



# GIFT PLANNING IN A CAPITAL CAMPAIGN

PG CALC WEBINAR

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Presented by:

Lynn Malzone Ierardi, JD  
Director of Gift Planning  
The University of Pennsylvania  
Phone: 215-898-6171  
E-mail Address: [Lierardi@upenn.edu](mailto:Lierardi@upenn.edu)  
and  
[www.giftplanningadvisor.com](http://www.giftplanningadvisor.com)

## 1. Introduction

Campaign experience - Penn recently completed the “Making History” campaign

**Overall Goal: \$3.5 billion**

**Overall Raised: \$4,302,890,707**

Just as important as the dollars raised, the non-financial and engagement goals were critical to the success of the campaign.

### PENN’S NON-FINANCIAL AND ENGAGEMENT GOALS:

There are many opportunities for Penn alumni, students, parents, and friends to participate in Making History. Beyond the financial targets are specific goals for engagement that represent Penn’s commitment to broadening and cultivating its most important relationships. These goals include:

- ❖ Strengthen campus and regional activities that engage alumni, students, parents, and friends and provide increased access to Penn’s vast academic resources.
- ❖ Build on the success of alumni class and affinity group programming, creating new ways for alumni to connect with each other.
- ❖ Expand career networking opportunities for alumni and students.
- ❖ Grow the number of alumni who support Penn’s commitment to educational excellence through their annual gifts.
- ❖ **Increase the number of individuals who create lasting legacies at Penn through their planned gifts and Harrison Society participation.**
- ❖ Deepen student awareness and involvement in the full range of development and alumni relations activities.

## 2. Why Gift Planning is an essential campaign component

*External forces* changing campaigns:

- Campaigns have changed

Traditional or “old thinking”:

“A Capital Campaign raises money that will be spent to acquire or improve a physical asset. The purpose of a capital campaign differs from that of an endowment campaign in that the money raised will not be used to cover ongoing, operational expenses, or to fund special projects.” - 1999

Capital Campaigns are separate from annual giving

Capital Campaigns do not incorporate Gift Planning

Capital Campaigns happen once in a lifetime – or rarely

Comprehensive (new thinking):

Campaigns have grown in size and sophistication

Includes comprehensive analysis of the organization’s needs - including program, special projects, capital and endowment

Gift Planning is essential to success –  
wealth is not held in cash - it is held in assets

Campaign mode seems to be never ending

- Tough times (recession) and competition for dollars
- Boomers concerned about all sorts of expenses (e.g. retirement, education, health care, and needs of parents, needs of adult children)
- Technology and communication have changed – and as a result we can (and should) provide more information than ever

Perhaps most important...

**Deeper relationships with donors are more critical than ever – with a sensitivity to their needs and expectations, we need to be creative and flexible with our donors**

*Internal forces* changing campaigns:

- Non-profits and fundraising are increasingly applying for profit business principles ,
- 10%, 20%, 30% of campaign goals and dollars from Gift Planning – depends in large part on counting policies
- Gift Planning represents extraordinary return on investment – low cost fundraising
- Campaigns create awareness – opportunities to educate donors, prospects, fundraisers and volunteers about Gift Planning
- Can “jump start” a Gift Planning program
- Provides a sense of urgency – closes gifts
- Uncovers existing planned gifts and establishes values where previously unknown (e.g. existing bequests, outside trusts)
- Data analytics and predictive modeling are now essential
- Uncovers donors and prospects “flying below the radar” – In many cases, those who respond to gift planning targeted mailings are unrated and unassigned

### **3. Gift Planning in Campaign: Strategic Planning**

- Include Gift Planning at the feasibility stage  
Gift Planning program audit  
Gift Planning questions included in feasibility study
- Include Gift Planning at planning stage – with both financial and non-financial goals front and center in Campaign Goals
- Get “buy in” from the start, from campaign leadership, development staff and volunteers, and key donors
- Establish that Gift Planning is not a “fallback” or only for old people
- Include regular reporting – public goals vs. internal goals

### **4. Establish/update gift acceptance policies**

*(especially for things like real estate, complex assets, life insurance)*

- What are the issues to be addressed in these policies?
- What assets will/won't we accept?
- Who are the decision makers?

### **5. Establish and/or update counting and recognition policies and guidelines**

WHAT to count - and HOW to count it (this is always a hot topic!)

Factors to consider:

- Outright gifts and multi-year commitments
- Multi-year pledges (e.g. 5 years) – policy for exceptions

- Written documentation, e.g. gift agreements –
  - What triggers a gift agreement? **25k+, naming, restrictions**
  - Who is responsible for drafting? **Office of Gift Planning – with collaboration**
  - Who authorizes exceptions? **Office of General Counsel, Treasurer, VP of Dev.**
- Planned gifts – revocable vs. irrevocable
- Planned gifts - face value vs. net present value
- Planned gifts - age minimums
- Opportunities for younger donors to participate

### What did Penn count in the Making History Campaign?

#### A. Bequests and Beneficiary Designations

**Penn counted irrevocable gifts with a gift agreement at age 75**

Revocable and/or younger gifts were stewarded but not *counted*

Face vs. present value (discounted using life expectancy)

**Penn counted at *present value*, discounted using IRS discount rate**

Specific vs. percentage or residue

**Penn counted *%/residue* if minimum established in a gift agreement**

Beneficiary designation –

especially on IRD/Retirement assets

Upside: SIMPLE beneficiary form  
SMART – Federal/State income, estate and GST

Great to engage younger donors

Risk: diminishing value, easy to change

B. Life Income or term-of-years gifts (CRT's and CGA's)

**Penn counted only if irrevocably designated (CRT)**

Face value vs. present value (discounted using IRS discount rate)

**Penn counted the charitable deduction amount**

“Outside” trusts (Penn not Trustee) –

Counted when established or documented

Counted at what value? **Penn counted at present value**

C. Charitable Lead Trust

**Penn counted only if irrevocably designated**

Written documentation (gift agreement)

**Penn counted 5 years income at face value (like a pledge) –**

**then remaining payments discounted to present value**

D. Complex assets or tangible property

Gift Acceptance – policies and procedures

Appraisal requirements

Reserve right to adjust gift credit

**6. Fostering collaboration with development and other colleagues**

Empower partnerships: Make it a **TEAM EFFORT!**

A. Pre-Campaign: Donor Centric Prospect Management Policy

**Just as important as Gift Acceptance, Counting and other Policies**

**Donor Centric Strategies** strengthen long-term relationships with donor

**From Penn's Prospect Management Policy:**

**“Maximizing lifelong giving to Penn by developing long term, meaningful relationships with prospects and donors will always be the foremost consideration.”**

Organizational commitment to the following principles:

- Collaboration
  - Transparency
  - Trust
  - Access to Information
- Prospect Management Rules – documented and shared
  - **Penn Prospect Management Committee – uses policy and rules to assign prospects/donors to areas and fundraisers**
  - Open and collaborative information sharing, communication  
  
e.g. action updates on donor management system shared with prospect management team; prospect research shared with team; strategy conversations and meetings are counted in metrics and encouraged;
  - Essential tools to encourage accountability and responsibility  
  
If it's not on the donor management system, it didn't happen!
  - Shared Credit – for gifts AND activity

B. Partner through **ENGAGEMENT** – non-financial campaign goals

1. Goals and metrics for engagement – NOT dollar goals

- New member Fiscal Year Goal/Campaign Goal (for school/center chapters as well as University)

**Penn's campaign goal: 1000 new Harrison Society members**

- Number of Gift Planning asks, proposals, visits, calls/contacts (especially first time, joint and stewardship visits)



- Annual Giving increased from new legacy members according to Penn's internal data analytics
- Gift Planning boosted numbers and fostered conversation and collaboration - especially during the recession

2. Measure and report success – including performance metrics

Report success – everywhere!

- Internally – in campaign updates, reports, meetings
- Externally – in all campaign results – in publications, in news releases, at events, on the website, etc.

C. Successful **collaboration** at Penn

1. Examples for the Penn Office of Gift Planning:

- ✓ Build relationships INTERNALLY - attend regular staff meetings, pipeline meetings, school and center events, board and committee meetings
- ✓ Train and involve your staff and volunteers
  - Thinking about assets (not just income)
  - Identifying prospects
  - Listening tips and questions to ask
  - When to call in a gift planning colleague
  - How to make legacy asks
  - **Here's how we can be a resource to you**

**Penn integrates Gift Planning training in employee orientation, Major Gift Officer training, and more broadly with ongoing regular offerings**

- ✓ Provide customized marketing tools for schools and centers (postcards, print ready ads, articles, profiles)
- ✓ Predictive modeling – in house data analytics (focused on consistent giving, engagement, and other factors) to provide Gift Planning prospect lists with scores

- ✓ Provide assistance with gifts of complex assets (real estate, business and partnership interests, partnership interests, restricted stock, tangibles, etc.)
- ✓ Presentations to Boards and Committees

2. Examples of collaboration with Alumni Relations/Annual Fund

- ✓ Institutionalize Harrison Society membership as part of reunion participation for every undergraduate class
- ✓ Establish Gift Planning goals for each reunion class –  
  
**10 new legacy members for the 50<sup>th</sup> reunion**  
**5 new legacy members for every other class**
- ✓ Participate in reunion planning conference and include Gift Planning in all reunion materials
- ✓ Work with reunion committees, volunteers, Alumni Relations and Annual Giving staff to promote Gift Planning vehicles for reunion and annual gifts  
  
(e.g. e-blast to recent annual fund donors to encourage Harrison Society membership for reunion goal; recruit Harrison Society members to serve on reunion committees)
- ✓ Include Gift Planning options & profiles in reunion class newsletters & websites
- ✓ Include estate ask and/or Gift Planning information in annual fund letters and/or receipts (or thank you letters)
- ✓ Attend and utilize Alumni Weekend, Scholarship receptions, and Homecoming (& other events)

3. Examples of Penn Medicine metrics for Director of Development/Major Gift Officers:

- ✓ Achieve certain number of Gift Planning Asks

**If this is new – perhaps 5 is a good place to start**

- ✓ Identify number of new legacy society members

**Look at a percentage of existing members**

- ✓ Joint visits with Gift Planning Professional

- ✓ Gift Planning training requirement

- ✓ Annual portfolio review to include:

- Identify existing Gift Planning donors
  - a. Areas donor supports
  - b. Gift designation
  - c. Gift Planning vehicle/asset
- Identify potential Gift Planning donors

- ✓ At MED Pipeline and Staff Meetings:

- Gift Officer gives status reports on planned gifts
- Gift Officers who identify a new legacy society member are announced and receive a gift card
- Gift Planning Professional highlights a recent planned gift, ideally a blended Major Gift/Planned Gift (some now and some later)

**Conclusion:**

One size does not fit ALL campaigns –  
but consistency, transparency and fiscal integrity are

***CRITICAL***

**The next chapter:**

Maintaining momentum when you hit your campaign goal  
(particularly if you hit the campaign goal early!) –  
and continuing momentum after the campaign