

Team Up for Results

# Collaborating With Your Board to Boost Planned Giving



---

---

---

---

---

---

---

---

---

---

STELTER

Presenter:



## Lynn M. Gaumer, J.D.

Senior Technical Consultant | The Stelter Company

- Joined The Stelter Company in December 2011
- Prior to coming to Stelter, Lynn worked as an associate attorney for 10 years with Duncan, Green, Brown & Langeness, P.C., a law firm in Des Moines, Iowa, specializing in estate planning, charitable planning, probate, guardianships, conservatorships, real estate and business planning
- Bachelor of Arts degree in economics and communication studies from the University of Iowa, and a law degree from the University of South Dakota School of Law
- President elect and board member of the Mid-Iowa Planned Giving Council (2014–Present) and member of the National Association of Charitable Gift Planners' Leadership Institute.

---

---

---

---

---

---

---

---

---

---

STELTER

## Agenda

### Board of Directors

Roles and Latest Research

### The Case for Planned Giving

Trends and Latest Research

### How to Give

### Most Popular Planned Giving Vehicles

### Next Steps and Best Practices

---

---

---

---

---

---

---

---

---

---

# Time for a Poll

---

---

---

---

---

---

---

---

# Your Board Plays a Critical Role in Furthering Your Mission

---

---

---

---

---

---

---

---

#1

**Fiduciary  
Responsibility**

#2

**Oversight**

#3

**Sets the  
Pace for  
Fundraising**

#4

**Sets the Tone**

Source: Julia Ingraham Walker, "Making Your Board an Effective Partner on Your Fundraising Team," National Conference on Philanthropic Planning, October 2012.

---

---

---

---

---

---

---

---

## Board Members Tend to Fall Short in Fundraising Activities

---

---

---

---

---

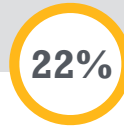
---

---

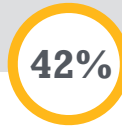
---



On average, only 26% of board members asked or joined others in directly asking for money.



On average, only 22% of board members met with potential donors face to face.



On average, only 42% of board members provided names for letters and calls.

Source: BoardSource, *Leading with Intent: A National Index of Nonprofit Board Practices* (Washington, D.C.: BoardSource, 2015)

---

---

---

---

---

---

---

---

## Fundraising Remains the Great Weakness of Nonprofit Boards

---

---

---

---

---

---

---

---

# There Is Room for Improvement

---

---

---

---

---

---

---

---

## Become an Active Board Member

- Understand the long-term nature of planned giving
- Endorse planned giving program's importance
- Participate financially—serve by example
- Find the budget to implement the program
- Actively solicit major/planned gifts from others
- Keep abreast of the planned giving activities
- Offer expertise to staff

---

---

---

---

---

---

---

---

## Other Ways Board Members Can Help

- Join your legacy society
- Pick up the phone—call to thank planned giving society members
- Write a "thank you" letter to your top long-term donors
- Cultivate prospects

---

---

---

---

---

---

---

---

## The Planned Giving Staff's Role

- Involve the board in the implementation of the program
- Educate the board about the long-term nature of building a successful planned giving program
- Educate the board about planned giving vehicles
- Prepare clear, measurable goals and objectives
- Report to the board on progress
- Use your expertise

---

---

---

---

---

---

---

---

What will separate your organization from the other  
**1.2 million**  
charitable organizations currently registered with the IRS?

---

---

---

---

---

---

---

---

**Planned Giving**  
and it starts with the board of directors and the development staff working together

---

---

---

---

---

---

---

---

The Case for Planned Giving

#1 Great Potential

---

---

---

---

---

---

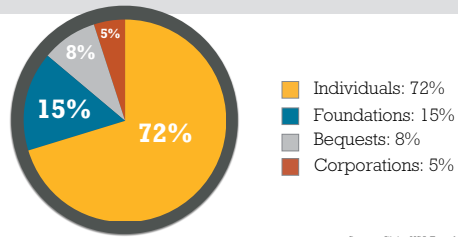
---

---

---

---

Giving by Source in 2016: **\$390.05 billion**



Source: GivingUSA Foundations/Giving USA 2017

---

---

---

---

---

---

---

---

---

---

Charitable Giving

- In 2016, U.S. charitable giving was \$390.05 billion.
- This equates to over **\$1 billion per day** in charitable giving.
- Total giving rose by **2.7 percent**.
- Individual philanthropy accounted for **88 percent** of all dollars.
- Giving by individuals is estimated to have increased by **\$10.53 billion**.
- For only the sixth time in 40 years, **all nine** major philanthropy sub-sectors realized giving increases.

• In 2015, U.S. charitable giving was \$373.25 billion.

Source: GivingUSA Foundations/Giving USA 2017

---

---

---

---

---

---

---

---

---

---







## There Has Never Been a Better Time

- The baby boomer generation is aging.
- Donors and their professional advisors are more aware of gift planning opportunities.
- Younger generations have demonstrated they possess philanthropic values.
- Asset values are increasing.
- Tax benefits for philanthropy remain intact.
- Nearly 9 out of 10 U.S. adults (86 percent) say they donate money to charity.\*

\*World Vision Survey 2013

---

---

---

---

---

---

---

---

---

---

### The Case for Planned Giving

## #3 It's Simple

---

---

---

---

---

---

---

---

---

---

## Why Planned Giving

- 9 out of 10 planned gifts will be charitable bequests.\*
- Other popular planned gifts are equally simple—beneficiary designations of retirement plan assets or life insurance, payable on death (POD) and transfer on death (TOD) accounts.
- Planned gift donors position themselves for ongoing stewardship.

\*2011 Blackbaud Prospect Research for Planned Gifts

---

---

---

---

---

---

---

---

---

---

Remember: Planned giving  
is about building relationships  
with current donors

---

---

---

---

---

---

---

---

## How to Give



---

---

---

---

---

---

---

---

## Assets Suitable for Giving

- Highly appreciated stock
- Cash
- Life insurance
- Retirement plan assets
- Farmland or undeveloped land
- Real estate—home or vacation home



Review your gift  
acceptance policy

---

---

---

---

---

---

---

---

## These Need Special Handling

- Mortgaged real estate
- Closely held C stock
- Tangible personal property
- Sole proprietorships
- Partnerships
- S corporation stock

## Avoid These

- Property with an existing sales agreement
- Installment sales
- Stock options
- **Lifetime** transfers of commercial annuities and savings bonds

---

---

---

---

---

---

---

---

## Most Popular Planned Giving Vehicles

- A gift in your will or living trust (charitable bequest)
- Beneficiary designations
  - Payable on death (POD)/transfer on death (TOD) accounts
  - Life insurance
  - Retirement plans

---

---

---

---

---

---

---

---

## How to Give



---

---

---

---

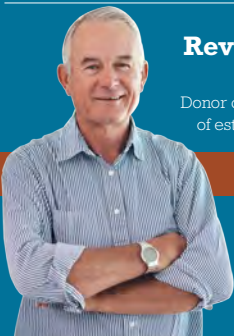
---

---

---

---

MS TELTER



## Revocable Bequest Intention

Donor creates will or trust, leaving part of estate to heirs and part to charity

**Will or Trust**

At death of donor

Heirs

Charitable Organization

---

---

---

---

---

---

---

---

MS TELTER

## Bequests

Why are they popular?

- Little cost to donor
- Easy to implement
- Doesn't hurt financially
- Uncertainty of future—when will donors know that they won't need any more of their money?

---

---

---

---

---

---

---

---

MS TELTER

## Bequests

Can be made via:

- Will
  - New will
  - Codicil to existing will
- Revocable living trust
  - New trust
  - Amendment to existing trust

---

---

---

---

---

---

---

---

## Types of Bequests

A bequest allows donors to pass any amount they wish to charity:

- A specific dollar amount (e.g., \$250,000)
- A specific asset (e.g., shares of stock, real estate)
- A percentage of the residue of the estate (e.g., 10 percent)
- A contingent bequest provides a gift to your organization only if the primary beneficiary (e.g., the spouse) doesn't survive

---

---

---

---

---

---

---

---

## If Your Donor Doesn't Have a Will

- The state the donor lives in dictates who receives his/her assets.
- There is no provision for charitable bequests in support of the charity.
- There are no tax-saving strategies.

---

---

---

---

---

---

---

---

## Bequests

- No current income tax deduction
- Estate tax charitable deduction at death
- No limit to how much a donor can give to a charitable organization such as yours via his/her will

---

---

---

---

---

---

---

---

## Case Study

- Patricia is a longtime supporter of your organization. She has made annual gifts of cash and stock of \$1,000 per year for the last 10 years.
- She receives immense satisfaction from making the donation.
- Patricia recently read about your organization's dedication to the community.
- She is interested in leaving a gift to your organization after her lifetime to continue her support.




---

---

---

---

---

---

---

---

---

---



Patricia meets with her attorney to include a bequest to your organization.

She makes a charitable bequest of \$25,000 to support the community.

Patricia is able to continue her legacy of giving to support the causes she cares about.

---

---

---

---

---

---

---

---

---

---

## Case Study

- James and Mary are approaching retirement. They have a personal connection with your organization.
- They would like to make an immediate impact.
- They have life insurance they no longer need.
- James and Mary have expressed concern over the low return they receive from their stock portfolio.
- They would like to support your organization's future after their lifetimes.




---

---

---

---

---

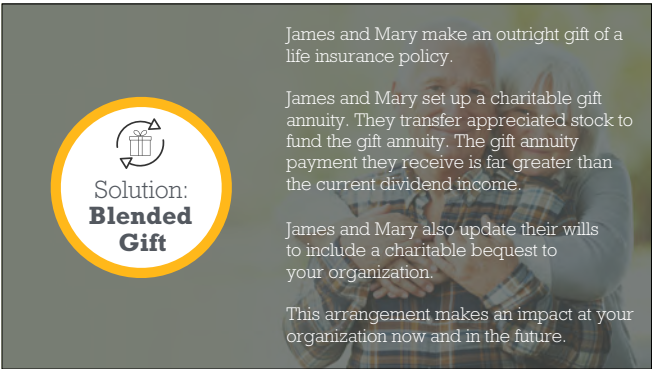
---

---

---

---

---



James and Mary make an outright gift of a life insurance policy.

James and Mary set up a charitable gift annuity. They transfer appreciated stock to fund the gift annuity. The gift annuity payment they receive is far greater than the current dividend income.

James and Mary also update their wills to include a charitable bequest to your organization.

This arrangement makes an impact at your organization now and in the future.

**Solution: Blended Gift**

---

---

---

---

---

---

---

---

---

---

MS TELTER 50

## Bequests

- How are you promoting bequests?
  - An example: "Please remember us in your will."
- Reply cards
- Website
- If you actively promote bequests, you'll receive twice the dollar amount than if you don't
- Prospects are donors who have given gifts of any size
- Add donor to legacy society (without the amount given) with the donor's permission

---

---

---

---

---

---

---

---

---

---

MS TELTER

## How to Give

Charitable Requests

**Beneficiary Designations**

Account Designations

Life Insurance

Retirement Plan Assets

---

---

---

---

---

---

---

---

---

---

# Beneficiary Designations

- Types of assets:
  - Payable on death (POD)/transfer on death (TOD) accounts
  - Life insurance
  - Retirement plan assets
- Simple, fast, convenient for the donor
- Percentages work best
- Primary/contingent

---

---

---

---

---

---

---

---

# How to Give




---

---

---

---

---

---

---

---

# Account Designations

- Payable on death (POD)—bank accounts or certificates of deposit
  - Transfer on death (TOD)—investment accounts
- Note:** State laws govern these accounts. Ask a local advisor about your state law.

---

---

---

---

---

---

---

---



## General Donor Profile

- Would rather make a gift to support your organization's future without the need for an attorney
- Doesn't want/need an income tax deduction now
- Doesn't have an asset available to give now
- Wants the flexibility to change his mind later on



---

---

---

---

---

---

---

---

## How to Give



---

---

---

---

---

---

---

---

## General Donor Profile

- Would rather make a gift after her lifetime
- Doesn't want/need an income tax deduction now
- Doesn't have an asset available to give now
- May not need the life insurance policy anymore
- Wants the flexibility to change her mind later on
- May be a gift of a new or existing policy



---

---

---

---

---

---

---

---

# How to Give



---

---

---

---

---

---

---

---

## Types of Qualified Plans

- IRAs
- 401(k)s
- 403(b)s
- Keoghs
- SEPs
- Pension plans
- Profit-sharing plans

---

---

---

---

---

---

---

---

## 4 Options for These Assets

**#1**  
**Lifetime gifts**

**#2**  
**Leave to family**

**#3**  
**Leave to charitable organization**

**#4**  
**Leave a portion to family and a portion to charity**

---

---

---

---

---

---

---

---

# #1 Lifetime Gifts of IRA Assets/ Age 59½–70½

- Two-step process
- Take a distribution
- Write a check to charity
- Donor pays income tax on the distribution
- If donor itemizes, he/she would take an income tax charitable deduction for the amount of the gift

---

---

---

---

---

---

---

---

# #1 Lifetime Gifts of IRA Assets/ Age 70½ or Older

- IRA gifts can be in any amount up to \$100,000
- Transfer funds directly from the IRA
- Distribution will not be subject to federal income tax
- Transfer the gift outright to one or more public charities. (This excludes gifts made to charitable trusts, donor advised funds, gift annuities and supporting organizations.)

---

---

---

---

---

---

---

---

# #2 Leave to Family

- Retirement plan assets are taxable in the decedent's estate for **estate taxes upon death**.
- Plus, the heir/beneficiary must pay **income tax** on the plan assets, too.
- Hence, these plans can be **taxed twice** by the IRS—once for estate tax and a second time for income tax.

---

---

---

---

---

---

---

---

### #3 Leave to Charity

- Donor names a charity as the beneficiary of his \$5 million 401(k) plan.
- This eliminates all estate and income taxes due on the retirement plan because of the charitable status of the organization.

---

---

---

---

---

---

---

---



**Retirement Plan Assets**

Name charity as beneficiary of all or part of retirement plan assets

**Retirement Plan Assets**

Charity receives balance of plan at donor's death

Charitable Organization

---

---

---

---

---

---

---

---

### #4 Leave a Portion to Family and a Portion to Charity

- Simple to implement in that the donor only needs to change the account's beneficiary designation to a charitable organization.
- Optional: Set up the wealth replacement trust with life insurance.
- The donor retains total access and control over the qualified plan values during his/her lifetime.
- The donor can still change the plan beneficiary at any time in the future.

---

---

---

---

---

---

---

---

**EXAMPLE:** Leave a Portion to Family and a Portion to Charity

- Jan has a \$1.5 million estate and wants to leave \$750,000 to charity.
- She also wants to leave something to her only daughter, Sandra, who is in the 28 percent federal income tax bracket.

**OPTION 1:** Jan divides assets equally

	Sandra	Charity
IRA	\$375,000	\$375,000
Other assets (house, securities, cash, etc.)	\$375,000	\$375,000
Federal income tax owed	(\$105,000)	\$0
New amount to beneficiary	\$645,000	\$750,000

**OPTION 2:** Jan divides assets separately

	Sandra	Charity
IRA	\$0	\$750,000
Other assets (house, securities, cash, etc.)	\$750,000	\$0
Federal income tax owed	\$0	\$0
New amount to beneficiary	\$750,000	\$750,000

# Next Steps

## It's Time for a **Planned Giving** Marketing Program

**78%** of planned givers are also annual givers.\*

**33%** of American adults have a will.\*\*

**70%** of donors who made planned gifts did so because they were asked.\*\*

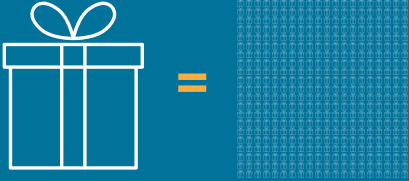
**\$1** Planned gifts cost on average 25 cents per dollar raised compared to 35 cents per dollar raised for annual gifts.\*\*\*

\*Stelzer 2012 Donor Insights Report: What Makes Them Give

\*\*2016 NMI Healthy Aging Database Study

\*\*\*Measuring Fundraising Return on Investment and the Impact of Wealth Intelligence, WealthEngine 2013 Survey

The typical planned gift is roughly equivalent to 400 annual gifts.\*



\*Philanthropy 100 Performance Benchmarking Initiative

A series of horizontal lines for taking notes.

### Identify Planned Gift Prospects

- Age 40 and older
- Has a giving history to your organization
- Donated within the last three to five years
- Gave any size gift
- Education
- Income

A series of horizontal lines for taking notes.

### Board Buy-in

- Create a development committee
- Planned giving committee
- Training board members to fundraise for planned gifts
- Mentor/mentee
- Start with less complex gifts and build on success
- Find other ways board members can contribute
- Review/create your gift acceptance policy

Source: Julia Ingraham Walker, "Making Your Board an Effective Partner on Your Fundraising Team," NCFPP Presentation 2012

A series of horizontal lines for taking notes.





Team Up for Results

Collaborating With Your Board  
to Boost Planned Giving

Questions?

**Lynn M. Gaumer, J.D.**  
Senior Technical Consultant  
lynn.gaumer@stelster.com

---

---

---

---

---

---

---

---

Additional Questions?

lynn.gaumer@stelster.com | nathan.stelster@stelster.com | stella@stelster.com

[www.stelster.com](http://www.stelster.com)

---

---

---

---

---

---

---

---

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

1. The recording
2. The presentation slides

[www.stelster.com/webinars](http://www.stelster.com/webinars)

---

---

---

---

---

---

---

---



Thank You!



---

---

---

---

---

---

---

---

---