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## Overcoming Common Stumbling Blocks to Planned Gifts



Date: May 27, 2015  
 Time: 1:00 – 2:30 Eastern Time  
 Presenter: Alison O'Carroll  
 Senior Consultant  
 PG Calc




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## Introduction

- Yes, no, maybe
- Not all “Yes’s” are created equally



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## Agenda

- General donor caution and inertia
- Specific donor objections
- Planned gifts that meet donor goals
- Concluding thoughts

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## I: General Donor Caution and Inertia

- Assessing the nature and appropriateness of caution
- Tips on talking with cautious donors
- Overcoming estate planning inertia
- Philanthropy as a social act

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## Embrace Caution!

- Recognize it
- Learn about it
- Analyze it
- Respond to it




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## A. Reasons for Caution

- The economy
- Insufficient/inaccurate information
- The donor's disposition
- Emotion




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## The Economy

- Big picture, now and in the future
- Donor's personal situation, now and in the future
- Focus on personal situation
- Strive for objectivity (reality vs. perception)
- Recognize limitations

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## Bad Information

- Lack of information
- Incorrect information
- Ensure information is understood



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## Innate Caution

- Literally hard-wired
- A function of background?
- Accept as a given

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## The Role of Emotion

- Engenders gifts
- Clouds thinking



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## B. Speaking with Cautious Donors

- Desire for privacy
- Comfort with detail

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## Objectives

- Break ice, launch constructive discussion
- Demonstrate empathy
- Diffuse anxiety
- Gather useful information, make headway in analysis

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### Things to Say

- Suggest an initial idea
- Use third person
- Empathize, acknowledge what's reasonable
- Encourage involvement by others
- Keep process moving
- Reassurance

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### C. Overcoming Estate Planning Inertia

Be the  
Richard  
Simmons  
of estate  
planning!!!




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### C. Overcoming Estate Planning Inertia

- The estate planning process – it's not easy!
- Experience it for yourself
- Motivation on the Internet: "Get Your S\*\*T Together" (<http://getyourshittogether.org/>)
- Estate planning seminar. "Five Wishes" (<http://www.agingwithdignity.org/five-wishes.php>)

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### D. Philanthropy as a Social Act

- People are influenced by the actions of others
- How you say it makes a difference
- UK Study, reported by Dr. Russell James Professor, Texas Tech University

**3,000 testators innocently doing their estate planning: did they make charitable gift provisions???** The answer is...

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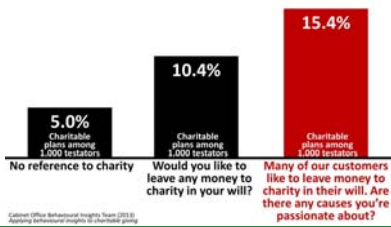
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### Charitable Bequests are Influenced by a Simple Social Example

Charitable bequests are influenced by a simple social example




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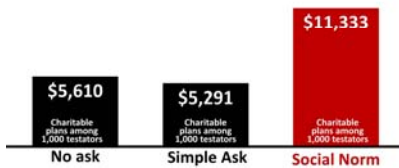
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### Bequest Amounts Also Influenced by Social Example

The social example also increased the average amount of bequest gifts




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## Philanthropy as a Social Act

### Takeaways:

- Present giving as the norm
- Use **family** words, not **formal** words
- Suggest notion of a tribute gift

For more: PG Calc Webinar – August 2014  
 “Communicating Effectively About Planned Gifts: What 5,000+ Test Subjects Tell Us”

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## II. Specific Objections

- Estate gifts are only for the wealthy
- I don't have an attorney [other advisor]
- My estate is under the taxable amount
- I'm worried about my future needs
- What about my children/grandchildren?

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## Estate Gifts are Only for the Wealthy

### Reinforce that gifts of all sizes are important!

- Talk about more than just the “big” gift(s)
- Utilize a range
- No minimum gift size for Legacy Society




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## I Don't Have an Attorney/Advisor

Take away potential barriers

- Sample bequest language
- Referrals at the ready
- Is the objection really related to "need"?

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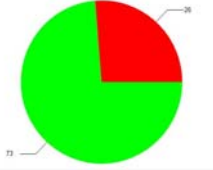
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## My Estate is Under the Taxable Amount

Tax savings don't create the gift, but can help make them happen

- Children realize the tax savings
- "Back Up" gift annuity
- IRA as the gift funding asset
- Acceleration of gift
- Don't forget state estate taxes



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## I'm Worried About My Future Needs

### Good Old Bequests

- Keeps assets under donor's control
- Can be changed
- Easy to understand and arrange
- Flexible
- Unlimited estate tax charitable deduction



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## Beneficiary Designations – Better Than Bequests?

### Same benefits as bequest gifts, plus

- Easier to arrange
- Easier for charity to receive
- Doesn't require attorney assistance (but good to consult)
- Can be the most tax-efficient end of life gift

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## What About My Children/Grandchildren?

- Sometimes gift to charity not appropriate
- Counteracting the automatic
  - How much is enough
  - Broader view of well-being
  - Gift won't be missed
  - Charity as the child
- LI - wealth replacement
- Contingent gift not appropriate




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## IV. Using Planned Gifts to Meet Donors' Personal and Financial Goals

Some examples:

- Children as poor money managers
- Assisting elderly parents
- Supplementing retirement income and assisting children

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## Children as Poor Money Managers

Keith and Marilyn

Stock \$1,000,000      Deduction \$222,730

Charitable Remainder Unitrust (5%)

\$50,000 per year

Two daughters in equal shares, or \$25k each/year to start

Charity

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Child with special needs: CRUT could make payments to a special needs trust (SNT)

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## Assisting Elderly Parents

Donor

Cash \$75,000      Deduction \$45,200

Charitable Gift Annuity

\$6,300 per year (Net \$6,100)

Mother

Residuum to charity for an endowment named for donor's mother and father

vs. monthly gift of \$500 (\$9k in pre-tax earnings)

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## Supplemental Retirement Income + Assist Children

Donors (ages 67, 77)

\$2,000,000

Deduction \$361,061

"Flip" CRUT

Income

Donor couple, and then their two children (ages 50, 52)

Charity for an endowment

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## V. Importance of Advisors

- Ethical obligation
- Limits to gift planner's role
- Peace of mind
- Cautious advisors

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## VI. Closing Thoughts

- Think positively
- Try to discern the real cause of the hesitation
- Think about ways to address the cause(s)
- Donors need time - be prepared to postpone cultivation

**You'll have secured a gift or  
you'll have planted a seed!**

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## Questions and Answers



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## Questions?

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