

Counting Bequest Expectancies?

...Make Sure You Count on This...

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Where Are We Going

- Counting Guidelines in Retrospect
- A Historical Perspective: 2005-2015
- What About the Future?
- Counting Planned Gifts...Ten Years Later...and More...

The Counting Guidelines in Retrospect

- **Overview - Reporting Fundraising Results**
- **CASE Reporting Standards (1st ed, 1979)**
- **Growth of Planned Giving Programs & Emergence of NCPG (1990's)**
- **NCPG Planned Gift Valuation Standards (2004)**
- **NCPG Gift Counting Guidelines (2005)**
- **CASE Revised Reporting Stds (4th ed, 2009)**

PPP's Guidelines for Counting and Reporting Charitable Gifts

- Report gifts using three categories
 1. Outright
 2. Future revocable
 3. Future irrevocable
- Key Principles
 - Clarity, Transparency, Consistency, Accountability
 - Count and report clearly all gifts and commitments
 - Acknowledge the donor's perspective
 - Assist charities with setting fundraising goals & promoting gift opportunities

What Shaped the Counting Guidelines?

- **Perspectives**
 - Historic emphasis on cash gifts
 - Changing role of counting standards beyond benchmarking
 - Pressure to increase fundraising results
 - Growing success of planned giving
- **Issues**
 - Are all gifts equal?
 - Counting, Accounting, Reporting & Recognition
 - Setting Fundraising Goals
 - Being Donor Centered

A Historical Perspective: 2005-2015

- **PPP Counting Guidelines (1st ed., 2005)**
- **PPP Counting Guidelines (2nd ed., 2006)**
- **Revised CASE Reporting Standards (2009)**
 - **A Word About: 1996, 2003**

The Bottom Line

- **Counting Revocable Gifts Is a Widely Accepted Development Practice**
- **Its NOT About Slapping Numbers on the Books**
- **It IS About Maximizing Total Philanthropy**

Results and Impact of the Counting Guidelines

- **Greater clarity and transparency with reporting planned gifts**
- **Greater recognition of the role and impact of planned giving**
- **Expanded donor conversations**
- **Increased fundraising goals and results**
- **Increased recognition of planned gift donors**

What Are the Counted Parts in Bottom Line Gift Planning Productivity?

- 1. Estate Distributions from Deceased Donors***
- 2. Irrevocable Life Income Gifts**
- 3. Bequest Commitments***
- 4. Outright Gifts,
— Most Typically Complex Assets**

Gift Planning Productivity: *the bottom line*

- ***Estate Distributions* from Deceased Donors**
 - **Historically: The Mainstay for Gift Planning Programs**
 - **Nationally Have Represented 70% to 90% of Bottom Line Gift Planning Productivity**

Gift Planning Productivity: *the bottom line*

- **Irrevocable Life Income Gifts**
 - **Historically: With Some Exceptions, Generally Represent 10% to 20% of Bottom Line Gift Planning Productivity**
 - **Life Income Gifts May Have the Same Impact as Counting Bequest Expectancies**
 - **Some Life Income Gifts Are In Lieu of a Bequest; Some Are Not...**
 - **For Clarity, Let's Set These Aside for this Presentation**

Gift Planning Productivity: *the Bottom Line*

- ***Bequest Commitments***
- **What EXACTLY Are We Talking About?**
- **Closed, Counted Bequest Commitments**

Case Studies: Counting Planned Gifts in Two University Campaigns

- **Oregon State University**
 - **Campaign for OSU (2005-2014)**
 - **Bequest Commitments counted at face value for donors age 70 and above by the end of the campaign**
 - **Life income gifts counted at face value**

Case Studies: Counting Planned Gifts in Two University Campaigns

- **University of Denver**
 - **ASCEND Campaign (2006-2014)**
 - **Bequest Commitments counted at face value for donors age 60 and above by the end of the campaign**
 - **Life income gifts counted at face value**

Case Study: Oregon State University

Campaign for OSU (2005-2014)

- Total Gifts & Commitments: \$1.19 Billion**
- Total Bequest Commitments: \$123 million (10%)**
- Total Bequest Commitment Donors: ~250**
- *Total Actual Realized Estate Distributions: \$103 million (8.5%)***

Case Study: University of Denver

- **ASCEND Campaign (2006-2014)**
 - **Total Gifts & Commitments: \$488 million**
 - **Total Bequest Commitments: \$112 million (25%)**
 - **Total Bequest Commitment Donors: 288**
 - ***Total Actual Realized Estate Distributions: ~\$40 million (~8%)***

What Have We Learned?

- **Counting planned gifts promotes conversations about planned gifts, which increases fundraising results**
- **It gives donors more options for achieving philanthropic objectives**
- **It gives major gift officers new tools**
- **It promotes collaboration between planned & major gift efforts**

Transformational Results

- **Donor-centered philanthropy**
- **More effective & meaningful gifts**
- **Fundraising efforts become more comprehensive**
- **Institutional views of fundraising become less short-sighted**
- **New opportunities for encouraging philanthropy**

Expectations Realized

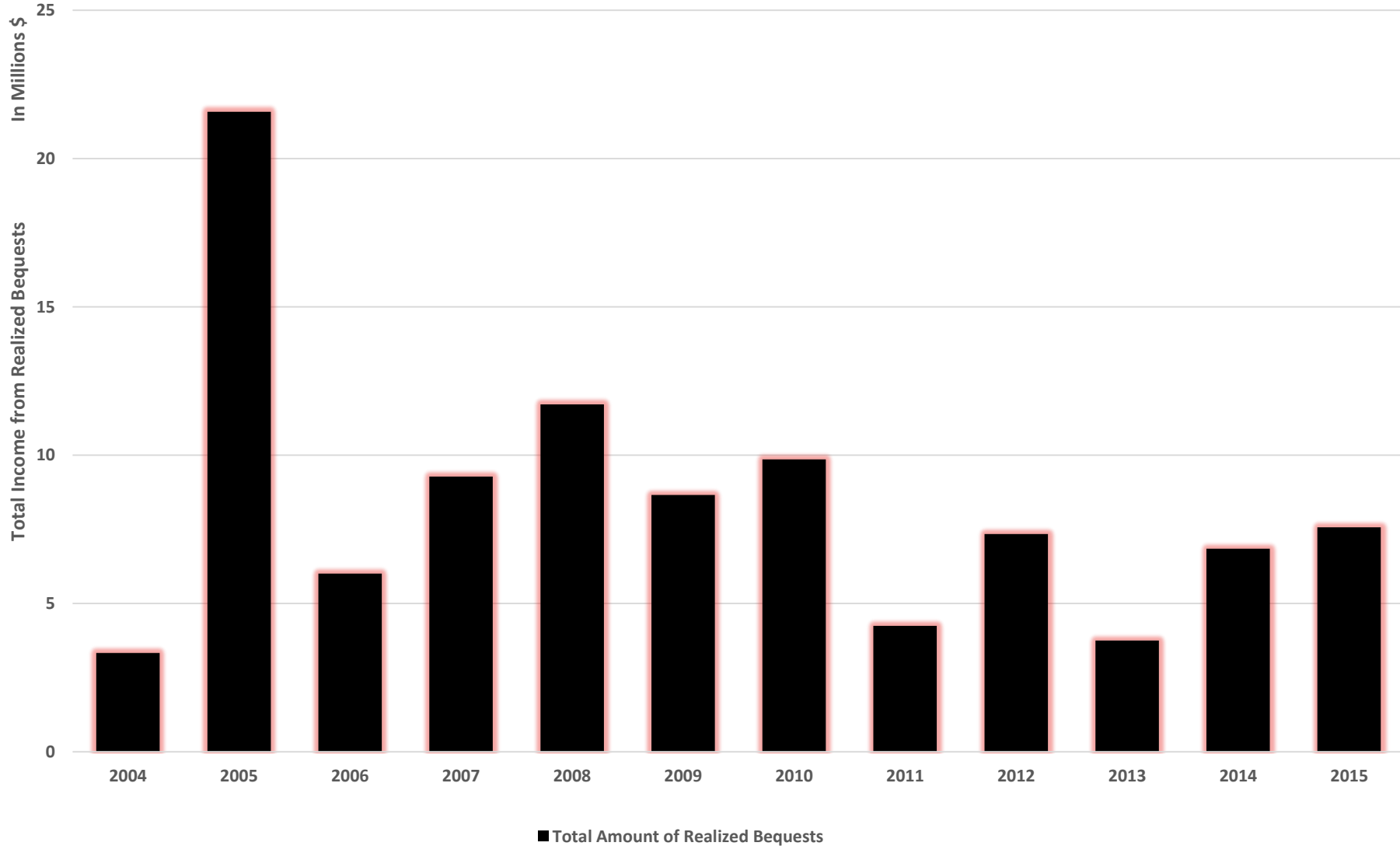
- **More donors**
- **More dollars**
- **More planned gifts**
- **More meaningful gifts**
- **Greater donor satisfaction**
- **Increased attention on gift planning**
- **Diversified fundraising efforts**

Unintended Consequences

- **Enabling fundraisers to go for the easier gift**
- **Reducing donor motivation to make outright gifts**
- **Confusion about when the impact of planned gifts will be felt**
- **Conflating current and future gifts**

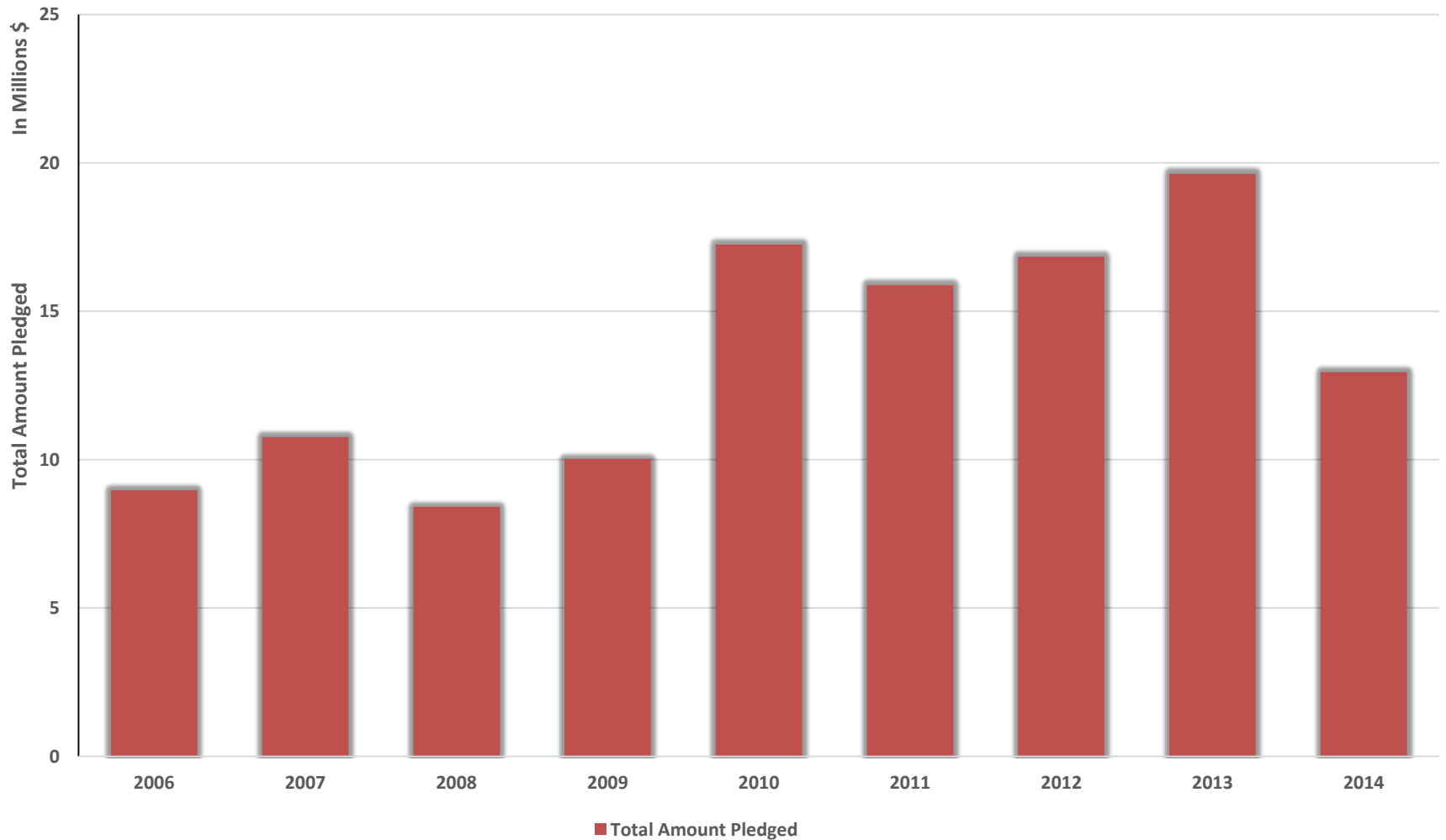
OSU Estate Distributions

Income from Realized Bequests during the Campaign



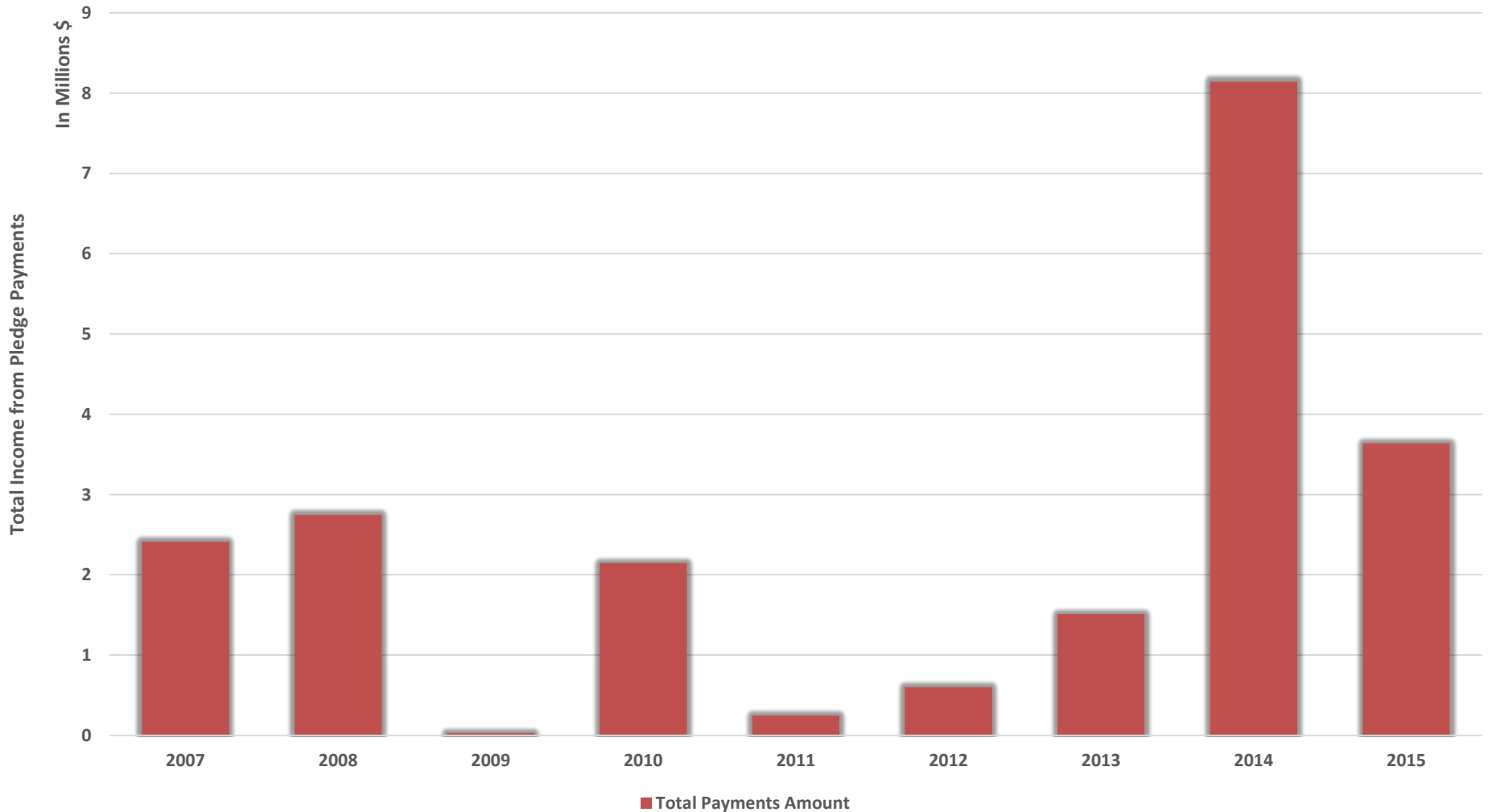
OSU Bequest Commitments

Bequest Expectancy Pledges during the Campaign



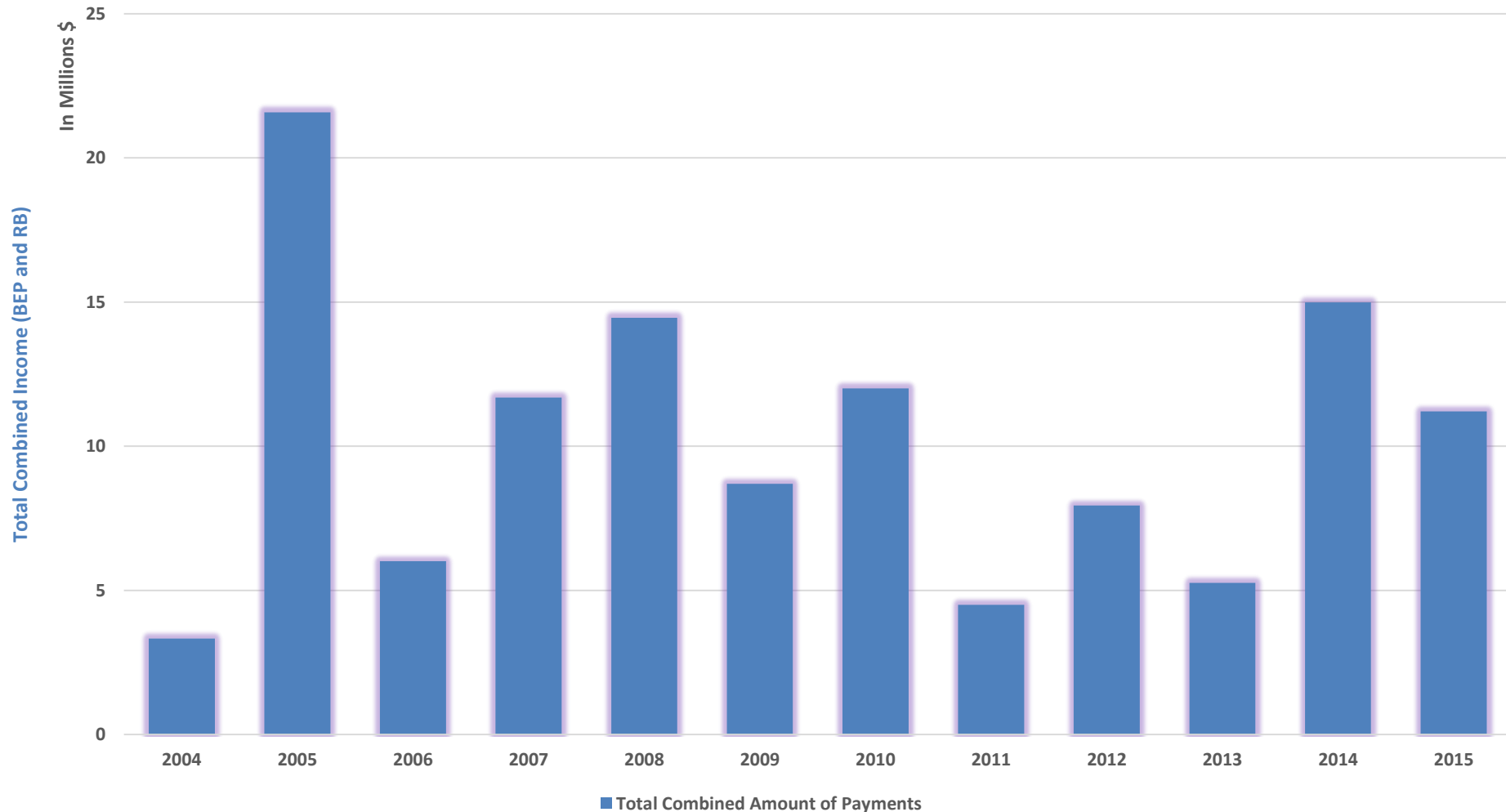
Estate Distributions from Campaign Commitments

Income from Bequest Expectancy Pledge Payments during the Campaign



Estate Distributions AND Estate Distributions from Campaign Commitments

Combined Income: Bequest Pledge Payments + Realized Bequests

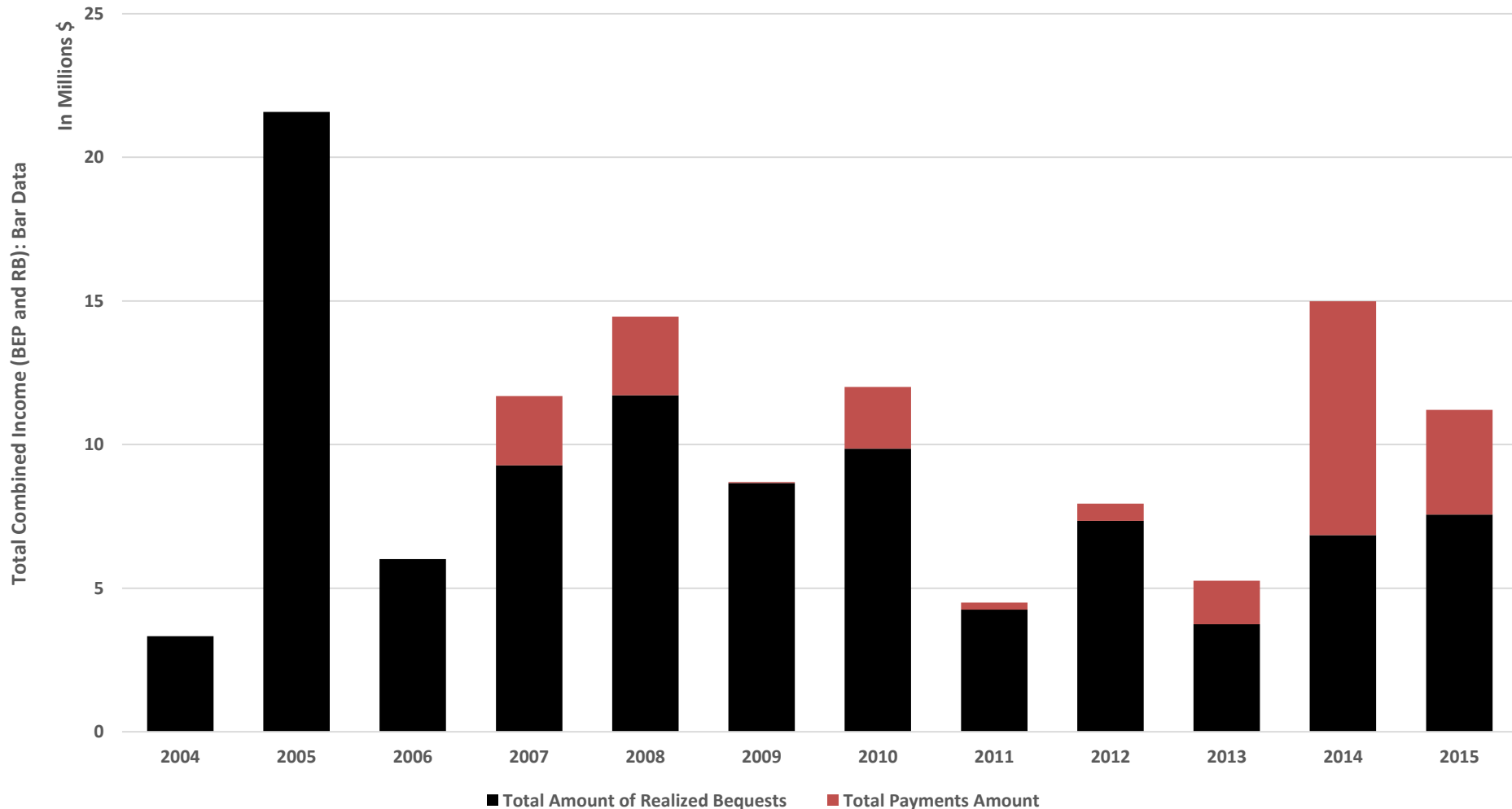


Gift Planning Productivity: ***the bottom line***

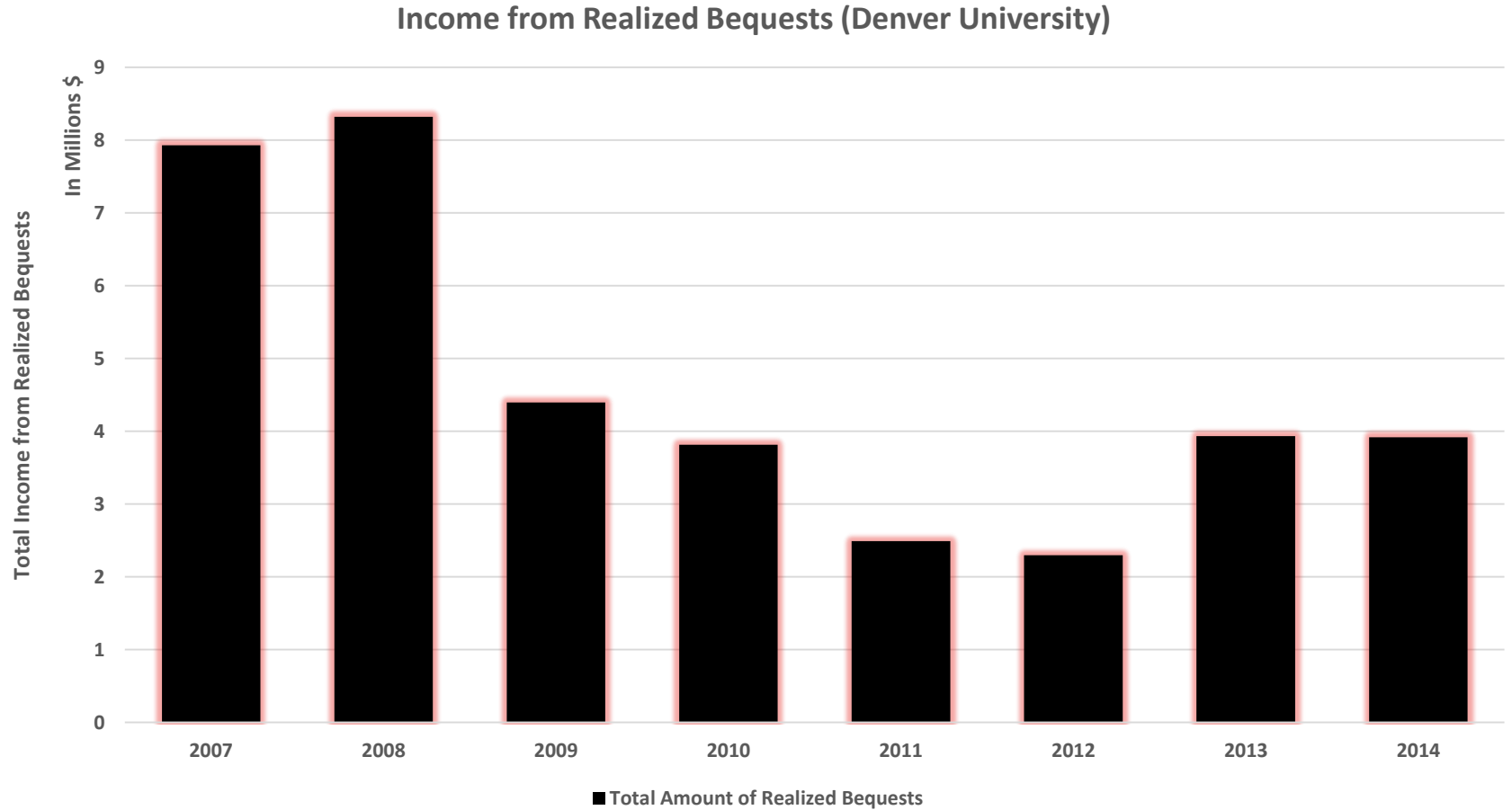
- **Counting Bequest Expectancies?
...Make Sure You Count on This**
- **No DOUBLE Counting**
- **Bequest receipts that fulfill bequest expectancies**

Estate Distributions AND Estate Distributions from Campaign Commitments

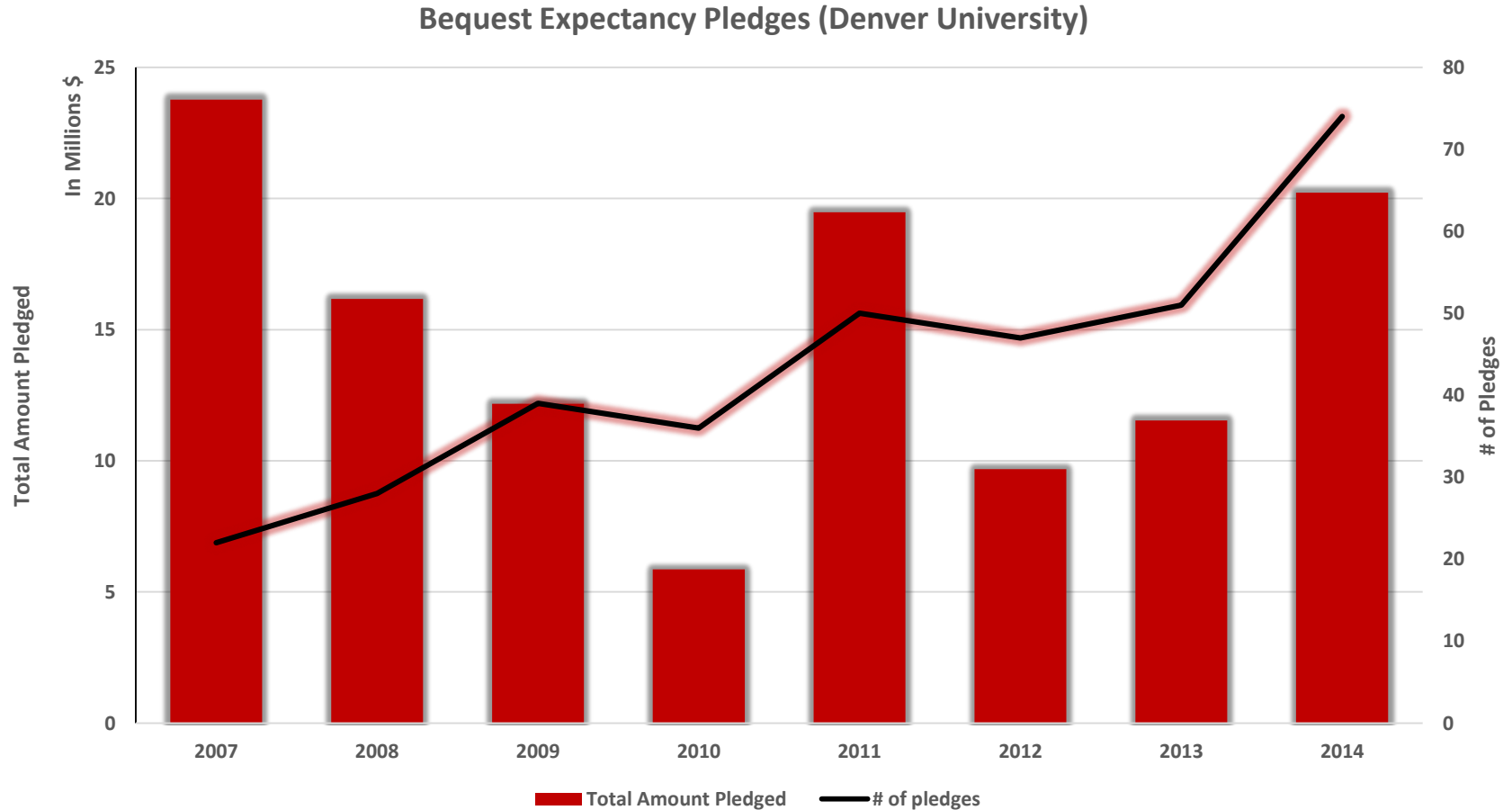
Combined Income: Bequest Pledge Payments + Realized Bequests (Separated)



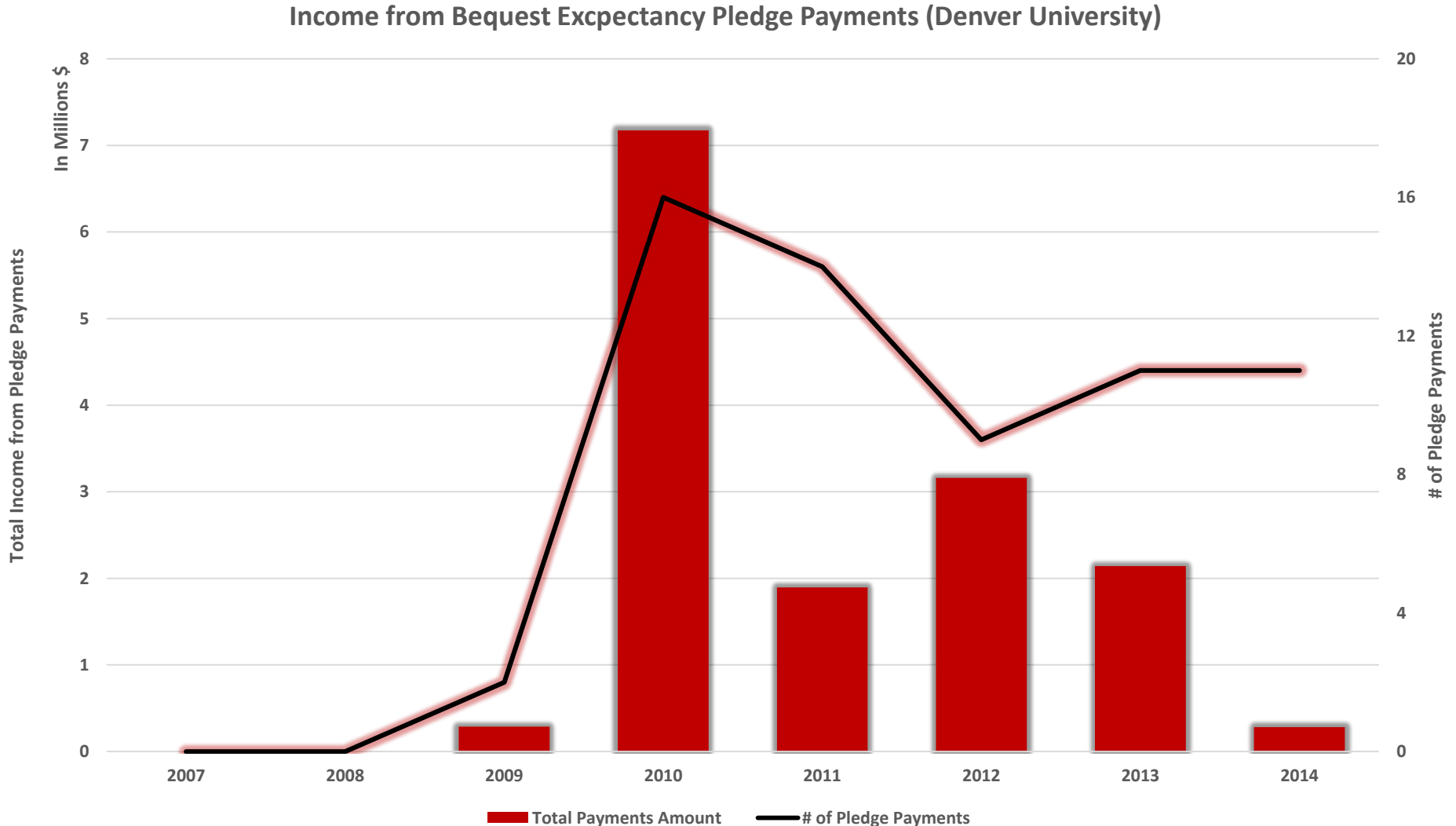
DU Estate Distributions



DU Bequest Commitments

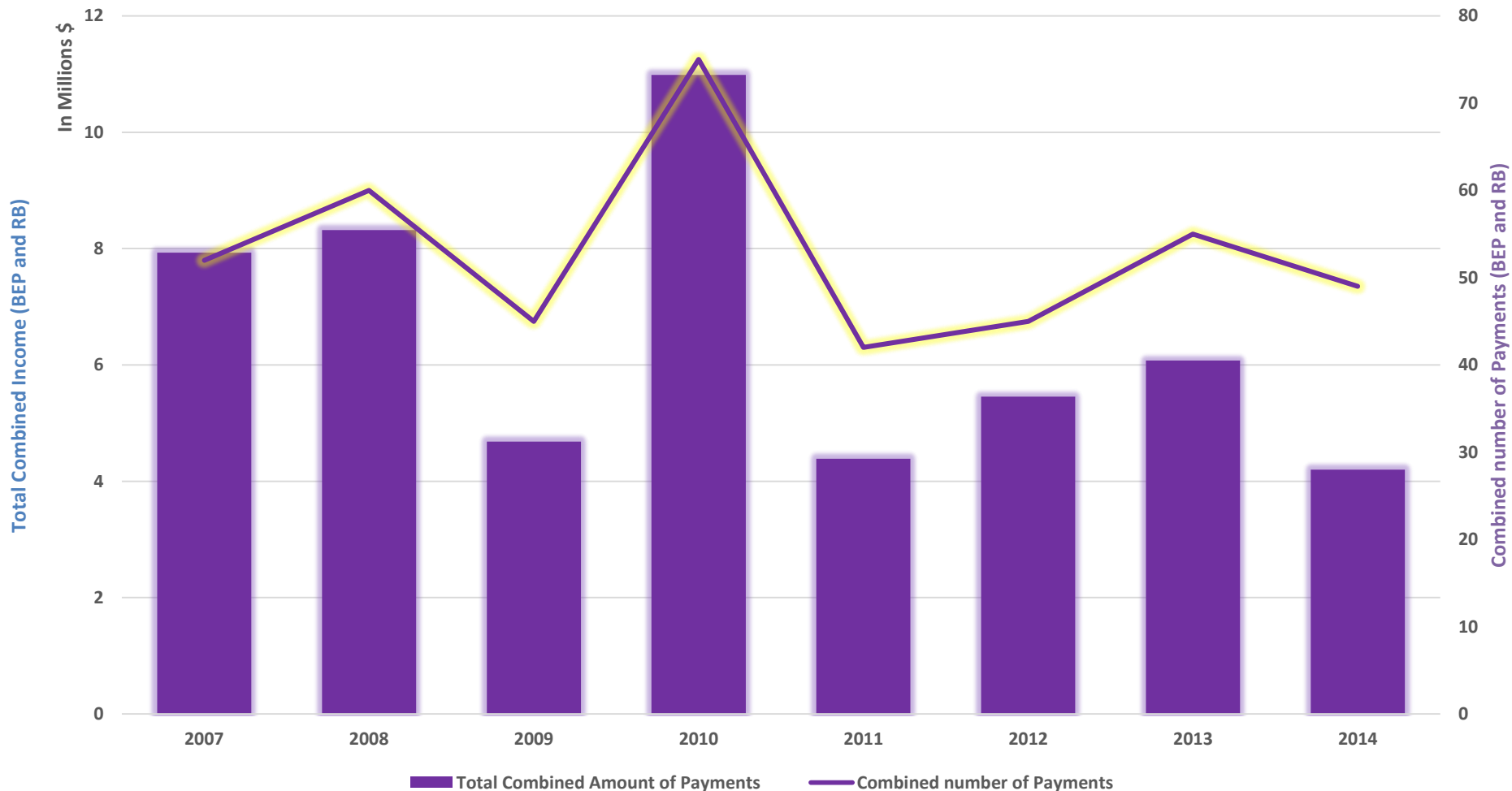


Estate Distributions from Campaign Commitments



Estate Distributions AND Estate Distributions from Campaign Commitments

Combined Income: Bequest Pledge Payments + Realized Bequests (Denver University)

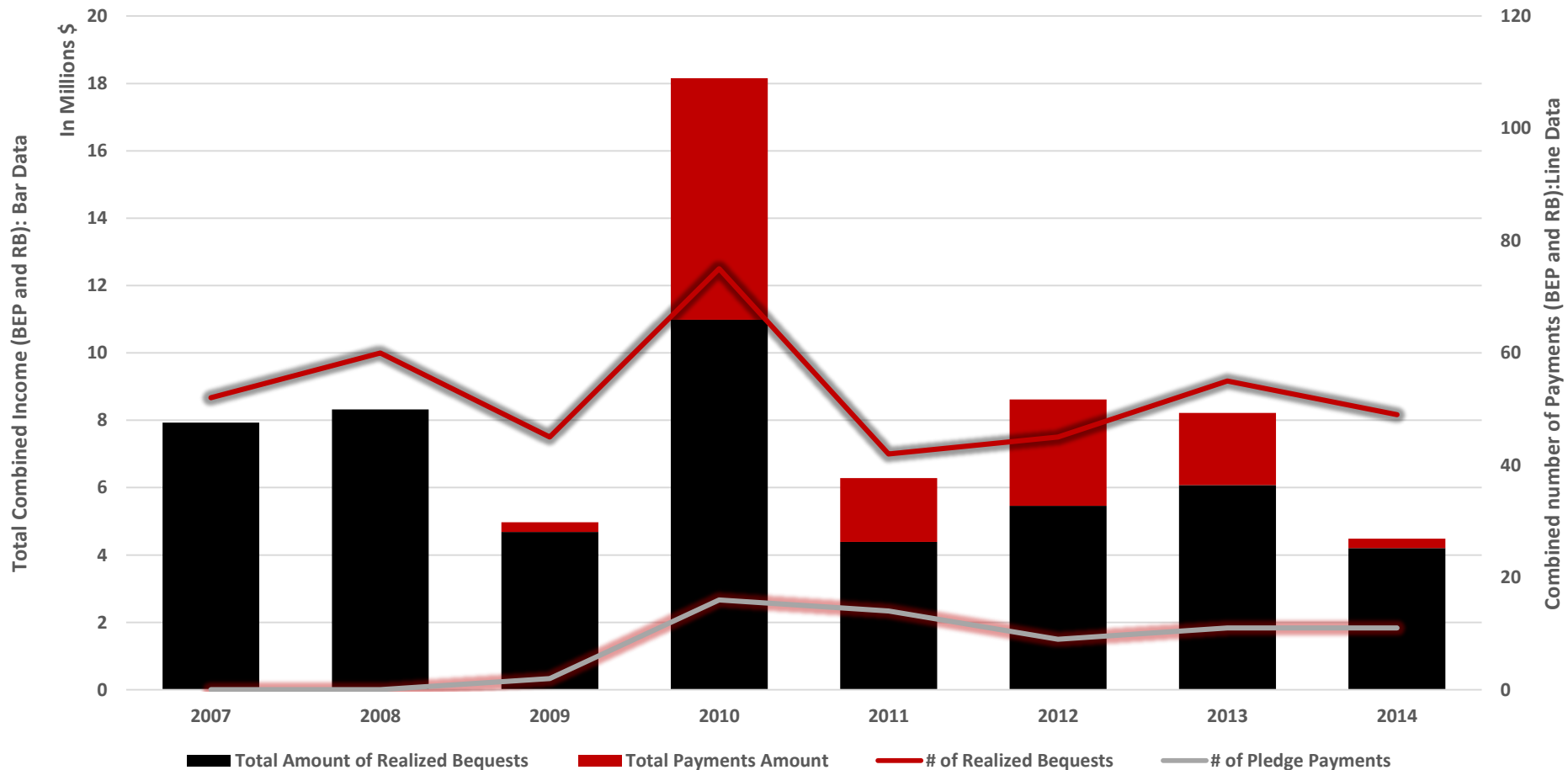


Gift Planning Productivity: ***the bottom line***

- **Counting Bequest Expectancies?
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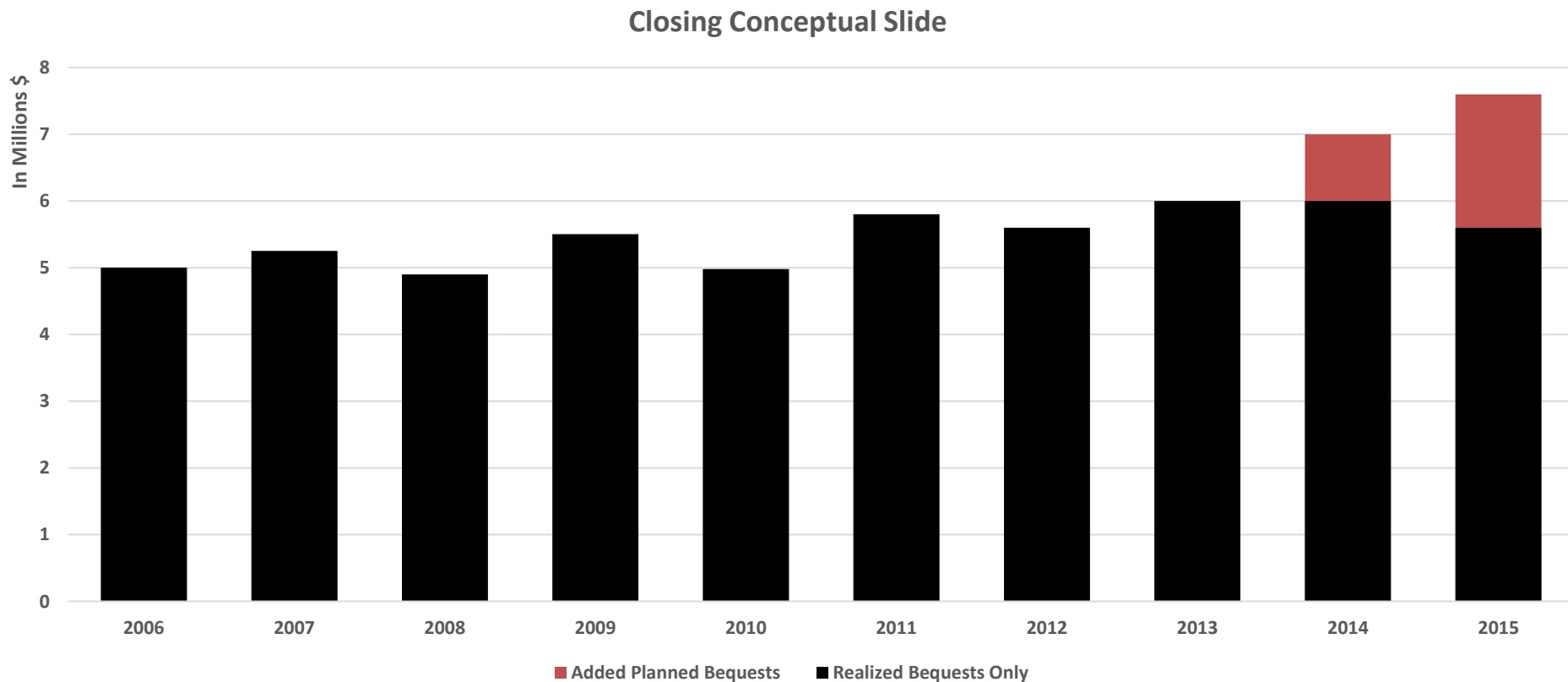
Estate Distributions AND Estate Distributions from Campaign Commitments

Combined Income: Bequest Pledge Payments + Realized Bequests (Separated) for Denver University



Gift Planning Productivity: *the bottom line*

- 10 year graph of bequest receipts AND a 3mm beq int in year 8



Case Study: Oregon State University

Campaign for OSU (2005-2014)

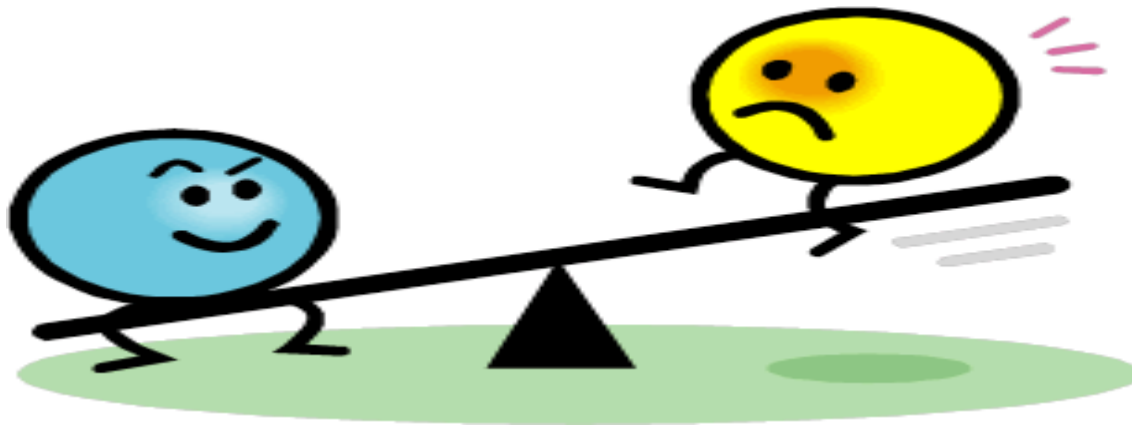
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What About the Future?

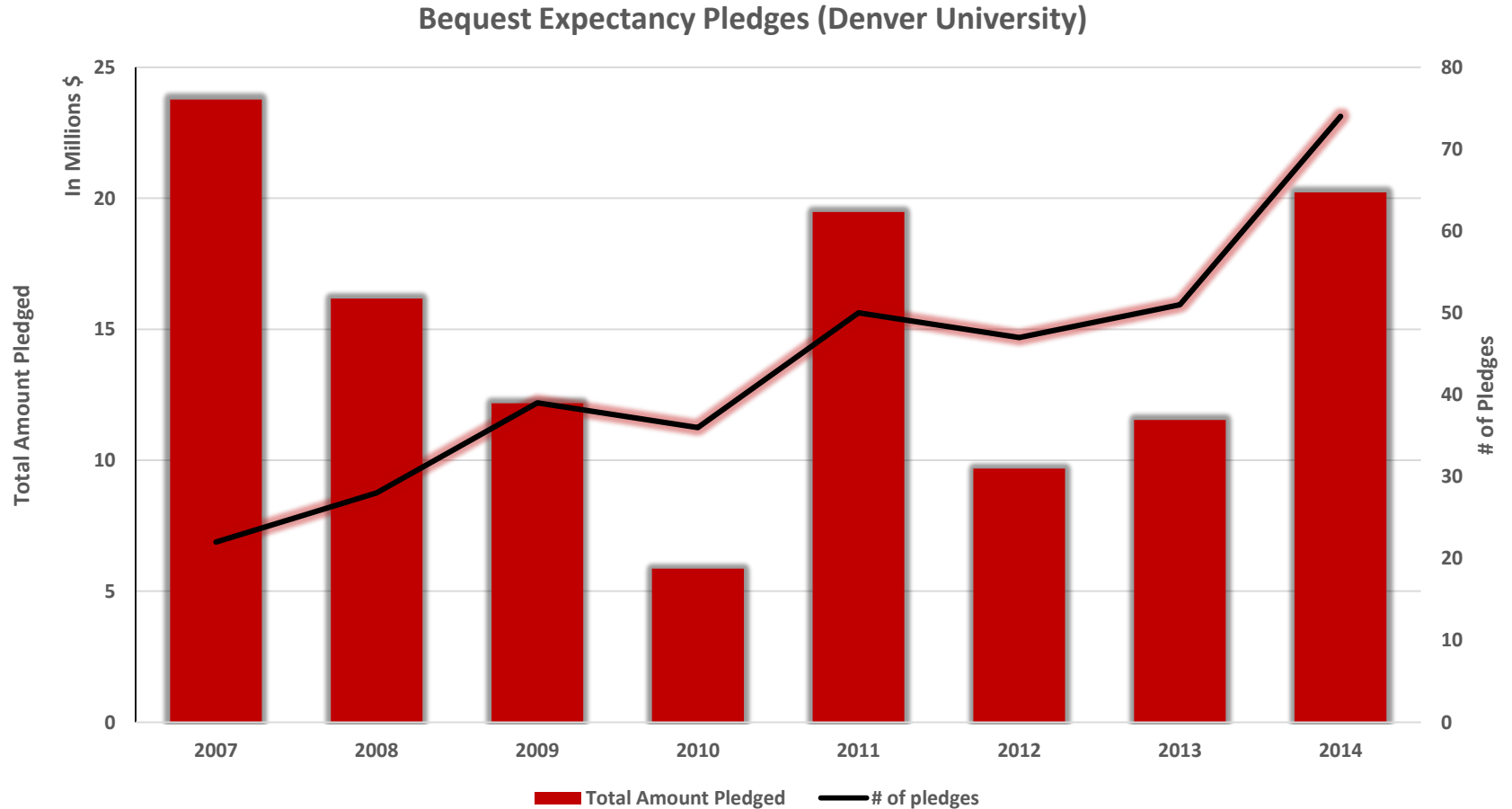
- What does this mean for you... counting bequests and for what leadership needs to understand about counting bequests.
- The “See-Saw” Effect



Years 1 to 3



DU Bequest Commitments



DU: Year 1

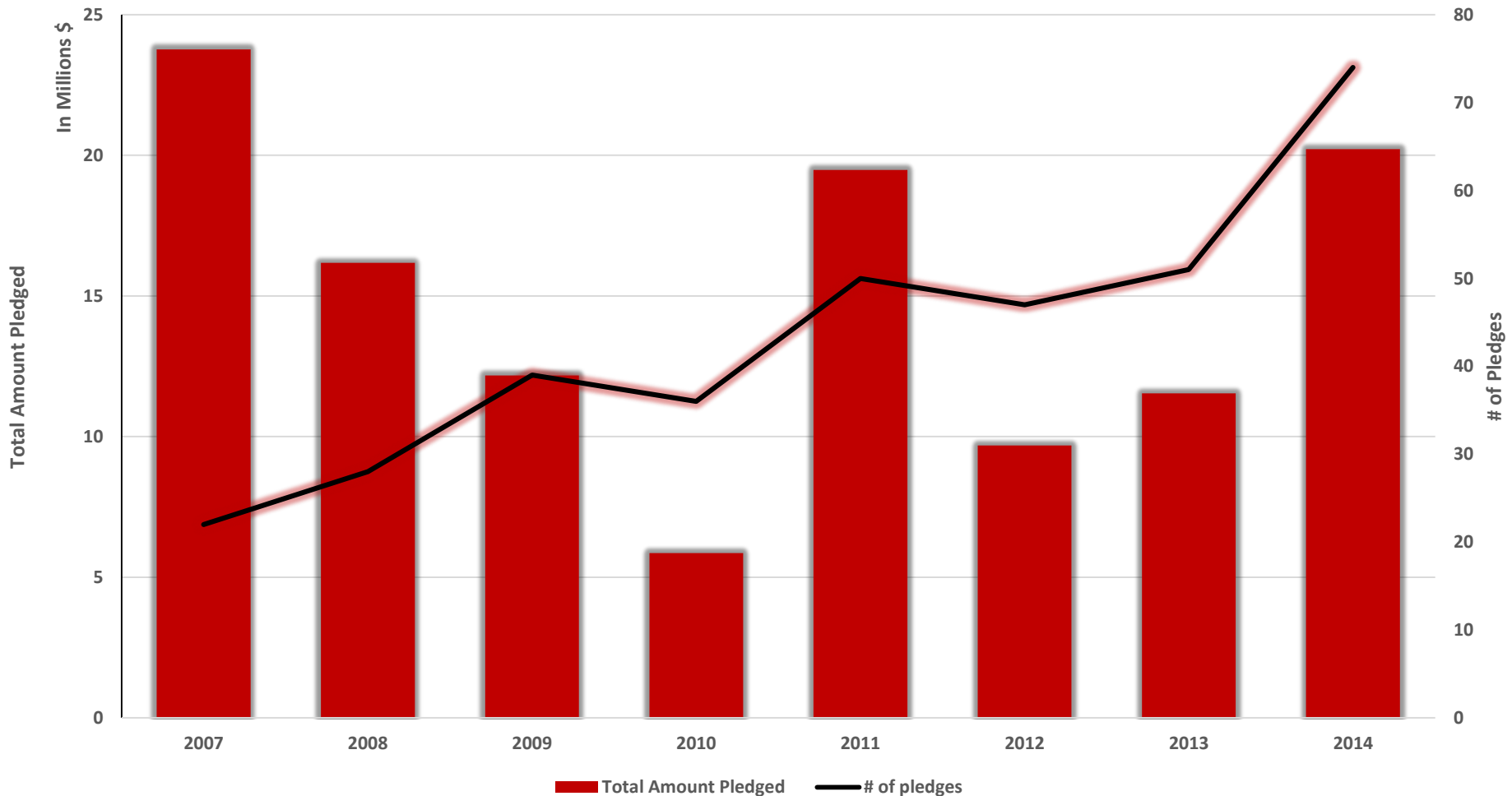
11 \$1 Million+ Bequest Commitments

| | | |
|------|--|----------------|
| 2007 | | \$1,000,000.00 |
| 2007 | | \$2,040,000.00 |
| 2007 | | \$3,500,000.00 |
| 2007 | | \$1,073,500.00 |
| 2007 | | \$3,000,000.00 |
| 2007 | | \$3,000,000.00 |
| 2007 | | \$2,000,000.00 |
| 2007 | | \$1,500,000.00 |
| 2007 | | \$1,450,000.00 |
| 2007 | | \$1,450,000.00 |
| 2007 | | \$1,000,000.00 |

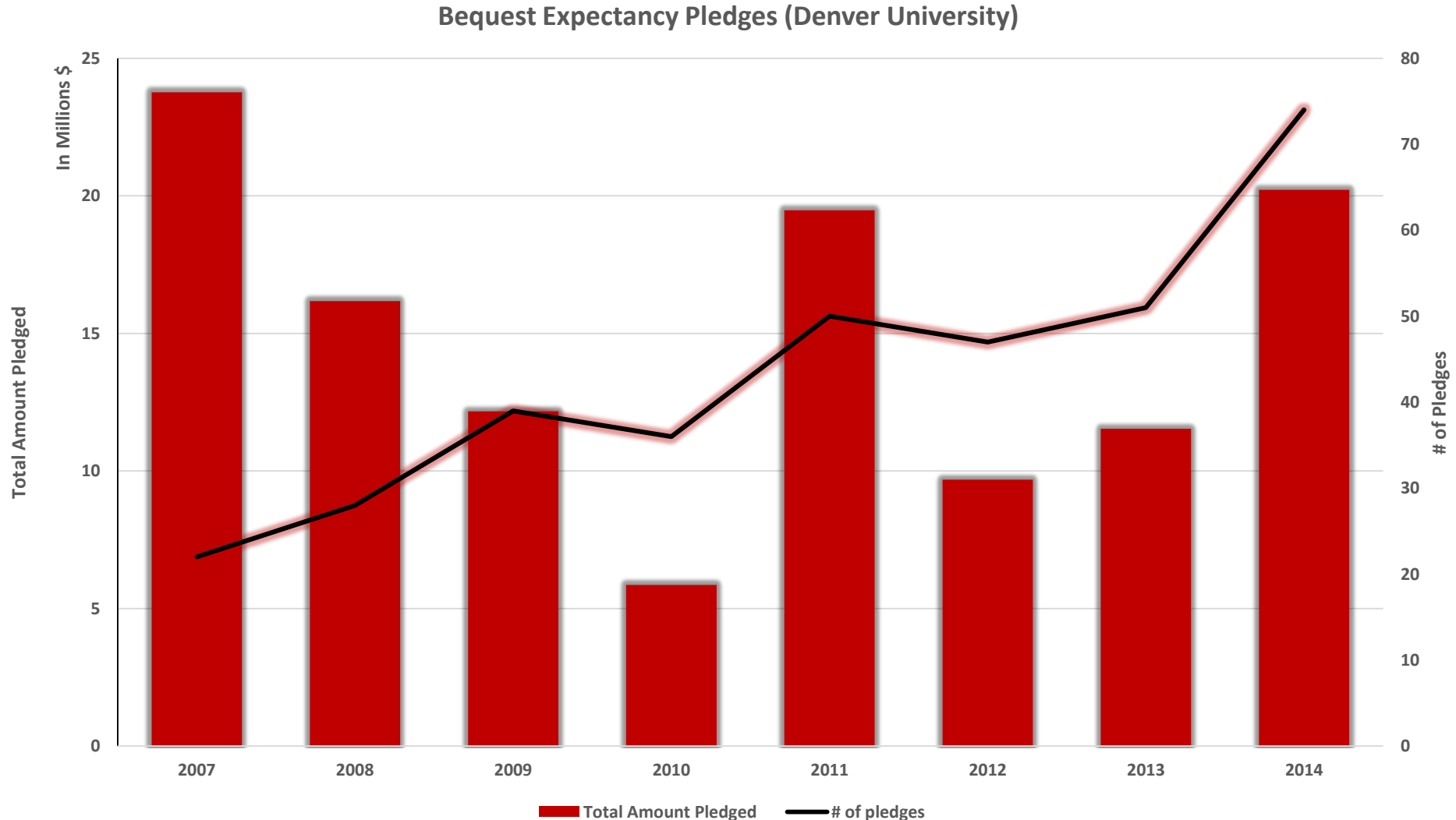
DU: Year 4

1 \$1 Million+ Bequest Commitments

Bequest Expectancy Pledges (Denver University)



MGO GPO Collaboration



See If This Sounds Familiar...

- Mike, a 50 year old alumnus, makes and estate commitment of \$4 million...



Does This Sound Familiar...

- **Impact of Different Counting Policies:**
 - **Age 60 and Older**
 - **Life Expectancy: 20+ Years**
 - **Age 70 and Older**
 - **Life Expectancy 10+ Years**

Prospect Flow for Bequest Commitments

- **Impact of Different Counting Policies:**
 - **Age 60 or Older in the Life of The Campaign**
 - **Fishing in a Pond**



Prospect Flow for Bequest Commitments

- **Impact of Different Counting Policies:**
 - **Age 60 or Older in the Year of the Commitment**
 - **Fishing in a Stream**



Takeaways

- **What Does This Mean?**
- **How Should We Communicate This?**
- **To Whom Should We Communicate This?**

Takeaways

- **What Does This Mean?**
 - **Know Where You Are in “The Counting Cycle”**
 - **Beginning: Choose Your Policies Wisely**
 - Age
 - By When
 - Project Counted Gifts
 - **Intermediate**
 - Headwinds and Tailwinds
 - **Mature**

Takeaways

- **How Should We Communicate This?**
 - Data
 - Often
- **To Whom Should We Communicate This?**

Takeaways

- **To Whom Should We Communicate This?**
 - Your Boss
 - VP
 - CFO
 - MGO's
 - Faculty
 - Board

