PLANNED GIVING BUST? OR PLANNED GIVING **RO**BUST?

If your planned giving program is focusing only on bequests or even bequests and gift annuities, it is utilizing a tiny portion of what planned giving has to offer. Therefore, it might be viewed as a "planned giving bust." If you are employing the full bandwidth of planned gift vehicles, it's robust.

A Legacy Giving only program is not the same as a Planned Giving Program, although it is an essential part of it. It is a business model choice on the part of the organization to limit the program to this slice.

When I ask organizations about their program, most say they are in the Planned Giving bust stage, either by choice or because they are trying to have a fuller program but have not yet succeeded.

What has happened over the years that so many organizations have slimmed down the planned gift program to bequests and maybe annuities? Has it happened to all organizations? Not necessarily. The large universities and medical centers and some others still operate full-fledged planned giving programs. However, for many others, and a lot of small to medium-sized nonprofits, things aren't as easy.

There are two factors that converged:

1. What is going on inside the organization, and

2. What is going on outside the organization.

1. What *is* going on inside the organization?

Many organizations never recovered from the Great Recession. Actually, the trend to slimmed down programs started before then. Management started combining major and planned gifts. That would be OK if all Major/ Planned Gift staff were adequately trained and prospect differentiation were well-enough defined and understood by the combined Major/Planned giving force.

Every planned gift <u>is</u> a major gift. So, the theory was that they could be combined. That would save management some money. However, not every major gift is a planned gift by definition. Most organizations define "major gift" by a set dollar amount. Thus, that's an "ask" type of gift, whereas a planned gift should be a "problem solution" type of gift. The former is a "we get" and the latter is a "we give".

That aggregation of the major and planned gift programs was done for productivity's sake. Maybe we should call it aggravation for productivity. Doing more with less and expecting better results. Making you wear too many hats.

That causes a focus change with respect to planned giving. You don't have time for that because it takes too much time to think through problems and find solutions, it's too complex and funds don't come in for so long. So, what happens? You get a shallower and shallower sink to work with.

And you may say, "Well, bequests are 80% of planned gifts anyway."

Really? Or is that what you are <u>marketing</u>, so that is what you are getting. Every business owner knows-- you get what you market. Thus, you move to Legacy Planning or Legacy Giving instead of Planned Giving.

And because it is easier, you don't have to keep up with tax technicalities all the time.

Because you slide into focus on Legacy gifts--bequests and annuities--management thinks you have spare time, so you get to wear even more hats, none of which, or at least not all of which, satisfy you in your job.

And then you quit and move to another organization. Did you ask yourself honestly why you quit?

I think bequests and gift annuities are essential to an organization. However, as opposed to many in the field, I view these gifts as lead generation for far more effective planned giving solutions for life situations a donor and family encounter.

Which brings us to the question: are you a planner of planned gifts or not? Planned Gifts ARE happening. If you are not the planner, someone else is. Who, you may ask.

This leads us to what has happened in number 2 above.

2. What is going on outside the organization?

Since the Tax Reform Act of 1986 when tax shelters were slashed from tax planning, advisors have been continuously looking for tax shelter opportunities. Many discovered charitable planning and have adopted it in their businesses. Some advisors are great at it, and professional associations and certifications have arisen for those truly interested and committed. Other advisors give lip service to charitable planning and use it as advertisement on websites as an “area of practice” without any depth of knowledge. That is unfortunate, but it seems to be on the increase. It gives them a “cachet” they otherwise would not have in the community.

Sorting out who is who among advisors, though, may be very well worth your while. In fact, it is my opinion that it is mandatory nowdays to know and network with these advisors. Please see the memo on working with advisors.

I have some misgiving about turning over all of the planned giving vehicles and structuring to outside advisors. If you are not part of the planning team, or all of it, no in-depth knowledge of philanthropic planning is present in the transaction, such as how you need to have the ultimate gift structured, what a donor’s money can “buy”, what your greatest needs are, and these important elements become lost in the process.

Advisors may know the tools (and many do not, resulting in poorly designed gifts), but few understand the heart and soul of (1) philanthropy, (2) the philanthropy industry, (3), the industry sector your organization is in, (4) your organization’s role in that industry sector and your community, whether that community is a geographic community or a community of interest, and (5) the needs of your organization and what it can offer a donor.

You need to become a planner again and have a seat at the table.