





How To Get Your Board "On Board" with Planned Giving

1



Presenter



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 The Salvation Army

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- Sr Consultant and lead gift planning attorney for the Heaton Smith Group
- Serves as Editor for *Planned Giving Today* and is the lead legal advisor for the *Community Foundation Legal Help Desk*
- Teaches courses on law and philanthropy, nonprofit organization law and planned giving
- Serves on the board of directors of the ACGA
- Formerly served on the board of directors for the National Association of Charitable Gift Planners

2



Planned Giving Poker



- Are duties assigned to Board and staff?
- Does your Board play a role in planned giving?
- Are duties taken seriously?
- Or are some Board members "bluffing"?

3



Passing the Buck!

Frontier days poker ... if the dealer wanted to pass the responsibility of dealing, then he/she passed a marker or "buck" to the next person ... the marker was called a buck since a buckhorn knife was commonly used!



4



Who is Responsible?

***"The
Buck
Stops
Here!"***



HARRY S. TRUMAN
The 33rd U.S. President
1945-1953

5



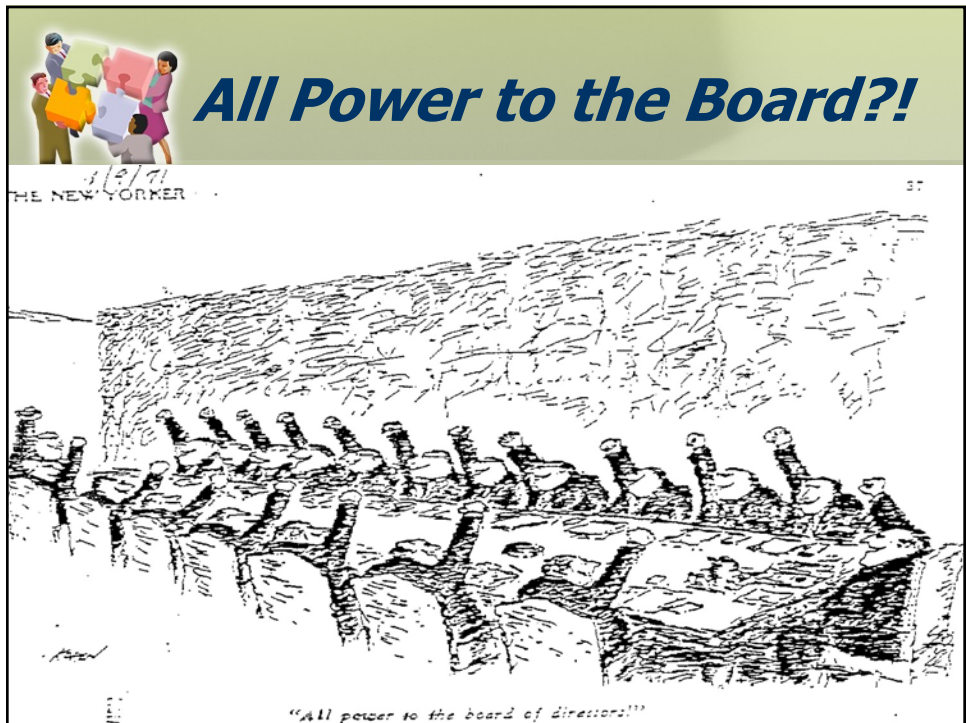
Involving the Board

1. **Governance Best Practices**
2. **Developing the CASE**
3. **Budget**
4. **Policies and Procedures**
5. **Fiduciary Standards**
6. **Goals**
7. **Planned Gift Fundraising!**

6



7



8



Duty of Care

- Exercise care in good faith.
- With a certain degree of due diligence, attention, care and skill.
- Business judgment rule: not liable for harm so long as prudent care is exercised (absent fraud, illegality, conflicts).

9



Super (Hero) Board!



"Everybody here? Let's get started."

10



Board Governance

Types of Boards:

1. **Governing Board**
2. **Related Foundation Board**
3. **Supporting Organization Board**
4. **Advisory Board**
5. **Emeriti Board**
6. **Other Volunteer Boards**

11



Governance Models

- **“Grassroots”** or “hands on” (common with unincorporated associations and new or small nonprofits)
- **Carver Governance**, generally distinguishing roles relative to policy direction (board) and implementation procedures (staff).
- **Strategic Governance** somewhat between the Grassroots and Carver models.

12




The Strategic Process

- **Mission (Board)** _____
- **Goals (Board/Staff)** _____
- **Objectives (Staff)** _____
- **Budget, Work Plans, Timelines (Staff)** _____



13



Delegation

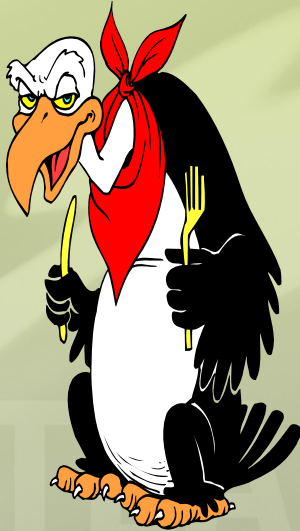
*A Group of Vultures
is a _____ ?*

TEAMWORK

14



Delegation: Committees




- Prudent delegation to committees allowed by state law
- Types: Executive, Governance, Nominating, Audit, Investment, Operating, Program, Human Resources, Marketing, Development
- Planned Giving?

15

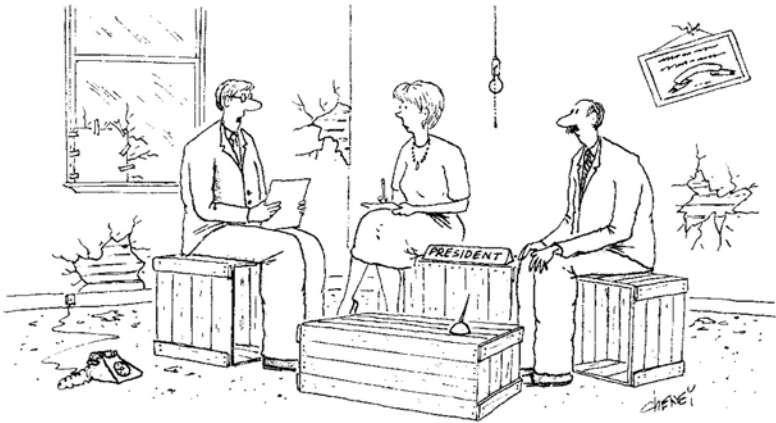


Role of Board: Developing the CASE

16




Pursuit of Excellence!




"I'D LIKE TO OPEN TODAY'S MEETING WITH A REVIEW OF OUR CURRENT BRAND PROMISE: 'WORLD CLASS EXCELLENCE.'"

ART & SCIENCE GROUP

17




The CASE(s) for Planned Giving



Build your internal case to staff, Board and external case to donors, volunteers, and general public!

18




Connecting the DOTS


- Documented needs that your charitable mission aims to address
- How your service programs (external case) or planned giving programs (internal case) address these needs
- How planned gifts provide essential financial support



19



Close to the Truth?



"Who the devil wrote this terrible Case Statement. It comes perilously close to the truth!"

20



Strategies for Building your CASE to the Board

- **Fulfillment of Duty of Care**
- **Current and Future Use Planned Gifts**
- **Generational Equity**
- **Endowment Building**
- **Past History**
- **Intergenerational Wealth Transfer**
- **Experience and Practices of Peers**
- **Consultants**
- **Feasibility Studies**

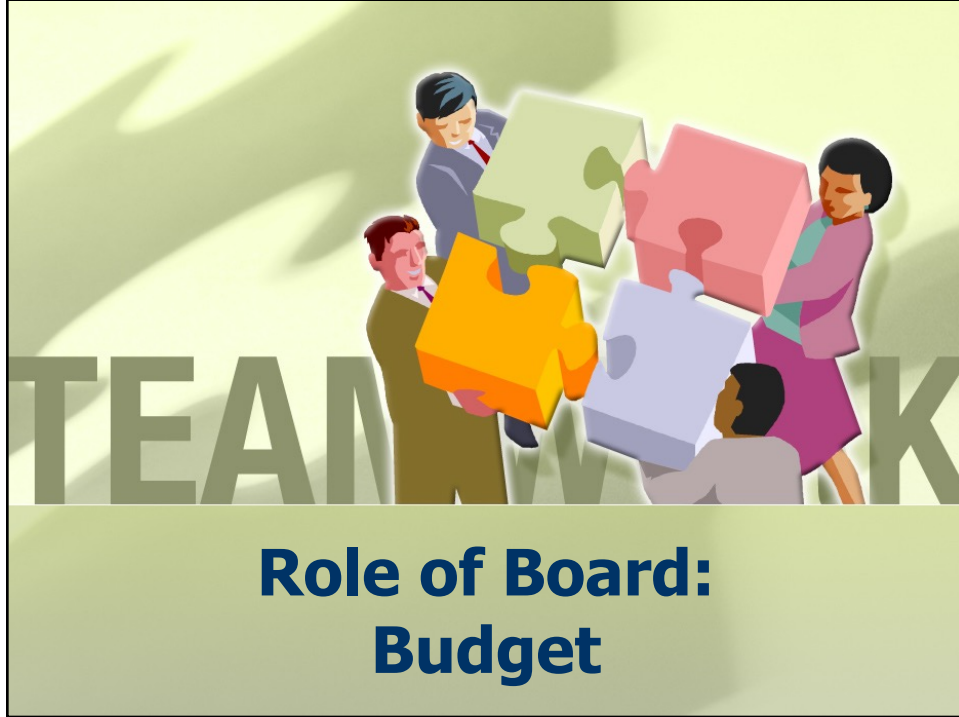
21



Strategies for Building your CASE to the Board

- **Board Evaluation**
- **Board Job Description**
- **Use of Board Committees with
Commission Description**
- **Campaign Planning :**
 1. **Separate Planned Giving Goal(s)**
 2. **Blended Proposals**
 3. **Board and Staff Training**
- **On-Going Education**

22



23



The Overhead Myth

Dan Pallotta Ted Talk:
<https://www.youtube.com/watch?v=bfAzi6D5FpM>

Website: <https://www.danpallotta.com/>

**Guidance from Charity Navigator,
GuideStar and BBB Wise Giving Alliance:**
<http://overheadmyth.com/>

24



Budget Considerations

- **Takes money to raise money!**
- **Consider Age and Sophistication of Organization and/or Planned Giving Program**
- **Hire for the Long Term!**
- **Accountability and Goal Measurements**
- **Report Cost to Raise a Dollar**
- **Commitment to Both Long- and Short-Term Results**

25



Planned Giving Program Oversight: Budget

Components:

1. **Professional Staff**
2. **Training and Consulting**
3. **Support Staff and Administrative Costs**
4. **Marketing and Communications**
5. **Travel and Cultivation (Gifts, Meals, etc.)**
6. **Donor Recognition**
7. **On-Going Stewardship (Reports, Life Income Plans, etc.)**

26



Designated Support

- Designated gifts for new planned giving programs
- Software, marketing materials
- Staff support
- With approval

27




Role of Board: Policies and Procedures

28



29



Policies / Procedures

<u>Policies</u>	<u>Procedures</u>
<ul style="list-style-type: none"> ■ Broad statements ■ Guides general course of action ■ Approved by governing Board 	<ul style="list-style-type: none"> ■ Specific statements ■ Defines course of action or conduct ■ <u>Board approved</u>

TEAMWORK

30



Why?

- **Philosophy or mission of program**
- **Informed approval**
- **Education of staff, Board, donors, etc.**
- **Clarify staff duties**
- **Legal compliance: IRS, state laws, etc.**
- **Risk management and Limitation of liability**

31



Why?

- **Privacy pursuant to public records act (state universities, public libraries, etc.)**
- **Compliance with privacy laws (HIPAA, FERPA, Gramm, state public records)**
- **Coordination of all forms of giving**
- **Equitable treatment of donors: gifts, recognition**

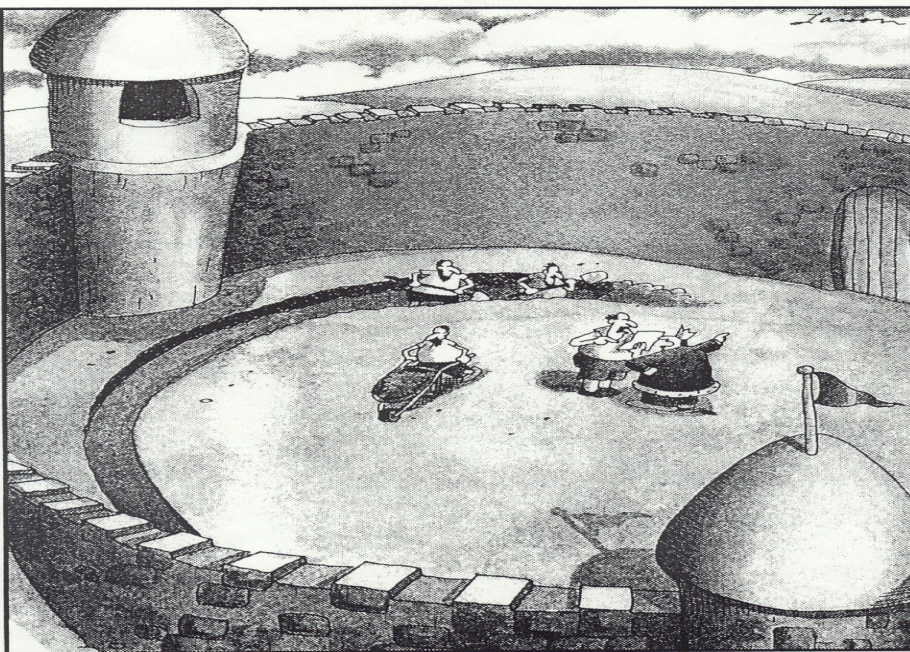
32



Why?

- **Uniform treatment of exceptions**
- **CGP Valuation Standards**
- **CGP Metrics Standards**
- **CGP, CASE or other campaign reporting standards**
- **FASB standards**
- **CGP Model Standards of Practice**
- **Prevent conflicts of interest**

33



Suddenly, a heated exchange took place between the king and the moat contractor.

34



Why?

- **Disclosure**
- **Consistent explanation of tax benefits**
- **Endowment and fund management**
- **Efficient and effective gift management**

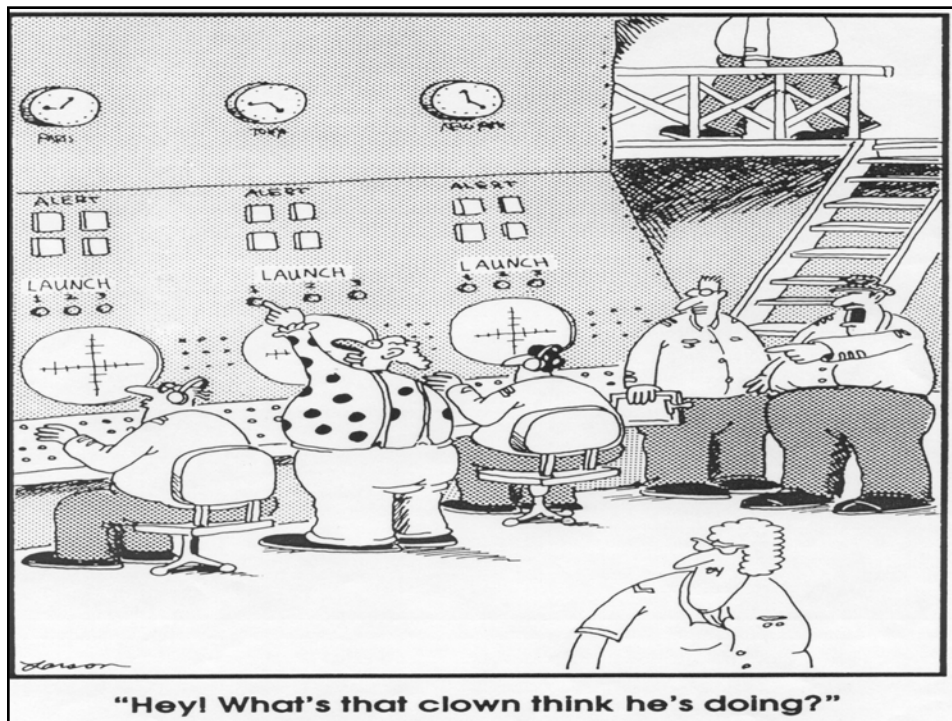
35




Why?

- **Enhances teamwork**
- **Documentation for historic record**
- **Dealing with restrictions**
- **Spectacular stewardship**
- **The graceful "no"**

36



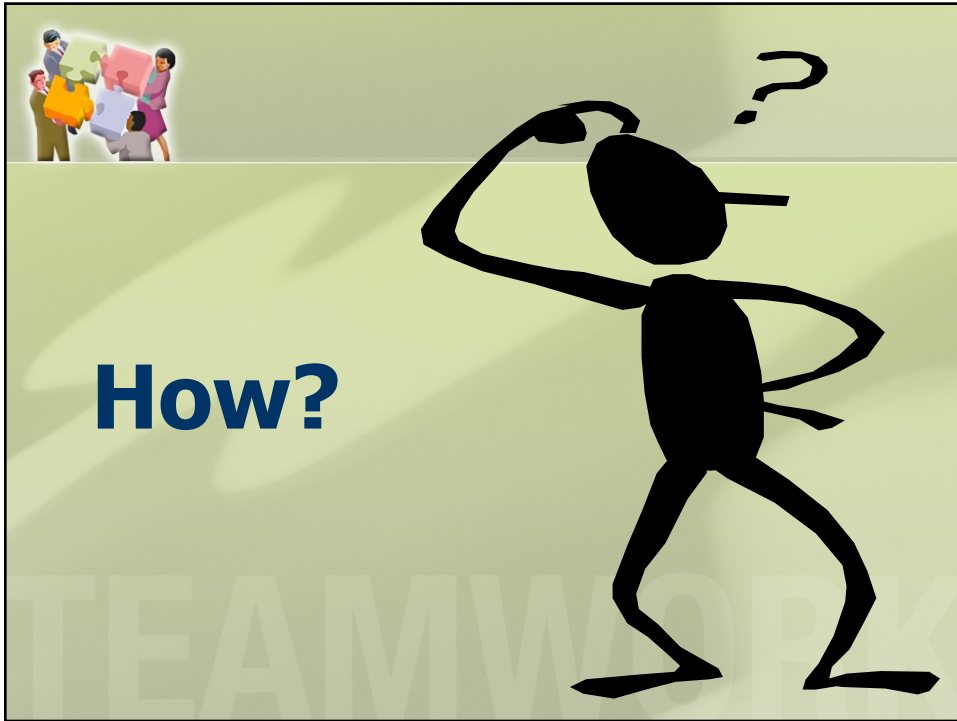
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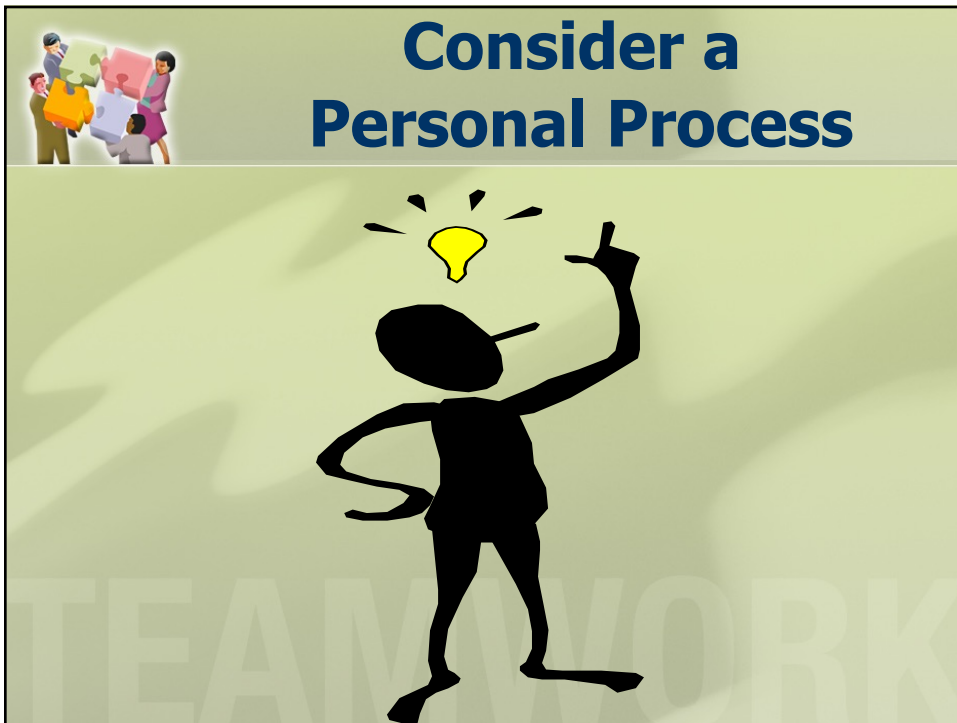
When?

- Inception of fundraising program
- Inception of planned giving or endowment giving program
- Preparation for capital campaign
- After a "problem gift" raises concerns
- Anytime! Once created: a "working" or dynamic (not static!) document

38



39



40



Who is involved?

- Development staff
- Business/Finance office
- Legal counsel
- Investment advisors
- Consultants
- Planned gift administrators
- Accountants
- Auditor
- CEO, CFO, CDO
- Board and Board Committee(s).
- Donors

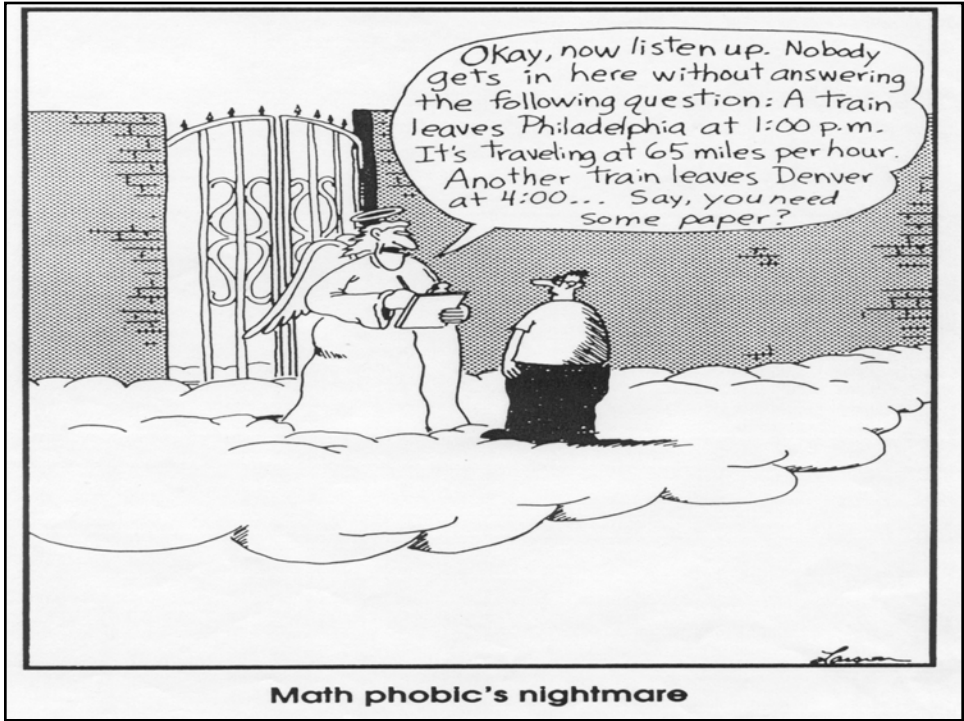
41



42



43



44



Successful Process

1. **Prepare an initial draft**
2. **Share with others, including a Board committee, for comments**
3. **Edit and share revised versions**
4. **Final draft for staff approval**
5. **Final approval by governing Board**
6. **Start with what is needed - amend as appropriate to reflect best practices, new laws, new programs, etc.**

45



46



47

Policies

- Mission statement
- Independent counsel for donors
- Negotiation
- Final approval
- Legal counsel approval
- Ethical standards
- Campaign reports
- Donor recognition
- Confidentiality
- Anonymity
- Conflicts of interest

48



Policies

- **Financial accounting**
- **Authorization for gift annuities**
- **State law compliance**
- **Charity as trustee**
- **Requesting copies**
- **Exceptions allowed – procedure that can involve the Board or a Committee**

49



Procedures

Planned Gifts:

1. **Bequests,**
2. **Remainder Interests,**
3. **Endowments,**
4. **Life Insurance,**
5. **Bargain Sales,**
6. **Retirement Plans (IRA Rollover)**

Life Income

Planned Gifts:

- **Gift Annuities**
- **Charitable Remainder Trusts**
- **Lead Trusts**
- **Pooled Income Funds**

50



Procedures

Assets for Gifts:

1. **Real Estate,**
2. **Intangible Personal Property: Stock, Bonds, Intellectual Property, etc.**
3. **Tangible Personal Property: Collections, Equipment, Art, "In-Kind"**

51



Procedures


- **Documentation**
- **Valuation**
- **Campaign Counting**
- **Donor Recognition**
- **Accounting**
- **Privacy and Confidentiality**
- **Evaluation**
- **Goal Setting**

52



**Role of Board:
Evaluation**

53



Metrics

***Guidelines for Gift Planner Performance
Metrics*** from National Association of
Charitable Gift Planners

TEAMWORK

54



Program Evaluation

- **Consider Age and Sophistication of Your Organization and Planned Giving Program**
- **Budget Audits**
- **Stewardship Audits with Questionnaires or Surveys:**
 1. **Life Income Gifts**
 2. **Endowment Gifts**


55



Program Evaluation: Fundraising Results


- **Regular Reports to the Board**
- **New Planned Gift Expectancies and Matured Planned Gifts:**
 1. **Dollar Amounts**
 2. **Allocations**
- **Number of Contacts**
- **Number of New PG Society Members**
- **Number, Type and Value of Non-Cash Gifts, Endowment Gifts, etc.**
- **Cost to Raise a Dollar**

56



**Role of Board:
Fiduciary Standards**

57



**Investment and
Management**

- **Charitable Endowments and other Funds pursuant to state law pursuant to Uniform Prudent Management of Institutional Funds Act.**
- **Prudent – who?**

TEAMWORK

58



Investment and Management

- **CGP Valuation Recommendations**
- **Trustee Duties pursuant to Federal Law and State Trust Law for Charitable Trusts**
- **Charitable Gift Annuities pursuant to Federal and State Regulations**
- **Complex Assets: Real Estate, Privately Held Stock, etc.**

59



Role of Board: Goals

60



Annual Goals

- **Consider Age/Sophistication of Organization and Program**
- **Evaluate in Terms of Investment and Long-Term Benefits**
- **For New Programs Consider Activity and Not Dollar Goals**
- **Consider a Dollar Goal Worksheet**
- **Link Dollar Goal to Number of Contacts**

61



Campaign Goals

- **Consider Separate Outright and Planned Gift Goals**
- **Consider CGP Recommended Guidelines**
- **Final Approval by Board**


62



63

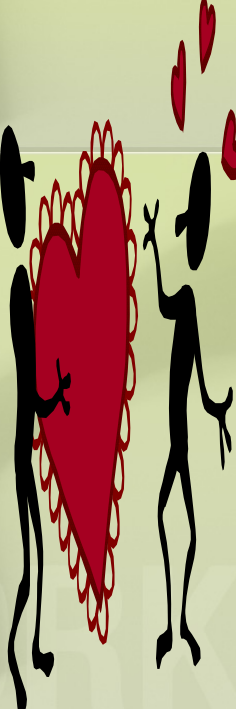


64




Personal Giving

- **100% Outright and Planned Gifts!**
- **Challenge Planned Gifts**
- **Matching Planned Gifts**
- **Specific Program Support**



TEAMWORK

65



Challenge/Match

- **Match both current and/or planned gifts?**
- **Match present value or face value of planned gifts?**
- **Gift documentation required for match**
- **Maximum amounts**
- **Time limits**

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66




Donor Identification and Qualification

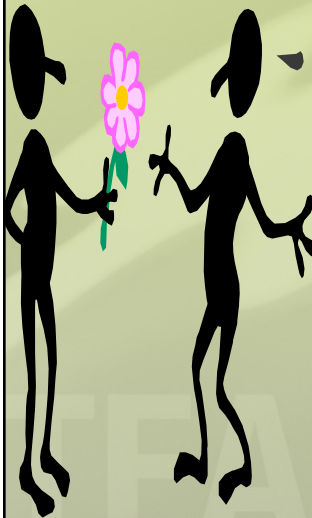


- Review Lists
- Suggest Names
- Confidential
- Board Committees or Individually

67



Donor Cultivation



- Opening Doors
- Introduce Staff
- Testimonials (Articles, Speeches, Names on Annual Report and Stationery)
- Host Individual or Social Events in Homes, Office, Charity.
- Creation of Cultivation and Solicitation Plans

68



Donor Solicitation

- **Qualification is Important to Maximize Success**
- **Consider Peer-to-Peer, Strategic Relationship or Other Qualifications**
- **Training**
- **Use of Scripts and Role-Playing**
- **Coordination with Staff is Essential**

69



Donor Recognition

- **Personal Visits**
- **Personal Calls**
- **Personal Notes and Letters**
- **Personal Events at Home, Office, Charity, etc.**
- **Presentation of Plaques, Gifts, etc.**
- **Participation at Group Campaign or Donor Recognition Events**

70



Donor Stewardship

- **Serve as “Eyes and Ears” to Listen for Questions, Concerns, Suggestions, Complaints, Issues, Ideas**
- **Share with Staff**
- **Host Special Stewardship Events**
- **Deliver Reports or Other Information as Coordinated by Staff**

71



Avoid Planned Giving Poker ... and Buck Passing!




72




**Everyone "On Board" With
Planned Giving!!**



73



Q&A



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TEAMWORK

74



Additional Questions

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75



Webinar Resources

Recording

Presentation handouts

www.stelter.com/webinars

76



Is Your Board “On Board” with Planned Giving?

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Thank you!

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