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# **Planned Giving When That's Not All You Do**

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# What is Planned Giving?

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

- ❖ Philanthropic desires
- ❖ Personal needs
- ❖ Financial resources

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# 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

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# 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

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# 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

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# Quick Review:

# The Planned Giving Toolbox

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- ✓ Bequests and bequest-like gifts
  - ✓ Life income gifts
  - ✓ Near-term planned gifts

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## Planned Giving Toolbox

# Bequests: Wills and Living Trusts

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



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## 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

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# 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

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# **WHO MAKES PLANNED GIFTS?**

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# 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

# Life Expectancy

<b>Age</b>	<b>Single</b>	<b>Joint</b>
<b>35</b>	<b>48</b>	<b>55</b>
<b>40</b>	<b>44</b>	<b>50</b>
<b>45</b>	<b>39</b>	<b>45</b>
<b>50</b>	<b>34</b>	<b>40</b>
<b>55</b>	<b>30</b>	<b>36</b>
<b>60</b>	<b>25</b>	<b>31</b>
<b>65</b>	<b>21</b>	<b>26</b>
<b>70</b>	<b>17</b>	<b>22</b>
<b>75</b>	<b>13</b>	<b>18</b>
<b>80</b>	<b>10</b>	<b>14</b>
<b>85</b>	<b>8</b>	<b>11</b>
<b>90</b>	<b>6</b>	<b>8</b>
<b>95</b>	<b>4</b>	<b>6</b>
<b>100</b>	<b>3</b>	<b>4</b>

## Age of Bequest Donors At Death

Donor 1	100
Donor 2	99
Donor 3	97
Donor 4	97
Donor 5	97
Donor 6	95
Donor 7	94
Donor 8	93
Donor 9	92
Donor 10	85
Donor 11	62

\_\_\_\_\_ Average Age of Bequest Donors At Death = 92 \_\_\_\_\_

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❖ Average age at “final will” for bequest donors is 79



	Type of Organization	Age At Will	Age At Last Gift	Age At Death	Average Lag
1	Animal Rights	75	76	79	4
2	Children's Relief	78	81	83	5
3	Children's Relief	80	85	87	7
4	Children's Services	82	85	90	8
5	Denominational Fdn.	81	84	86	5
6	Educational	76	79	82	6
7	Educational	77	81	83	6
8	Educational	79	80	83	4
9	Educational	81	82	85	4
10	Educational	77	81	86	9
11	Educational	76	81	82	6
12	Environmental	79	77	81	2
13	Environmental	77	80	82	5
14	Environmental	78	81	83	5
15	Environmental	80	82	86	6
16	Health	80	81	83	3
17	Health	77	83	87	10
18	Health	79	81	85	6
19	Health	81	82	85	4
20	Health	80	82	86	6
21	Health	77	81	87	10
22	Health	82	83	87	5
23	Health/Advocacy	78	81	83	5
24	Int'l Relief	78	79	83	5
25	Int'l Relief	81	83	84	3
26	Int'l Relief	80	85	87	7
27	Political Action	79	85	87	8
28	Political Action	86	87	89	3
29	Religious Mission	82	87	90	8

<b>Average</b>	<b>79</b>	<b>82</b>	<b>85</b>	<b>6</b>
<b>Deviation</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Median</b>	<b>79</b>	<b>81</b>	<b>85</b>	<b>5</b>
<b>Mode (Most Occurences)</b>	<b>80</b>	<b>81</b>	<b>83</b>	<b>5</b>

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# 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

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## **Therefore:**

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

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# The Bequest Program

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- ✓ Benefits & Components
  - ✓ Marketing

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❖ 80% of all planned gift income  
is from bequests

**BUT**

❖ 55% of US adults don't have a  
will

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# 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

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# 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



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# Marketing:

## Your target market

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

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# Marketing:

## Communication channels

- Print
- Electronic
- Personal contact

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# Marketing:

## Print

- Dedicated mailings
  - ✓ Newsletters
  - ✓ Brochures
  - ✓ Postcards
- Other publications
  - ✓ Your organization's current newsletter/website/annual report
  - ✓ Annual fund & other solicitations

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# 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?

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# Responses and Follow-up

- ❖ Opportunity to build personal relationships
- ❖ Be prepared with response materials
- ❖ Don't be discouraged by lack of immediate, active response!

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# 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

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# 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



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# **COLLECTING THE MONEY**

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How can you increase the likelihood that bequest expectancies and deferred gifts will actually be realized?

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# Causes of bequest/deferred gift loss

- ❖ The gift isn't there at all
- OR
- ❖ The gift is less than anticipated
  - The donor ran out of money
  - The donor lied
  - The donor changed his/her mind

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# Secure the gifts you have

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

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# 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

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# Legacy Societies

- ❖ Legacy societies are cultivation devices
  - When to start?
  - What to offer?
  - Who to invite?

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# 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

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# SUMMARY



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# 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?

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# Your Most Essential Tasks

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

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# Good Luck!

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