

PLANNED GIVING: LOOKING AHEAD TO 2024 AND BEYOND

PHIL PURCELL, MPA/JD

PMPURCELL@OUTLOOK.COM

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**GATHER 'ROUND PEOPLE
WHEREVER YOU ROAM
AND ADMIT THAT THE WATERS
AROUND YOU HAVE GROWN**

BOB DYLAN - *THE TIMES THEY ARE A-CHANGIN'*

WHAT'S AHEAD

- I. Big Picture**
- II. Building Relationships**
- III. Dealing with Donor Intent**
- IV. Powerful Philanthropy**

I. BIG PICTURE



THE TIME IS NOW

- **Boomer Generation: ages 57-75**
- **\$78.3 Trillion (53.2% of all wealth in U.S.) owned by Boomers**
- **Median wealth of Boomers: \$240,900**
- **80+% of wealth in assets – not cash**

AND MORE TO COME ...

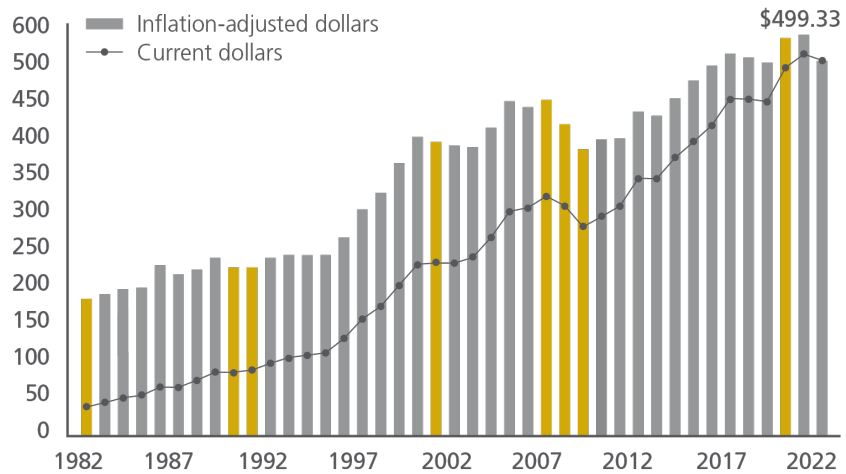
- **Silent Generation: \$47.8 trillion (1925-1945)**
- **Generation X: \$18.1 trillion (1965-1980)**
- **Millennials: \$14.2 trillion (1981-1996)**

Source: *New York Times*, October 2023

TAKE ADVANTAGE OF STRONG MARKETS

Total giving, 1982-2022

(in billions of dollars)



ANY ECONOMY GOOD FOR DEFERRED GIVING ...

- **Always promote deferred gifts that do not impact current needs**
- **Bequests of wills/trusts**
- **Payment/transfer on death**
- **Beneficiary of life insurance/retirement plans**

BUILD TRUST



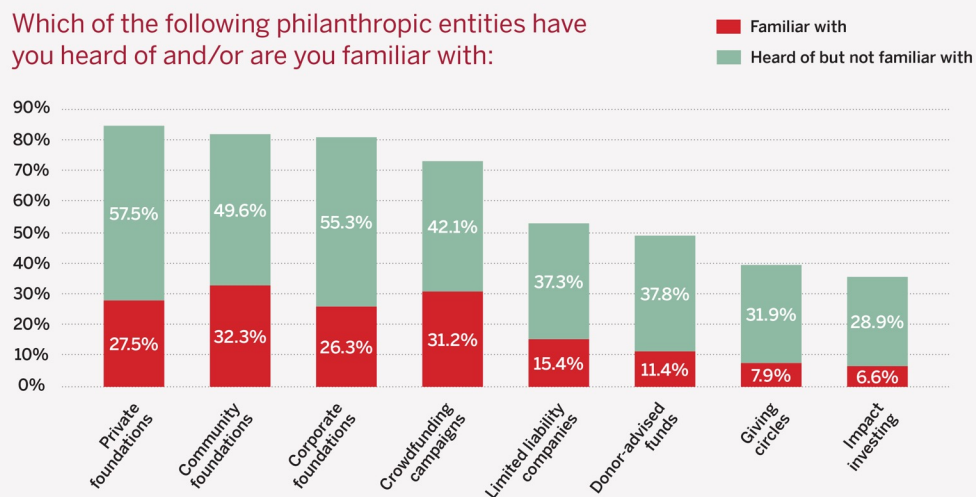
Key Questions

- 1 How does the American public view philanthropy and the nonprofit sector?
- 2 Does the American public see the philanthropic sector as trustworthy, transparent, and competent to solve societal issues?
- 3 What does the American public know about philanthropy and how aware are they of contemporary debates within the nonprofit sector?



Americans do not know much about the philanthropic sector

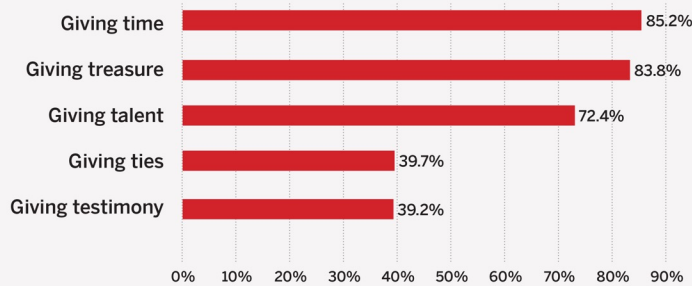
Which of the following philanthropic entities have you heard of and/or are you familiar with:





Americans generally define philanthropy as the giving of time and/or money to nonprofit organizations

Which of the following activities do you consider to be forms of philanthropy?



60.6%
GAVE TO CHARITY
(DONORS)

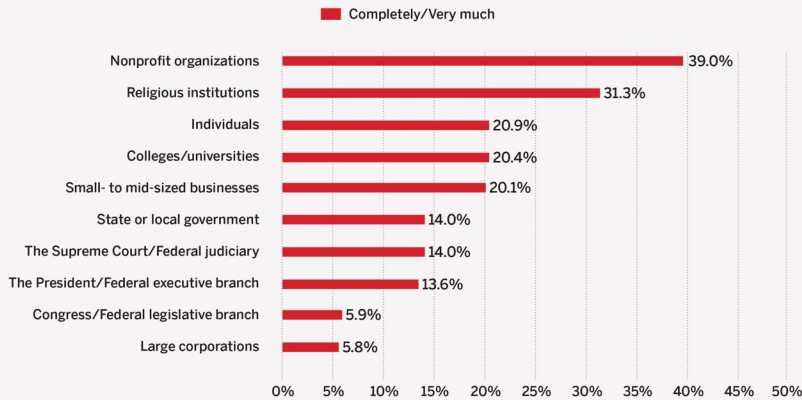
30.4%
VOLUNTEERED

ONLY
20.6%
CONSIDERED
THEMSELVES TO BE
A PHILANTHROPIST



Americans trust nonprofits more than government or business, but levels of trust in all three sectors of society are low

How much do you trust the following entities to generally do what is right?



Most trusted =
Religious charitable
organizations

Least trusted =
Giving by corporations

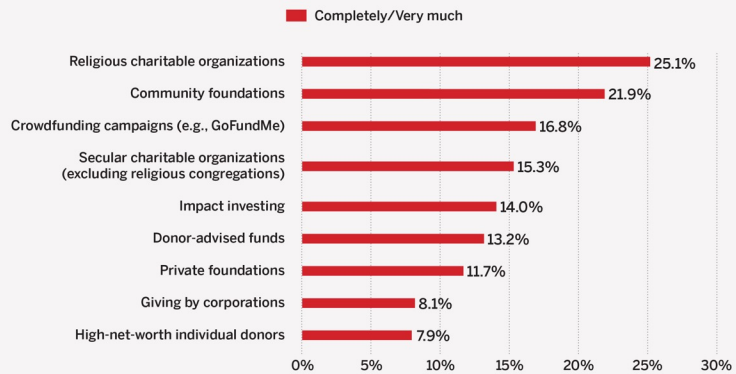
Among those willing to express an opinion, majority thought nonprofit/philanthropic sector “off on the wrong track”



Challenges ahead for the sector

- Lack of transparency
- Lack of awareness of services provided by nonprofits
- How to connect with younger, diverse donors, and people with differing levels of education
- How to build trust/engagement in an environment of political polarization, economic uncertainty

How transparent are the following charitable entities with their giving practices?



In the past year, have you or anyone in your immediate family received services from a charitable organization or not-for-profit?

YES
5.4%



The future of philanthropy



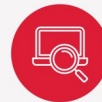
Nonprofit organizations:

- Build sense of proximity by engaging within their communities
- Address concerns about transparency and accountability
- Pursue inclusion efforts



Foundations:

- Connect with community leaders to engage local communities and build connections within civil society organizations
- Collaborate with businesses
 - Bridge knowledge gaps by equipping grantees to communicate impact within their communities, in addition to funders, donors



Technology:

- Play a role in helping the public understand what philanthropy is and what the nonprofit sector does

PROMOTE TAX BENEFITS

TAX BENEFITS

- **The standard deduction will increase in 2024 by approximately 5.5 percent to \$14,600 for single tax filers and \$29,200 for married couples filing jointly.**
- **Approximately 14% of taxpayers annually itemize with potential of claiming charitable deduction.**
 - **Promotion of bunching**

THE CHARITABLE ACT

- **Promote *The Charitable Act!***
 - **S.566/H.R. 3435**
 - **Universal Deduction**

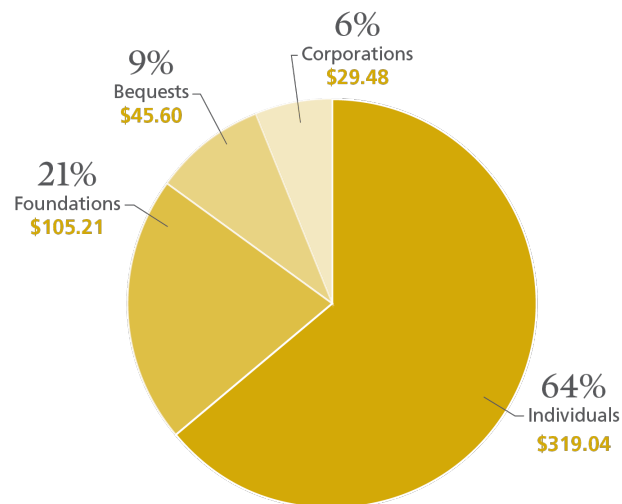
II. BUILDING RELATIONSHIPS

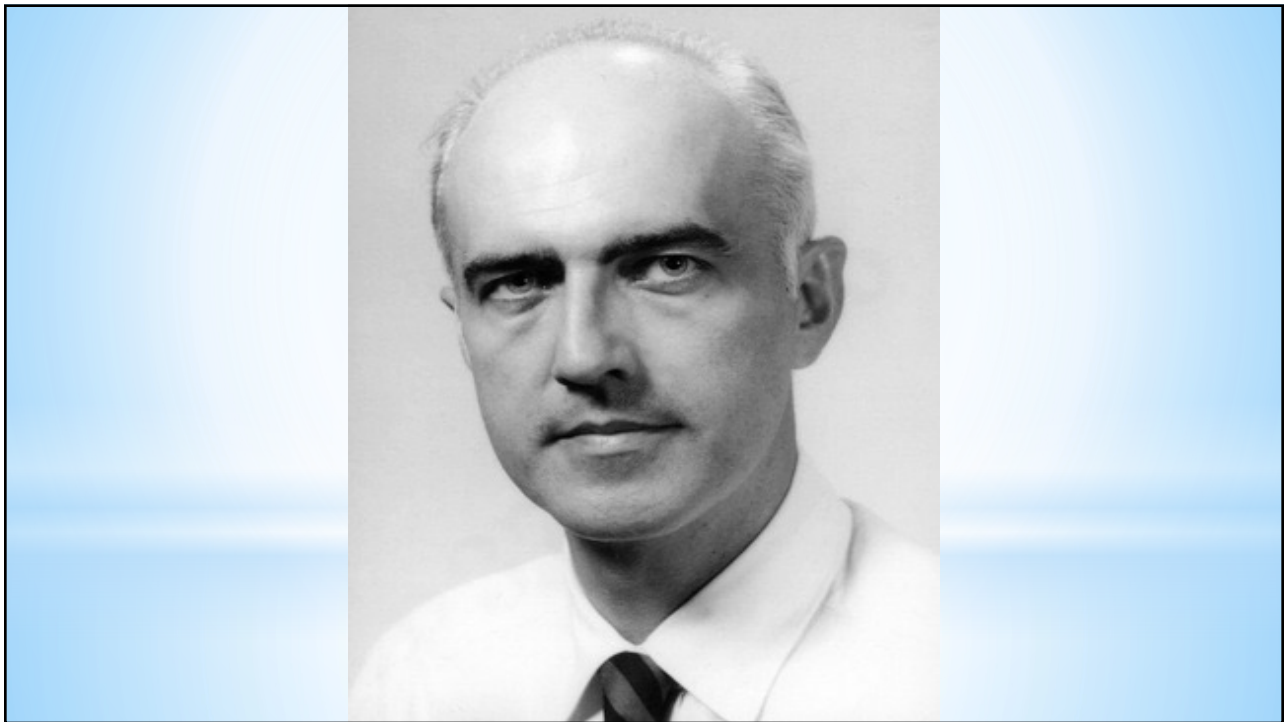
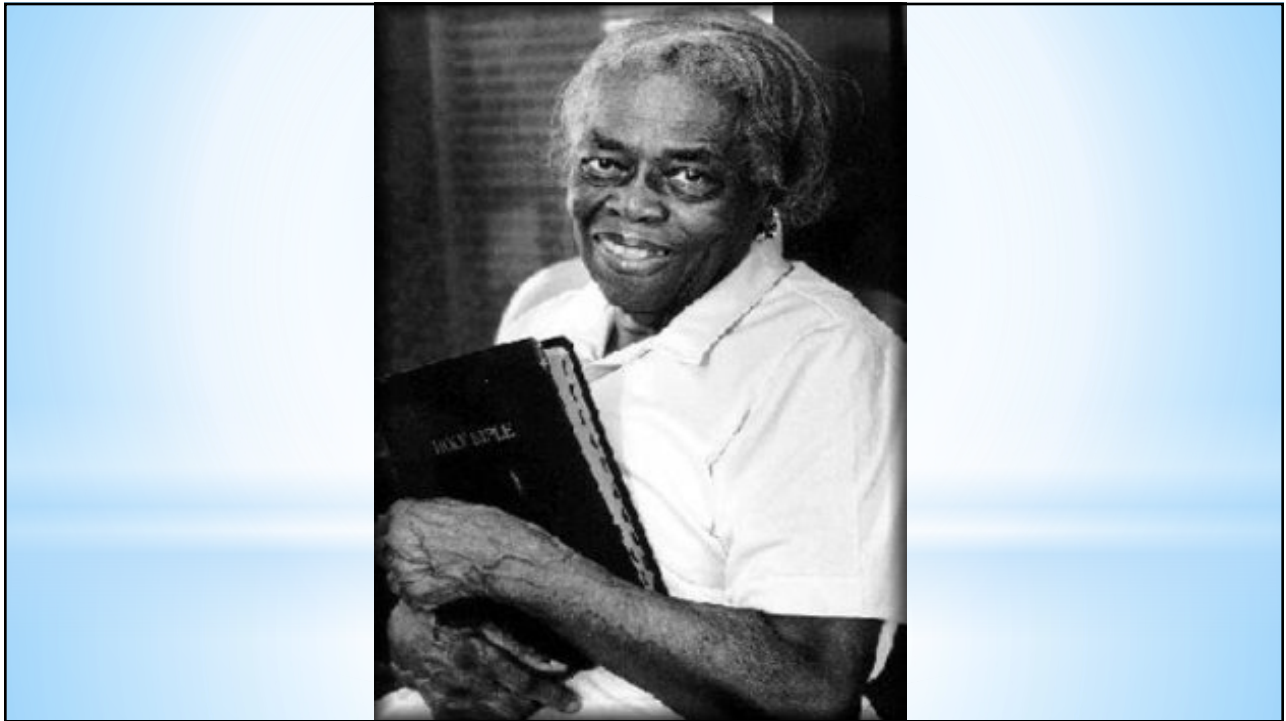


CONSIDER POTENTIAL OF ALL RELATIONSHIPS

2022 contributions: \$499.33 billion by source of contributions

(in billions for dollars – all figures are rounded)





PARTNERING WITH ENTREPRENEURS

TRENDS WITH ENTREPRENEURS

- **Benefit Corporations**
- **B Corp Certification**
- **“Newman’s Own” Private Foundation Rule
(Exception to Excess Business Holding)**
- **Patagonia - Use of 501(c)(4) and Trust**



LEVERAGE IMPACT INVESTING

- **Mission Related Investments (MRI)**
 - **Screens for Socially Responsible (SRI)**
 - **Screens for ESG (Consider criticisms)**
- **Program Related Investments (PRI)**

PROGRAM RELATED INVESTMENTS

1. **Low-interest or interest-free loans to needy students,**
2. **High-risk investments in nonprofit low-income housing projects,**
3. **Low-interest loans to small businesses owned by members of economically disadvantaged groups, where commercial funds at reasonable interest rates are not readily available,**
4. **Investments in businesses in low-income areas (both domestic and foreign) under a plan to improve the economy of the area by providing employment or training for unemployed residents, and**
5. **Investments in nonprofit organizations combating community deterioration.**

AFFLUENT DONORS

GIVING BY AFFLUENT HOUSEHOLDS

- **Annual income at least \$200,000 or total assets at least \$1 million**
- **85% of affluent household made contributions in 2022**
- **35% more than general population households**
- **Average amount given is \$34,917 which is 13.5 times greater than the general average**
- **Source: 2023 Bank of America Study of Philanthropy: Charitable Giving By Affluent Households (Research by IU Lilly School of Philanthropy)**

INTENT OF AFFLUENT HOUSEHOLDS

- 54% of affluent households giving is to issues they care most about
- 70% said that give to organizations that relate to their personal values or beliefs
- 78% of affluent giving is focused locally (close observation)

Source: 2023 Bank of America Study of Philanthropy: Charitable Giving By Affluent Households (Research by IU Lilly School of Philanthropy)

PLANNING BY AFFLUENT HOUSEHOLDS

22% currently have a “giving vehicle” and 84% will within 3 years:

12.2% = Will

9% = Impact Investing

6.9% = Planned Giving Instruments

5.9 = Qualified Charitable
Distribution

4.9% = Donor Advised Fund

3.9% = Endowment

3.2% = Giving Circle

2.7% = Private Foundation

2.2% = Charitable LLC

III. DEALING WITH DONOR INTENT



I LOVE YOU, BUT I AM NOT SURE I TRUST YOU

- **Buck Trust Case**
- **Robertson v. Princeton University**
- **Barnes Foundation Case**
- **Red Cross and Disaster Relief**
- **Garth Brooks v. Itegris Hospital and Murphy v. UCSD (both jury trials)**
- **Hibbs Bequest (Univ. Missouri/ Hillsdale College)**
- **Moritz v. Ohio State Univ.**
- **Hussman pledge and “values statement” - Univ. North Carolina journalism**

DONORS SHOULD ASK IMPORTANT QUESTIONS

- What difference do I hope my gift makes?
- Who do I know and trust?
- What kind of recognition do I expect for my gift?
- What fees will be charged to my gift?
- What happens if my intent is not honored?
- Does the gift agreement give me confidence that my intent will be honored?
- See: American Council of Trustees and Alumni at www.goacta.org

IMPLEMENT BEST PRACTICES TO SAFEGUARD DONOR INTENT

- Inventory existing gift documentation (estate documents, agreements)
- Policies and procedures for gift acceptance (negotiation, naming recognition, documentation)
- Stewardship with donors and public
- Amendment protocols pursuant to UPMIFA

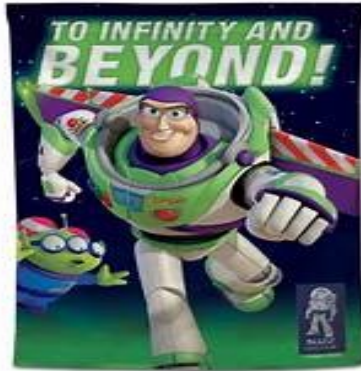
DONOR INTENT RESOURCES

Donor Intent How-To Guides

- Intent Mission Statements
- Safeguards for Donor Intent

Other donor intent resources:

<https://www.philanthropyroundtable.org/donor-intent/>



**VARIANCE POSSIBLE
WITH UPMIFA**

VARIANCE POWER

- **Federal law variance power requires compliance with state law such as **Uniform Prudent Management of Institutional Funds Act****
- **UPMIFA three procedural options:**
 1. **Consent of donor**
 2. **Approval by Court with notice to Attorney General**
 3. **\$ ___ / # ___ year funds: notice to Attorney General**

IV. POWERFUL PHILANTHROPY

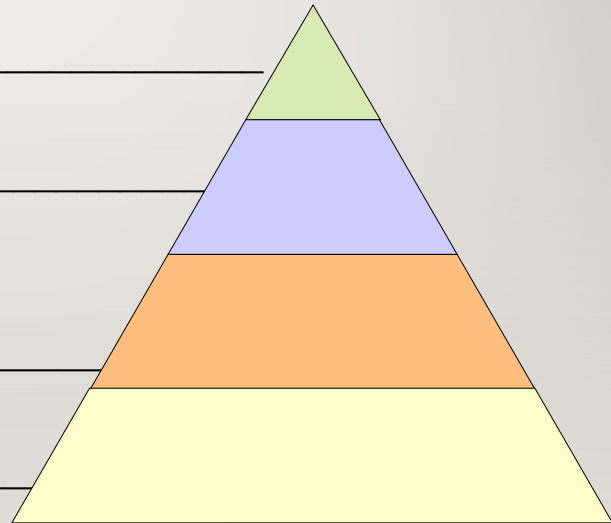


BLENDING THE POWER OF THE PYRAMID



FUNDRAISING PYRAMID

- *Planned Gifts* _____
- *Major Gifts* _____
- *Repeat/Increased Annual Gifts* _____
- *First Time Gifts* _____



SECRETS OF THE PYRAMID

- **High correlation of loyal annual giving and planned giving.**
- **Major givers are invested – and may consider a planned gift to enhance endowment, assist established program, maintain building, etc.**
- **Note: For many planned gift donors, it will be their largest gift.**

MAXIMIZE DONOR ADVISED FUNDS

DONOR ADVISED FUNDS

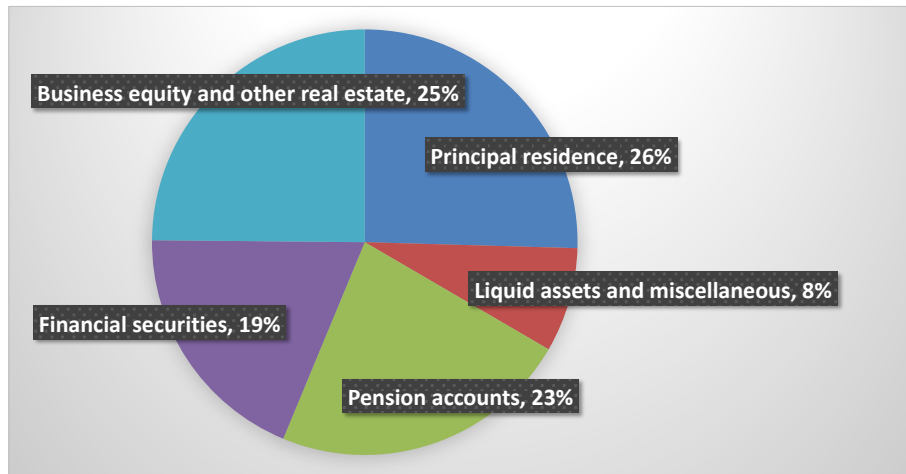
- **Billions donated**
- **Bunching to itemize now and grant later**
- **Amazing levels of grantmaking**
- **Law now permits DAF grants to satisfy charitable pledges**
- **Strategic designation of residuals of DAFs**

DONOR ADVISED FUNDS

- **Ace Act to force spending not supported by field given significant levels of grantmaking**
- **New Proposed Regulations:**
 - **Investment advisors as donor advisor**
 - **Designated fund as DAF if donor on board**
 - **Exception for committee-advised scholarships for 501(c) organizations**

CONSIDER NONCASH GIFTS

Portfolios of the Wealthy (Top 20%) Median Net Worth of \$746,950

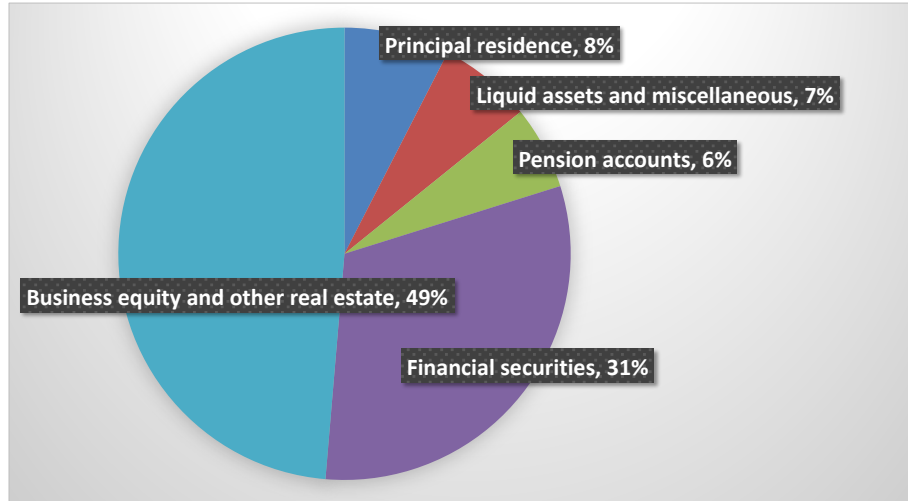


Wolff, E. N. National Bureau of Economic Research.



THE FUND RAISING SCHOOL
LILLY FAMILY SCHOOL OF PHILANTHROPY
Indiana University
Indianapolis

Portfolios of the Wealthy (Top 1%) Median Net Worth of \$10,700,000.



Wolff, E. N.. National Bureau of Economic Research.



THE FUND RAISING SCHOOL
LILLY FAMILY SCHOOL OF PHILANTHROPY
Indiana University
Indianapolis

55

NONCASH GIFTS

- ✓ Publicly traded stock
- ✓ Privately held stock
- ✓ Real estate – especially farmland!
- ✓ Gifts of grain
- ✓ IRS Forms 8283 and 8282
- ✓ IRS Publications 1771 and 561

CONSIDER CHARITABLE GIFT ANNUITIES



american council on gift annuities

CHARITABLE GIFT ANNUITIES

- **Fixed payments attractive to older donors**
- **Increasing donation of noncash assets such as stock and real estate for CGAs**
- **Recommended rates increasing January 1**
- **See www.acga-web.org**

PROMOTE PLANNING WITH RETIREMENT PLANS

RETIREMENT PLAN PHILANTHROPY

- **Beneficiary designation saves income tax for heirs**
- **Beware delay!**
- **See: <https://charitablegiftplanners.org/block/rift-project>**

STRETCH PAYMENTS TO HEIRS

- **Secure Act sets ten year maximum for payments to heir with some exceptions**
- **Testamentary CRT or CGA stretches payments to heirs for lifetime – beyond ten year maximum**

IRA CHARITABLE ROLLOVER

- **Qualified Charitable Distributions (QCD) annually**
- **Inflation adjustment of maximum to \$105,000 in 2024**

QCD FOR CGA OR CRT

- **QCD for CGA or CRT as of January 1 is one-time chance**
- **Inflation adjustment to \$53,000 cap in 2024**
- **Attractive for CGAs but not CRTs**
- **Lobby for improvements such as a multi-year allowance and higher annual maximum**

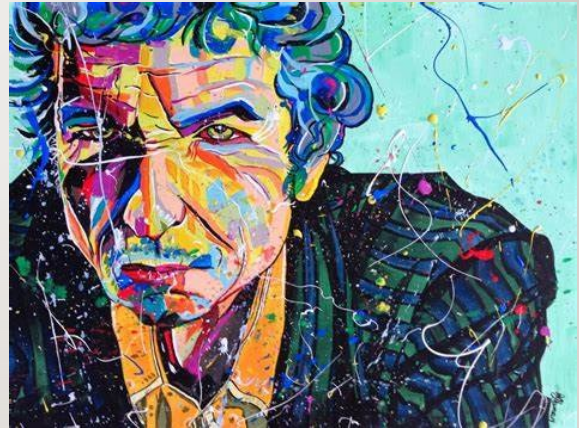
THE TIME IS NOW!

JUST DO IT



**AS THE PRESENT NOW
WILL LATER BE PAST
THE ORDER IS
RAPIDLY FADIN'**

**AND THE FIRST ONE NOW
WILL LATER BE LAST
FOR THE TIMES THEY ARE A-
CHANGIN'**



- **Bob Dylan - *The Times They Are A-changin'***



Q&A

Phil Purcell, JD
Director of Planned Giving,
Central Territory
The Salvation Army
pmpurcell@outlook.com

ADDITIONAL QUESTIONS

- pmpurcell@outlook.com
- jeremy.stelter@stelter.com
- jen.lennon@stelter.com

WEBINAR RESOURCES

- **Recording**
- **Presentation handouts**

www.stelter.com/webinars

Thanks for
attending!
See you next
year!

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