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## Getting Bequests Right: From Prospect Identification to Realization



Date: July 27, 2017  
 Time: 1:00 – 2:30 Eastern Time  
 Presenter: Mike Valoris  
 Senior Consultant  
 PG Calc




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## Bequest Surprise! Who Knew...

**\$300,000**

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## Points for Discussion

- Why have a bequest program?
- Charities and donors love bequests
- How to make a bequest – let us count the ways
- Prospect identification – from suspects to commitment
- Discussing bequests in the donor's living room
- World-class stewardship
- When the letter arrives from the estate attorney

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## Why Have a Bequest Program?

- 80%+ of all planned gifts will be bequests
- Giving USA 2017 – In 2016, bequests were \$30.36B (7.8% of all charitable giving)
- Key is to get good bequests
- Any donor can do a bequest intention
- Bequests play an important role in blended gifts

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## The Mystique of Bequest Gifts

- Most bequest intentions are undisclosed
- We know little about our disclosed bequest intentions
- Funky restrictions that may render the gift useless
- Can there be bad bequest gifts?
- Significant bequests from "off the radar" donors



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## Let's Dispel the Myth Right Now!

- **Realized bequests don't just happen**
- Bequests require strategy: suspects ⇒ prospects ⇒ commitments ⇒ realized bequests
- Consistent awareness marketing lays the foundation
- Gift officers need basic knowledge and comfort to discuss the topic
- Patience, persistence, follow-up, being proactive



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## Why Charities Love Bequests

- Minimal cost to administer
- Create a bequest income pipeline (if a bequest income program exists)
- Potential for large gifts
- Every non-profit can have a bequest program – but many fail to move forward
- Every donor is a candidate, but most.....



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## Why Donors Like Bequests

- Easy to arrange
- Revocable
- Retain control of assets
- Flexible
- Reduce estate taxes (if applicable)



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## How to Make a Bequest – Let Us Count the Ways

- Wills and Living Trusts – pecuniary, specific, residuary
- Beneficiary designations
  - Income in Respect of a Decedent (IRD)
  - Retirement accounts – IRA, 401(k), 403(b), KEOGH
- Life insurance
- Pay on Death (POD) & Transfer on Death (TOD)
- Donor-Advised Funds (DAF)
- Dr. Russell James research *American Charitable Bequest Demographics (1992-2012)*



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## Planning Tips

**Situation:** Donor wants to leave your organization a fixed amount in her estate plan.

**Resolution:** Donor funds a "dedicated" IRA with the amount of the gift. Your organization is the sole beneficiary.

**Situation:** Donor has a number of charities she wishes to benefit from her estate.

**Resolution:** Donor funds an IRA account naming the charities she wants to benefit, using percentages.

*"Always consult your tax advisor when considering a gift of this nature."*

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## When Do Donors Make Bequest Intentions?

- True or False – Donors make a bequest intention when we want them to take action?
- Engage in estate planning
- Near end of life (Dr. Russell James research)
- Tied to a milestone event (Reunion, move to a retirement community, birth of a grandchild, sale of an asset)



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## The Marketing Funnel

- Most of your constituents will not make a bequest intention
- The Marketing Funnel
  - Suspect: the broadest category
  - Prospect: self-identify in some manner
  - Qualified Prospects: warrant a phone call or visit
  - Closed estate commitment



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## Identifying the Best Suspects

- Childless
- Members of a monthly giving program
- Consistent long-time donors
- Board of Trustee members
- Major gift donors/Endowed fund donors
- Donors with Donor-advised funds
- Volunteers
- Donor surveys
- Statistical modeling

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## Marketing Channels

- The goal for marketing – generate prospects!
- Inserts with mailers (i.e. gift receipts)
- Tag lines on print communications
- Organization publications (i.e. alumni magazine)
- Direct Mail – newsletters, postcards
- Electronic – web, email
- Brochures
- Telemarketing
- Planned Giving seminars

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## Cultivation

- The most challenging part of a fundraiser's job. Why?
- What "lights up" the donor? Passion?
- Moving a gift from good to great
- Involvement in the organization
- The role of a blended gift in maximizing giving
- Showing the donor how to give more than they thought they could.

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## In the Donor's Living Room

- Be comfortable with the topic of bequests
- Know tax basics (i.e. taxation of IRA accounts)
- "To Ask" or "Not to Ask"
- "Do I have your permission to ask....."
- Explain your reason for asking
- Donors will often share information once asked
- If the donor pushes back




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## "You're In My Estate Plan." Tell Me More

- Restricted or unrestricted?
- If restricted, for what program?
- Does the program still exist?
- Does the restriction meet the charity's priorities?
- Does the gift meet current gift acceptance policies? In 15 years?
- Request a copy of the document or paragraph




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## Legacy Societies

- Have one!
- Be inclusive
- Opt-in vs. Opt-out
- Mementos and Legacy Society pins
- What do you *really* know about these intentions?




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## The Legacy Society Survey

- Why do a Legacy Society survey?
- Engaging donors about their estate commitments
- Salvage an estate commitment to meet priorities
- Try for a personal visit
- Be careful with phone calls
- Mailings are efficient – increase the response rate
- Enter all information into your database



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## The Legacy Society Survey Form – Part I



**Legacy Society Member Survey**  
**MEMBERSHIP FORM**

The Charity celebrates the commitment of forward-thinking donors who have provided for the future of The Charity in their estate plans, wills, trusts, retirement plan and life insurance designations, life income gifts, or other planned gifts. With our gratitude, we welcome you into the Legacy Society.

Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 Phone number \_\_\_\_\_ Email \_\_\_\_\_

I/We wish to be referred to as \_\_\_\_\_ in any donor recognition materials. My date of birth is \_\_\_\_\_  
 Include my spouse/partner \_\_\_\_\_ as a member. My spouse/partner's date of birth is \_\_\_\_\_  
 I/We wish to remain anonymous and do not wish to be recognized publicly at this time.

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## The Legacy Society Survey Form – Part II

**Optional information to help us plan for the future:**

(We are pleased to acknowledge that I/we have named The Charity as a beneficiary in my/our:

Willing Trust  Donor Advised Fund  
 Retirement Plan  Charitable Remainder Trust  
 Life Insurance Policy  Charitable Gift Annuity  
 Payable on Death Account  Other (please specify) \_\_\_\_\_

My/our gift is:  
 Unrestricted  
 Designated specifically for \_\_\_\_\_  
 Not yet determined. Please contact me to discuss options.

The Charity will receive this gift (check off that apply):  
 Upon my death  Upon the death of my spouse/partner  Other \_\_\_\_\_

The estimated value of my/our gift is:  
 \$ \_\_\_\_\_ as a stated amount in my estate plan.  
 \_\_\_\_\_ % of my estate, currently valued at \$ \_\_\_\_\_ for The Charity.  
 \_\_\_\_\_ % of my retirement plan/life insurance, currently valued at \$ \_\_\_\_\_ for The Charity.

Signed \_\_\_\_\_ Date \_\_\_\_\_  
 Signed \_\_\_\_\_ Date \_\_\_\_\_

The Charity recognizes that this gift is subject to change depending on personal economic circumstances. This form is not intended to be a legally binding pledge. Information you provide will remain confidential.

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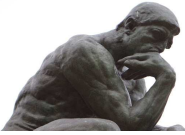
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## Using Bequests to Maximize Giving

- Bequest intentions can result in BIG, blended gifts
- Savvy cultivation/stewardship is essential
- Think through a strategy for stewarding a donor



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## Stewardship Case Study

- Higher education alumni
- Donors (husband and wife) are giving a few hundred dollars per year to the Annual Fund
- Research shows capacity is much greater – 7 figures
- Gift officer cultivation strategy
- Research project funded – 3-year period
- The Big Ask
- Outcome



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## Administering the Realized Bequest

- Have a system – dedicated software or in-house
- Be proactive – monitoring progress is the key
- Don't be shy – ask for documents
- Restricted vs. unrestricted bequest
- Specific vs. residuary bequest
- Know when to outsource to an attorney
- Acknowledge family members and others
- Special issue – Collecting bequests from retirement accounts



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## In Conclusion

- 80% of all planned gifts will be bequests
- Is your organization positioned to benefit?

  
**THANK YOU FOR YOUR ATTENTION**

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## Questions?



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## Still Have a Question?

**Contact:** Mike Valoris  
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