immediate response. It's all about the why—the motivation behind the gift. No one wakes up in the morning and says I want a CRUT. They wake up and think I want to set up a scholarship fund.

Recently we had a story on the back of our university magazine about a donor who gave us a rental home for a Charitable Remainder Trust. The feature was all about how this donor has made a gift commitment to create scholarship funds forever at OSU. Oh, and by the way, she made her gift through a trust that gave her great tax savings and extra income. For more info, contact… About a month later I got a short handwritten note from a woman who's not even in our database. Her son is an OSU alumnus and had benefitted from scholarships. Her note said she owns a number of pieces of property and was interested in learning how she could use them to support scholarships. She is now looking at gifts of a trust and a sizeable bequest. It was the scholarships that motivated her.

Jeff.Comfort@oregonstate.edu

Jim Friedman
Director of Gift Planning & Endowments
Jewish Federation of Cincinnati

Using stories to normalize legacy giving

Prominently displayed in the lobby of our Jewish Community Center is a sculpture called The Legacy Flame, which was funded by a bequest and dedicated a couple years ago. It's made of metal and glass and is quite dramatic. It also includes an interactive touchscreen that allows visitors to pull up a list of names of all our donors. For people who gave $250,000 or more, you can see a multimedia video with family photos and their voice telling their story.

The sculpture has turned out to be not only a magnificent tribute to our donors, as we had hoped, but it also makes a powerful statement to anyone who walks into our center. It says that **giving is one of the social norms in our community.** You can see the faces of these people, many of whom are your neighbors. You hear in their own voices about their reasons for giving. It takes a really long time for people to internalize that legacy giving is okay. This sculpture and these video stories are part of that process.

If you're interested, you can see photos of the sculpture and the donor videos at createyourjewishlegacy.org.

We've also been working to improve our mailing lists so that we're getting the right stories in front of the right people. For example, we had a list with about 500 emails. Following the planned giving rule that your best prospects are your most loyal donors we looked at our "silver list" (that's people who have been giving for 25 years or more) and added around 400 more emails to that mailing list. I don't think we've had even one unsubscribe request.

jfriedman@jfedcin.org

Nigel Allen
Executive Director
Big Bend Hospice Foundation,
Tallahassee, FL

Using stories to create ambassadors

Carl lost his 29-year-old son to brain cancer a couple years ago. The experience was excruciating for the family. Yet Carl is deeply grateful for the support they received from our hospice during that difficult time, and he has been working with us to tell his story far and wide. Carl's story resonates with people—the agony of signing a "Do Not Resuscitate" order for your child, the loss of a son and a brother, and the appreciation for support during very dark days. We've told his story in a variety of ways.

1. **Direct mail.** Our year-end letter last year came from Carl, telling his story and inviting people to join him in supporting the hospice. Our year-end fundraising efforts brought in $100,000, an all-time record for us.
2. **Video.** We produced a powerful video narrated by Carl and another family member, which we published extensively on our website and social media. It got 12K likes, 300-plus shares and about 60 comments. For an organization as small as we are, those numbers are huge! We were able to track about $20K of the total $100K as a result of that video.
3. **In person.** Carl tells his story to people all over town. He came in and talked to our board, and he has spoken at public events on our behalf. It seems **the more Carl's story motivates people to give, the more he wants to tell it.**

First, Carl had an experience at our hospice that made him grateful. Then, he experienced generating support for our hospice by telling his story—and that has turned him into an ambassador.

nigel@bigbendhospice.org

April L. Grant
Executive Director
Canton-Potsdam Hospital Foundation
Potsdam, NY

Using stories to tug on heart strings and open wallets

In a hospital setting there are some really amazing stories to tell—successful cancer treatments, grateful families, and patients who come to our ER. We tell stories to educate the community about what we do, and for the fundraising side, we include a call to action. For example, instead of just "please support this equipment" or whatever, we use a real life example.

We told a poignant story at the end of the year last year. Of course people give anyway at the end of the year, but I'm convinced they gave more because of that story. **The yield on this piece was 15 percent, compared to around 9 percent in previous years.** The story came from a husband and wife who came into our ER when the man began having chest pains. Our staff moved quickly and were able to stabilize him. We sent a page and a half letter from the husband and wife, along with a photo of them with their four children. This family is well known in our community, and the letter was personal. It was like they came into your home, put on a brave face and told their story in detail, full of raw emotion. People could feel what they felt. Anyone with a family would look at the photo of those four kids and think about what could've happened and what if that had been my family?

There's a place for third person storytelling and even fundraising without a story. But that peer-to-peer solicitation can be so impactful. It tugs at the heart strings.

algrant@cphospital.org

Fundraising Is Not For Sissies

Viken Mikaelian

There is a stigma against sales people in this world, and even more so in the fundraising community.

I have bad news for those in this camp: fundraising is sales.

Really, just about everything is sales. Picasso was not only a brilliant artist, but a shrewd businessman who knew how to market and sell his work. He became a very wealthy man. On the other hand, the equally talented Van Gogh apparently did not get along with people, sold almost nothing, and died in poverty.

Fundraising "salespeople" have a couple advantages:

1. Unlike most businesses, your client/customer probably already has an emotional investment in the success of your cause and your company.
2. **Your customers get to name their own price. How many "salespeople" can say that? Not even Picasso.**

In spite of that, fundraising is not easy. (Like I have to tell you that!)

I see a disturbing pattern in our profession, and I'm sure you see it, too. People take on a fundraising position, discover how difficult it is, and either quit or slide themselves into that tried-and-true avoidance strategy of workplace busyness. Creating endless meetings, organizing their database, editing a grant writer's documents, shuffling vendors, you name it. These misguided folks fritter away the hours editing professionally crafted marketing copy or—worse—ask a tenured professor to edit it. The result, besides wasted time, is a communications piece that may be a grammatical masterpiece but so. very. vanilla.

A fundraiser's job is to call people, to visit people, to like people. Yet so many don't. This is why 5% succeed, and that 5% earn 95% of the money.

For the past 18 years, I have been mostly attracting those from the top 5%. You are welcome in my camp.

The Tightrope Walker

A modern day parable for development folks.

Jack Miller

A tightrope walker calls down to the crowd, "Do you believe I can get to the other side?"

They all shout, "We believe! We believe!"

With their encouragement, he carefully traverses the tightrope and makes it to the other side.

Again, he calls down to the crowd. "Do you believe that I can get to the other side with someone on my shoulders?"

Again they shout their encouragement. "We believe! We believe!"

Then the tightrope walker calls for a volunteer. "Who will come and sit on my shoulders?"

The meaning of the parable.

I tell this story to annual donors I want to move to a higher level. Then I explain.

The tightrope walker represents my organization, his platform the only secure place.

The tightrope represents the obstacles to be overcome just to get to the other side of the fiscal year.

The crowd represents annual donors, those who pay the price of admission to get us through that fiscal year.

The one willing to sit on the shoulders of the tightrope walker represents the partner who endows our mission.

The ladder to the platform represents the planned giving tools that get that brave and loyal donor up onto our shoulders.

Faith without works is mission undelivered.

When the story's over, I tell my donors, "We need you to climb that ladder because our goal isn't to deliver mission for a year. It's to deliver mission indefinitely. That's the difference between supporters who believe in us and supporters who have faith in us. We need you to move from belief, to faith to action. We need you to sit on our shoulders. Will you? And if so, how high are you willing to go?"

If parables worked for Jesus...

Jesus changed the world by telling stories. He didn't explain much theology. He didn't spend time articulating the Trinity. He did things and he told stories. Action and parables. As development officers, if we're doing our job right, that's what we do. Action and parables. And we, too, can change the world.

Jack Miller is Vice President for Development at Baptist Homes Foundation in Pittsburgh, principal of Miller Consulting, a past president of the Pittsburgh Planned Giving Council, Western PA's 2001 AFP Outstanding Fundraising Executive and an ordained deacon in the Roman Catholic Diocese of Pittsburgh. Contact: jmiller@baptisthomes.org

IRA Qualified Charitable Distributions, PART 2

Why higher income donors love the QCD.

Greg Pierce, MBA, MHA

Higher income families face various mechanisms in the income tax code that trigger higher taxes, and end-of-life brings challenges for the heirs of the very wealthy. The IRA Qualified Charitable Distribution (QCD) can deliver incredible benefits when gifting from annual income and for minimizing estate taxable retirement assets.

Here are three things development professionals who work with wealthy donors should know about the QCD:

1. Charitable deductions are limited to 50% of Adjusted Gross Income when giving cash. Gifting QCDs avoids this limitation because the QCD does not count towards AGI.
2. Pease limitations apply to individuals with income above $258,250 or couples with income above $305,500 and can reduce the value of their charitable deductions by up to 80% of what they would be otherwise. QCDs effectively avoid the Pease limitations so families in these income brackets should use QCDs to do their charitable gifting.
3. Extremely wealthy families face an additional challenge in the form of state inheritance tax, federal estate taxes, income in respect to a decedent tax on the money left in retirement accounts and possible net investment income taxes. The combination of these taxes can exceed 75% of the amount of money left in IRA/401K type accounts.

An example

Consider a couple in Pennsylvania who have an estate worth $20,900,000 with $10,000,000 in retirement accounts. The federal estate tax exemption for a couple is $10,900,000. So what happens to that $10MM IRA?

First, the PA inheritance tax takes 4.5% of gifts to children or 15% of gifts to others.

Second, the federal estate tax takes 40% of the remainder.

Third, the children or other gift recipients owe up to 39.6% tax for income in respect to a decedent.

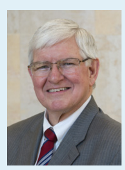
Finally, the additional after-taxes income may push other income into the 3.8% net investment income category.

This couple's best strategy may be for each spouse to gift the maximum IRA QCD gift of $100,000 each per year until age 90 to reduce their estate down to the federal estate tax exemption level.

Remember their kids already received the $10,900,000 tax-free! Better to give the rest to their favorite charities instead of letting taxes hack away at it.

Clarifications to my previous article (from the Summer 2016 issue)

1. I wrote that the QCD cannot go towards a charitable gift annuity, a donor advised fund, a foundation or a supporting organization. I should have included the word 'private' before foundation. QCDs cannot go to a private foundation, unless they operate under the conduit rules. They can, however, go to a hospital or university foundation or to many different types of funds within a community foundation. Apologies for the oversight.
2. QCDs cannot be made from a SEP-IRA, a Simple IRA, or an inherited IRA.
3. Someone in a 25% tax bracket may pay 46% tax on the amount of their RMD (not in total).
4. The QCD can only satisfy the RMD for IRAs, not other types of plans like 401Ks. Thus, someone with a 401K may prefer to transfer the entire amount into an IRA for QCD purposes.



Greg is a development professional experienced in capital campaigns, planned giving and major gifts for churches, libraries, colleges and a faith-based retirement community. Analytical and tax averse, he enjoys discovering charitable solutions for donors tax problems.
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Why Nonprofits Are Just Getting By

Continued from page 1

(Check out the stories on pages 6-7 of some of your peers who get it.)

Why most nonprofits are just getting by:

1. **High turnover.** Most fundraisers do not realize raising money is hard work. They land a job, discover it's tough, and weave themselves into administrative work like managing databases, writing newsletter copy, taking courses on calculators and payout benefits of lead trusts. *Fundraising is sales. You have to call on and visit prospects.*
2. **Focusing heavily on events.** Events are good, but the real dollars are in major and planned gifts. The latter are easier to acquire but require patience.
3. **Not thinking like a business.** This is prevalent. For example, a charity throws an event and announces that it raised $45,000. They don't mention it cost $38,000 to hold that event, not even accounting for their time and overhead.
4. **Not thinking long term.** When you think short term, management is chaotic because everything is urgent and ten things have to get done now. Long-term, proactive planning requires balance and quiet time. This can be done in 20 minutes a day. Eventually the focus shifts from the urgent to the important. I won't say anything else about this because Steven Covey says it brilliantly in his book, *The Seven Habits of Highly Effective People.*
5. **Lack of leadership.** I hesitate to mention this one because it can sometimes be a cop-out for fundraisers who don't want to do their job. Blame the board! But reality is some boards are badly chosen. Some bosses don't get it.
6. **The prefix 'non.'** So many have been anaesthetized by that 'non'. I've heard CEOs shouting at volunteers, a symptom of a negative work environment. The poverty mentality pervades the entire organization, justifying perpetually low salaries for nonprofit professionals, leading to burnout and high job turnover.

Nonprofits aren't special.

The same laws that govern for-profit organizations also govern philanthropic organizations. Survival means competing successfully for your prospects' attention, and you'll never accomplish that by believing there's something magic in the word "nonprofit."

Tradition and complacency don't make dinosaur marketing any less doomed. Avoiding extinction requires a proactive, donor-centered blend of marketing media and messaging that grabs prospects on intellectual, practical and emotional levels simultaneously.

Pushing the envelope gets people's attention. If a fundraiser is scared of offending prospects, he or she should find another job. The path of greatest safety is also the path of least engagement—not where you want to be heading. Complaints are good. They are a fantastic conversation-starter! They mean people are noticing and reading your materials. ●

Viken Mikaelian is in the business of revolutionizing planned giving by making it as simple as possible. Contact him with any ideas and productivity tips.
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SURVEY RESULTS

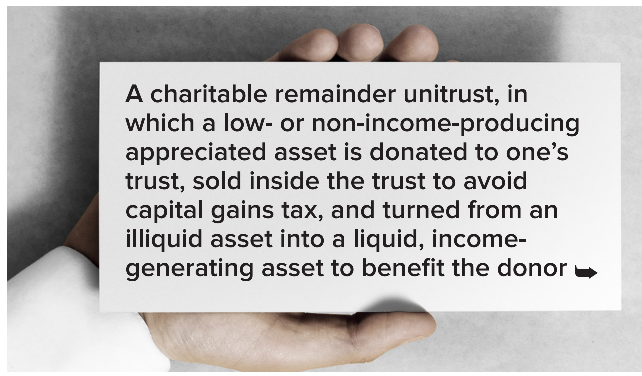
What's Your Biggest Challenge in Planned Giving Marketing?

"Our biggest challenge is budget. We're a not-for-profit with very little marketing budget and just embarking on an endowment/planned giving campaign. We're trying to create a lot of stuff on our own."

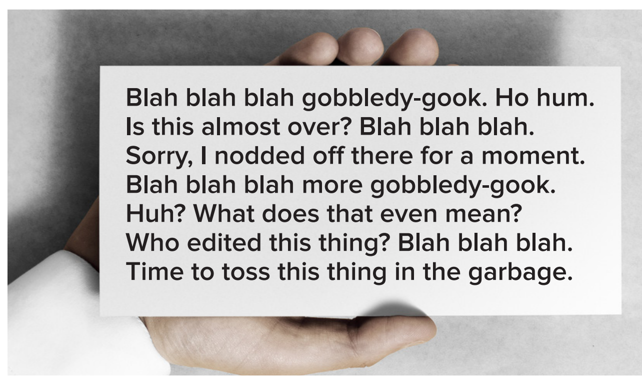
— *Paul M. Hurd, Jr.*
Vice President, Resource Development and Marketing
United Way of the Greater Lehigh Valley, Allentown, PA

See more responses to our latest survey at **blog.plannedgiving.com**

WHAT NONPROFITS SAY TO DONORS
(EXCERPTED FROM AN ACTUAL PLANNED GIVING WEBSITE)



WHAT DONORS SEE



WHAT DONORS WANT

Gift Agreements Are Golden

Why you need a gift agreement and what to include in it.

Camilyn K. Leone, Esq.

Think about your most important commitments. Marriage, mortgages, car loans, bank accounts, retirement planning? How are these commitments created, recorded and remembered? Somewhere, there is probably a document, a piece of paper with four corners. Even if your commitments are created online, they still come up as a "page."

A gift agreement is created when a donor wants to give to your nonprofit and the nonprofit wants to accept the gift. A gift agreement represents the meeting of the minds between your organization and the donor. In legal terms, it is a contract. That's right, in most states, gift agreements are treated just like any other contract you make. So, it's really important that your organization's gift agreements are as thoughtfully prepared and reviewed as any other contract your organization creates.

It's all in the template.

The most common best practice for gift agreements is to use a template approved by your organization's general counsel. Just like any other contract, the gift agreement records the donor's and the non-profit's obligations. The donor offers a gift. The charity accepts and says what it will do with the gift. The donor receives a tax deduction and other valuable consideration such as recognition, appreciation, stewardship, etc.

If your organization doesn't have a gift agreement, start with a standard template. There are excellent templates for gift agreements provided by many of the professional organizations that serve the fundraising profession. Make sure that your gift agreement template includes the following provisions.

1. The name of the donor(s) and the name of your charity
2. The date of the gift and the type of asset being transferred
3. Details about whether the asset is coming from a will or trust
4. Donor restrictions for the gift
5. An alternate use clause in case the donor's original intent for the gift ceases to exist
6. Description of how the gift will be administered and invested
7. Explanation of how the donor will be recognized for the gift
8. The governing law for the gift agreement
9. Signatures from the donor(s) and an officer of the nonprofit

Let that golden gift agreement shine!

Then, run your draft gift agreement by your financial and legal advisors. Once, you have a standard template, share it with your fundraising staff and use it as tool to work with your donors. I suggest putting a PDF of your template on your website for donors and practitioners to review. This is a best practice and it helps prime the

pump for discussions about major gifts.

I encourage all organizations to use gift agreements. Apart from the legal, administrative and risk management reasons, you want to create, record and remember the moment that you helped your donor become a philanthropist. This is a special moment and the main reason gift agreements are golden.

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We welcome your feedback, comments, reprint requests, corrections and article submissions.
Next issue theme: LEADERSHIP
Deadline for submissions: November 18, 2016
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PlannedGiving.com/submit

Don't Look at the Wall

Viken Mikaelian

One of the great racing car drivers of all time, Mario Andretti, has two great quotes I am particularly fond of: *If everything seems under control you are not going fast enough* and *Don't look at the wall.*

The latter struck a chord as I have experienced setbacks myself when I've looked at the wall. Both in actual racing and in life. It is natural to move in the direction our eyes are leading us. If Andretti were to focus on the wall at 200 mph, that's the direction he would go. Bam. In racing, you need to look at where you want to go and focus on the road.

The same holds true in the track of life. When we are moving toward our goals and gaining speed, we may become distracted by challenges. Once we focus on the challenges we start to lose sight of the destination. *We begin to focus on the wall instead of the track.* The challenges then become the wall you really don't want to hit.

> Be aware of distractions and their potential harm, but never focus on them.

As you move towards your goals, focus on the journey, *focus on the plan*, focus on the benefits of achieving your goal, and keep moving forward. Be aware of distractions and their potential harm, but never focus on them.

By the way, I used to race (bicycles) when I was young and experienced this sort of racing hazard first hand. When going around curves sometimes the side ditch would catch my attention ... so guess where I would end up. Fear sometimes creeps in but don't let it derail you.

So yeah, don't look at the wall. Follow Mario's example and achieve success. ●