

WSTELTER

### Blended Gifts: *From Concept to Closure*

Presented By:  
Jeff Comfort  
Vice President, Principal Gifts and Gift Planning  
Oregon State University Foundation



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#### Jeff Comfort

Vice President, Principal Gifts and Gift Planning  
Oregon State University Foundation



- Prior to current role, served for 18 years at Georgetown University where he oversaw university-wide gift planning efforts resulting in approximately \$500 million of gift commitments and receipts
- Prior to Georgetown, served as Director of Planned Giving at the National Jewish Medical and Research Center
- Partnership for Philanthropic Planning (PPP) president in 2000; chair for 10th Annual National Conference on Planned Giving; member of NCJPG Board of Directors for 5 years
- Past president and board member of the National Capital Gift Planning Council of Greater Washington
- Founding board member of the Colorado Planned Giving RoundTable
- Serves on the editorial board of Planned Giving Today

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### Blended Gifts: *In a Nutshell...*

- It's About Helping Donors Maximize their Philanthropy
- When Donors Maximize Their Philanthropy, Charities Receive Bigger Benefits



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### Overview

- Definitions, Background and Some History
- Elements for Success in Blended Gift Productivity
- Case Studies
- Where to Begin
- Mechanics
- Takeaways
- Questions

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### Ground Rules...Definitions...

- Annual Fund: \$1 to \$24,999
- Major Gift: \$25,000
- Major Gift Commitment: \$25,000
  - Over 5 Years (\$5,000/year)
- Endowments:
  - \$50,000 Current Minimum
  - 5% Annual Payout Rate; \$2,500/year Program Support
  - **Minimum Funding Likely to Rise Over Time**

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### Blended Gifts

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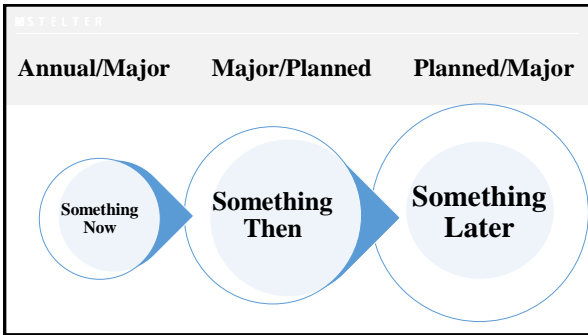
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**Job Fusion or Confusion:  
Marrying Major and Planned Gifts**

It is critical to break down the silos between major-gift programs and planned-gift programs and promote teamwork so you “don’t leave money on the table.” You undoubtedly know of an instance when a donor was not able to make an outright gift and was never offered the opportunity to make a significant planned gift.

What about the planned-gift donor who could have not only made the planned gift but could have made an outright gift as well—but was never asked? There is a cultural divide that must be bridged. **Major-gift officers and planned-gift officers look through different eyeglasses, as it were.**

By Charles B. Gordy II, J.D., and Margaret M. Holman

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**A Cautious, Respectful Perspective...**

Phil says that he doesn’t push the blended gift, but quite often it comes up naturally and sometimes donors themselves bring it up. Even with the possibility of a blended gift, Phil advises, “you want donors to feel appreciated for the planned gift and you never want to minimize the importance of this.”

—Phil Purcell, Vice President of Planned Giving & Endowment Stewardship, Ball State University Foundation

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### Where We Are...Now

- A Function of Where We've Been
- Blended Gifts Have Arisen to Recent Prominence as a Confluence Primarily of Three Factors
  1. Maturing Growth and Acceptance of Planned Giving
  2. Asset Based Wealth
  3. The Great Recession

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### Maturing Growth and Acceptance of Planned Giving

- Explosive Growth of Planned Giving in the 80's and 90's
  - Mostly Higher Ed Had Planned Giving and Were Raising Big Gifts
  - Other Charities Took Notice and "Wanted In"
  - Schervish Study of \$41 Trillion Wealth Transfer (~\$6.4T to Charity) by 2052
- "Siloed" Planned Giving Programs
- Around 2000, Collaboration Became **"The BUZZ"**
  - *Planned and Major Gifts: Will this Marriage Work*

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### Maturing Growth and Acceptance of Planned Giving

- Collaboration is Now Widely Recognized as: **BEST PRACTICE**
- Successful Blended Gifts Initiatives, Individual or Programmatic, begin with Successfully Blended Planned and Major Gifts Programs
- Collaboration is Almost Always Key

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### Asset Based Wealth

- Almost All Annual Fund Gifts Are Made From the Donor's Current Income
- Most Major Gifts Are Made From the Donor's Current and Near Term Income
- Most Planned Gifts Are Made From the Donor's Assets
  - Sometimes Now (Outright Gift of Real Estate, Business, CLT)
  - Most Often Through a Revocable or Irrevocable Future Commitment

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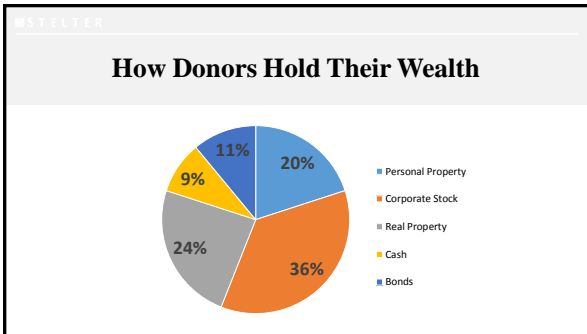
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### When Is It "Good" To Introduce Planned Giving: A Gift of Assets?

- When It Meets the Donor's Philanthropic Interests
- When It Meets the Charity's Priorities and Interests
- When It Adds a "0" or Two (i.e. "00"), or More to the Gift Consideration

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### 2009 and The Great Recession

- Can't Overstate the Impact on Philanthropy and Planned Giving
- Particularly Tough on MGO's
- Jumpstarted Planned Giving Collaboration
- Donors Still Wanted to Support Their Favorite Charities But Were Reluctant to Make New Major Gift Commitments

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### 2009 and The Great Recession: Planned Giving

- Plummeting Consumer Confidence
- Plummeting Wealth
- MGO: There Are Many Ways to Make a Gift Commitment
- Now May Be a GREAT Time to Consider a Bequest or IRA Designation

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### 2009 and The Great Recession: Planned Giving

- Plummeting AFR Led To Sharp Drop in Most Technical Gift Plans
- Planned Giving Used to Be the Purview Primarily of Technicians
- Most PGO's Spent the Bulk of Their Time ON Complex Gifts
- Now 80% or More of Planned Gift Commitments Are Simple Bequests, Handled Well By Most MGO's

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### Blended Gifts Have Become a “Hot” New Topic

- Hot New Topic...? Another Perspective
- Blended Gifts Have Long Been Practiced in Principal Gifts
  - Principal Gifts Definition: Arbitrary, say \$5mm and Above
  - Another Definition: A Higher Level of Engagement
  - Blended Gifts Also Generally Require a Higher Level of Engagement

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### Blended Gifts Have Become a “Hot” New Topic

- Many if Not Most Principal Gift Commitments Represent a Basket of Commitments
- For Most Principal Gift Donors the Process Begins With: If I DO This, HOW Will I Do This?
- Legal and Financial Advisors are Almost Always Involved
- 2010 Six of the Top Ten Gifts Were Planned Gifts

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### Principal Gift Commitments: a Basket of Commitments...Blended Gifts

- The McDonough School of Business at Georgetown University
  - \$30 Million Commitment Via Pledge of Stock Shares:
    - Some Outright Stock Gifts Over 6 Years
    - Additional Stock or Cash Gifts for Years 6-12
    - Charitable Remainder Trust
    - Ultimate Bequest
  - Over Time the CRT was Terminated and Replaced
  - Ultimately over \$45 Million Received and More Outstanding in Planned Gifts

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### Principal Gift Commitments: a Basket of Commitments...Blended Gifts

- Principal Gift Programs Started to Evolve in the Mid-90's
- Recognition of Efficacy of Special Attention to Ultra-High Net Worth Donors
  - Response to Concentration of Wealth
- Principal Gifts Is a Merger of Major and Planned Gifts at the Top of the Donor Capacity Pyramid
- In That Sense, Blended Gifts Have Been a Focus for a Couple of Decades
- Blended gifts use many principal gifts tactics to help you reach deeper into the "middle bands" of the donor pyramid

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### Blended Gifts: Elements of Success

- Collaborative Planned and Major Gifts Programs and Officers
  - **Crediting Policies** that Provide for Shared Credit
    - Shared Credit for Visits
    - Shared Credit for Proposals or Solicitations
    - Shared Credit for Closed Gifts
  - Prospect Management That Supports a Team Approach
- A Word About Planned Gift Credit
  - Nobody Makes a Gift to the Planned Giving Program
  - All Prospects "Belong" to the Major Gift Recipient Units
  - Major Gifts Unit Gets ALL Public Credit for Closed Planned Gifts

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### Blended Gifts: Elements of Success

- **Counting Policies** that Include ALL Planned Gifts
  - Most Charities Now Count Irrevocable Planned Gifts
  - Most Charities Also Now Count Revocable Gift Commitments
    - Definition: Primarily Simple Wills and IRAs
    - Not About "Slapping Numbers on the Books"
    - Inspiring Maximum Philanthropy
    - Revocable Gifts Versus Estate Commitments

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### Mary

- 75 Years old
- Widow
- No Children
- \$2 Million Estate
- Leaving Entire Estate for an Endowment
- \$1,000 Annual Donor




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### Mary

- 75 Years old
- Widow
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- \$2 Million Estate
- Leaving Entire Estate for an Endowment
- \$1,000 Annual Donor

Potential Blended Gift

- What Additional Facts Would You Want to Know?
  - When Did She Plan the Bequest
  - When Did She Inform You of the Bequest?
  - What Are Her Assets and Financial Plans?
- Propose Establishing a \$50,000 Endowment Now with a Gift Commitment of \$10,000/year Over 5 Years

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### Mary: Take 2

- 75 Years old
- Widow
- No Children
- \$2 Million Estate
- Leaving Entire Estate for an Endowment
- \$1,000 Annual Donor

Potential Blended Gift

- What Additional Facts Would You Want to Know?
  - When Did She Plan the Bequest
  - When Did She Inform You of the Bequest?
  - What Are Her Assets and Financial Plans?
- Propose Establishing a **VIRTUAL Endowment Now with a Gift Commitment of \$2,500/year**

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## Mary

Potential Blended Gift

- Sooo, How Will You Approach This Consideration With Mary?
- **The “We Would Like to See You Enjoy This Gift While You are Alive,” Approach**
- Propose Establishing Endowment Now with a Gift Commitment of \$10,000/year Over 5 Years, OR Virtual Endowment With \$2,500/year




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## Mary

Potential Blended Gift

- Sooo, How Will You Approach This Consideration With Mary?
- **The “We Would Like to See You Enjoy This Gift While You are Alive,” Approach**
- **Permission Based Marketing**
- Propose Establishing Endowment Now with a Gift Commitment of \$10,000/year Over 5 Years, OR Virtual Endowment With \$2,500/year




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## Bob

- 68 Years Old, Retired
- Married, 3 Children
- *Wealthy*
- Longtime Annual Fund Donor
- Making First Major Gift
  - \$50,000 Endowment
  - Paid \$30,000 Over 3 Years
- Spouse Supports Other Charities




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**Bob**

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- Married, 3 Children
- *Wealthy*
- Longtime Annual Fund Donor
- Making First Major Gift
  - \$50,000 Endowment
  - Paid \$30,000 Over 3 Years
- Spouse Supports Other Charities

Potential Blended Gift

- What Additional Facts Would You Want to Know?
  - How Is He Finding Retirement?
  - What Are Her Assets and Financial Plans?
- Propose a CRT To Augment His Retirement Income and Further Fund His Endowment

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**Ruth and Jim**

- 60 Years Old
- Married 38 Years
- Children and Grandchildren
- Longtime Annual Fund Donors
- Current Giving: \$1,000/year, Annual Donors for 27 years




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**Ruth and Jim**

- 60 Years Old
- Married 38 Years
- Children and Grandchildren
- Longtime Annual Fund Donors
- Current Giving: \$1,000/year, Annual Donors for 27 years

Potential Blended Gift

- What Additional Facts Would You Want to Know?
  - What Are Their Assets and Financial Plans?
  - What Are Their Long-term Plans for Supporting the Charity?
- Propose "A Bequest" most Likely By Will

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### Know When To Make the Blended Ask...

- 73 Year Old Donor Told You 8 Years Ago He Has a Bequest in His Will for \$1 million
- Donor's Estate and Passion Have Grown With Great Stewardship Over Time
- Donor Said 5 Years Ago He Wants to Increase His Bequest to Fully Fund a Chair at \$3 Million
- Subsequent Visits Have All Confirmed His Verbal Commitment to Increase His bequest to \$3 Million
- Statements of Intent for the \$3 Million Chair Have Been Approved by the Recipient Department, Development and the Donor, BUT the Will Has Not Been Updated
- PGO Brings in the MGO, Again, for Cultivation and Motivation...

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### Know When To Make the Blended Ask...

- MGO and PGO Collaborate to Make Dual Ask... Wouldn't You Enjoy Seeing Your Gift at Work Now (\$150,000/year Commitment)?




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### Know When To Make the Blended Ask...

- So When Is It Right, or a "Good Time" to Make the Dual Ask for a Blended Gift
- Two Rules of Thumb:
  - 1) In My Experience It USUALLY Works Best Sequentially
    - It Turns Out, Most of the Best Prospects for Blended Gifts Already Have One or the Other: A Major Outright Gift or a Planned Gift
    - The Former, Donors With Major Gift Histories May Even Have a Planned Gift and Either Simply Have Never Informed the Charity, Never Been Asked, or It Hasn't Been Discussed Recently

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### Know When To Make the Blended Ask...

- So When Is It Right, or a “Good Time” to Make the Dual Ask for a Blended Gift
- Two Rules of Thumb:
  - 2) If it is an Uncomfortable or Contrived Conversation for YOU, then it is Likely Not Going to Be Comfortable For The Donor.
    - Try To Put Yourself in Their Lives and Brains: How Would YOU Want To Be Approached?

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### Where to Begin?

- Where Do We Begin Most New Fundraising Initiatives?
- Review Your Portfolio for Prospects for Blended Gifts
  - It’s Good to Be Highly Selective at First
  - Give Yourself the Best Chance for Success as You Learn
  - To Start, Look For At Most 5 to 7 Potential Prospects

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### Where to Begin? **Planned Gift Portfolios**

- Review Your Portfolio for Prospects for Blended Gifts
  - Review for Capacity to Make a Major Gift Commitment
  - Review for History of Major Gift Commitments
  - Look for Those That Have a Planned Gift Commitment in Place for a Longer Time
  - Look for Those with a Passion for a Current Major Gift Priority

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### Where to Begin? Major Gift Portfolios

- Review Your Portfolio for Prospects for Blended Gifts
  - Review for Indicators of Planned Gift Propensity
    - Legacy Society Members (The Best, Most Obvious Place to Look First)
    - Loyalty
    - Long History of Gifts, Most Likely Starting with Annual Fund Gifts
    - High Asset Wealth (Not Just High Income)
    - In the Planned Gift Life-Cycle Stage (55-65+)
    - Past Responders to Planned Gift Marketing

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### Where to Begin? Next Step: Internal

- Assemble your team (gift planner, major gift officer, institutional leaders, development leaders, finance)
- Determine institutional needs
- Decide what you are willing to fund with a deferred gift component
- Prepare for gift negotiation
- Be sure the proposal reflects gift planning's capabilities to help

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### Solo vs. Joint Visits

- Blended Gifts Almost Always Require Collaboration Between Major and Planned Gifts Staff
- Should this Collaboration Always Mean Joint Visits?
- Different dynamics
  - One-one versus two-on-one
  - Listening versus informing/updating
  - Sharing confidential information
- Trust: Remember?

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### Follow Up Collaboration

- Paperwork Responsibilities
- Follow-up, Shared correspondence
- Elements of the Proposal
  - Major Gifts: The Program
  - Planned Gifts: The Gift Plans and Funding
- Elements of the Gift Agreement and Statement of Intent
  - Major Gifts: The Gift Designation and Use, Current and Deferred
  - The Funding Plans

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### What Is a Reasonable Goal?

- Kaspick Conference Highlighted 4 Blended Gifts
- CASE Conference Highlighted 8 Blended Gifts
- OSU Has About 70 New Planned Gift Commitments this Year
  - About 5 Have Blended Gift Elements
- Reasonable Goal: 3% to 7% of Total Planned Gift Commitments
  - GREAT Cultivation Experience
  - HAPPY DONORS!

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### Blended Gifts: Full Disclosure

- Most Blended Gifts Include a Planned Gift Element
- Most of These Planned Gift Elements are "Deferred Gift" Commitments; Most Typically a Simple Estate Commitment
- Designing the Gift Agreement for the Major Outright Gift Element
  - Use Current Endowment Minimums
  - Typically a Term of 5 Years
  - Purview of Major Gift Officer
- Needs to Be Designed in Collaboration with Planned Gift Officer To Ensure Coordination with Planned Gift Element

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**Blended Gifts: Full Disclosure**

- Designing the Statement of Intent for the Planned Gift Element
  - Endowment Minimums Are Likely to Rise
  - Cascading Provisions
  - Cy Pres language
- Collaborating on “The Paperwork”: Proposals and Gift Agreements
  - MGO Oversees Programmatic Use Language
  - PGO Oversees Funding Language

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**Takeaways**

- Blended Gifts Represent a Big Opportunity for Incremental Fundraising Growth With a Highly Selective Prospect Base
- Prospects Should Be Assessed on a Case-by-Case Basis
- Collaboration is Key Between Planned and Major Gifts
- Elements of Shared Credit and Planned Gift Counting are Critical
- Blended Gift Donors Will be Among the Most Fulfilled and Happy Donors to Your Institution

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### Takeaways

- Make and Action Plan
- Start With Your Portfolio
- Collaborate on Strategy and Plan Formation with Your Planned or Major Gift Colleague
- Identify Institutional Priorities that "Fit" for Blended Gifts
- Set Reasonable Goals
- Get to Work!!!

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### Blended Gifts: In a Nutshell...

- It's About Ensuring Our Donors Know About All the Many Ways They May Make a Gift or Gift Commitment and Then Helping Them Make Those They Choose
- It's About Maximizing Our Donors Philanthropic Interests and the Impact They Can Make on Our Organizations




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### Q&A

**Jeff Comfort**  
 Vice President, Principal Gifts and Gift Planning  
 Oregon State University Foundation

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### Additional Questions

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### Following the Webinar

In a few days you will receive an email giving you instructions on how to access:

- The recording.
- The presentation slides.

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### Blended Gifts: *From Concept to Closure*

# Thanks!

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