

# Gift Planning in a Capital Campaign

Stelter Webinar – November 13, 2019

Michael Degenhart  
Assistant Vice President  
Penn State University



## Presenter



**Michael Degenhart**  
Assistant Vice President  
Penn State University

Consulting Vice President  
Grenzebach Glier and Associates

- Tasked with an overall gift planning goal of over \$130 million annually in deferred and other complex gifts
- Prior to Penn State, worked at Syracuse University and Cornell University
- Consulting Vice President with Grenzebach Glier and Associates
- Consults with major nonprofits to help his clients achieve their philanthropic ambitions
- Over 25 years of financial, estate and charitable planning experience
- Earned a bachelor's degree from the University of Wisconsin, Madison, and a Master of Business Administration from the University of Rochester's Simon School of Business
- Is an Accredited Estate Planner and a Chartered Advisor in Philanthropy

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## Agenda

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“Setting the Stage” – Wealth Transfer

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Discuss issues and strategies for effectively integrating gift planning into a capital campaign

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Provide ideas and solutions for gift acceptance, counting and recognition

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Develop performance metrics to incentivize staff to initiate planned gift conversation and make referrals

## Study By Age Wave - America's \$8 Trillion "Longevity Bonus"

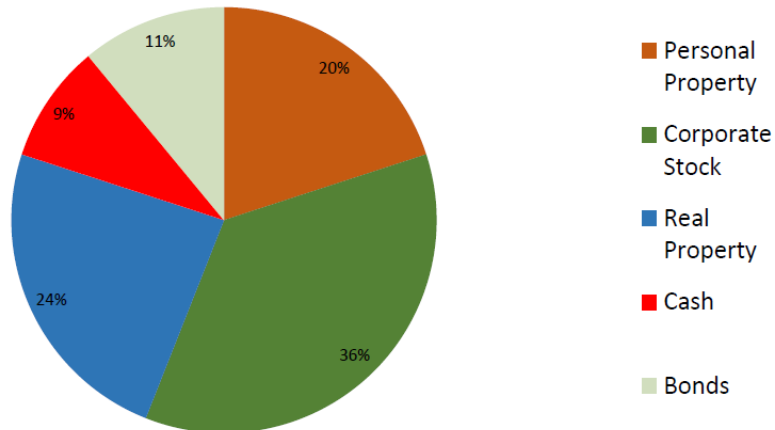
Over the next two decades there will be a surge in giving by retirees. Three forces are converging to create this new phenomenon.

1. The movement of the massive boomer generation into their retirement years
2. Increasing longevity, which means more people may spend more years in retirement. The aging of the boomers and increasing longevity will drive the age 65+ population up by 57% over the next two decades
3. High rates of giving among retired men and women (especially women)—of both money and time

## Wealth Transfer and Giving – What Does This Mean?

- There is going to be an extraordinary amount of **ADDITIONAL** money coming into the non-profit sector over the next generation beyond annual giving levels. The non-profits that are positioned to speak to donors knowledgably about planned giving are going to be the recipients of a large portion of those funds!
- Since an overwhelming majority of planned gifts come in the form of bequests, development officers do not have to be ultra-experts in planned giving in order to work with most planned giving situations – in other words, don't let the fear of information overload scare you away from planned giving

## HOW DONORS HOLD THEIR WEALTH



Should Gift Planning Be Included in a Capital Campaign?

### Yes, but why?

- It opens up a broader gift conversation, expanding the opportunities for donors to give
- It includes a larger audience of potential donors in the gift discussion
- It increases the likelihood blended gifts, and therefore potentially larger gifts

## Gift Planning – An Essential Capital Campaign Component



Campaigns have changed



Competition for dollars



Boomers are concerned about costs of retirement, education, health care and parents' needs



Deeper relations with donors are more critical with a sensitivity to their needs and the ability to be creative and flexibility

## Why Gift Planning is Critical

10% - 25% of campaign dollars

Represents extraordinary ROI

The cost to raise a planned gift is lower than the cost to raise a major gift

## Why Gift Planning in a Campaign

Can “jumpstart” a planned giving program

Creates awareness – an opportunity to educate (donors, prospects, staff and volunteers)

Provides a sense of urgency to close gifts

Uncovers existing gifts and values

Builds the prospect pool

## Strategies for Effectively Integrating Gift Planning in a Campaign



Build in gift planning metrics for gift officers



Work with Finance and Business office to build strong partnership

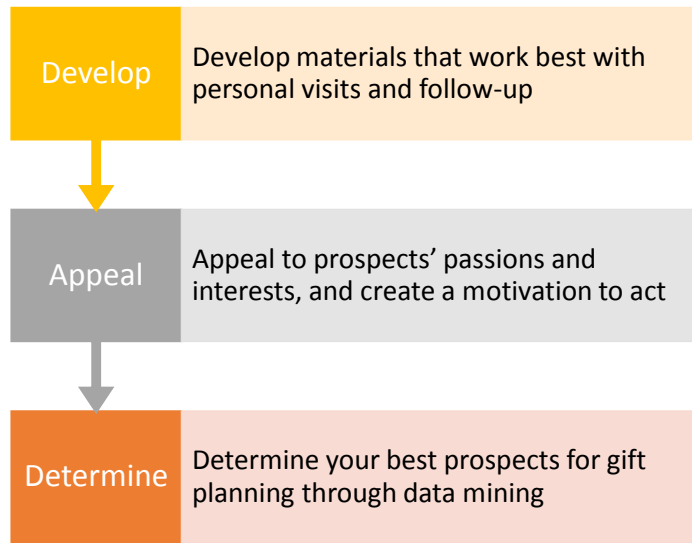


Integrate gift planning into donor strategies



Develop targeted gift planning marketing

## The Right Marketing Strategies



## How to Effectively Integrate Gift Planning into a Capital Campaign



Establish/update gift acceptance policies



Establish/update counting policies



Update prospect management policies

## Ideal Time – Campaign Planning

Include gift planning at feasibility stage

Include in campaign goals

Get “buy-in” from the start, from campaign leadership, staff, volunteers and key donors

Establish that gift planning is not a “fallback”

Regular reporting

## What to Count and How to Count it?



Objective means to measure fundraising performance



Avoid inaccurate comparisons



Strengthen philanthropy



Protect nonprofit credibility



## HOW DO YOU COUNT YOUR DONATIONS?

	Campaign I	Campaign II	Campaign III
Cash Gifts	\$15,000,000	\$15,000,000	\$15,000,000
Other Property	\$10,000,000	\$10,000,000	\$10,000,000
Charitable Remainder Trusts	\$5,000,000	\$1,500,000	-0-
Gift Annuities	\$5,000,000	\$2,000,000	-0-
Life Insurance Policies	\$5,000,000	\$1,000,000	\$1,000,000
Bequests Received	\$10,000,000	\$10,000,000	-0-
<b>Total</b>	<b>\$60,000,000</b>	<b>\$39,500,000</b>	<b>\$26,000,000</b>

From Examining the Role of Planned Giving in Capital Campaigns, SHARPE Group

### Charitable Gift Planners Counting Recommendations:



Category A – Outright Gifts



Category B – Irrevocable Future Gifts



Category C – Revocable Future Gifts

## Charitable Gift Planners Counting Recommendations:

Category A: An outright goal for gifts that are usable or will become usable for purposes during the campaign.

### Examples...

- Cash
- Securities
- Other current gifts of non-cash assets
- Irrevocable pledges
- Cash value of life insurance
- Realized life insurance or retirement plan assets
- Realized bequests

## Charitable Gift Planners Counting Recommendations:

Category B: An irrevocable deferred gift goal for gifts committed during the campaign, but that may become usable at some point after the end of the campaign.

### Examples...

- Split interest gifts (charitable gift annuities, pooled income fund shares, charitable remainder trusts with irrevocable beneficiary)
- Life estates
- Death benefit of paid up life insurance in which the charity is both owner and beneficiary
- Irrevocable testamentary pledges or contract to make a will
- Lead trust distributions

## Charitable Gift Planners Counting Recommendations:

Category C: A revocable deferred gift goal for gifts solicited and committed during the goal-defined campaign period, in which the donor retains the right to change the commitment and/or beneficiary.

### Examples...

- Estate provisions, either from a will or a living trust
- Charitable remainder trusts with revocable beneficiary designations
- IRAs or other retirement plan assets with revocable beneficiary interests
- Life insurance with revocable beneficiary interests
- The portion of charity-owned Donor Advised Fund assets
- Other revocable pledges

## Why were these Recommendations Created?

These three categories guide both the goals set at the beginning of the campaign and the reporting of results during the period.

Results are measured against aspirations and can clearly state that all three types of gift commitments are crucial to achieving your goals.

With these goals in mind... staff can have conversations with donors about potential gifts to the campaign. The “three tiered” ask becomes a natural part of the fundraising effort.

These guidelines enable organizations to count and report ALL gifts and commitments.

Improves the ability to report clearly the results of fundraising activity.

Establishes a method of comparability among nonprofits.

Acknowledges the perspective of the donor.

Build Your  
Gift Planning  
Capacity

Young Programs (80% of the dollars)

- Beneficiary Designations and Bequests

Growing Programs

- Life Income Gifts, such as, CGAs and CRTs

Mature Programs

- Complex Assets, such as, CLTs and Family Wealth Planning

Make it a team effort!

Gift Planning needs to:



Collaboration with colleges, campuses, schools and centers



Collaboration with alumni relations and annual fund

## Gift Officer Metrics

Create a goal to increase the number of individuals who create lasting legacies through planned gifts and Legacy Society participation

- Have gift officers solicit three prospects for a planned gift that qualifies for the Legacy Society

Gift planning should be mentioned in proposals

- Make sure gift planning is reviewing all proposals to include gift planning where appropriate

Early activation - the most common type of blended gift

- Encourage donors to “activate” their future endowments now by asking donors to contribute annual gifts that are meant to replicate the distributions from a fully-funded endowment

Partner through engagement (non-financial goals)



Awareness of gift planning vehicles (build a pipeline)



Measure and report success



Recognize planned gifts



Short term vs. long term results

# Thank You!



QUESTIONS



THOUGHTS



COMMENTS

## Additional Questions

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# Gift Planning in a Capital Campaign

*Thank you!*

