

INTEGRATING MAJOR GIFTS AND GIFT PLANNING

Talking With Real People About Useful Gift Ideas and Options
at Appropriate Life Stages – Major Gift Officers' Skill Set

Pamela J. Davidson, J.D.
Davidson Gift Design

Stelter Webinar
March 23, 2022

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PRESENTER



Pamela Jones Davidson, J.D.
Founder and President
Davidson Gift Design

- President of Davidson Gift Design, in Bloomington, Indiana, a consulting firm specializing in all aspects of gift planning and training
- Also serves as a Senior Vice President for Thompson & Associates, offering estate planning services to nonprofits
- Formerly served as Executive Director of Planned Giving and Associate Counsel for the Indiana University Foundation
- Earned BA from Indiana University and graduated *magna cum laude* from the Indiana University School of Law
- Formerly was an Examiner in the Estate and Gift Tax Division of the Internal Revenue Service
- Past President and Chair of the National Association of Charitable Gift Planners, and served on its board for six years

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- Major Gift Officers charged with activity and financial goals, they usually ask for cash
- Have they and leadership considered assets as gifts - may be 96% of a portfolio ?
- Will that mesh with charity's MGO goals?
- Are there planned gifts that create income for the charity?

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- Has the charity promoted gift planning?
- Have leadership and key volunteers been asked for a planned gift, that works for them?
- Does the charity consider training and education important for its staff?
- Are the charity's fundraising goals for MGO's realistic and achievable?

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- *A practice* of donor cultivation
- Ongoing education about charity's purpose and mission
- Stewardship, including telling the donor how gifts have been used, are greatly appreciated, and support the critical work the charity does
- Always tie gifts and appeals to mission

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- Marketing and education, about fundraising and particularly planned giving
- Stress CONCEPTS AND ASSETS (not a technical recitation) of how planned gifts can achieve donor's planning objectives, **part of diversified portfolio**

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- Charity ASKS certain identified donor(s) to consider gift planning options especially at key life stages
- Explain why and even how these attractive planning options can benefit the donor and beloved charities too, message is "if and when..."

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- Greatly enhanced if development officer is a good listener and responds right then to “cues and clues,” which most donors share as an impediment to giving.

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- Commitment of charity to possibly many discussions, a consideration of varied gift plans, to realize that changing facts or perceptions may affect which plan is ultimately chosen by a donor

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- Follow-up with each prospect - how can we be of further help and service? What are you thinking, is there any concern about the ideas we've discussed, what is our next step?

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- Is charity willing to keep the conversation going and to engage or refer to an expert if gets too complicated? Remembering that most planned gifts are simple gifts so the exception not the rule.

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- A pitch for a conversation might be how to endow a donor's annual support on which the charity has come to rely, or to keep that person's name associated with the nonprofit.

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- Pitch should be that the donor can take care of all charitable desires in one well-crafted planned gift arrangement.
- Or, this plan works for our charity and every other one you also love.

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LIFE STAGE & OTHER PLANNED GIFTS ENDOWMENT, LITTLE ADMINISTRATIVE RESPONSIBILITY BY CHARITY

- Bequests - donor includes “magic language” in a *valid* will or testamentary trust
- Beneficial Designations of a Percentage of (Part or All) of (One or More) Retirement Plan Assets - Revocable, Flexible Giving Method, for Almost All Aged Individuals, from Expensive Assets for Family to Inherit

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- Gifts of Life Insurance Policies That Are No Longer Needed, Gifts Made by Ownership (possible tax breaks) and/or Beneficial Designation of (Part or All) of Existing Life Insurance
- Gifts Funded by Some or All of Your Appreciated Stock or Real Estate (often low yield)

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- Gifts of Real Property Subject to Life Estate or Term of Years (for donor and spouse, partner, sibling) – a personal residence, vacation home or farm, only
- TOD (Transfer on Death) deeds, legal in many states, deed or affidavit with designating beneficiary, death certificate filed in same public records where realty located. In a few states, called the Enhanced Life Estate Deed. Avoids probate.

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- Government Savings Bonds; if no longer paying income, cash in, outright gift to charity, or fund charitable gift annuities for self and another, or testamentary disposition, by bequest, in will or trust
- Promoting Gifts Other than Cash - vary message, testimonials, stories to illustrate

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BENEFICIAL DESIGNATION GIFTS – SMART AND REVOCABLE GIFT OPTIONS FOR JUST ABOUT EVERYONE

- Retirement plan assets – may well be that individual's largest asset holding
- Retirement plan assets are among the most expensive for family to inherit due to potentially heavy taxation
- Income tax on retirement plans is simply deferred

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- Consider using for charitable purposes the most expensive assets family can inherit, often retirement assets
- Can designate a percentage (NEVER an amount) of one or more of one or more retirement plan assets to individuals and/or various charities – designation **revocable** during life
- Retirement plan assets DO NOT pass via a will or trust, but rather by who is listed on the beneficial designation form

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The Charitable Gift Annuity

- Around since 1831
- Fixed income – attractive to donors in this highly variable market – an excellent “diversification” strategy for older CD holders
- Can fund with modest or generous amounts
- Only one or two annuitants
- Best rates and deduction for older individuals
- Can use deferred option to save for retirement

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The Charitable Gift Annuity

- Generally higher-than-market rates of return, older people
- Younger generation can fund for older family members or friends, as support and/or tribute
- Can create income for a surviving partner, spouse or sibling
- Creates life income vs. giving assets to heirs of a same generation

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IRA CHARITABLE ROLLOVER – EXTENDED PERMANENTLY!

The Philanthropy Protection Act of 2006 (a.k.a. IRA Charitable Rollover) allows philanthropically-minded individuals age of 70 ½ or older to have their plan custodian direct an IRA distribution to a public charity, with no taxable income inclusion

Can make an outright gift up to \$100,000 of IRA assets to one or more favored charities; each spouse can do it, annually!

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Q&A

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ADDITIONAL QUESTIONS

- pj davidson@giftplanners.com
- nathan@stel ter.com
- jen.Lennon@stel ter.com
- www.stel ter.com

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