Planned Giving tomorrow™

Planned Giving Marketing Ideas for All Fundraisers
Summer 2009

Planned Giving Tomorrow™ is published four times a year by PlannedGiving.Com. It is devoted to the art and science of marketing planned gifts. That's our specialty.

Viken D. Mikaelian, Executive Editor

Get the Bequest Toolkit! See bottom of page 3.

Common Sense Planned Giving

A prospect recently asked me whether they should do "research-based planned giving" — popular buzz-words in our industry these days.

"What are the stats these days? Any research?"

Sure, we can all do research.

What's the question about planned giving that we want answered by research? Are our donors going to die? Will the government get a substantial portion of their assets if they don't make other arrangements? At what age do they stop giving?

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Is Your Non Profit the Next Bernie Madoff?

There is a new feeling among some government officials that members of the public need new protections from all the swindlers and con artists we've been hearing so much about. Maybe a charity offering gift annuities is the next Bernie Madoff, who was recently convicted of what NPR called "the largest investor fraud ever committed by a single person." The truth is that from William Miller to Charles Ponzi to Madoff, government has a much better record of convicting bad guys *after* people have been hurt than protecting people from their schemes. The main reason is that scam artists find ways

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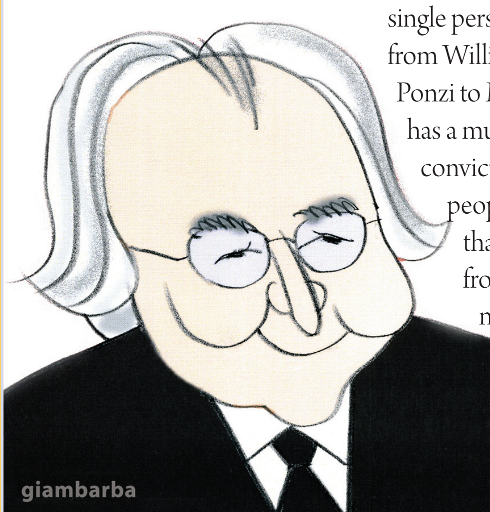

Write to the Heart:

Steer Clear of Traps and Write Engaging Donor Profiles

Many of our readers tell us that one of the things they like about *Planned Giving Tomorrow* is that we write like "real people," not policy wonks (well, maybe we can be a tiny bit wonky…).

So when it's your turn to write donor profiles, do you find yourself struggling?

We asked one of our favorite experts on non profit writing, **Kivi Leroux Miller** of *Nonprofit Marketing Guide.com*, to identify some of the typical traps:

1. Tedious Bio Syndrome. It's the narrative equivalent of a

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Ask Viken!

From Cheryl, in Ohio: Our Director is telling us to *cut back* our planned giving marketing program. My instinct is to tough it out. I have to justify my budget and could really use some support.

Viken: Your instincts are right on target, Cheryl. Face it, *even in better times* planned giving always gets put on the back burner. Now, with budgets even tighter, many staffs being cut in half, and everyone assuming extra responsibilities, it's *even easier* to use this as an excuse.

Let me ask you this: Do you cut back on food when times are tough? If that were the case, everyone would be slim and trim right about now.

Marketing is the meat and potatoes (sorry, bad pun) of any fund-raising operation, and cutting back, especially in a tight economy, is a recipe (sorry again) for problems down the road.

This avoidance of planned giving is rooted in an underlying reason no one wants to acknowledge. *By nature, we are reactive, not proactive.* We attend to the *urgent*, because it's right in front of us and refuses to be ignored. Think: how many root canals could be avoided by regular, proactive preventative checkups at the dentist?

If you cut back on marketing, you have no business, and no planned gifts. Considering the average planned gift is 200 times the value of an individual's largest major

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Is Your Non Profit... *from page 1*

to use and avoid the regulations and institutions that were put in place to keep people safe.

Now a new threat to the pocketbooks of unsuspecting investors has been identified: the local or national charity's planned giving program. The same *regulators* who are *regulating* the banks will soon be *regulating* you.

Who thinks you're like Madoff?

The legislators for 26 states want to protect their residents from charitable gift annuities (CGA) offered by unregistered charities; laws vary wildly from state to state. Fees for CGA registration go from $25 in Washington to $3,600 in California. Alabama charges $50, which could be considered cheap or expensive; it's $50 per agent. The staff time and/or consultant fees required to make initial applications and continual filings could be considered another state "tax."

Do these regulations protect state residents from unscrupulous fundraisers? Not really. *Do they help charities accomplish their missions?* No.

Probably the weirdest regulation comes from Illinois, which will waive its $2 million reserve requirement if a charity reinsures its gift annuities. Isn't that the practice that the Wall Street Journal recently associated with "distressed reserve funds" and contracts that are "underwater"?

Which leads to the second group that thinks your charity might be the next Madoff: The *Wall Street Journal*.

After printing an article which praised the many benefits of CGAs to all involved, in February, a WSJ team, which included one of the same authors, sounded the dire warnings that "so-called charitable gift annuities don't always deliver what they promise," and "anybody can break a guarantee." Using some of the wackiest state reserve requirements as a yardstick for all charities, the WSJ *declared that as many as "eight out of 10" annuities are underwater. That sure makes all of us look a lot like Madoff.*

A prominent leader in our community called this irresponsible journalism. This begs the question, "Since *when* was journalism responsible?"

Do these regulations protect state residents from unscrupulous fundraisers? Not really. Do they help charities accomplish their missions? No.

What do charities have in common with Madoff and other swindlers?

Do they have the same **motive**? Why is it that the charities that get into the most trouble all look like for-profit companies wrapped in a charitable cloak? If an organization has a genuine charitable mission — usually related to education, public service or religion — the temptation to turn the big profit stands several steps behind the desire to help the most people. Nobody seemed shocked that Madoff had a lavish penthouse filled with expensive things, because every investor and every regulator knew that he was in his business to make money.

Do they have the same sort of **power**? Every time you hear the story about this rogue who broke all the rules, you need to be reminded that he had been the chairman of the NASDAQ stock exchange. Talk about putting the fox in charge of the chicken coop. Although some large charities have substantial influence among their alumni, clients and employees, the power of any one individual is restrained by a board of trustees; if it isn't, that's a sign of possible trouble and abuse.

Do they operate under the same kind of **secrecy**? Businesses may be structured as sole proprietorships and family limited partnerships, but charities are governed by unrelated boards and open to public scrutiny. The tax code makes a glaring exception by considering private and family foundations to be charities. State and Federal regulations should require a legitimate charitable mission, appropriate governance, and openness to public scrutiny. They should not dictate the ratio of types of investments, require smaller charities to reinsure their annuity payments, or set specific financial requirements for the investments of each annuity contract, especially since donors have recourse against other charitable assets as security for their payments. And state governments should not be in the business of setting hurdles that unfairly discriminate against smaller charities or create unnecessary financial and clerical burdens.

What should you do?

The important question for you is, *"How can you show that your charity is not just another Bernie Madoff or other Ponzi schemer?"*

Heard on the street:

TREAT YOUR PROSPECTS LIKE DONORS, AND YOUR DONORS LIKE FRIENDS.

First, be the voice of caution on unusual gifts. Befriend your CFO and attorney and warn them of the pitfalls of apparently lucrative planned gifts. Whether or not your charity has an attorney or legal department on staff, part of the development function is to interpret the charitable laws and regulations. I never pretend to understand contract law better than the attorney I work with, and she never pretends to be as current as I am on particular charitable instruments or as knowledgeable as the CFO about investments. But we function as a team to find the best opportunities for our charity while protecting it from unacceptable risks. I don't mean to imply that we always agree, but open eyes and honest opinions are the best protections from Ponzi schemes and many other risks.

Second, market planned gifts to your charity in good times and bad. This applies to testamentary and life-income gifts. Cutting back on your life-income gift program when the stock market is down is the equivalent of a "buy high" investment strategy. Your average annuity contracts will probably last more than ten years, which means that this should be a good time to start more CGA contracts. A wide variety of contract lengths can also help. Therefore marketing life income gifts to both younger and older annuitants can spread your charity's risk even more.

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8 Top Features of a Planned Giving Website

Discover how to make your website great or how to acquire one affordably:
plannedgiving.com/4656

King David Made the First Planned Gift

The Bible contains many stories of love and generosity: and it also records a planned gift.

The story is told in I Chronicles 22 and 28. God would not allow King David to build his Temple, but told him that his son Solomon would build it after David's death. In anticipation of this great construction project, David accumulated immense quantities of gold, silver, bronze, precious stones and exotic woods. He then bequeathed these assets to his son Solomon, along with God's plans and instructions for the design of the Temple (*even in Bible times, it seems, donors could be somewhat demanding about how they wanted their planned gifts to be used...*). The result was a Temple of such magnificence that none has been built since to compare it to.

When King David prepared his will and dedicated these assets and plans for building the Temple, he prayed, "But who am I, and who are my people, that we should be able to give as generously as this? Everything comes from you and we have given you only what comes from your hand ... all of this abundance we have provided for building you a Temple for your Holy Name, comes from your hand, and it all belongs to you." (*I Chron. 29: 14 & 16*)

This prayer of David sets the chief biblical principle for all philanthropy. Since we are God's creation, and all we have comes from Him, anything we "own" really belongs to Him. Our philanthropy then becomes a stewardship of giving a portion back for whatever good we are led to support, both during our days of life on earth and then at our death for generations who come after us.

The Bible is full of teachings about accumulating wealth, caring for the poor and needy, providing for our families, and giving to God's service for both secular and spiritual purposes. Jesus in the New Testament had much to say about giving. There is his parable of the rich man who accumulated great wealth for selfish reasons, and lost it all when he died (*Luke 12:16-21*). Jesus proclaims the truth that we cannot take our wealth with us when we die, and it is so much better to use that wealth for the benefit of others rather than ourselves. In this way we become "rich in spirit," Jesus says.

Jesus also said that, "It is better to give than to receive."

The Apostle Paul, in his writings in the second letter to the Corinthian congregation, encourages generous giving. Generous giving reaps generous blessings in return, and Paul teaches that, "God loves a cheerful giver" (*II Cor. 9: 6-8*). The joy of giving leads to greater self esteem, better health and a longer life. This truth is backed by many legitimate scientific studies.

Americans are probably among the most generous people on earth. Philanthropic giving is a multi-billion dollar enterprise in the United States. However, we only give approximately 2% of our wealth for charitable purposes both while alive and at death. Yet the scriptures teach we should give 10% (*Leviticus 27:30*). In 2007, over $300 billion was contributed by Americans for philanthropy (including religious giving). Yet the gross domestic product (GNP) for the same year was $13.8 trillion. If we had instead given 10% of our income and estates that year, that could interpret into $1.38 trillion for philanthropy. Just imagine what good could have been accomplished if we had followed this principle of giving.

A final word: A generous "sower" reaps so much more in return for what he has given.

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Let your perspective be heard here in Planned Giving Tomorrow. Contact *Success@PlannedGiving.com.*

A Small Nonprofit's Best Friend

You run a small nonprofit. You have board meetings, agendas, staff meetings, budgets. You have endless letters to write. *Receptions to attend!* Newsletters to publish. *Donors to meet.* Programs to run. *Fires to put out.* Crises to avert! You have so many things, including running your life. It's 2 PM. Have you had lunch yet?

But, you don't have a planned giving program.
You'll think about it tomorrow.

Or you could think about it right now and make one phone call.

One phone call to your community foundation.

Community foundations strengthen philanthropy in their areas. They provide a range of valuable services to partner nonprofits including grants, technical assistance, endowment management and consultation on planned giving. When you work with your community foundation, *you don't need to become an expert in planned giving* — that's what the community foundation already does.

Most often, the relationship begins when a nonprofit places an endowment at the community foundation. Community foundations pool the funds both individuals and nonprofits place with them, allowing them access to different kinds of investments than small nonprofits could have on their own. Minimums to start a nonprofit endowment range from $5,000 to $25,000. Sometimes foundations that require $25,000 to start allow a nonprofit to build up to that amount over five years.

A small management fee is assessed quarterly on the endowment. In return the nonprofit gets a quarterly financial statement and access to advice and support from the community foundation's development office.

There are so many possibilities and variables with planned giving, it can be overwhelming for a small nonprofit to know where to begin to talk to donors. Community foundations have staff with planned giving expertise and legal committees to advise them. When you identify a donor interested in supporting your endowment, your community foundation will work with you to find the best giving vehicle for the donor's situation.

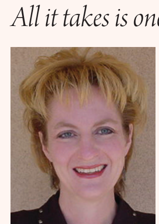
Because community foundations are endowment based, they will continue to exist long after we're all gone. *The fortunes of small nonprofits rise and fall given the times and the expertise available on their boards.* There are periods of time when small nonprofits are well managed and there may be times when they aren't. Donors are attracted to supporting a nonprofit's endowment housed at a community foundation *because they know it's a true endowment, not subject to the whims of a future, perhaps inexperienced board.*

Community foundations also provide low-cost trainings for nonprofit staff and board members. When your budget doesn't allow you to travel to professional development opportunities, find out what your community foundation is offering.

All it takes is one phone call.

What Are Community Foundations?

- **Community foundations are public charities that share a common goal: improving the quality of life in their geographic areas.**
- **Community foundations are repositories for permanent endowments. Income earned on the endowments is granted to nonprofits. The principal of the endowments is never spent – only the income earned on the investment of the principal.**
- **Individuals, families, businesses and organizations create permanent charitable funds to help their region meet its needs. The foundation invests and administers these funds.**
- **Community foundations are overseen by a volunteer board of leading citizens and run by professionals with expertise in identifying their community's needs.**
- **Community foundations often facilitate community-wide conversations about important community topics such as affordable housing, education or health care.**
- **Community foundations are a resource for nonprofit organizations, providing grants and technical assistance training in a wide variety of areas.**
- **The first community foundation was founded in Cleveland in 1914. Today, there are community foundations in nearly 50 countries, with more than 700 in the U.S.**



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Common Sense... *from page 1*

Seems like we already know the answers to these questions. *We don't need any more academic studies and cogitation to further micro dissect what we know and to tell us that what we have to offer is something people need: ways to maximize tax savings and benefit the causes they care deeply about.*

Mark Twain once commented, "People commonly use statistics like a drunk uses a lamp post; *for support rather than illumination.*"

Calling for research is a way of avoiding what you know you need to do: just start promoting (the "doing") planned gifts and not pondering (the "collecting of endless stats"). It's simple.

New Technology. Same Old People.

Not much has changed over the last 10 years, and promoting that "new significant trends" exist in planned giving (and that you should pay a consultant to find out what they are) is nothing but natural fertilizer.

Indulging in research is a form of seeking perfection, which is a form of procrastination. There's a lot you can do *now* that is simple and cheap to promote planned gifts.

All You Need is ... Common Sense.

How many times have you heard, "I'm living on a fixed income," or "We don't have enough cash to make a gift"? The answer is, start with ...

A Simple Planned Gift.

How do you present planned gifts in ways that appeal to your "average" donors? Begin with "gifts anyone can afford"... the "no hassle" gifts that don't affect lifestyle and require little or no professional advice.

These gifts make up over 80% of all planned gifts and are inexpensive

Continued on next page, 3rd column

Write to the Heart... *from page 1*

resume. Or worse, it starts when they were born. *Total snoozer.*

2. Too Shallow and Wide. The profile brushes over so many different aspects of the person's life that we don't get enough interesting detail about any of them. *The cardboard cutout equivalent of a human being.*

3. Gushing Flackery. The worst kind of profile that is so obviously written just to kiss up. *Be nice to your VIPs, but don't overdo it.*

4. Mildly Entertaining, But Pointless. *It might be a nice story, but why are you telling it?* If your reader doesn't understand why you are telling her about this person and how it is supposed to make her feel or what it is supposed to motivate her to do herself, *then what's the point?*

That's the bad news. The good news is that you *can* write donor profiles that will inspire others! One of Kivi's favorite strategies for writing a compelling donor profile is called:

Fall Back and Spring Forward.

Go back to a specific incident that motivated their behavior in regards to your organization – then spring forward to how that event shaped their actions today.

Let's use the example of Madeline DeMarco, a former teacher who made a bequest to the Downtown Food Bank. In your profile, start with a poignant anecdote about the incident that sparked Madeline's interest in her favorite cause ...

In the late 1960's, Madeline DeMarco taught third grade in the Franklin Park section of the city. One of Madeline's students told her that it was hard for her to concentrate in class because she was hungry. Madeline went home, raided her pantry, then asked friends and neighbors to "fill one grocery bag for my student's family." She didn't know it, but in a way, she'd started her own food bank. When the Downtown Food Bank opened its doors in 1974, Madeline was first in line to volunteer.

(Next, add a few more colorful details to "paint a picture" and a quote to bring the story to life.)

In thirty-five years of volunteering at the Food Bank Madeline has done nearly every job, from manning the phones to driving the van. However, the Food Bank is most grateful to Madeline for starting the very successful "March Madness Tournament of Cans" at some of the local schools.

"I've always remembered that girl in my class and I wanted to do something where other children could help, too. Kids love to compete, so after the Tournament of Cans, the Food Bank's shelves are really, really well stocked," said Madeline.

(Now you can "spring forward" to make the connection with Madeline's actions today.)

After her husband passed away Madeline spent even more time volunteering, and she also spent time rethinking her finances and revising her will. Another volunteer mentioned that he'd named the Food Bank in his will, and Madeline liked the idea.

"I think it's very cool that I can make such a substantial gift. I would love to be able to give the Food Bank a big donation right now, but that's pretty hard for a widow on a teacher pension," said Madeline.

This example is less than three-hundred words, and even with a few more details and a closing paragraph, you should be able to keep a donor profile to fewer than 500 words.

For more no-nonsense tips about nonprofit communications, visit Kivi's website and blog at NonProfitMarketingGuide.com

Common Sense... *from page 4*

and easy to market. If you need language to market them, you can get it at PlannedGiving.Com.

Bequest: Drafting a will is a simple process that many people go through. Find every way you can to keep the idea of the good a bequest will do in front of your loyal donors.

Appreciated Assets: Many assets that grow over time provide very little cash flow. A large gift to your charity may cost the donor very little income, and funding a gift annuity with that asset should increase the donor's income. In addition, donating assets that cost money to maintain, like real estate, *coupled with receiving a deduction*, could be very appealing.

Retirement Plans: Encourage donors to name your charity as the beneficiary, which won't cost them anything while they're alive. Besides, these are taxed heavily if passed on to heirs.

Life Insurance: Another "no hassle, no cost" gift.

Still need "facts"? These have been around for years and not much has changed. Decide for yourself if you want to use them for support or illumination.

- 43% of bequests and 35% of remainder trusts are created by individuals 55 and younger.
- 15% of all planned gifts are made by those 45 and younger.
- The typical planned giving target is 200-300 times a donor's largest annual fund gift.
- Your planned giving pool may be as much as 5 times larger than your capital giving pool.
- Donors find they can be more generous with non-cash gifts because of additional tax benefits.
- AARP has 35-million members, and that's expected to double by 2015.
- Over 75% of donors give to a cause that's affected them or a member of their family.
- Chances of leaving you in their will drops dramatically after 65.
- Americans read their mail standing over a wastebasket. Where is your newsletter going?

~Viken Mikaelian

Claire's Q&A Café

What Was Your Strangest Gift?

*A lively conversation with Jack Miller, Director of Gift Planning for the Pittsburgh History and Landmarks Foundation.**

Claire: Let's start with a quirky question. What's the strangest gift you've ever accepted?

Jack: That's a toss up. An outright gift of a house the donors rented back from the charity and paid fair market rent to use. *Then there was the funeral home to fund a Charitable Remainder Annuity Trust.*

Claire: Not much of a contest.

Jack: I'd have to give it to the funeral home gift. It netted the charity about a million dollars.

Claire: We could make a lot of bad jokes about planned giving and funeral homes with *that* one. Do you deal with a fair amount of gifts involving real estate?

Jack: Because of the nature of what our organization does, we do. My very first gift here came about when our property manager, Tom, was putting up a historic plaque on a building here in Pittsburgh. The owner of the building said, "Please put it on straight because someday you'll get this house." As soon as Tom got into his truck and drove around the block, he called me and said, "Jack, I think this is one of those gifts you were talking about." Turns out the woman had already put us in her will, but she wasn't getting any benefits. *That encounter eventually led to a retained life estate gift and the woman even started volunteering at our organization.*

Claire: So what does that tell us?

Jack: It tells us that *all of our staff people*, volunteers, anyone who is seriously involved with our organizations, *are the eyes and ears* for those of us in planned giving.

Claire: Sounds like Tom can spot an opportunity.

Jack: *Anyone* in an organization can spot an opportunity for a planned gift. One thing I always tell staff and key volunteers is to be aware of objections. When a donor says, "I'd really like to leave a gift *but* my money is tied up in stocks," that's a lead for me; those kinds of things are important.

Claire: Do you have any other stories like that?

Jack: We got a letter from an 80-year old woman who asked, "If you know someone who will buy my farm and not develop it, please let me know." She didn't want a developer to buy the land and put up McMansions. So I go to see her and she's sitting on her tractor and says, "I think God sent you to me." Talk about pressure. Long story short, a year and a half later her farm was put in a charitable trust.

Claire: What advice do you have for newbies in the field of planned giving?

Jack: Be in the know. Know the capacity of your prospects and don't waste time seeking a planned gift from someone who doesn't have the resources. Know who's most likely to be a donor. You might think it's the person who gave $100,000 last year, but you may get that one time. It's more about frequency, even if it's small gifts. Know the difference between rejection and opportunity. When newer people hear a "no" a lot of times they take it personally, *but when you get a no "but," that's a qualifier and an opportunity to get a large gift down the line.*

Claire: Do you have any tips on keeping things organized?

Jack: I've been doing a weekly report for about twenty years. It's who I'm going to see, what were the results. It's just one sheet that I can come back to. Sounds simple, but it's just something I've always done. This way, my employer knows, every Friday afternoon, who I've seen and where we are.

Claire: Tell me something you might say to a prospect.

Jack: I like to say to folks, "If I can show you a way to *redirect* your taxes to benefit your family, your community and our mission, will you give me a half an hour to discuss that with you?"

Claire: And you've given your time for this chat with the Q and A Café, so I'd like to thank you for that.

Jack: It's been a pleasure. Thanks for the coffee.

** Jack is also the principal of Miller Consulting (www.jackoutsidethebox.net) and can be reached at jack@jackoutsidethebox.net.*

The Q & A Café is hosted by Claire Meyerhoff. If you would like to chat about Planned Giving, e-mail her at: Claire@PlannedGiving.com.

No One Googles Unitrusts First Thing in the Morning

Practice thinking like your prospect.

Who are they? What do they care about? What are their hopes, fears, dreams? What are their deepest desires?

With the answers to these questions, you can show prospects how planned gifts fulfill dreams. You will also be showing empathy.

Find out who inspires your prospects. That will soon tell you what is most important to them.

As marketing guru Dan Kennedy advises, "Think of yourself as the protector of the hordes of confused seekers. You are the one who will take your prospects by the hand and guide them through hype and confusion and lies, and take them to the promised land of clarity and truth.

"The practice of *market empathy* is one of the hardest marketing tasks you will ever have to accomplish. Before you can pretend to be someone else and think like a prospect, *you first have to pretend you aren't you*. You, after all, are a very small but very loud market sample to yourself. The more you listen to yourself, the less room you have in your brain for thinking about others."

When you think the prospect is the same as you, the "market to yourself" syndrome follows: you speak in industry jargon (you promote features, not benefits), you assume everyone knows the purpose, history and significance of your nonprofit, and you believe everyone can see the dramatic differences between your nonprofit and the competition.

And since it's obvious you're talking to yourself, your prospects politely ignore you.

All Annuitants Are Women and They Lie About Their Age

This article was a hit! If you missed it in our last issue, request a copy: Success@PlannedGiving.Com

Trends of the Times

Nonprofits Cash in on Real Estate Bargains and Charitable "Bargain Sales"

By Claire Meyerhoff

Tough times in commercial real estate mean an outstanding opportunity for nonprofit organizations to strike a great deal on a prime piece of property. With vacant space and scarce tenants, the door is open for nonprofits that want to stop paying rent to a landlord.

Nonprofits have a wide range of options including approaching a property owner with the idea of a "bargain sale."

Here's the scenario:

A property owner has an office building that would be perfect for your organization and it's been on the market for over a year. The fair market value is $500,000, the owner has dropped the asking price several times, and still no buyers in sight. The owner has asked his broker to provide any creative solution to liquidate the property. Your representative approaches the broker with an offer to buy the property for $500,000 with $200,000 in cash and a $300,000 charitable contribution component for tax purposes. Your organization gets a mortgage with monthly payments that just might be less than what you're currently paying for rent.

"When it comes to getting a deal like this, the mantra '*just ask*' should be in every nonprofit's vocabulary," said Chase V. Magnuson, President of Real Estate for Charities, a New Mexico based firm that specializes in facilitating real estate transactions for charities, corporations and individuals.

Magnuson suggests that once you find an appropriate property, assemble a property renovation team to advise you on the costs and timing of renovating it.

"You might have a general contractor, architect and space planner on your team," explains Magnuson. "And again, 'just ask' and you might be able to get them to donate all or a large portion of their fees."

There are many commercial and investment real estate agents who can help charities locate acceptable sites *and guide them through the property acquisition process*. Check ccim.com, sior.com and sres.org.

Chase V. Magnuson can be contacted at 714-815-8889, Chasemagnuson@msn.com and realestateforcharities.com.

"We're Not Sending a Year End Appeal This Year."

What's scarier than your 401k statement? Writing a year-end appeal to your donors and supporters in this economic climate, that's what.

Some of my non profit friends are telling me that they're **not** putting a year-end letter in this year's budget. They know donors are experiencing a cash crunch, and they don't want to make them feel even more jittery.

So, in my own very gentle, tactful way, I've been trying to soothe my friends' fears by saying:

"Whoa! Are you NUTS!?"

That's right. It's CRAZY not to send a year-end letter. During tough times, nonprofits should be thinking bigger, not smaller. A year-end letter is a must, especially one with a *planned giving twist*. There are creative ways to give at the end of the year and **many** are through planned gifts. Don't forget, bequests make up at least 75% of planned gifts, too. And always, always remember this: all you need is one planned gift to make it worth your while to launch an appeal.

Smart nonprofit people know that this year, it's nearly impossible to sing that old song, "Give by year-end and get a big tax break!" because donor portfolios are suffering. That's why this

Continued on on back cover

Ask Viken... *from page 1*

gift, cutting back on marketing them is an *unwise* choice. Now is the time to set a solid budget for marketing planned gifts; it will pay off.

There is more to marketing than money, too. You must also invest in nurturing and retaining prospects and donors. Our motto is,

> *Treat your prospects like donors, and your donors like friends.*

There is always someone who likes you and wants to give. (Even Simon Cowell winds up liking somebody!) So instead of thinking in terms of money, find out what makes your prospects tick, how they think, and how you can connect with them in a compelling and meaningful way. Yes, this requires effort. But the return on investment is crucial to your organization's long-term success.

I'll leave you with one of my favorite "visuals": Stop following the herd ... they're all searching for the same pasture, and it's a tiny one. You're smart, so look for a greener pasture ... it's bigger and filled with planned gifts!

One of my favorite questions is: What do you know today that you didn't know yesterday?

About your organization, your peers, your donors, your prospects, about your work, how a peer has been extraordinarily successful, about annual giving, planned giving, even about yourself?

If you spend 15 minutes a day learning something special, in 365 days you will be ahead of everyone else. ~*Viken Mikaelian*

CONFIDENTIAL ADVENTURES IN FUNDRAISING

Where our colleagues share their stories (but not their identities). Read at your own risk.

Geez, They Have No Clothes On!

As a newly-minted gift planning officer, I embarked upon a trip to San Diego energized to meet my prospects. One prospect was a grateful patient of the hospital with which I was employed, and she had expressed an interest in assigning the hospital as beneficiary of her retirement plan assets.

I arrived at a gated community, the perimeter of which was surrounded by an eight foot-high cyclone privacy fence. There was no guard at the entry booth, and I had arrived early, so I pulled into a parking space to wait. There was a small stand with the development's newsletter, and I decided to research where my prospects lived.

The newsletter was revealing, to say the least. My prospects lived in a nudist community ...

Being a committed employee, I vowed to see it through.

At my appointed time, I rang their home and was admitted. The morning was still cool, so no one was "hanging out." Thankfully, my prospects were clothed, and so I remained. Just my luck, my prospects positioned me on the couch looking out the front picture window of their home for our visit.

Because it was mid-week, the only residents around were senior citizens. I was treated to spectacular views of naked septuagenarians and octogenarians running, bike riding and playing tennis across the street.

It was hard to maintain focus and keep a straight face while one older gentleman waltzed around the tennis court wearing nothing but socks, shoes and an "athletic supporter".

Time and gravity are not kind to the human body.

To this day I never have forgotten the valuable lesson learned that day: defined benefit plans cannot be assigned to charity post-death.

Don't bring the boss.

If you bring your boss (or any other "higher up") along, do so at your own peril.

I work for an organization that has a CEO who has never worked as a fundraiser. He insisted on being involved with a potentially very generous donor. The ask was $500,000 and the initial presentation and follow up meetings spanned several weeks. On the third meeting, obviously exasperated by having to nurture an individual with a checking account that wouldn't miss that kind of money, the CEO blurts out ...

"Are you going to give us the money? We can't make a career out of all these meetings."

At all costs, don't bring the boss. Give them a pacifier instead, preferably laced with a good brand of scotch. If that doesn't work, be prepared to drink the scotch when you get back to the office with an empty pocket and many, many wasted hours.

Would you like to (anonymously) share an adventure in fundraising? Email us at success@PlannedGiving.com.

Diagnosis? Financial Concussion.

Prescription? A Healthy Dose of Planned Giving.

Your donor's stock values fell down and they can't get up. With red lights flashing and sirens screaming, your donors and their financial advisors are racing everywhere for the remedy for their "financial concussion."

Time to call in a specialist (you!) to prescribe a treatment plan that can help heal your donor's aches, pains and battered portfolio.

It's a fairly simple prescription:

"Donor, apply a few clicks on our 'Donor-Friendly, Benefits-Driven' Planned Giving website and call me in the morning."

When you speak with your donors, you may find they have non-liquid investments and other non-cash assets. Many are sitting on unrealized cash in the form of assets, that can be sold and the proceeds invested, to resuscitate their portfolio values and get their income pumping again. *(See chart at right.)*

Discuss with your donors what they have in their attic, their basement and from sea to shining sea. Donors can easily own very valuable items that no longer hold an emotional or sentimental connection, like dusty collections from a long-forgotten hobby. What about that vacation home that no one in the now grown up family uses anymore? If you need solicitation letters you can download them at PlannedGiving.Com.

Your outright giving prescription to consider gifts of assets can relieve pressure on the donor's cash flow. Remember, only a small percentage of your donor's wealth may be in cash. And, for certain assets, a large charitable tax deduction could yield immediate tax savings, if your donor is paying estimated taxes quarterly.

You may consider developing an interactive planned giving website with VirtualGiving.Com. They provide tools such as the

Legacy Planner and Plan-a-Gift that guide donors to the right gift plans based on their *goals and assets.*

For example, if your donor owns appreciated real property or tangible and intangible personal property, your planned giving website clearly illustrates how the donor can sell those assets through a charitable remainder unitrust or annuity trust. These trusts yield upfront charitable deductions and do not pay any capital gains tax when the asset is sold, so most of the proceeds can be invested to produce new sources of income for your donor.

Don't forget what a great resource *you* are for offering financial medicine. Many investment advisors only check the donor's financial investments or any cash that can be invested. But you can help your donor recognize their full potential to enjoy a financial recovery. One final note: if your donor's investment advisor becomes your plan's biggest advocate — try not to faint!

Dan Rice, Vice President
K-LOVE & Air1 Foundation
drice@kloveair1.com

Stop and Think Gifts That Can Be Donated

Personal Property

Classic cars

Sculpture

Porcelain and silver

Jewelry and watches

Aircraft

Paintings

Decorative objects

Rugs

Watercraft

Drawings and prints

Furniture

Collections, such as stamps, coins, medals, books or other memorabilia

Intellectual property, such as copyrights, trademarks, patents,

Securities both public and closely held (family owned), LLC memberships, Partnership units, etc.

Real Estate – Residential and Commercial

Single-family homes

Vacation homes

Apartments, condominiums and cooperatives

Farms, ranches and vineyards

Undeveloped land

Office buildings

Multi-family homes

Hotels, motels and resort properties

Warehouses

Industrial property

Recreational properties, such as golf courses

Shopping centers

Not So Smart

We recently heard of a non profit mailing out its annual report with a notice inside that read "In an effort to keep our costs low and use our resources to provide more food, we have reduced the size of our Annual Report. Please go to our website for a list of donors, volunteers and community partners." Now come on, how can you make this mistake? *This type of thinking is a common form of scarcity mentality that many non profits have to shake off!* At a time when donations are down, the last thing you want to do is downplay recognition. In fact, you should expand and enlarge it and do more. If you want to cut printing costs, make them go play fetch online to see the financial statements and pie charts, but *not* their recognition. Donors want to see their names and photos in print, and want others to see their names in print. They want to be recognized and acknowledged. Recognition is the cheapest currency, yet often gets better return on investment than any other.

Ed and Me

The late television personality Ed McMahon is best remembered for his iconic career as Johnny Carson's sidekick, the host of "Star Search," and as the jolly man who gave away millions via Publisher's Clearing House. However, I like to think about how he inspired me to create a new theory about how Annual Fund leads to Planned Gifts. I call it …

The Ed McMahon Factor

Annual fund is a laborious task. It takes a variety of skills – writing the piece, organizing the logistics for getting the mail out, and then there's the statistics on the results (which hardly anyone does beyond noting how much money came in.) It hardly seems worth the effort for a program that, at most gets a five percent response rate. It makes a lot of us wonder why we even do it in the first place.

Because the Annual Fund leads to bigger gifts.

That might seem like mythology to someone who is working in the trenches day after day, getting the copy approved by fussy volunteers or haggling with a vendor about paper thickness, but believe it or not, annual fund is the pipeline to bigger gifts. Which leads me to "The Ed McMahon Factor."

Ed (or really Ed's handlers at Publisher's Clearing House) knew that building a relationship with his customers was essential. Ed signed all the letters. Ed showed up on television. Ed gave away the big checks – personally!

Ed's target market wasn't the *Fortune Magazine* crowd. It was the *Better Homes* bunch sending $25 every year for a magazine subscription and the hope to be on TV with Ed. Ed built a close relationship without so much as a phone call. My wife's grandmother was one of these people. I think she counted Ed among her best friends. *It wouldn't have surprised me if she named Ed in her will!*

Planned giving is the most highly developed relationship-based fundraising we do. Yes, you should have some grasp of the technical aspects of the work so you can talk intelligently about an annuity or a unitrust, but before you even get there, you need to build a solid relationship with your prospect. That's where the annual fund comes in.

That annual fund letter, year after year, 25 dollar gift after 25 dollar gift, is building a relationship with your donor. You know she wouldn't be making those gifts each year without a deep connection with your mission. These aren't just "toss off's" to get you to stop bothering them, these gifts are expressions of the donor's dedication to your cause. And after about ten, fifteen or twenty — that's real dedication.

Not every annual fund donor is a planned giving prospect, but if you ever received a bequest, look back at their giving pattern. Chances are their donor record shows the small gifts over time — *out of their regular income* — not the big donors who give out of their assets.

Here's my quick, two-step plan to put annual fund donors on the path to planned giving:

Step One:

Start a recognition club for people who give consistently over time — kind of like a "perfect attendance" pin at school. But broaden it a bit to also include those with *almost* "perfect attendance." (Remember, your job isn't to be the "gift police" but to encourage relationships.)

Step Two:

Dial for dollars. That's what Ed couldn't do — at least personally. Call up those with a consistent giving record and get to know them. Ask them why they give each year. Ask them if your organization is in their will. I bet you'll be surprised — and you'll meet a lot of quality, caring people who have a heart for your mission.

So next time you're stuffing that envelope, or wrangling with your computer database, just remember where all this annual fund work can lead: you could be the next Ed McMahon!

Matt Hugg heads up Fundraising Talent, where he does executive search, coaching, analysis, writing and instruction for nonprofit fundraising. Contact Matt at matt@fundraisingtalent.com or call (610) 639-3562.

Is Your Non Profit the Next... *from page 2*

Third, build your network.

At a larger charity, it's important to help other development professionals, as well as the legal team and finance office, understand their important roles in raising planned gifts. At smaller charities, it's essential to enlist professional volunteers to give you some of the advice that is available to big shops. Every charity needs access to the wealth planners and estate attorneys who serve your donors, because we need their eyes and ears, open channels for their advice, and their advocacy with their clients, professional organizations, legislatures and public officials. Having the gatekeepers of wealth "on your team" helps you raise more money too.

Are there more Ponzi Schemes on the Horizon?

Of course there are, both charitable and commercial. The commercial ones will be bigger because of the profit motive, power of money, and secrecy built into non-charitable organizations. The perpetrators will find new ways to beat the system by exploiting new regulations and loopholes. We've all said, "There ought to be a law," at one time or another. Right now we're dealing with lots of new laws aimed precisely, but not at the problem. It hurts when these laws hit home.

Legislators and fundraisers can do a better job of protecting donors by requiring charities to have legitimate missions, shared governance, and public transparency, not by hindering charities that possess these essential ingredients from offering legitimate gift options to their donors.

Dr. Scott R. P. Janney, CFRE, RFC. *Director of Planned Giving for Main Line Health*

Scott can be reached at: Scott@PlannedGiving.com

Is Your Board Fired-Up About Planned Giving?

We're putting internationally recognized board expert Gail Perry in our Planned Giving Tomorrow *Hot Seat. As the author of "Fired Up Fundraising; Turn Board Passion into Action," we think Gail is the perfect professional to answer this burning question …*

"I recently started a new job as Director of Development for a very nice organization but I realize my board isn't very interested in helping to secure planned gifts. How can I get my board on board with planned giving?"

Gail Perry: First realize that most of your board members are petrified of anything do to with fundraising. So ...

Goooo slooow.

Ease them into it gently. Remember, it's not about *asking* them for something … *it's about getting your board on board.*

Start your board members out by giving them an assignment that's all about … planned giving. Have them phone your current planned giving donors and thank them for their planned gift. This is an easy job for board members, and it will get them in the right frame of mind about planned giving.

Then when you have your annual event honoring your planned giving donors, ask your board members to personally call current donors and encourage them to attend. This helps put your board members in the role of "hosts" for the planned giving annual dinner or recognition event.

Then pull a list of your planned giving prospects (this should be people who have given to your organization consistently over 5, 10, 15, 20 years — whether the gift is large or small, consistent donors are your number one prospects.).

Ask your board members to meet in small groups to review the list of planned giving prospects. I imagine they will know some of these people and may be willing to help open the door for a planned giving conversation.

Ask your board members to host some socials in their homes and invite planned giving prospects. At the social, have a current planned giving donor and/or a board member talk about why they made a planned gift and how easy it was. Don't make it a hard ask, just an "information session."

Check all the information that's given to new board members. In your list of board member expectations, make sure there is a planned giving component.

Learn more about how to fire up your board at GailPerry.com or contact her at GP@GailPerry.com.

Banks Throw Non Profits to the Curb

With the public more aware than ever about spending its money with companies that walk the talk, one wonders why banks would turn away nonprofit clients. That doesn't seem like a smart marketing move.

As reported by Shelly Banjo in the July 27 *Wall Street Journal*, some banks are refusing to take nonprofit clients with less than $1 million or $5 million in assets. The article doesn't say this outright, but the reader can infer that banks figure that the cost of administering planned giving programs for small charities exceeds the fees they receive.

So who can pick up the pieces for nonprofits with their hard earned donations left out in the cold? Susan Fisher, Charitable Trust Officer at Univest Foundation in Pennsylvania, sees an opportunity for her organization.

"For big banks there's a profitability issue. The administration of these kinds of gifts is very time consuming. There's a lot of handholding with annuitants. Univest National Bank and Trust Company has been in existence more than 130 years and giving back to the community is core to our values. This extends to the nonprofit community where managing a planned giving program allows us to serve our neighbors. The service-based model is at the center of our mission statement."

Univest Foundation was established by Univest National Bank and Trust Co. (UVSP). The Foundation works like a community foundation in that it ad-

Continued on back cover

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Warning

(If you've read this far, we'd like to hear from you.)

Did you miss our last issue? Get it free: 800-873-9203

Thinking of Taking Your Non-Profit's Newsletter Online? Think Again.

Over 72% of Americans prefer their information via US mail. However, the best way to communicate is through online *and* offline integration.

Notice, for example, how we sometimes refer you to our website for more resources? Have you also noticed how we do not spam you? *Yes, if you are reading this we do have your email.* But we respect your privacy and send out emails only when necessary.

It is important that you integrate your planned giving message into your organization's newsletter, annual report, or whatever. Just do it. I am not saying mail out a separate planned giving newsletter... those go into the trash. Unopened.

How can you integrate your message in your newsletter? Consider a column, article, a donor profile, a famous quote that leads into a message you want to deliver. People like quotes. You can get all this copy on our website at PlannedGiving.Com (*see what we mean by integration?*).

For example, if you are a homeless shelter helping the needy, you can quote Ben Franklin in a display ad:

> *"A house is not a home unless it contains food and fire for the mind as well as the body"* ... and we help the needy in more ways than one. Please make a gift that costs nothing during your lifetime.

Banks Throw Non Profits... *from page 11*

ministers donor advised funds, charitable gift annuities and acts as a trustee for individual and nonprofits trusts.

Do other community banks feel the same way? Jennifer Lind, Senior Vice President of First National Bank of Santa Fe, NM, says her bank absolutely wants nonprofits as customers. Lind said, "For banks that have the expertise, nonprofit clients can be profitable. Our bank is unique in that we have the ability to do for clients what you find in large banks in large cities."

Lind's colleague at First National, Executive Vice President Steve Stork, says "Non profits are an important economic driver and the services they provide are critical to the community. The planned giving work we do is needed in our community and the bank is pleased to do it. Administering these programs is one of the many ways we support the community."

The takeaway for small nonprofits? Keep it local. Develop relationships with banks in your community that recognize the importance of the programs you provide and see their work with you as a partnership in service to the community.

kaBOOM

Baby Boomer Explosion in Volunteerism is Great News for Planned Giving!

Every eight seconds of every day, a baby boomer turns 60, and with a TRILLION dollars of disposable income, marketers are fired up to find out what makes them tick.

Just like those of us in Planned Giving.

More than 33% of all boomers volunteer for a formal organization. That's the highest of any generational age group. They typically volunteer 51 hours a year and one of their top reasons is: "I like the social interaction." This is great news for planned giving, because we know that where there is passion, there is a prime candidate for a planned gift.

We're not sending a year-end appeal ... *from page 7*

year, it's important to think smart, think new, and send a better letter.

What's a smart (and tough!) nonprofit person to do? We've already written two tried and true, must-have letters you can purchase right now:

Tip: Do not wait until November or December. Some year-end activities could take months.

www.plannedgiving.com/yearend

Remember; tough times do not last. But tough (and smart) nonprofits do.