



BARRIS, SOTT, DENN & DRIKER CHARITABLE GIVING INSIGHTS

SPECIAL EDITION

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Planned Giving: Tips from the Trenches

What advice would a seasoned charitable development professional offer to newcomers? That's the question I recently asked my colleagues on the Board of Directors of the Planned Giving Round Table of Southeast Michigan. This Special Report includes the essence of their responses, to which I have added some of my own observations.

Don't Prejudge Your Donors

Never underestimate the ability of someone to do a bequest or a planned gift. Simply stated, everyone has the potential for and is a prospect for a bequest or planned gift. Many planned gifts can be done at minimal levels, and the notion that endowment and planned gifts are only for the wealthy – or even the mega-wealthy – is a huge stumbling block we must all work to overcome. If the charitable motivation is there, there is a charitable gift for virtually everyone.

Don't assume that your donors are aware of how they can make a gift. Many don't have a Will, and haven't considered that without a Will their estate will be distributed under the laws of the state ("intestate succession") – with nothing going to their favorite charities. Some will be surprised to learn that they can leave a fixed dollar amount or a percentage to charity, and that they can leave to several charities, not just to one. Some will find the notion that they can leave to charity from an IRA a total surprise.

Don't judge a book by its cover. Large gifts often come from modest annual fund donors. You should therefore always treat every donor as if he or she were your best prospect, because many of them just might be. We have all heard of the charity that did not respond quickly enough (or at all) to a donor's request, only to have the gift go to one that did. We all know of the bag men or bag ladies who ended up leaving millions to charity. The lady in the New York City rent-controlled apartment who left \$16 million to Yeshiva University Medical School comes to mind.



Look for Charitable Intent

Determine early on whether the person really has charitable intent. If so, you can work with them. But if someone wants to make a gift that will not cost them anything, and there is no charitable intent, you should consider whether you should spend a lot of time with this person. There is no such thing as a free lunch. Every charitable gift has a cost to the donor, though many are not costly. People who want to make a gift that does not cost them anything are generally not worth the time. If they are really not interested in benefitting the charity, thank them politely and move on.

Look for Ways to Solve Your Donor's Problems

Once you've identified charitable intent, look for ways you can solve a donor's problem. Learn about the donor's situation and particular challenges he or she is facing. Finding the right "fit" for the donor will make the charitable solution even more appreciated.

Is the donor sitting on a highly concentrated stock position, which causes him or her to lose sleep? Would he or she consider a charitable remainder trust to permit creation of a diversified portfolio and create a revenue stream, without triggering capital gains? Should the donor who has been giving cash consider giving appreciated stock instead? Even in today's depressed stock market, many donors still have stock that is worth more than they paid for it, and should be giving that stock rather than cash.

Is the donor complaining about low CD yields and drops in dividend rates, so that a charitable gift annuity with a fixed payment might serve a purpose? Is the relatively younger donor concerned about augmenting retirement income, so that a deferred gift annuity might fit the bill? Does the donor want to benefit a family member who is too proud to accept a direct gift, but could use some supplemental income and wouldn't object to being the beneficiary of a charitable gift annuity?

The more you know about the donor's situation and problems the donor is facing, the better you can help with the right charitable giving technique.

Bring Your Donor into Direct Contact With Your Charity

Some donors will favor a charity, in general terms, but will take action and make a gift only when they understand more fully what the charity is doing. Visits to the charity may provide the opportunity to see the good work the organization is doing, and make the case for donor support. Quantifying what it takes to purchase a particular piece of equipment, or to fund a specific project, may permit the donor to take the step from generalized support (“I like what they stand for”), to specific dollar support for a given activity.

Even though we all know that gifts at any level are appreciated, when a donor sees, for example, what \$5,000, \$50,000 or \$500,000 will buy, we have seen that it becomes easier to take the next step and make a financial commitment.

Also, meeting the people who are engaged in the organization’s charitable activities, and sometimes the clients of the charity, and creating that one-on-one relationship, may result in a level of appreciation for the charity’s work that might not be achieved from color brochures. We have seen this type of exposure directly result in financial commitments that would not otherwise have been made.

Be Mindful of Your Charity’s Priorities and Gift Acceptance Policies

While being open to gifts of all amounts and of virtually any type, remember that you should be looking for the best gifts for your institution. Institutional priorities and gift acceptance policies should be followed as much as possible. New gift officers, in particular, are vulnerable to donors who push for exceptions to the rules or insist on supporting their own projects. Gift officers should not promise donors that exceptions will be granted and should prepare donors for the possibility (or probability) that an exception will not be granted. Be cautious of gifts that take more than they give.

Consider Current Giving and Planned Giving as Complementary

Planned giving should be considered as part of the total package of donor support for the organization. This is no time for the annual gift campaign, as worthy as it is, to be competing with the planned gift, which may yield support only in the future.

In fact, planned gifts can assist donors in meeting current gifting goals as well. In this current economic environment, there are a number of loyal donors who may be wondering how to continue their annual gifts – and a planned giving vehicle may be the answer they need.

Consider this: Your annual gift officer hears from regular donors that times are bad, their stock portfolios have been decimated, and they can’t make their regular annual gift. Aren’t these donors the perfect prospects for a bequest or other planned gift? How many consistent annual donors have asked themselves how their annual gift is going to be replaced once they are gone? Some do, and they realize the importance of endowing their annual gifts, sometimes with a bequest. If they haven’t considered this, you should be bringing this need to their attention.

Follow Up

A major challenge for development officers is the lack of record-keeping and the organization’s inability to maintain a focus on the prospect and donor and continue to follow up. Planned giving officers frequently change positions, and the internal transfer of information relating to the prospect and donor may be lost.

Conversely, where a charity has been able to maintain contact with a prospect over the years – even through several generations of development officers – there is a better chance that the donor’s positive feelings for the charity will continue.

The planned giving officer should take a proactive role in assisting prospects with their plans and be perceived by prospects and donors as a long-term trusted advisor. ■

With best wishes and the hope that you may find some of this information helpful.

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Masthead photo of Leelenau sunset by
Bob Kass, as an inspiration to us all