



# Who Are These Wonderful Planned Giving Donors & How Do I reach Them...

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.....Then What Do I do?



# Jensen Background

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- 35 Years In Fundraising
  - 25+ Years In Planned Giving
  - Gift Planning Consultant, CFP
- Focus On Groups Creating Own Constituency
  - Largely National & Direct Mail Groups
  - May Differ From Churches, Hospitals, Colleges, Etc.



# Goals of Presentation

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- ID Typical Planned Gifts
- Who Makes Them
- What Kind of Gifts to Seek
  - And Which Gifts NOT to Seek
- How to Market
- How You Compare
- What Will Your Donors Give to All Charities



# What Are Planned Gifts I

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- Bequests & Revocable Living Trusts
- Charitable Gift Annuities
- Charitable Trusts
  - Charitable Remainder Unitrusts
  - Charitable Remainder Annuity Trusts
  - Charitable Lead Trusts



# What Are Planned Gifts II

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- Retirement Plan Gifts
  - IRA, SEP, Keogh, 401k, 403B, etc
  - Defined Contribution vs. Defined Benefit
- Life Insurance
- Real Estate Subject to a Life Estate
- Pooled Income Fund Gifts



# Who Are These PG Donors?

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- Introductory or What Kind & Size Gifts Do They Make?
- What Are The Donor Characteristics?
- What Are The Donor Demographics?
- How To Identify Your Best Prospects?
- How To Obtain Data About Your Own Donors



# Sources Of Data

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- NCPG & ACGA Donor Studies
- PG Assessments & Program Audits
- Studies Of PG Programs Generating \$1 Billion+/Yr
- 25+ Years Of Hands On Experience
- Some Hard Data, Some Soft



# Bequests, Living Trusts

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- Make Up 70-90% Of Planned Gift \$\$
- Primary Focus of All PG Efforts
- 8-9% Of American Making Charitable Bequest
- 8% of Charitable Giving From Bequests
  - Probably Understates Real Total





# Bequests, Living Trusts

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- Simple, Easy To Explain
  - Little Technical Knowledge Needed
- Urge All Donors to Do
  - Provide Suggested Bequest Wording
- \$40-\$80,0000 Average Bequest
  - Calculate Your 5-10 Year Average



# Who Makes Bequests?

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- Mostly Current Past Donors
  - Giving Within Past Few Years
- Frequent Donors, Monthly Donors
- Long Time Donors
- Life Members
- “Miss” Donors
- Volunteers, Board Members
- Rare for Those Under Age 70



# Who Makes Bequests?

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- Women More Than Men
  - Check Your Own Statistics
- Feel Strongly About Your Mission
- Mostly Invisible to You
  - “Salt Of The Earth” Types
- Big Gifts From Smaller Donors
  - Most Bequests from Smaller Donors



# Bequests

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- Anyone Who Has Asked About Estate Planning
  - Or Responding to ANY PG Marketing
- Few Will Tell Prior to Death
  - 10% or Less Common
- Those Who **Do** Tell Deserve Attention
  - Much Larger Bequests 2-3x Common
  - 48 Hour Follow-up Critical



# What Is a Charitable Gift Annuity?

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- Simple, Legal, Contract With Charity
- Make Gift, Get Partial Tax Deduction
- Payments Fixed, Guaranteed by Charity
  - Regardless of Earnings
- Part of Payments Usually Tax Free
- Donor Can Never Outlive Payments
- 50-70% of Original Gift Remains
  - Nominal Dollars, Not Inflation Adjusted



# Charitable Gift Annuities

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- Make Up 10-15% Of Planned Gifts
  - Average Age: 78
  - Most Done By Those 80+
  - Don't Compete W/ Commercial Annuities
- Average CGA: \$30K, \$20K Typical
- Target Group: 70-75+
  - Don't Target Under 70



# Charitable Gift Annuities

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- Men & Women do CGAs Equally
  - In Proportion to Population
  - More Women Alive At This Age
- Mostly Funded With Cash
  - Largely from Bank CDs
  - Not Many With Stock
  - Some With Real Estate



# Charitable Gift Annuities

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- Law of Large Numbers
- Long Term Commitment
- Mortality, Earning Risk
  - Hold or Reinsure CGAs
  - 50 Year Old Woman: 40% Live to 100
  - CGA Donors Live Longer
- State Regulations: ACGA: [www.acga-web.org](http://www.acga-web.org)





# Charitable Gift Annuities

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- Sensitive to Rising Interest Rates
  - Inflationary Concern Hurts CGAs
- If Bank CDs Get to 7%
  - CGAs Will Drop Quickly
  - Except for Donors 80+
- Can Only Be Done With Charities
  - Advisors Often Don't Understand CGAs



# Other Forms of Gift Annuities

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- Deferred Gift Annuities (DGAs)
- Flexible Deferred Gift Annuities (FDGAs)
  - AKA Flexible Gift Annuities
    - Poorly Named
- College Gift Annuities
  - Accelerated Payment Gift Annuities



# Charitable Remainder Trusts

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- Donor Gives to Trust
- Gets Partial Tax Deduction
- Chooses or Acts as Trustee
- Chooses Charity, Right to Switch Charity
- Chooses Payment Rate (5% or more)
- Manages Investments
- Makes Payments, Files Tax Returns
- Remainder To Charity At Death



# Charitable Remainder Trusts

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- For Life OR Up to 20 Years
- Payments **Not** Backed By Charity
- Popular When Economy Hot
- Typically \$250,000 or Larger
  - Most do NOT Have Charity As Trustee
- Advisors Like Them
  - Can Manage Assets, Collect Fees



# Types of Charitable Remainder Trusts

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- Charitable Remainder Annuity Trust
  - Fixed Payments That Never Change
- Charitable Remainder Unitrust
  - Payments Vary With Value of Trust
- Complex Life Income Arrangement
  - Get Help if Donor Considering CRT



# Lead Trusts, IRAs & Insurance

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- Charitable Lead Trusts
  - Very Rare: Low Priority to Promote
- Retirement Gifts
  - IRA/401K Generation Coming Of Age
  - Increasingly Important Asset
- Life Insurance 1-2% of Gifts
  - Best to Have Charity Named Beneficiary
  - Bad idea to buy Life Insurance for Charity



# PIF, Life Tenancy

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- Pooled Income Funds
  - Somewhat Like a Charitable Mutual Fund
  - Donor Gets Earnings Only
  - Rare Gift Today, Don't Promote
- Life Tenancy Property
  - Rare
  - Worthwhile Only if Circumstances Right



# Time From PG To \$\$ In Hand

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- 4-7 Years From Investment
  - To Significant \$\$
  - Plan On 7 years
- \$\$ Will Increase Over Time
  - If Consistent Effort





# Pot. PG & Current Gift Conflict

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- Experience Shows This Is Rare
  - Just Does Not Happen
  - Staff Concern, Not Donor Concern
- Annual Gifts \$\$ From Income
- Planned Gift \$\$ From Capital



# How To Identify Your Best Prospects

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- Add Birthdates On Your File
- Miss, No Kids, No Spouse
- Board Members, Volunteers
- Typically Smaller/Non-giver
- May Recently Lapsed After Long Gift History



# Who Are These People?

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- Elevated You To The Status Of A Family Member
- Often Don't Show Up In Wealth Indicators
- Live Modestly, Impacted By Depression
- Afraid Of Outliving Assets
- Do Final Will 2-3 Yrs Prior To Death
  - Can Make Very Late in Life Decisions



# Address Critical Demographic Issues

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- Aging Eyes
- Typeface—No Script, No Italic
- Typesize— 13 Pt Minimum
- Color: Good Contrast
- No Screens
- Avoid Coated Paper



# Bequests

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- 1,000-3,000 Times Average Annual Gift
- Donors Rarely Restrict Gifts
  - Less Than 10% Restrict
  - Unless Explicitly Asked
- Most From Donors With Living Family Members



# Probability Of Removing Bequest

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- Studies Show 90-97% Will NOT
  - Won't Remove Or Reduce Gift To A Charity
- Don't Press Your Luck
  - Continue Cultivation
  - More Competition



# Who Notifies? Why?

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- Men More Than Women
  - Also More Apt To Give Value
- Why Not?
  - 53% Don't Want Attention
  - 15% Privacy
    - Down From 20% In 1992
  - 13% Don't Want To Be Asked For Other Gifts



# Determine Average Gift Sizes

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- Include ALL Gifts, Even Large Gifts
- Large Gifts Occur With “Irregular Regularity”
- Use Averages Over 10-15 Year Period
  - Reduce The Impact Of Large Gifts
  - Longer Average Period, The Better





# How Do You Compare?

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- Typical Charity
  - 10-13% of Total Gift Revenue From Planned Giving
  - 8-12% From Bequests
- Talk to Similar Organizations
  - Average Bequest Size Over Time



# Projected Bequests From Your Donors

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- Average Bequest Size
  - Taken From Wills, Trust Documents
- X Number of Donors
- X 8%
- X Average Number of Charities in Wills/Trusts
- =Bequests From Your Donors To All Charities
  - Add 25-30% For Other Planned Gifts
- =Total PG From **Your** Donors to **All Charities**



# Potential For Bequests To Your Charity

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- 0.4%-1.0% of Donors
- X Average Bequest Size
- Plus # of "Miss" Donors (less than 0.25%)
  - X 5% (If Significant)
- Potential If Proper Effort
  - Add 25-30% For Other Planned Gifts



# Topics To Watch

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- Analyze Past Gift Documents
- How Do You Compare With Other Bequests coming From YOUR Donors?
- Scope of PG Programs At Direct Competitors
- Make Part of Any PG Assessment/Program Audit
- Develop Statistics, Update Every 1-3 Years



# How To Deal With PG Prospects

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- Respond Quickly to Any Inquiries
  - 48 Hour Response or Stop Marketing
- Be “Aggressively Helpful”
- Please “Consider” Including In Will
- Call to Acknowledge Inquiry
- Follow Up 10-14 Days After Responding
- Keep Them On Your Mailing List

# How To Deal With PG Prospects



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- Talk About What “Mary” Did
- Please “Consider” Including ABC in Will
  - Keep it light
  - Don’t Expect An Immediate Answer
- Be Very Gentle If Asking For Amount
  - I Discourage Asking The Question
- Talk About Long Term Importance



# Technical Expertise I

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- 90% is Marketing & Relationship Building
- NOT Complex or Technical
  - Don't Avoid Due to Lack of Knowledge
  - Donor's Don't Expect You To Have All the Answers In Your Head
- Don't Be Afraid to Say "I Don't Know, But I'll Check On That"



# Technical Expertise II

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- Planting the Seed Is Easy
- Suggest the Obvious
  - Consider Remembering ABC In Will
  - Retirement Plan Gift
  - Insurance That Is Not Needed
  - Vacation Home Kids Don't Want





# Technical Expertise III

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- Don't Try to Act As Attorney, Estate Planner
- Obtain, Keep A Small Quantity of Booklets
  - Wills, Trusts, CGAs, etc.
  - Small Cost
  - Variety of PG Publication Vendors
  - \$1-2 per Booklets To Give To Donors



# When To Bring In Outside Help

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- Charitable Remainder Trusts: Yes
  - Unless In-house Expertise
- Charitable Gift Annuities: ?
  - Creating Program, Unusual Gifts: Yes
  - Otherwise No
- Real Estate Gifts/Life Tenancies: Yes
  - Big Gifts, But Real Risks



# When to Bring in Outside Help

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- Complex Situation, Odd Assets
  - Assist Donor in Structuring Gift
- When Donor Has Detailed Questions
- Marketing Plans/Strategy
  - Creating PG Plan, Strategy
  - When First Creating a Program



# Marketing Planned Gifts

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- Basic Marketing
- Put “Please Remember ABC In Your Will” Everywhere
- Tag Line on Bottom of All Stationary
  - Including Direct Mail
- Bequest Buck Slips in Thank You Letters
- Ads in ABC’s Donor Newsletter



# Marketing Planned Gifts

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- Planned Giving Newsletter
  - Consistency & Target Group Key
- Estate Planning Education Mailings
  - Update Will, BTW—Include ABC
- “Please Join Me” Letters
  - Direct Ask To Include ABC in Will
- List, Recognize Those Who Act



# Marketing Planned Gifts

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- Prepare Stories About Donors
  - Living and Dead
- Make Them Come Alive
- Talk About Donors
  - Don't Stress Gift Amount
  - Amount Irrelevant To Article



# Summary

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- Planned Giving Is 90% Relationship & Marketing
- Bequests Are The Key to Success
- ID Prospects by Age, Frequency, Gender
- Take Basic Steps First
- Focus On the Easy Approaches First



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