HOW TO GET TO A "YES"

PG CALC WEBINAR

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INTRODUCTION

It is natural to experience a "high" when a prospect you have been cultivating for a long time agrees to make a major or planned gift. Of course, just as a good baseball player makes an "out" seven out of ten times, you will probably fail to get that coveted "yes" in the majority of cases. There are many reasons for experiencing setbacks, some of which are beyond your control. However, you can increase the percentage of positive responses by following the eight steps described in this paper.

The paper concerns both major and planned gifts, which are defined as follows:

A major gift is a large, outright contribution, for the present needs of the charity. The contribution may be made in a single transaction, or it may be pledged and paid over a limited period of time. The major gifts officer and others from the charity who are involved in the solicitation make the case for the gift, discuss its purpose, and may offer pledge period options. However, in most cases they are not much involved in discussing the tax and financial implications for the donor. Major gifts are commonly made with cash and publicly-traded securities.

A planned gift may or may not be as large as the charity's definition of a major gift, but it will certainly be significantly larger than the average annual gift. It is generally designed with forethought about the benefit to the charity and the tax and other financial implications for the donor and the donor's family. In contrast to a major gift, the planned giving officer will be very much involved in gift design, and will often collaborate with the donor's professional advisors. A future gift of any size is normally counted as a planned gift, and a present gift of complex assets that involve technical considerations is also usually regarded as a planned gift.

While the eight steps apply both to major and planned gifts, how the steps are taken often will vary depending on whether the aim is to secure a major or planned gift. Both the similarities and differences will be noted.

1. RIGHT PROSPECT

The first step towards a "yes" is selecting a qualified prospect. That person will have these characteristics:

L – Linkage

I – Interest

A – Ability

Linkage refers to points of contact with the charity. Examples would be an alumnus of a university, a former patient at a hospital, a member of a symphony, a docent of a museum, a board member, and a frequent attendee of events sponsored by the charity. Typically, people make the largest gifts to charities with which they have a connection.

Those who have linkage to the charity generally will also have an interest in it. However, there are some individuals who have no direct connections with a charity but nevertheless are very interested in its work. The charity may serve people for whom they have empathy, they may share the charity's values, or they may admire how the charity is operated. Conversely, there are many people with linkage who have little interest and do not contribute. An obvious indicator of interest is regularity of contributions.

Ability, of course, refers to the financial capacity to make a large gift. A good prospect research office has many ways to approximate the net worth of an individual. Titles, proxy statements, club memberships, addresses, and contribution levels at various charities are all indicators. Many charities employ a prospect-screening company to identify the top 10 percent or so of donors with the highest affluency rating, and then they use the tools of prospect research to drill down to the wealthiest members of this group.

Charities can readily identify those with a linkage to it, but they are not always aware of those who have an interest in it, and they may miss even more of those individuals with quiet or hidden wealth who have financial capacity. This will change as much more information is becoming available about individuals. Our daily travel is revealed by the GPS on our phone, our purchases by debit and credit cards, our likes and dislikes by postings on social media, and our interests by searches on Google, Bing, and other search engines. Just as companies use this wealth of information to market goods and services to us, charities may increasingly use such information in fundraising.

Let's imagine that we work for an environmental organization. We could identify those who have given to other environmental organizations, who regularly visit national parks, who shop at R.E.I., who have visited a world heritage site, who belong to the Sierra Club, have a dog, and who have a certain wealth rating that is updated daily. With such information increasingly available, we will be ever more able to narrow our focus to those not only with linkage but also with an interest in our cause and the capacity to contribute to it. We could even have a pop-up message specific to the person who visits our website based on information captured about that person.

Major gift officers generally conduct more research on prospects than planned giving officers do, and they tend to focus on a manageable number of prospects. Planned giving officers, on the other hand, cast a wide net by mailing thousands of newsletters, postcards, and such, and they then try to set appointments with responders, often knowing relatively little about them. These fishing expeditions can lead to large gifts from individuals who were on no one's radar screen, and that is the justification for continuing to market to a wide demographic and call on those who have not been very well qualified in advance. However, with limited budgets and staff, it probably makes sense to make more use of the increasing amount of information that is available in order to concentrate on those with all three characteristics of the right prospect, namely linkage, interest, and capacity.

2. RIGHT CULTIVATION

Cultivation refers to all of the relationship-building between identification of a prospect and solicitation. A gift planning or major gifts officer will typically orchestrate this process, but many people will be involved. There could be an invitation to a charity event, meeting with a university dean or hospital administrator, a field trip to see a tract of land preserved by an ecological organization, or any number of other contacts.

The moves management system to mark the stages of the cultivation process was conceived by Buck Smith and then refined and applied by David Dunlop, who spent his entire career at Cornell University, and whose success in obtaining major and principal gifts has become legendary. That system is now employed by charities throughout the country. The objective is to continue to take actions that move the prospect to an ever higher stage of readiness, and each stage may be assigned a number, say one through five, number one being initial identification and number five being time to ask the person to invest in the institution.

Some recommend some form of move every month. It could be a background move where the person is invited to an event, such as a performance by a visiting artist or a reception preceding a special lecture. It could also be a foreground move, such as a lunch meeting. The period over which the moves occur and the advancement from one stage to the other will, of course, depend on the individual.

Since moves management has proven to be very effective in major gift fundraising, some development offices also try to apply it to planned giving. They insist that a number be assigned to each planned gift prospect, as well as every major gift prospect. The problem with this policy is that many, if not most, planned gifts follow a different path. Quite often the prospect for a planned gift will have self-identified by responding to a newsletter or advertisement or attending a seminar, and something is happening in his or her life to stimulate legacy planning. In that case, the person may be prepared to move directly to a discussion of a gift arrangement. Trying to assign some numerical stage would be arbitrary and unhelpful. It is better to accept the fact that the moves-management system is more applicable to current gifts than to planned gifts, such as a bequest or charitable remainder trust.

Another question is whether people who respond to planned giving marketing initiatives, or who may be referred to the planned giving office by estate and financial planning professionals, should be subject to the standard prospect clearance protocol before a planned giving officer can contact them. The planned giving office should have standing permission to send information about bequests, trusts, gift annuities, or any other subject to anyone who requests it. That can be done without interfering with any pre-existing relationship between the inquirer and a development officer. However, before scheduling appointments with someone who has requested information, the planned giving officer should determine whether the inquirer is a prospect assigned to a colleague. If so, there should be a conversation to discuss strategy and decide on next steps. They might decide to proceed on parallel tracks, keeping each other informed, or to do a joint visit.

During the cultivation process, major gift officers may become preoccupied with the number of recordable moves and with meeting the monthly quota for number of visits, and planned giving officers may focus on explaining all the wonderful benefits of the planned giving instruments and miss what is truly important, namely what arouses the prospect's passion. As Dunlop observed, it is not the number of moves and initiatives but values and purpose that motivate gifts.

In the course of the cultivation process, you will become more aware of what might motivate the prospect to make a gift. Possible motivators are:

- Religious belief that in gratitude for blessings received we are to share with others. There is data indicating that practitioners of a religion, on average, give more to charity in general (not just to their religious organization) than non-practitioners do.
- A sense of *noblesse oblige*, or the conviction that those who possess special talents or excess wealth have an obligation to benefit less fortunate members of the society.
- A sense of an obligation to pay back for a benefit received. It may have been a scholarship that enabled the person to stay in school, a life saving treatment at a hospital, a kindness to an elderly parent during hospice care, or something else that enriched life. We have an innate sense of fairness, which is why we reciprocate when we have received an invitation, a favor, or a gift. Many planned gifts are a way of paying back, or perhaps we should say "paying forward" since the way to pay back something like a scholarship is to fund a scholarship for a young person who follows us.
- Empathy for those who are suffering. This is why so many people contribute to help the victims of a disaster, and why portrayals of suffering children and animals are so effective at moving people to action.
- Desire for recognition. Fundraising is based on a carefully calibrated system of payments and repayments. An endowed chair, a scholarship, a name on a building or a room, and membership in the President's Club all carry a price tag. In accepting a gift of a certain size, the charity becomes a debtor, and the expectation is that the charity will repay this debit with some form of recognition that has commensurate value.
- Tax savings. For some people, especially those in high tax brackets, the ability to reduce their tax bill is a motivation. However, rarely do tax savings cause people to give, for tax savings reduce but do not eliminate the cost of a gift. Almost always, gifts are engendered by emotion, and tax savings affect the amount, timing, and type of gift.

The relative importance of these motivators depends on the prospect. The skillful gift planner will discern during the cultivation process what matters most to the person and help them to visualize what they could accomplish.

3. RIGHT PROJECT

In deciding on the project to propose to a prospective donor, a major gifts officer will select one of the charity's priorities believed to be of interest to that person. Everything goes according to plan if the prospect is enthusiastic about something that is important to the charity, but sometimes the prospect prefers to give to something that is not on the charity's priority list. Then the dilemma is whether to accommodate the prospect's agenda in order to get the gift or insist on the charity's agenda to advance its mission and possibly lose the gift. Often, some compromise can be reached that is satisfactory to both the charity and prospect, but a charity must be prepared to say No if the conditions of the gift are impractical to fulfill.

It may be that the donor's interest is not something unacceptable, but simply something that was unanticipated. For instance, an alumnus of a university's medical school may be passionate about music, or an engineer may love literature. If, during a solicitation call, it becomes apparent that the person is lukewarm about the project being proposed for funding but shows an interest in something else, then don't charge ahead with the solicitation plan, but adapt and ask an open-ended question like this: "If it became possible down the road for you to help fund any program or project that interests you, what would you most like to support?" The largest major gifts will be made where there is the most emotional investment, and a huge, transformational gift results from both a strong relationship with someone from the institution and from a vision of something that would give meaning to the donor's life.

Is proposing the right project as important in planned giving as it is in major giving? The September, 2014 issue of the PG Calc-U-Letter contained an article with the headline, "For CGA's Benefits Trump Mission." That assertion was then supported by these comments: "Contrary to the widely-held belief that the best way to promote planned gifts is to focus first on your organization's mission, we are recommending a shift away from this approach in the marketing of charitable gift annuities (CGAs). In our experience, organizations are seeing an increase in response when they emphasize the financial benefits of a CGA over their mission."

Is it also the case that donors are attracted to other planned gift vehicles, such as charitable remainder trusts, pooled income funds, and lead trusts primarily because of their financial benefits? Although the PG Calc-U-Letter article does not address this question, it is often the case that the initial discussion of a charitable remainder trust concerns how one might transfer an appreciated asset, avoid taxation of capital gain on the transfer, receive a deduction, and have a lifetime stream of income. Only after the financial benefits have been considered is there a discussion of the charitable purpose of the trust remainder. The fact that the prospect is talking to the planned giving officer of a particular charity implies that there is an interest in supporting that charity, but little thought may have been given to a particular purpose. There will, however, be some donors who want to use a planned gift to endow a special project or fund a particular program. For those donors the right project is important in getting to a yes. It is also probably more of a factor in larger planned gifts and in legacy gifts made at the end of life, which are expressions of the values of donors. But for lifetime gifts, proposing the right project does appear to be more important in major giving than in planned giving.

When selecting the project to propose to younger, entrepreneurial donors, the emphasis should be on solving a problem. These donors are less inclined than the older generation to make a gift to a charity and trust the charity to use it wisely. They approach philanthropy as they do their investing. When investing in the stock market, they expect to see a return on their investment in the form of dividends and capital appreciation. When investing in philanthropic projects, they expect a measurable return in the form of changed lives and conditions. Some of these younger entrepreneurs are investing in for-profit social benefit corporations, and they look for collaboration between charities and these for-profit companies to address a problem. One vehicle now being offered to them by community foundations is a donor advised fund where the assets are invested in such social benefit companies. Thereby, their capital is available to companies that have social as well as profit-making objectives, and whatever income is earned on the investment can be granted to various charities.

So far, major gifts are used for these collaborative ventures, but it is possible to employ socially responsible investing to planned gifts as well. For example, a social-purpose pooled income fund might be created and the assets invested in companies that address social problems. By offering project options that appeal to a wide variety of donors and paying attention to their interests, a charity will close more gifts.

4. RIGHT SOLICITOR(S)

Any of the following might ask a prospect for a gift:

- A development officer alone.
- A volunteer alone.
- A team consisting of a develoment officer and a volunteer.
- A team of two volunteers.
- A senior officer of the charity.
- A team consisting of a senior officer of the charity and a development officer.
- A team consisting of a development officer and an expert from the charity who can speak about the prospect's area of interest. The latter could be a dean, researcher, curator, etc.

Depending on the situation, any of the above might be the right person(s) to solicit the gift. The important thing is that the solicitors are respected and trusted by the prospect.

In the case of planned gifts, a development officer who specializes in planned gifts, acting alone, commonly discusses the gift with a prospect. That is because the prospect is more likely to be older and therefore accessible, more technical expertise is required, the prospect may be reluctant to reveal personal financial information to a peer or volunteer, and because the process may require far more time than a volunteer or senior administrator at the charity can afford. If the planned giving officer is accompanied by anyone, it is likely to be the major gift officer who has been working with the prospect. Thus, it could be said that planned gifts are mostly <u>staff driven.</u>

Major gifts, on the other hand, are commonly solicited by a team, which often includes a volunteer and/or senior administrator, as well as a development officer. Major capital campaign gifts, in particular, will be <u>volunteer-assisted.</u> However, some major gift officers have proven to be very skillful at closing gifts of $1 million or more by themselves. They are perceived as credible representatives of the charity, they have earned trust, and they have developed relationships over time. Of course, a transformational gift requires involvement of the charity's president, board chair, or other prestigious leader both to speak authoritatively about the program to be funded and to make the prospect feel valued.

Assuming that the major gift solicitation involves a team, the question is what role each member of the team will play. One person, who was a very productive major gifts officer for a teaching hospital, says that she always preferred a solicitation team of two, one to serve as an expert witness (such as a doctor or professor) and herself as the asker and the manager of the relationship. She went on to say that in advance of the call, she bulleted the points of the "ask" and spent about an hour with her teammate role playing. She wrote out possible questions/objections and answers and who would respond.

Another recognized leader in major gift fundraising, who has been with a leading university for many years, observed that volunteers are good at speaking persuasively about the institution, but they are typically reluctant to actually ask for a gift. Thus, he likes for the team to consist of the volunteer and himself. The volunteer is able to get in the door and is someone to whom the prospect would have difficulty saying "no," but having made the case, the volunteer allows the development officer to guide the conversation to the "ask." The problem with having two volunteers, or a single volunteer, meet with the prospect is that there may be lots of friendly conversation while skirting the subject, and not actually requesting a gift. The meeting may proceed in the same way when a senior administrator accompanies a volunteer. For that reason, the consensus is that the best solicitation team for a major gift is probably a development officer paired with a volunteer, a development officer paired with a senior administrator, or a development officer paired with an expert in the prospect's area of interest.

In the case of a planned gift, volunteers can be extremely valuable in making referrals and opening doors, but they are less likely to be present when a gift is discussed. Likewise, a senior administrator or distinguished expert at the charity, by taking time to meet with a prospect, can help with the cultivation. In one case, the planned giving officer met with an older donor who had self-published several books and explained how with a gift annuity she could quadruple her cash flow. Then he arranged for the chair of the English department to take students enrolled in a creative writing class to her home and visit with her. The donor was thrilled at being able to nurture the skills of future students like these while improving her financial situation.

5. RIGHT TIMING

"Right timing" applies both to when to schedule an appointment with a prospect, and when during the appointment to request a gift.

The first consideration when preparing to schedule an appointment to solicit a major gift is whether linkages have been determined, interests identified, capacity evaluated, and relationships developed. The second is what may be happening in the prospect's life. The third is the general state of the economy and how this may have affected the prospect's ability to give.

Legacy gifts usually are stimulated by life cycle changes such as retirement, the sale of a business, the death of a parent or spouse, illness, moving, the birth of a grandchild, etc. These are the events that stimulate a person to update an estate plan and think about legacies. Individuals who request information from the planned giving office and agree to an appointment with a planning gift officer may be in one of these life transition periods. You continue to send out newsletters discussing gift and estate planning ideas because some of them will arrive at just the time the reader is receptive to considering the subject. Occasionally, when the timing is not right, the reader will file the issue for future reference.

Both planned and major gifts are affected by the economy. This doesn't mean that all major gift solicitations should be put on hold until a down stock market fully recovers, for people do continue to make major gifts even when their net worth has decreased. However, you may not want to ask an investor for a major gift shortly after stocks have declined 10 percent. On the other hand, it could be absolutely the right time to talk to a person who has informed you that he plans to sell his business.

Just be aware of how the prospect may be faring in the economy before scheduling an appointment, and be patient. A certain donor was prepared to contribute $8 million in early summer of 2008. Then came the crash in stock markets that erased 40 percent of his wealth. He called and said that he was putting the gift on indefinite hold. If the planned giving officer had pressured him to proceed, he probably would have disappeared forever. Instead, the planned giving officer said that he fully understood and would be available if the timing for such a gift should ever become favorable. The donor resurfaced in January of this year and announced that he was now ready to proceed, but that he would be funding the trust with $4 million rather than $8 million. He was still wealthy but not as wealthy as before, and he needed time to adjust psychologically. Waiting for the right timing made the difference.

Securing an appointment is usually more difficult than getting the gift during the visit. That is a reason to have a friend or peer of the prospect schedule the appointment. It is more difficult for the prospect to say "no" to such a person. If the prospect is retired and older, the gift planning officer can probably arrange the appointment, though an introduction by someone who knows the prospect can be helpful. Just remember that an appointment is a major step towards getting to a "yes."

Once you are in front of the prospect, the question is when to ask for a gift. One development officer said that she watches for when the person switches from "you, they, them" to "I, "we", and "us." This indicates that they are now feeling like insiders. Another former fundraiser said that he would watch for when the prospect starts nodding in agreement. Other body language will also indicate the receptivity of the prospect. If the arms are tightly folded against the individual's chest, you still have work to do, but if the person starts leaning forward, go for it. Depending on the signals, you might request a gift within 15 minutes after beginning the meeting or wait more than an hour. The last thing you want to do is decide on a timetable for the appointment like you might do for a staff meeting: 2:00-2:05 introductions, 2:05-2:15 general conversation, 2:15-2:40 discussion of charity's mission, 2:40 request gift, 2:45-2:55 respond to objections, 2:55-3:00 close.

In the Ancient Greek language there were two words for time. *Chronos*, from which we get chronology, referred to clock or calendar time. *Kairos*, referred to qualitative time. The nearest English equivalent is "timing." The fullness of kairos is the coming together of all of the favorable conditions. Obviously, we live by the clock and calendar in our daily lives, but in scheduling appointments and making the "ask," choosing the right *kairotic* moment is all important.

6. RIGHT ASK

In the case of a planned gift, there is often not a discreet ask. The gift is rather the final step of a natural progression. Typically, the progression will proceed like this:

- The gift planning officer schedules an appointment with someone who has responded to a marketing initiative or who has been referred to the gift planning office.
- During the meeting, the gift planning officer inquires about the prospect's interests and objectives and likely obtains information about the prospect's family and financial situation as well. Then the gift planning officer suggests some possible ways to realize the prospect's objectives and asks permission to provide follow-up information, which could be sample bequest language to refer to a lawyer, a draft endowment agreement, a financial illustration for a charitable remainder trust or a gift annuity, or some form of proposal.
- Then there will be follow-up contacts to answer questions, provide more information, and perhaps, modify previous proposals and illustrations in light of new facts disclosed by the prospect.
- At a certain point the prospect's financial advisors will likely get involved, and unless they advise against the plan that is emerging or the prospect calls a halt, the requisite gift documents will be prepared.
- Finally, documents will be executed and, if it is an *inter vivos* gift, assets will be transferred.

Probably in the majority of cases, there never will be a point in time when the gift planning officer looks the prospect in the eye and asks for a gift of a particular size. If there is an "ask," it is likely to be phrased in one of these ways: "Have you ever thought about a legacy gift?" "You have been a faithful contributor to our organization, and I am wondering if you would consider endowing your gift?" "Do you think that the plan we have suggested would accomplish your objectives?"

When an individual is a prospect for a campaign gift, or a major outright gift when the charity is not in a campaign mode, there is likely to be a discreet "ask." Then, the timing issues discussed above become critically important. Making the "ask" in the right way is also essential to success, although even a clumsy ask is better than no ask. A chapter in the book, *Asking*, by Jerold Panas is entitled "It's Amazing What You Don't Raise When You Don't Ask." When asking, keep the focus on the donor. Here is an example of how one successful fund-raising consultant sometimes asks for an estate gift: "As you look out over the next five to ten years, what do you believe our greatest challenges will be?" Then the "ask": "Would you be willing to help us address those challenges with a gift through your estate?"

If you are seeking a current gift, it will be necessary to put a number on the table: "Would you consider a gift of $1,000,000 for (description of purpose)?" If you are not sure of the prospect's financial ability, you might say, "Would you consider a gift in the range of $500,000 to $1,000,000 for (description of purpose)?"

Once you have put the number on the table, be quiet and wait for the prospect to respond. This interval can seem like an eternity, but you must endure the silence. A certain CEO was part of a solicitation team, and everything had proceeded just as planned until the "ask." The CEO, unable to stand the silence and waiting to curry favor with prospect, blurted out, "You have been very generous to the Museum, and we can understand if this might not be a good time for you to consider another gift, or if you would like more time to think about it." His solicitation teammates did a slow burn inside, and they walked away without a gift.

The ideal response once you have made the "ask" is, of course, an unconditional "yes." The next best is a conditional yes, which is subject to conferring with advisors to determine whether a gift of this magnitude is feasible and when and how it might be made. Then the development officer, who was part of the solicitation team, can offer to follow up with the prospect and be available to his or her advisors to discuss how the gift might be designed and funded. While the volunteer member of the team is the motivator, the development officer becomes the actual closer.

Sometimes, of course, you will hear neither an unconditional nor a conditional "yes" but rather objections such as the following:

- "I need time to think about this."
- "This is something I need to discuss with my lawyer (accountant) (financial advisor)."
- "I can't give you that amount of money."
- "This isn't a good time for us. We've had a lot of major expenses lately."
- "I'm not the person you should be asking. There are others far more capable of making this level of gift."
- "I'll do something, but I can't give as much as you are asking for."
- "I question whether this new wing is really necessary since there is another primary care facility nearby."
- "No."

The first six of these leave the door open. Allowing time to make a decision, suggesting alternative assets and methods of giving and probing the size gift with which the prospect may be comfortable may lead to a yes. The seventh objection is more difficult, particularly if the project is controversial or there is a flaw in the proposal, but you may be able to turn the prospect around if you acknowledge that the prospect has raised a key question and offer to provide information later if you or your fellow-solicitor don't feel able to provide a convincing answer immediately. If you get a firm "No" without an explanation, you might ask if there is anything that might have caused the prospect to respond differently. If you sense that the door is firmly closed, simply say thank you and back away.

7. RIGHT GIVING METHOD

The giving method is often not discussed in a major gift solicitation. It is understood that the charity is asking for a current gift, and the only question is when the gift would be made. A donor who has carryover deductions that must be used before the five-year period for claiming them expires may propose delaying the gift to a subsequent year, and the major gift officer should, of course, be accommodating. In the event the gift is needed in the near term to launch a building project, the major gift officer might propose an interest-free, demand note to the charity that would satisfy the present need for capital. Once the donor's carryover deductions have been used, the loan could be forgiven and a deduction claimed. Whether or not the usability of the deduction is an issue, the major gifts officer may want to offer the option of a lump-sum contribution or a pledge paid over the next five or so years. The ability to stretch out the payments will make the gift more feasible for many donors.

Many major gift donors don't need to discuss anything other than the timing of the gift, for they have skilled advisors, and already understand the tax implications of giving various assets. However, there are other donors, who have been quite successful in running a business and making money but are uninformed about giving options. If you ask them for $500,000, they may be wondering how they can come up with that much surplus cash. As a major gifts officer, you will want to make them aware that gifts can be made with various assets, such as publicly-traded securities, closely-held stock, real estate, LLC interests. Less than 10 percent of the wealth of high-net-worth individuals is in cash, so you want to prompt them to think about the other 90 percent. The gift you requested may be possible for them only if they give non-cash assets, and if most of their wealth is tied up in a family business, only if they give shares in that business. When the gift is likely to consist of these complicated assets, the major gift officer can enlist the help of a planned giving specialist on staff or, if there is none, an external consultant or legal advisor.

In the event that a donor declares that he or she is in no position to make a major gift because it would decrease income needed for living expenses, then a planned gift, such as a gift annuity, charitable remainder trust, or bequest can be proposed as a backup. This is probably the only time the major gift officer would actually get involved in particular giving methods unless at the charity major and planned giving have been combined, with each major/planned giving officer responsible for both types of gifts. Even when major gift officers have no responsibility for planned gifts, they should at least be able to discuss giving types conceptually. They might keep in mind that fundamentally there are these three ways to make a gift that donors will understand:

> **Give an asset now** retaining no economic interest in it (an outright gift). The gift can be put to work immediately, and the donor has the satisfaction of seeing it in action now.
>
> **Give an asset now, but continue either to use it or derive income from it (**irrevocable deferred gift.) Although the use of the gift is delayed, the charity can definitely count on it.
>
> **Arrange for the transfer of the asset to occur in the future, usually at the end of life, but retain the ability to change your mind** (bequest, beneficiary of an IRA or other retirement plan, beneficiary of life insurance or an investment account, all of which are revocable deferred gifts).

In contrast to the major gift officer, a planned giving officer will likely have discussed gift types with a prospective donor from the very beginning. The meeting with the donor may have been scheduled because the donor inquired about a gift annuity or other type of gift mentioned in the charity's marketing material. The whole gift planning process concerns giving the right asset in the right way at the right time for the right purpose

Figuring out the right instrument, or combination of instruments, for a particular situation is one of the most enjoyable and creative aspects of planned giving. If you are a planned giving officer, think of yourself as a problem solver, not a salesperson for the giving vehicles. Here are just a few of the hundreds of donor situations you will encounter:

- The person who owns depreciated real estate he wants to sell but is concerned about tax on the gain.
- The couple with the improvident, adult child.
- The couple who would like to provide a subsidy to adult children now, a substantial sum later in their life, and in the meantime teach community responsibility.
- The person with a privately-owned business, who would like to plan for succession and make a legacy gift.
- The mid-life professional who would like to accumulate more for retirement than is possible through a 401(k) or other qualified plan.
- The elderly individual who would like to increase cash flow during retirement.

Getting to a "yes" for a planned gift will often depend on your creativity in proposing a plan that meets the donor's objectives.

8. RIGHT FOLLOW-UP

Owners may think they have sold their house when they accept a signed purchase offer. However, it is not a done deal until closing. The purchaser may be unable to secure financing, the inspection may reveal problems with the property, or the buyer might simply forfeit the escrow and walk away. Even if nothing goes awry, there is lots of paperwork before a check is delivered in exchange for a deed and set of keys.

It is the same with major and planned gifts. In the case of a major gift, the follow-up documents could consist of:

- A letter to the donor thanking him/her for the commitment and confirming how and when the gift will be made, if this has been decided.
- A gift agreement stating terms and conditions including whatever the charity has promised in terms of recognition. If the gift is for an endowment, there would be an endowment agreement covering the name, purpose, investment and distribution policies, and possibly power-vary-language.

- If applicable, a pledge agreement. This might be part of the gift or endowment agreement. This should be a statement of intention rather than an enforceable pledge agreement if it is anticipated that the donor will fulfill the pledge from a donor advised fund or a private foundation.
- If the gift is pledged to be paid over a period of time, it is advisable to make arrangements for any outstanding amount to be paid at the donor's death. There could be a pledge agreement stating that any unpaid amount not provided through a bequest or beneficiary designation would constitute an obligation of the estate. The donor could be encouraged to provide in his/her will for a bequest equal to the unpaid amount.

In addition to whichever of the above apply, a planned gift could entail a gift annuity or trust agreement, a deed and tenancy agreement in case of a retained life estate gift, bequest language, or language for a beneficiary designation.

Two things can complicate the closure of either a major or planned gift. One is second thoughts.

After making a major purchase, such as a house or automobile, sometimes a person is beset with doubts. Did I act too hastily? Can I really afford this? Could I have gotten a better deal for myself? This is called "buyer's remorse." Likewise, an individual who commits to a gift may start wondering about the decision, and procrastinating about the execution of documents. Assuming the gift commitment does, indeed, make sense, this is a time for reassurance. The donor is looking for validation that he/she did the right thing, so it is important for you to reaffirm the wonderful outcome of the gift. You can help the donor visualize what the gift will accomplish, and you can reiterate tax and other financial benefits. You might with sublety note the various forms of appreciation that will be bestowed.

It is not uncommon for you to have to close a gift twice: first during the solicitation call and second at the actual closing when the donor has to sign on the dotted line. Once you have gotten your "yes" and actually closed the deal, further reinforce the donor's decision with good stewardship. You don't want the donor to feel that something has been taken from him or that he "has been had," but rather that he has willingly and wisely invested in something truly important. Make the act of giving a positive experience, and remember that as a gift planner you can be a "giver" of meaning and fulfillment, not just a taker of money.

The other thing that can complicate the closure of the gift is the donor wanting to renegotiate the terms of the gift. Maybe he wants a higher payout rate from the charitable remainder trust than is provided in the agreement that was drafted and ready to be signed, and the percentage he wants is higher than the maximum your charity will accept when it is trustee. Perhaps you agreed to name the wing of a new building for an outright, current gift of $10 million, but now she wants to pay $5 million of it over the next five years and pay the balance through a bequest.

Sometimes, you can reach a compromise. For example, when a person, who was naming a building, wanted to switch from a lump sum payment to a pledge over seven years, the planned giving officer said that this would be acceptable provided that the unpaid balance bear interest at seven percent. The donor agreed, and total payments including interest was well above the agreed amount, but he benefited too because the stock he would have donated in a lump sum shot up in value over the pledge period.

If something unforeseen has happened to cause the donor to hesitate, you should, of course, renegotiate a gift that is feasible under the donor's changed circumstances. Sometimes, though, the donor in all business dealings prides himself in being a tough negotiator, and wanting to change the terms is not motivated by financial necessity but rather by the desire for a symbolic victory.

If your donor, who has said "yes," keeps postponing appointments to sign documents and doesn't return your phone calls, be aware that he is having second thoughts of some kind, and it is important to let him know that the gift terms can be revisited. In most cases you can reassure the donor and proceed with the closing, but occasionally you will need to use your best negotiating skills in order to preserve the gift under terms acceptable to your charity.

CONCLUDING WORD

The path to a "yes" is fundamentally the same for both major and planned gifts, but there are some differences that have been described in this paper. Whether you are responsible for major or planned gifts or both, the journey begins with the first step, which is to set appointments and get out of your office. Following the eight steps does not assure success, but hesitancy to embark on them assures failure. Remember that there is no money hidden under your desk.