Planned Giving When That’s Not All You Do

Northwest Planned Giving Roundtable Conference
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What is Planned Giving?

A way to make gifts that match the donor’s:

- Philanthropic desires
- Personal needs
- Financial resources
Is planned giving right for your organization?

- Mature organization
- Mission is long-term
- Many repeat/long-time donors
- Good donor age distribution

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A Word About Terminology

- Planned giving
- Deferred giving
- Legacy giving
- Endowment
What does “endowment” mean?

- Not wholly expendable under terms of gift instrument
  - “Gift instrument” includes solicitations or documents from the organization
- Not included: Board-designated endowment (aka quasi-endowment)
- Beware of accidental endowments
How planned giving fits in with the development program

- Planned giving is one element of a mature development program
  - Acquisition
  - Retention
  - Stewardship & relationship-building
  - Major and planned gifts
Quick Review:
The Planned Giving Toolbox

- Bequests and bequest-like gifts
- Life income gifts
- Near-term planned gifts
Bequests: Wills and Living Trusts

- Flexible and revocable
- No need for immediate commitment of cash or other assets
- Made with standard estate planning documents
Planned Giving Toolbox

Other Forms of Bequests

- Retirement plans
  - Remainder or portion
- Insurance and annuities
  - Cash value policies
  - Death benefit
- “P.O.D” accounts
  - Bank or brokerage accounts
Planned Giving Toolbox

Life Income Gifts

- Charitable Gift Annuities
- Charitable Remainder Trusts
  - Unitrusts & variations
  - Annuity Trusts
- Pooled Income Funds
Near-term planned gifts

- Charitable Lead Trusts
  - May be used as a “pledge substitute”

- Short-term life income gifts
  - Might be used for funding education, providing income for elders, or bridge to inheritance

- Non-cash gifts
WHO MAKES PLANNED GIFTS?
Where Do Most Planned Gifts Come From?

- 80% of all planned gift income is from gifts that are received at someone’s death
  - Wills and living trusts
  - Designation of beneficiary gifts
  - Most life income gifts

- Average age of death for bequest donors is 85
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## Age of Bequest Donors At Death

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**Average Age of Bequest Donors At Death = 92**
Average age at “final will” for bequest donors is 79
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| Average | 79 | 82 | 85 | 6  |
| Deviation | 2 | 2 | 2 | 2 |
| Median | 79 | 81 | 85 | 5 |
| Mode (Most Occurences) | 80 | 81 | 83 | 5 |
Who Makes Planned Gifts?

- Planned giving donors are people who want to do something special for an organization they care about.

- It’s more about donor loyalty than wealth.
Therefore:

The focus of planned gift marketing should be encouraging older donors who have made multiple gifts to consider bequests.
The Bequest Program

- Benefits & Components
- Marketing
80% of all planned gift income is from bequests

BUT

55% of US adults don’t have a will
The Bequest Program

Advantages for Organization

- Concentrated focus
- Easy to understand and explain
- Everyone needs a will
- No administrative burden

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Bequests

❖ Advantages for Donors

✓ Requires no immediate commitment of cash or other assets
✓ May be created as part of overall estate planning
✓ Some types of bequest do not affect existing documents
Marketing the Bequest Program

- Make sure people know they can include your organization in their estate plans!

- Focus on the right market to get the results you want

- Match outreach and marketing materials to the target population
Marketing:

Your target market

- Older people who care about the organization
  - Long-time donors
  - Constituents/members/clients
  - Staff and volunteers
Marketing:

Communication channels

- Print
- Electronic
- Personal contact
Marketing: Print

- Dedicated mailings
  - Newsletters
  - Brochures
  - Postcards

- Other publications
  - Your organization’s current newsletter/website/annual report
  - Annual fund & other solicitations
Marketing:

Electronic

- Email
- Social media
- Website

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Accessibility

- Can your target market read it?
- Can your target market download it?
- Does your target market even receive it?
Responses and Follow-up

- Opportunity to build personal relationships
- Be prepared with response materials
- Don’t be discouraged by lack of immediate, active response!
Integrating the bequest program into the overall development program

- Stewardship of annual and major gift donors = planned gift cultivation
- Build donor loyalty
- Educate all development staff about basics of planned giving
Resources: What you can outsource and what you shouldn’t

❖ Outsource what you can
  ✓ Technical support
  ✓ Marketing materials
  ✓ Planned-giving specific website

❖ Use staff time for donor contact and stewardship
COLLECTING THE MONEY
How can you increase the likelihood that bequest expectancies and deferred gifts will actually be realized?
Causes of bequest/deferred gift loss

- The gift isn’t there at all
- The gift is less than anticipated
  - The donor ran out of money
  - The donor lied
  - The donor changed his/her mind
Secure the gifts you have

- Reduce time lag between plans and realization
  - Age at first will
  - Age at last will
  - What happens in between?
Invest in stewardship

- The importance of tea and cookies
- What if annual gifts stop?
- The consequences of stewardship failure
- Due diligence now can save legal fees later
Legacy Societies

- Legacy societies are cultivation devices
  - When to start?
  - What to offer?
  - Who to invite?
Rights and Responsibilities of Charitable Beneficiaries

❖ Fiduciary obligation to the nonprofit
  • Do not be shy about asking for documents
  • Understand the estate administration process
  • You can’t be “nice”

❖ Donor intent
Manage Your Time and Resources

- Direct time and budget to activities that will get you
  - The results you want
  - The fewest headaches

- What results do you want?
Your Most Essential Tasks

- Prospect identification
- Communicating about planned gifts (marketing)
- Building relationships
- Stewardship
- Collecting the money
Good Luck!

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