

NCGPC Planned Giving Days 2017

Think Like a Donor: Planned Giving Basics

Presented by Pamela Spears, FAHP, CFRE, APR
May 25, 2017

Meet Mabel Johnson



What's So Great About Planned Giving?

For the Donor:

- Distribute assets according to wishes
- Minimize attorney fees and court costs
- Avoid unnecessary delays
- Minimize federal and state taxes
- Privacy

What's So Great About Planned Giving?

For the Organization:

- Diversified revenue stream
- Long-term solvency
- Cost effective

BY YEAR THREE:

| | |
|---------------------------|-------------------------------|
| Direct mail acquisition | \$1.00 - \$1.25 per \$ raised |
| Special events | \$0.50 of gross proceeds |
| Tele-fundraising | \$0.35 per \$ raised |
| Planned giving | \$0.25 per \$ raised |
| Direct mail renewal | \$0.20 per \$ raised |
| Corporations & foundation | \$0.20 per \$ raised |
| Capital campaigns | \$0.05 -0.10 per \$ raised |

Giving Options for All Ages, Gift Sizes and Wealth Bands

- ◆ **Giving USA (2015)**
\$373.25 billion total donations – 9% (\$31.76 billion) from bequests
Bequests increased by 2.1% (1.9% adjusted for inflation)
- ◆ **AHP eConnect (2009):**
Growing number of donors in their 40s now interested in planned giving
- ◆ **Giving USA (2008):**
Younger wealthy donors (55 or less) more likely than older donors to use a variety of giving vehicles
- ◆ **Giving USA (2004):**
Fastest growing giving sector was legacy giving with bequests totaling \$21.6 billion
- ◆ **National Council on Planned Giving Survey of Donors (2000):**
43% of all bequest donors are under 55
36% of all bequest donors have annual incomes less than \$50,000

Who are Planned Giving Donors?

- ◆ Not necessarily the wealthiest donor, but the donor who **"likes us best."**
- ◆ Consistent givers of ANY amount are bona fide prospects

Starting a Planned Giving Program

- ◆ Pick the right gift types for your organization
- ◆ Talk about planned giving
- ◆ Find your prospects
- ◆ Schedule meetings
- ◆ Acknowledge your legacy donors

Thinking Like A Donor

- ◆ *Goal*
Quick & Easy Gift
- ◆ *Gift*
Outright Cash
- ◆ *How*
Cash, Securities, personal property
- ◆ *Benefits*
Income tax deduction, avoid capital gains tax
- ◆ *Risk*
None

Thinking Like a Donor

- ◆ *Goal*
Defer gift until after lifetime
- ◆ *Gift*
Bequest in will
- ◆ *How*
Name Charity in will
- ◆ *Benefits*
Donation exempt from federal estate taxes
- ◆ *Risks*
Revocable

Thinking Like A Donor

- ◆ *Goal*
Revocable gift during lifetime
- ◆ *Gift*
Living Trust
- ◆ *How*
Name Charity % beneficiary of assets
- ◆ *Benefits*
Control of trust for lifetime, possible estate tax savings
- ◆ *Risk*
Revocable

Thinking Like A Donor

- ◆ *Goal*
Large gift at little cost
- ◆ *Gift*
Life Insurance Gift
- ◆ *How*
Give a policy, naming Charity as owner & beneficiary
- ◆ *Benefits*
Current income tax deductions, possible future deductions/savings
- ◆ *Risk*
Revocable

Thinking Like A Donor

- ◆ *Goal*
Avoid twofold taxation on retirement assets
- ◆ *Gift*
Retirement plan gift
- ◆ *How*
Name Charity % beneficiary of remainder of assets after lifetime
- ◆ *Benefits*
Avoid heavily taxed gift to heirs, allowing less costly gifts
- ◆ *Risks*
Revocable

Thinking Like a Donor

- ◆ *Goal*
Supplemental income with fixed annual payments
- ◆ *Gift*
Charitable gift annuity
- ◆ *How*
Enter into a contract with Charity for fixed payments annually
- ◆ *Benefits*
Current & future income tax savings, fixed payments for life
- ◆ *Risks*
Irrevocable, annuitant could outlive expectancy

Thinking Like A Donor

- ◆ *Goal*
Secure fixed/increased income
- ◆ *Gift*
Charitable remainder annuity trust
- ◆ *How*
Create a charitable trust that pays a set income annually
- ◆ *Benefits*
Immediate income tax deduction, fixed income for life
- ◆ *Risks*
Irrevocable, beneficiary can be changed!

Thinking Like A Donor

- ◆ *Goal*
Hedge against inflation over long term
- ◆ *Gift*
Charitable remainder unitrust
- ◆ *How*
Create a charitable trust that pays % of trust assets, valued annually
- ◆ *Benefits*
Immediate income tax deduction, annual income for life with the potential to increase
- ◆ *Risks*
Irrevocable, beneficiary can be changed!

Thinking Like A Donor

- ◆ *Goal*
Reduce gift & estate taxes on assets to heirs
- ◆ *Gift*
Charitable lead trust
- ◆ *How*
Create a trust that pays Charity a fixed or variable income for set time then passes to heirs
- ◆ *Benefits*
Reduced size of taxable estate, keeps property in the family often with reduced gift taxes
- ◆ *Risk*
Irrevocable but somewhat complicated

Planned Giving as a Solution to a Problem: Listening for the "But..."

1. "I'm planning to sell the house"
2. "I can't give now because I'm saving for retirement"
3. "The kids are up and out, but how can I help my grandchildren with those college bills?"
4. "I'd like to help, but I want to leave my estate intact for my family"
5. "This place is really getting to be a burden, but if we sell it the capital gains tax bite will be huge."
6. "I'm locked into stock I've had for years. It doesn't pay as much as I'd like, but I'd be hit with capital gains tax if I sold it."
7. "I can't give anything now because of my health problems but I think your charity is doing wonderful things."

Thank you!

With thanks to:

Association for Healthcare Philanthropy
Planned Giving Essentials by Richard Barrett and Molly Ware
Charles W. Collier
Chronicle of Philanthropy
James Connell
Crescendo
Pamela Davidson
Giving USA
Russell James
Sidney Mallory
Steven Mourning
Robert Sharpe
