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Making (and Remaking) the Case for Your Planned Giving Program



Date: December 18, 2014
 Time: 1:00 – 2:30 Eastern Time
 Presenter: Edie Matulka
 Senior Consultant
 PG Calc Incorporated



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Agenda

- “Cash is King”
- Differences in Perception
- Focus of the Case
- Broad Concerns
- Bequest and Gift Annuity Programs

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Making the case is like



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Making the case is like

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Remaking the case is like

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“Cash is King”

Cash may be King, but planned gifts:


- ✓ Reach otherwise unreachable dollars
- ✓ Show awareness of donors’ circumstances
- ✓ Take pressure off annual fundraising
- ✓ Are complementary, not competitive

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Differences in Perception

- Making - positive, proactive, due diligence
- Remaking - negative, reactive, punitive




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Making the Case - Continuum

- Natural progression for organization
- Board member or leadership
- Specific donor interest
- “Every other organization has a program”

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Remaking the Case - Continuum

- Disappointed or disenchanted
- Lack of commitment
- Distractions
- Inattention
- Re-invention/tweaking

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Focus of the Case – Organizational Structure

- Longevity
 - ✓ Past
 - ✓ Future
- Donor Perception
- Staff
 - ✓ Numbers
 - ✓ Expertise



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Focus – Donor Base

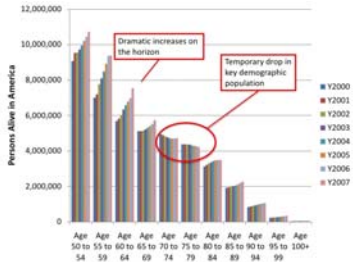
Demographics

- Internal
 - ✓ Age
 - ✓ Length, consistency of giving
- External

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Focus – External Demographics




From *Trending Forward: Emerging Demographics Driving Planned Giving*, Russell James and Jackie Franey; Data Source: Publication 14-13-01 from the U.S. Census.

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Focus – Metrics

- Realistic expectations
- Activity levels
- Productivity
- Context



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Focus – Metrics (Example)

Visits for FY 15: Goal = 30, To Date = 20

- Lunch with Jackie. She and Wayne will make a gift before year end, but probably not at the same level as the DAF gift last year.
- Meeting with Otto to sign charitable gift annuity agreement.

Events

- Major and Legacy donor lunch hosted by Beth and Jeff
- Professional education lunch seminar

Marketing

- Continued follow up on print newsletter responses
- Creating content for website

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Focus – Metrics (Example)

Gift Administration

- Followed up with Shapiro trustee and received trust document
- Still trying to get trust accounting for Goldstein estate so we can sign off on the gift

Stewardship/Cultivation.

- Working with Kathy on letter and email to Legacy and Major donors about trade tickets
- Sent performance tickets to major and legacy donors. Thanks to Kathy for her help!

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Focus – Metrics (Example)

Notifications/Gifts:

- Notified by her broker that Maria has made Charity a beneficiary on a Schwab account.
- Received distribution of \$14,746.61 from the Mason Trust.
- In response to the October print newsletter,
 - ✓ Thomas and Nanette notified Charity that it is in their estate plans. They have been donors since 1991 with a lifetime total of \$1,640.
 - ✓ Robert notified Charity that it is in his estate plans. He has been a donor off and on since 1998 with a lifetime total of \$1,191.
 - ✓ Annette, planned giving prospect, notified Charity that it is included in her estate. She has never made a gift to us.
- Charity notified by the estate of Kathleen that it is included in her will with a bequest of \$1000.00. She gave one gift of \$50 during her lifetime.
- Charity notified by the estate of Curtis that it is included in his will as a 10% beneficiary of the remainder of the estate. He was a member since 1994 with lifetime giving of \$780.



Focus – Metrics (Example)

New notifications for FY15: Goal = 50, To Date = 31

- Bequests: 23
- Beneficiary designations: 4
- CGAs: 3
- CRTs: 0
- CLTs: 1

Meetings/Significant Contacts for FY 15: Goal = 80, To Date: 37



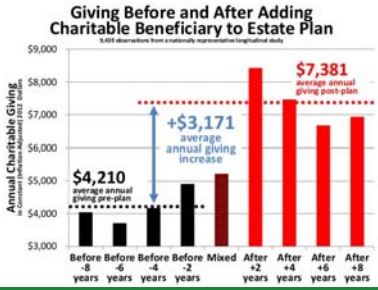
Broad Concerns

“Planned Giving will cannibalize annual giving”





Broad Concerns





Broad Concerns

“Planned giving is too expensive”





Broad Concerns

- Why the presumption?
- Comparison (Association for Health Care Philanthropy):
 - ✓ Planned gifts \$0.05 (Dugdale article - \$0.11)
 - ✓ Annual gifts \$0.23
 - ✓ Major Gifts \$0.12
 - ✓ Special Events \$0.35

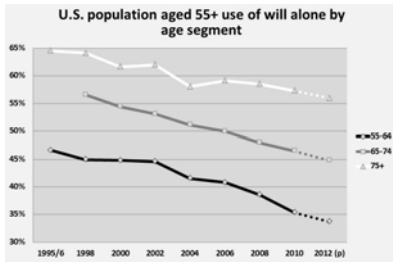


Bequest Program – Making the Case

- Key component for any size organization (75 – 80 percent of planned gifts)
- Bequests
 - ✓ Provision in will or living trust
 - ✓ Beneficiary designation (e.g., IRA, life insurance, bank/brokerage accounts)



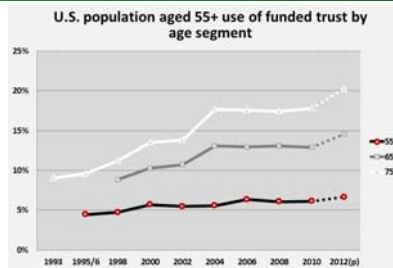
Bequest Program



Source: Analysis of HRS data by Professor Russell James. Trending Forward: Emerging Demographics Driving Planned Giving.



Bequest Program



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Bequest Program

Distributed estates where decedent reported having a written and witnessed will (n=6,063)

Category	Percentage
No will found	16%
Will probated	38%
Unprobated will: nothing much of value	10%
Unprobated will: estate otherwise distributed	19%
Unprobated will: trust distributed	11%
Unprobated will: other	6%

Source: Analysis of HRS data by Professor Russell James. *Trending Forward: Emerging Demographics Driving Planned Giving.*
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Bequest Program

Distributed estates where decedent reported having a funded trust (n=913)

Category	Percentage
Funded trust exists	75%
No documents	5%
Will probated	10%
Unprobated will: Otherwise divided	4%
Will - Nothing much of value	4%
Will - Unknown	2%


Source: Analysis of HRS data by Professor Russell James. *Trending Forward: Emerging Demographics Driving Planned Giving.*
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Bequest Program – Remaking the Case

- Revisit organizational and donor base issues
- Reporting
 - ✓ Program growth (new intentions; realized – number and dollars; average/median amount)
 - ✓ Value added (compare bequest size to average annual gift and total lifetime giving; annual gifts pre- and post-bequest)
 - ✓ Benefit of stewardship (additional gifts; compare gift size between known and unknown bequests)

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Bequest Program – Reporting


Visits for FY 15: Goal = 30, To Date = 20

- Lunch with Jackie. She and Wayne will make a gift before year end, but probably not at the same level as the DAF gift last year. (Stewardship, additional gift)
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New notifications for FY15: Goal = 50, To Date = 31

- Bequests: 23 (Program growth, new intentions)
- Beneficiary designations: 4 (separately reporting designations)
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- CRTs: 0
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Bequest Program - Reporting

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 - ✓ Annette, planned giving prospect, notified that Charity is included in her estate. She has never made a gift to us. (value added)
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Bequest Program – Reporting (cont.)


- Projected Future Cash Flow
 - ✓ Amount expected to be received per year
 - ✓ Amount expected on a present value basis
 - ✓ Different mortality assumptions
 - ✓ Probability of receipt percentage

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Gift Annuity Program

- Staff
 - ✓ Marketing and donor contact
 - ✓ Administrative tasks





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Gift Annuity Program

- Risk
 - ✓ General financial obligation
 - ✓ Reduction in principal
 - ✓ Policies



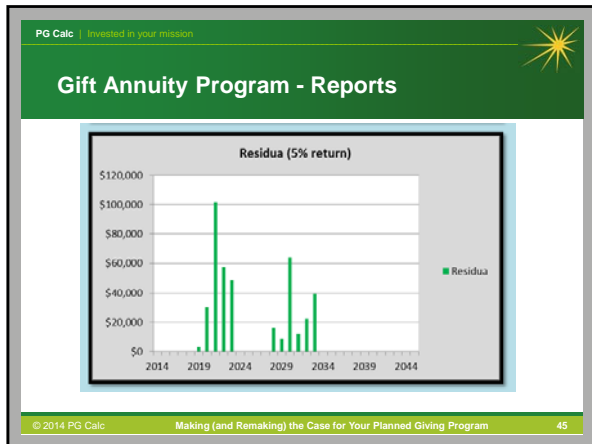
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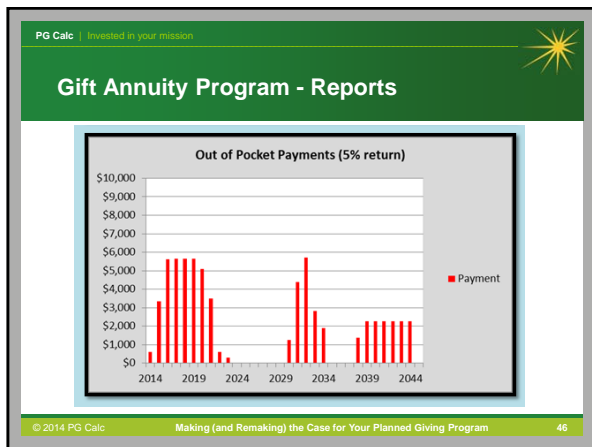
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Gift Annuity Program – Concern

- **Number/dollar value has dropped**
 - ✓ Identify contributing factors (reduction in proposals; change in staffing; reduced donor visits or marketing)
 - ✓ Compare current average gift amount to years past
 - ✓ Policy changes

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Gift Annuity Program – Concern

- Is the program profitable?
 - ✓ Anecdotal
 - ✓ Investment returns
 - ✓ Contributions and distributions
 - ✓ Program evaluation (internal or external)



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Charitable Trusts and Complex Assets

- Policy decisions rather than making/remaking
- To trustee or not trustee
- Proactive or reactive in donor conversations
- Expansion or contraction based on experiences

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Conclusion

- Make decisions specific to your organization
- Set reasonable expectations
- Ongoing reporting
- Adjustments over time are necessary
- Opportunities to educate and assess

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Questions and Answers



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Still Have a Question?

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