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Seventeenth Printing

NEW

PLANNED GIVING **Pocket Guide**

—— for ——
*Major Gift
Officers*

- ▶ Handy
- ▶ Authoritative
- ▶ Up to Date



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Disclaimer

This publication is designed to serve as a marketing tool, not as a legal guide. The publication is intended to provide a general overview of certain charitable gift plans. It is not intended to provide legal, tax, investment, or other professional advice, and it may not be relied on for such advice. For assistance in specific cases, obtain the services of a competent attorney or other professional advisor.

About the Publisher

PlannedGiving.Com is your first and last stop for all your planned giving marketing and lead generation needs.

Valley Forge Park
Valley Forge, Pennsylvania

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Introduction

“Mrs. O’Dell left you \$10 million in her will.”

What’s your first thought? Is it, “Why can’t that be us?” Or are you thinking, “That will be us!”

Psst! Here’s a secret: You’ll raise far more by adopting the second mindset.

Now we’ll let you in on another secret: The No. 1 reason most nonprofits don’t get the really big gifts ... is that they spend their time chasing the small gifts.

Consider: Only 5% of this nation’s wealth is in cash. The other 95% is in assets like retirement funds, investments, real estate ... Yet most nonprofits spend their time chasing that 5% cash.

That’s what sets annual giving apart from planned giving. In addition to cash gifts, an effective development program looks for donations of non-cash assets.

This Pocket Guide is your handy, up-to-date tool for learning the secrets of closing such larger, asset-based gifts.

In this booklet, you’ll learn the little few secrets of an effective, profitable planned giving program, including: Who to ask, How to ask, What to ask.

Planned giving is a lot easier than you think. Enjoy the ride!

Viken D. Mikaelian
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Who to Ask

Here's good news: Your planned giving prospect pool may be up to five times larger than your capital campaign prospect pool!

That's because it's a myth that most planned giving donors are wealthy. Although everyone knows that the wealthiest donors can make the largest planned gifts, planned giving is also "philanthropy for the rest of us." In fact, one of the best-selling points you can present to any prospective donor is, "You can make a transformational gift today that costs you nothing during your lifetime." (Write that line down. Repeat it to your donors.)

The simple fact is, your best prospects are your most loyal donors. Gifts of assets, and especially gifts through a will or estate plan, are the types of gifts people traditionally reserve for their family. Monthly donors, board members, and your other most loyal "investors" are "part of the family," which is why they make asset-based and end-of-life gifts.

So, who do you ask for a planned gift?

Ask the woman who has been sending \$100 a month for the last five years. Ask that guy who's given \$10 every December for a decade. Ask your dedicated volunteers.

In other words, ask the people most loyal to your organization.

Here are a few broad guidelines about who makes the best planned giving prospects:

- People 55 and up. They are more likely to have a will in place and more likely to be making end-of-life plans.
- People who have no children. Most leave the bulk of their assets to family. A person with no children will have more to give to charity.
- People with assets, even when they don't have extra cash or income.
- Single/widowed people (for the same reasons above)
- But please, don't get too bogged down in what the statistics say about the best planned giving prospects. Just remember: Loyalty to your institution is the #1 indicator for planned giving.

What to Ask For

What is a "planned gift," anyway?

It's a gift that takes more planning than writing a check. As the recipient, your nonprofit may get the gift during the donor's lifetime or after the donor has passed away. The typical, final planned gift from a donor is about 200 to 300 times the size of that donor's largest gift in any one year during life.

Most planned gifts are made as part of a person's overall financial planning strategy. This is why you do not need to know all the gory details of how every single gift plan works. That's what financial advisors, accountants and attorneys are for! Or even a gift planning specialist on your fundraising team, and the more you work with them, the more you learn about the assets a donor has to share, both as immediate and end-of-life gifts.

Your donor is going to seek their advisor's advice anyway for financial and estate planning matters. (In fact, more and more advisors are taking a critical role in philanthropic planning.) Your job is simply to let your donors know that your nonprofit is able to receive planned gifts and responsibly use them to accomplish the mission your donors care about.



So, what should you ask for?

- gifts of stock
- bequests
- gifts of retirement assets made this year
- the remainder of a retirement fund
- personal property
- real estate
- cryptocurrency
- insurance
- the gift of "leftovers" (the leftover value of a person's estate, which is often significantly higher than a specific bequest)

The above are just a few suggestions. Keep reading for more details.

How to Ask

- First and foremost, do your homework.
- A simple internet search can reveal a lot about your prospect's career, causes, volunteering, giving history, and interests. You can also ask around the office, especially if the prospect is a long-time supporter.
- Listen more than you speak. Most people enjoy talking about themselves, and if you listen carefully, your prospect could provide useful information. Ask about their kids, grandchildren, values, and life interests. You'll probably find a way to align the prospect's goals with yours.
- Don't focus on their death or money. Ask about what's important to them, why they started supporting your organization, and what they want to accomplish in life.
- Death is a fact of life, but your potential donors don't want to talk about it. Most people also dislike discussing money. Some cultures consider discussing money or death impolite, inappropriate, or simply unlucky.
- Instead, talk about "creating a legacy." Use terms like "estate gifts," "after your lifetime," "assets," "in the event something happens," and "costs nothing during your lifetime."
- Opt for an in-person meeting, rather than a phone call — you're much more likely to close a gift this way. An introduction or meeting can be made if someone at your organization knows the prospect. Then invite them along to help break the ice if they won't be a distraction.
- Remember to ask for specifics! Too many fundraisers either wait for a donor to suggest an amount or don't ask at all if the conversation isn't going well. The worst that can happen is that your donor says no. Even then, "no" could mean "not now" or "no, but I can give you XYZ instead."
- Say thank you, be sincere, and say it often. Even if a prospect says no, or gives a fraction of what you'd hoped for, the act of expressing gratitude could open the doors to a donation farther down the road.
- Solicit their opinions on your mission. Don't be afraid to ask for feedback. Explore their relationship with your company and what they would change if possible. Inquire about their legacy goals and if they can achieve them through a transformational gift to your organization.
- Once a donor has made a gift, ask if you can tell their story. Donor stories make donors feel like part of the team or family and inspire other potential donors. Not sure how to ask questions or write a donor story? Check out our webinar on Advanced Storytelling over at MajorGifts.Com.



3 Most Popular Types of Planned Gifts

The first two simple gifts make up over 90% of all planned gifts. (Conveniently this is the easiest for you to promote.)

1. BENEFICIARY DESIGNATIONS

They are simple to give, easy to arrange, and usually do not require an attorney. Any person who cares about your mission — wealthy or average, educated or not, CEO or work-from-home mom — can make these kinds of gifts.

The following assets can be designated all, or in part, to charity:

- Retirement plan
- Insurance policy
- Bank account
- Brokerage account

They usually just require the donor to sign a beneficiary designation form they can get from the plan or account administrator.

2. BEQUESTS

As one of the most attractive planned gifts, bequests allow donors to make a meaningful legacy gift to a cause they care about without incurring any costs during their lifetime, making them particularly appealing. It's also revocable, so the donor isn't tied down. If circumstances change, they can update it.

Some nonprofits worry about this, but most people don't change a bequest. In fact, the fulfillment rate for changeable bequests is usually over 100%, while legally binding campaign pledges are usually between 90% and 95%. That's right, most charities get more from bequests than pledges.

If a person already has a will or living trust, it's very easy and quick to amend it to include a bequest to charity with a simple codicil.

The majority of people change their will at least once, but only a small percentage change a gift in their will.

Nationwide, the average charitable bequest is between \$50,000 and \$60,000.



3. BLENDED GIFTS

Blended gifts, which combine an immediate and a future gift, are the best planned gifts for major gift officers. This kind of gift will turn you into a star!

Donors don't fit into the traditional categories used by many nonprofits. They want to support the organization in a way that meets their needs and fits their life situation. Donors should be treated as individuals, not as categories. This requires collaboration among the organization's various fundraising and development branches.

Here are a few popular combinations:

- Immediate Gift + Bequest
- Endowed Cash Gift + Bequest
- Cash Gift + Planned Giving Challenge
- Gift of Stock + Charitable Trust
- Cash gift from a Donor Advised Fund* + Beneficiary Designation
- Qualified Charitable Distribution** + Beneficiary Designation

*Donor Advised Funds are described on p18.

**Qualified Charitable Distributions (QCD) are gifts made by donors aged 70 and a half or older. The funds come directly from an IRA. Donors pay no taxes on the withdrawal because they never paid income tax on the money that funded the IRA. They can't claim a tax deduction for the gift, but avoiding income is usually a better tax strategy. This is especially important for donors age 73 and up, who must take an annual Required Minimum Deduction (RMD) since they can donate up to \$100,000 to charity while avoiding all taxes on that income.

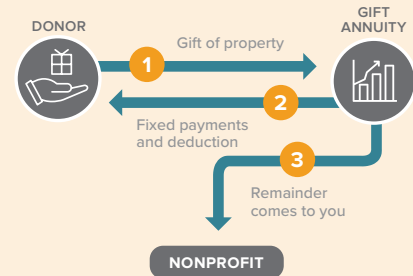
Other Types of Planned Gifts



GIFTS THAT ENHANCE CASH FLOW

Charitable Gift Annuity

This is the most popular gift plan that provides cash flow. Your organization agrees to pay the beneficiary a lifetime annuity in exchange for the donor's contribution of cash or securities. The donor is entitled to an immediate charitable income tax deduction. The annuity payment rate increases with the age of the donor or named beneficiary. After the donor's death, the annuity balance goes to the charity.



Deferred Gift Annuity

This functions like a Charitable Gift Annuity gift plan, except the annuity payments are deferred for a year or more. This gift is popular among donors in their 40s to early 60s because it guarantees future retirement income.



Charitable Remainder Annuity Trust

The donor transfers assets into a trust, which pays a fixed dollar amount each year to the donor and/or other beneficiaries. Payments can be for life, or for a set number of years, and when the trust terminates, the assets go to the nonprofit.



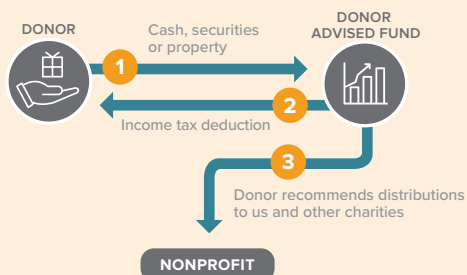
Charitable Lead Trust

It is the most widely used version of this trust because it makes regular contributions to a charitable organization and distributes any remaining assets to the donor's children and grandchildren at a significantly reduced estate and gift tax cost to the donor.



Donor Advised Funds

A donor-advised fund operates like a charitable checking account. Contributing assets or cash to the fund is tax-deductible. The fund manager invests the assets to grow the funds tax-free. When a donor is ready to donate, he or she notifies the fund manager. Your nonprofit may want to get on the list of approved charities for the most common fund managers. Donors can make annual charitable gifts, make multi-year pledges, and leave the rest to a beneficiary.



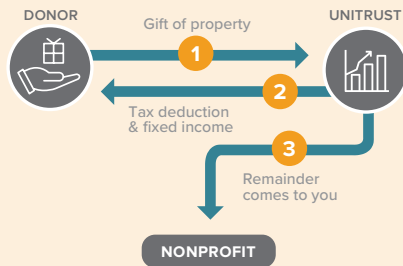
Pooled Income Funds

A few charities offer donors the option of having their gifts “pooled” with other gifts and invested by professional managers. The donor and/or designated beneficiaries receive a quarterly income from the money the fund’s investment generates. When the donor passes way, his or her share of the pooled income fund leaves the fund and goes to the designated nonprofit..



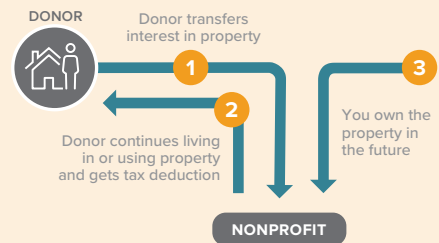
Charitable Remainder Unitrust

The donor transfers assets into a trust, which pays a fixed dollar amount each year to the donor and/or other beneficiaries. Payments can be for life, or for a set number of years, and when the trust terminates, the assets go to the nonprofit.



Retained Life Estate

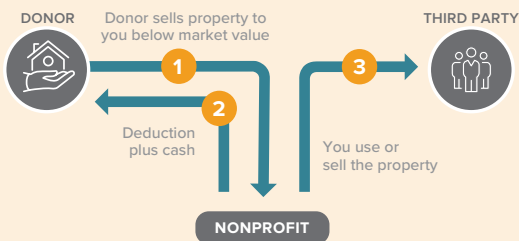
The donor donates a piece of real estate to a nonprofit organization and continues to use it as a primary residence, farm, or vacation home for as long as he or she lives. The donor enjoys an immediate tax deduction based on the future value of the gift. When the donor passes away, the nonprofit can sell or use the property.



GIFTS THAT PROTECT DONOR ASSETS

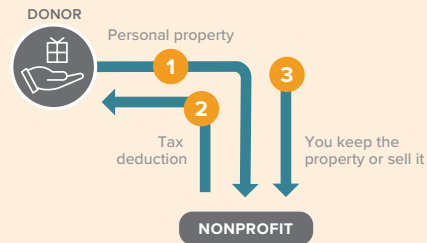
Charitable Bargain Sale

If the donor sells a property to a nonprofit organization for less than the property's market value, the difference is considered a charitable gift, and the donor can use the cash for whatever purpose they choose.



Gifts of Personal Property

Artwork, antiques, collectibles—really, any “appreciated stuff”—can be turned into a planned gift. The donor receives an immediate income tax deduction and avoids having to pay capital gains on the appreciation. The nonprofit can either hold the property, display it, or sell it.





Your First Next Steps

1. Identify your planned giving prospects. Remember: the highest predictor for a planned giving prospect is loyalty.
2. Send a letter stating you accept planned gifts. Keep it light and focused on the donor, not your organization or the mechanics of a planned gift. Instead, talk about the benefits of planned giving and emphasize the donor's ability to make a difference, leave a legacy, and change the world!
3. Leverage your existing resources. Here are a few ideas:
 - Email signature: make a new, short but simple message about bequests or IRA gifts every month. Use teasers found at page 24 of this Pocket Guide
 - Voicemail message: include a “teaser” with your message so that everyone who calls gets it. Of course, give them the option to skip by pressing the # key
 - Tuck planned giving messaging, ads and donor stories into your organization's existing publications
 - Include a friendly planned giving message on every donation receipt your organization sends out
 - Invest in a planned giving website or add a section to your existing one. Consider our Beneficiary Designations website for the smaller shop. It's affordable, effective, and easy to set up.



Planned Giving Elevator Pitches

BEQUEST

A gift in your will does not affect your cash flow and makes a meaningful legacy gift.

Make your mark on the future with a gift that costs you nothing during your lifetime.

APPRECIATED SECURITIES

Did you know giving stock can be more beneficial than giving cash?

You can deduct the full, current value and never pay taxes on the gain that made it so valuable.

Give smart, give stock..

RETIREMENT PLANS (IRAs)

With a simple signature you can make your retirement account last forever.

Are you 72? Want to make gifts and avoid taxes on your mandatory distributions?

Your IRA could be your legacy.

BENEFICIARY DESIGNATIONS

Want to be remembered? All it takes is a simple signature. Ask your bank or retirement plan administrator for a beneficiary designation form.

Did you know you can designate the balance of your bank account, retirement plan or insurance policy to support our mission? All it takes is a simple signature. Ask your plan administrator for a beneficiary designation form.

GIFT ANNUITY OR CHARITABLE REMAINDER TRUST

Want to earn guaranteed retirement income while fighting hunger? (providing scholarships, etc)

Tired of low returns on bonds or CDs? Ask for your rate on a Charitable Gift Annuity.

REAL ESTATE

Are you afraid your house will be a burden to your executor or heirs? Give it directly to charity.

Gift Comparison

Your Goal	Your Gift	Your Method	Your Benefit
Honor someone special with a free tribute gift during your lifetime	Gift through your will or trust ("bequest")	Include a gift of cash, property, or a share of your estate	Significant gifts that doesn't impact cash flow and can be changed later
Make a gift while leaving more of your estate to your heirs	Gift of Retirement Assets	Name us as a beneficiary of your retirement plan	Avoid up to 60% tax on retirement assets, leave less taxed assets to heirs
Make a gift while avoiding capital gains liability	Gift of Appreciated Securities	Transfer stocks, bonds or mutual fund shares to us	Make a significant gift, get immediate tax deduction, avoid capital gains tax
Leverage your most valuable asset to make a significant gift	Gifts of Real Estate	Deed property to us and continue to use it for as long as you wish	Avoid capital gains tax, get an income tax deduction for a non-lifestyle gift
Make an extraordinary gift at minimal cost to yourself	Gifts of Life Insurance	Donate an unused life insurance policy or name us as a beneficiary	Take a tax deduction now and future gifts to pay policy premiums
Make a future gift and secure extra cash flow for yourself	Charitable Gift Annuity Charitable Remainder Trust Charitable Lead Trust	Share your assets with us in a way that supports our mission.	Receive tax-advantaged payments for life, along with a large charitable tax deduction



And remember ...

Let no bank teller decide your legacy! To designate funds from your bank, brokerage, retirement, annuity or life insurance policy to our organization after your death, **simply sign**. It's the simplest way to help us. Simply ask your bank or plan administrator for a beneficiary designation form.

Planned Giving Bootcamp



Planned Giving Is On the Rise. Enhance your career.

Why? Let's spell it out:

- The pandemic
- Wealth transfer
- Retirement plans
- Assets at historical highs
- The aging of America

Need we go on?

The better you understand planned gifts, the faster your nonprofit will grow. Along with your career.

A 3-module course for Major Gifts Officers who want to include planned giving in their toolbox.

[PLANNEDGIVING.COM/BOOTCAMP](https://plannedgiving.com/bootcamp)



**Jonathon
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Jonathan has over 20 years of experience advising individuals and nonprofit

organizations on charitable estate planning and planned gifts arrangements. In addition to being an attorney, he has worked with staff, donors, and advisors to cultivate and close significant planned gifts.

The Planned Giving Boot Camp is spearheaded by Jonathan.

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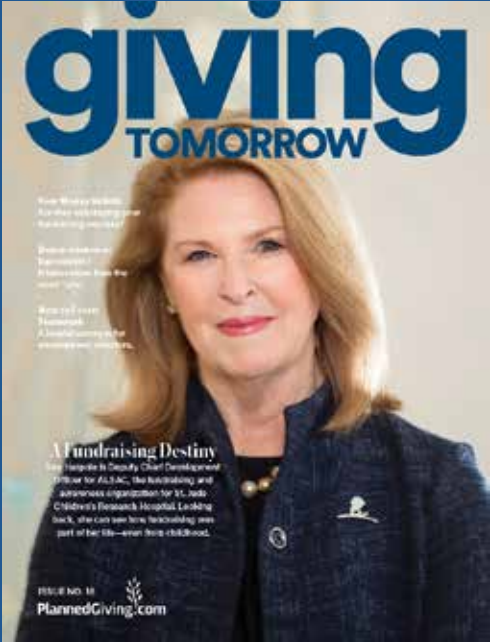


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