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## The Best and Most Ignored Source for New Planned Gifts



**Date:** February 25, 2016  
**Time:** 1:00 – 2:30 Eastern Time  
**Presenter:** Mike Valoris  
 Senior Consultant  
 PG Calc




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## Introduction

- The process of prospect identification is uncertain
- Identify those donors who want to do more
- Modest giving does not justify lack of engagement
- Don't ignore the source for your best planned giving prospects

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## Donors who give monthly

- Donors who give monthly are loyal
- Monthly giving is usually modest
- These are prime prospects for a bequest intention



Create a PG strategy for monthly donors



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### Donors with donor-advised funds

- DAF's are an excellent source for charitable giving
- In 2014, the average fund had \$296,700\*
- Annual grants from DAF's are often modest

 Create a MG-PG strategy for DAF donors

\* National Philanthropic Trust, 2015 Annual Report

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### Example

- Mr. & Mrs. Smith are loyal annual donors to their local hospital 
- In 2012 they started making gifts from a DAF
- In 2015 a hospital board member visits
- They commit to \$25,000 from their DAF, maybe more

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### Donors who make IRA charitable rollovers

- IRA's are a source for charitable giving
- The IRA rollover is permanent!
- Donors forgo their required minimum distribution
- Consider outright gifts and/or a beneficiary designation

 Engage IRA rollover donors for current and future giving

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### Example

- Sally, 74, made two IRA rollover gifts of \$5,000 each
- Pledges \$50,000 to a campaign over five years
- Uses her IRA to pay the pledge
- Names the charity as a beneficiary of her IRA



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### Donors with endowed funds

- An investment in your charity's mission
- Donors see the impact of their gift
- Estate commitments increase the impact

 Cultivate endowed fund donors for bequest intentions

- Endowed fund donors and your legacy society

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### Legacy society members

- Estate commitments - opportunities and challenges
- Estate gifts usually exceed lifetime giving
- Getting information is key



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### Legacy society members - challenges

- We know little about our estate commitments
- Unrestricted vs. restricted
- Estate gifts and gift acceptance policies
- Estate gifts for long-gone programs



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### Legacy society members - opportunities

- Engage living donors about their estate commitments
- Salvage an estate commitment to meet priorities
- Negotiate a blended gift to maximize giving



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### Example

- Elizabeth put alma mater in her will for \$1M to endow a professorship
- Alma mater raises the funding to \$2.5M
- Changes her will to meet \$2.5M required funding
- Family is concerned the amount will increase further
- Funds a CRUT with \$2M with balance of \$2.5M from her estate

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## Legacy society - new members

- New legacy circle members – two approaches
- Information you would like to have
- Obtain the paragraph from the will or trust

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**APPENDIX**

**OBTAINING INFORMATION ABOUT ESTATE COMMITMENTS**

This Appendix discusses the information charities should attempt to obtain about estate commitments, and ways to obtain this information. For charities with large numbers of

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## Legacy society - current members

- Ways to learn more about estate commitments
- Try for a personal visit
- Be careful with phone calls
- Bequest surveys can be a useful tool

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## Legacy society - bequest survey

- Vet the mailing list carefully
- Send a cover letter, questionnaire, stamped reply envelope
- Increase the response rate
- Acknowledge responses



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### Legacy society - after the survey

- Review all surveys to identify gift issues
- Determine which legacy society members need visits
- Restructure estate gifts if needed

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### Donors with life insurance policies

- Gifts of life insurance – opportunities & challenges
- Term policies vs. permanent policies
- Donor designates a beneficiary or transfers ownership of the policy
- Have gift acceptance policies



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### Donors with life insurance policies

- Donors often stop making gifts for premium payments
- Obtaining an “in force illustration” from the insurance company
- Cashing in the policy for current use is an option



Review all policies and have a course of action

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### Example

- Dr. James, 66, made a gift of a life insurance policy to a research institution
- Death benefit was \$500,000; cash build-up was \$175,000
- Research institution wants to cash in the policy; Dr. James agrees
- Research institution has \$175,000 to fund a new initiative



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### Donors with family trusts

- Charities receive current gifts from trusts of deceased donors
- Establish a stewardship plan for family members

 Identify and cultivate surviving family members

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### Example

- Anthony Johnson, deceased, established a testamentary CLT
- Ten charities get annual six figure distributions
- Charity #1 stewards the surviving Johnson family
- Charity #1 receives \$1M outright from the family
- Charity #2 has no contact with the family and receives no further gifts

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### Donors with life income gifts

- Explore gift opportunities with life income gift donors
- Repeat gifts are common with CGA donors
- Some donors will forgo the income from their gifts
- Life income gifts can be converted into current gifts



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### Repeat gift annuities

- Gift annuity donors frequently do repeat gift annuities
- They benefit from higher rates and increased income
- Sending personalized illustrations is effective marketing



Annually, send personalized illustrations to existing CGA donors

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### Example

- In 2012 Nancy, 75, funds a CGA for \$20,000 with appreciated securities
- In 2015, she receives an illustration for a new CGA for \$25,000
- She funds another CGA for \$20,000
- Gets a higher annuity rate and avoids stock market volatility

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## Redirecting payments

- Some beneficiaries do not need the income from their life income gifts
- Can redirect the payments to the charity
- Signs a revocable limited power of attorney 
- Payments are gifts to charity; beneficiary reports payments as income

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## Gift of a life income interest

- A life income interest can be contributed to the charity
- Check the documents and state law
- Donor of the interest may get a charitable deduction

 Review life income gift files where an assignment may be appropriate

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## Example

- In 2005, Robert & Martha Jones fund a 5% SCRUT with \$250,000 - remainder is for a scholarship at their alma mater 
- In 2016, income interest is assigned to alma mater
- The interests "merge" and alma mater gets \$310,000, the trust FMV
- The Joneses get an additional tax deduction of \$126,325

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### Example

- In 2007, Dr. & Mrs. Harrington establish a CGA for \$200,000 
- Charity is constructing a new building the Harringtons want to support
- The Harringtons assign their income interest to charity
- The charitable deduction calculation when terminating a CGA

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### Example

- Isabelle, 92, has made many gifts to a university pooled fund
- Wishes to terminate her income interest in the fund
- Assigns her units in the fund to the university
- The units are "severed," university gets cash
- Isabelle gets an income tax deduction for PV of her income interest

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### Volunteers

- Volunteers are among the most engaged supporters of a charity
- Retirees, prime planned giving prospects, frequently volunteer 

 Form a recognition society; assign a gift officer to volunteers

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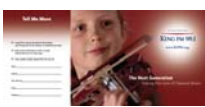
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### Donors who request PG information

- Donors who self-identify are prime planned giving prospects
- Code donor records in the database for those who self-identify
- Donors make planned gifts when they are ready
- Donors who self-identify should be added to gift officer portfolios



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### Example

- Martha periodically asked for CGA information from a favorite charity
- At age 80, Martha requests a visit from a gift officer
- Martha saved all planned giving newsletters for the last 10 years
- She makes a gift of \$250,000 for her first CGA

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### Conclusion

- Your best planned giving prospects are hiding in plain sight
- Identify donors who want to do more
- Modest annual giving should not deter you
- Engage with these donors
- Don't ignore them!



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## Questions and Answers



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## Still Have a Question?

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