



Planned Giving



“The heart of planned giving is people!”



What is planned giving?

- Gift Planners help donors arrange a substantial gift for the future by supporting the charity of their choice.
- It is a method of giving that takes into consideration not only the need or the “good” of the recipient but, also the need or the “good” of the donor.
- These donors are people who wish to reflect a sense of community, to benefit others for years to come and make a difference to their world.

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What is the purpose of a planned giving program?

- Is to increase the potential source of funds available to an organization and to address the need for dependable long term support.
 - Priority is given to meeting the needs and objectives of the donor, not necessarily the needs of one's organization.
 - The donation is usually made because it will have real meaning for the donor.
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Why planned giving?

- Planned giving activities are the second largest revenues to the largest charities, and tied for most effective methodology.
- 1/3 of Canadians over the age of 18 that have a will are in fact bequests prospects to a charity.
- Charities who structure themselves to these indications will be the ones to benefit from the upcoming inter-generation transfer of wealth.

What motivates donors?

- Organizations understand that their donors are motivated or discouraged from being philanthropic based on strong reactive emotions that either fail to meet their needs.
- There are a number of proactive motivations that influence people's decisions like gratitude, self-interest, sense of community, or identification with a cause.

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Top 5 Factors in Making the Decision to Planned Giving.

- 1. Loyalty to a charity/or a desire to support it.**
 - 2. Specific interest in charitable programs or service.**
 - 3. Memorializing another person, personal recognition or a way to be remembered.**
 - 4. Encouragement of family, friends, or financial advisors.**
 - 5. Relationships with the person soliciting the gift or a long-standing involvement with the charity.**
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How is planned giving different from other fundraising?

- Donors give on the basis of their own values, not necessarily those of the organization.
- They wish to be helpful in this life and be remembered after death.
- A successful program will be directed at meeting the goals and needs of the donor first and foremost.

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What are the Positive distinctive aspects of planned giving?

- Low cost versus dollars raised.
- Produces large gifts over time.
- Very personal, engenders good feelings and draws donors closer.
- Increases donors satisfaction by enabling them to also become major current contributors.
- Donor can arrange gift now, but does not have to give today.
- Program may increase donor's income in life and reduce taxes upon death.

Challenges Associated with the Practice of Planned Giving

- May be perceived to be about finances and death, raises issues about individual mortality, and may be a sensitive topic.
- May appear to be too complicated.
- Difficult to mass market. Must be tailored to individual's needs.
- The organization must spend money today, with the return sometimes in the future.
- Education and awareness implications are greater than traditional programs.
- Tax implications and liability may result if wrong advice given.

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1. Obtain a Commitment from the Board of Directors

- You need the board to understand the program and be supportive.
- To be seen as sponsors.
- To approve certain types of gifts.
- To approve budget allocations.
- To approve the creation of an advisory committee.
- To assist in marketing the program.

2. Create an Advisory Committee

- Establish your policies and procedures.
- Make periodic reports to the board and members
- Assists with prospect identification and analysis.
- Works with the planned gift officer to make presentations.
- Provides technical expertise.
- Provided oversight and guidance to the program.
- Provides practical support to the program.

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3. Engage a Professional Planned Giving Officer

- Identify a staff person responsible to oversee the program and able to spend at least 25-30% of their time in this area.

Characteristics of a good planned giving officer are:

- interest in promotion of the charity
 - good interpersonal and communication skills.
 - Ability to work with Boards and volunteers.
 - Appropriate appearance
 - A mature, patient, self-assured, stable and flexible personality
 - Knowledge of the tax system
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4. Create a Case Statement for Planned Gifts

- Define the present situation, the past accomplishments and future direction of the charity.
- Have the board appeal and be supported by financial facts.
- It evolve from the goals and priorities and direction of the institution.
- Show major impact resulting from each arranged gift.
- State that planned gifts are sought and are considered a very valuable gift to meet the future needs of the organization.

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5. Produce Policies and Guidelines

- Are prepared by the development staff and approved by the Administration and Board.
- They define the authority and parameters under which the planned giving staff operate.
- They define when the Board approval is necessary.
- Their objective is to encourage gifts not to frustrate them.

• • 6. Establish Systems for Creating and Maintaining Administrative and Filing Procedures

A) Recording

- System must provide several alternatives ways to code a donor/prospect/suspect.
- The need for paper files or individualized computer files.
- Need the ability to store long term
- Segment your files between confirmed and potential planned gifts.
- Need adequate clerical support.

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B) Reporting

- Need to chart actual realized planned gift monies as they are received
- Need to demonstrate progress with expectancies.
 - how many mailings
 - how many contacts
 - how many confirmed expectancies
 - an estimation of the value of the experience.

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7. Obtain Approval For First Year's Budget

Accounts which must be considered in establishing and sustaining

- Salaries/Benefits
 - Office supplies and expenses
 - Printing
 - Postage
 - Data Processing
 - Equipment
 - Travel expenses
 - Promotions/Marketing
 - Volunteers
 - Consultants
 - Conferences and professional development
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8. Prepare an Action

Plan/Business Plan

- An action Plan simply lists the steps that must be taken to reach your established goals.
 - Identification of a donors base
 - The goals and objectives of the Program
 - A listing of the number of gifts and the size of the gifts
 - A listing of the prospects that must be cultivated to produce the goal.

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Initiate a Recognition and Stewardship Program

Reasons

- Good manners to thank your donors
- completes the donors solicitation cycle
- The beginning of a life time relationship

Benefits

- Helps assure that donors do not change their minds
 - May lead to further gifts
 - May encourage others and anonymous donors
 - Ensure meaningful gift donations.
 - Encourage the donor to become involved with the organization.
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10. Manage the On-going Program

- 1 Continuous education of potential prospects
- 2 On-going education and cultivation of prospects
- 3 On-going education of Allied Professionals
- 4 On-going cultivation of past donors
- 5 Monitoring and administration of Estates in probate



Bequests



“The foundation on which every planned giving program is built”





Types of Bequests

1. A specific Bequest
2. A residual bequest
3. A contingent bequest
4. A bequest subject to a trust



A Specific Bequest

- Is the first to be paid after the settlement of estate debts.
- A problem for the charity is that they are fixed in value, and do not increase with inflation.
- A bequest of cash is the best for most charities.

A Contingent Bequest

- Takes effect only in the event of the prior death of other named beneficiaries or if the original intent of the donor cannot be fulfilled
- Are usually written to name a charity as the beneficiary in the event of disaster.
- Is sometimes made where it is not clear that the donor's intention can be carried out.

A Residual Bequest

- Is a portion of or all of the estate after the other bequest and debts have been paid
- Concepts such as “keeping up with inflation” or “assuring that the gift will be just as valuable in the future as it is now” can be used to broach the subject.

A Bequest Subject to a Trust


- Is a bequest which establishes a trust through a will whereby a named beneficiary receives income for life.
- The two types of testamentary trusts are spousal trust and charitable remainder trust.



Gift of Life Insurance



“An excellent planned gift growing in popularity, a life insurance policy is an asset that can be given to charity”





Types of Life Insurance

Whole Life

- is permanent insurance with the premium fixed for life.

Term Life Insurance

- is strictly life insurance protection

Universal Life Insurance

- is term life insurance with a separate investment account





The Gift Annuity



“The gift that gives back”



The Two Types of Gift Annuities

The Re-insurance Annuity

- Is issued by the charity, the charity purchases a commercial annuity to cover its financial risk.

The Self- Insured Annuity


- Is issued directly by the charity with the annuity payments guaranteed by the charity's own investment.



The Charitable Remainder Trust



“ In the United States the most common form of a planned gift, with the exception of a bequest, is the charitable remainder trust. In Canada the charitable remainder trust has, until years, been virtually unknown.”



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Two Types of Charitable Remainder Trusts

1. A living charitable remainder trust

- Is a charitable remainder trust established during the life of the donor

2. A testimonial charitable remainder trust

- Is a charitable remainder trust established within the donor's will.
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Gifts of Residual Interest



“An Arrangement under which property is deeded to charity, but the donor retains use of the property for life or a term of years”

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How is a Gift of Residual Interest Established?


- The donor irrevocably gives a property to your charity, but retains the use of the property for life or a set number of years
- The property is appraised and interest is determined.
- If appreciated property is donated, the amount of the capital gains attributable to the residual interest is also calculated



Endowment Funds



“The future life blood of any charity, and the “handmaiden” of a planned giving program”





What do Endowment Funds Provide?

- They provide for the long term financial success of the organization
- They will take care if emergencies and will help assure the continuation of certain important programs which may be difficult to fund from an annual appeal.



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Types of Endowment Funds

General Endowment Unallocated

- Is a permanent fund set up by the charity to hold gifts in perpetuity

Specific Endowments Allocated

- Is a permanent fund set up by the charity to hold gifts in perpetuity usually for an ongoing program

Named Donor Endowment

- Is a permanent fund set up the charity to hold gifts in perpetuity for particular programs as specified by the donor
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