

Demystifying Gift Planning

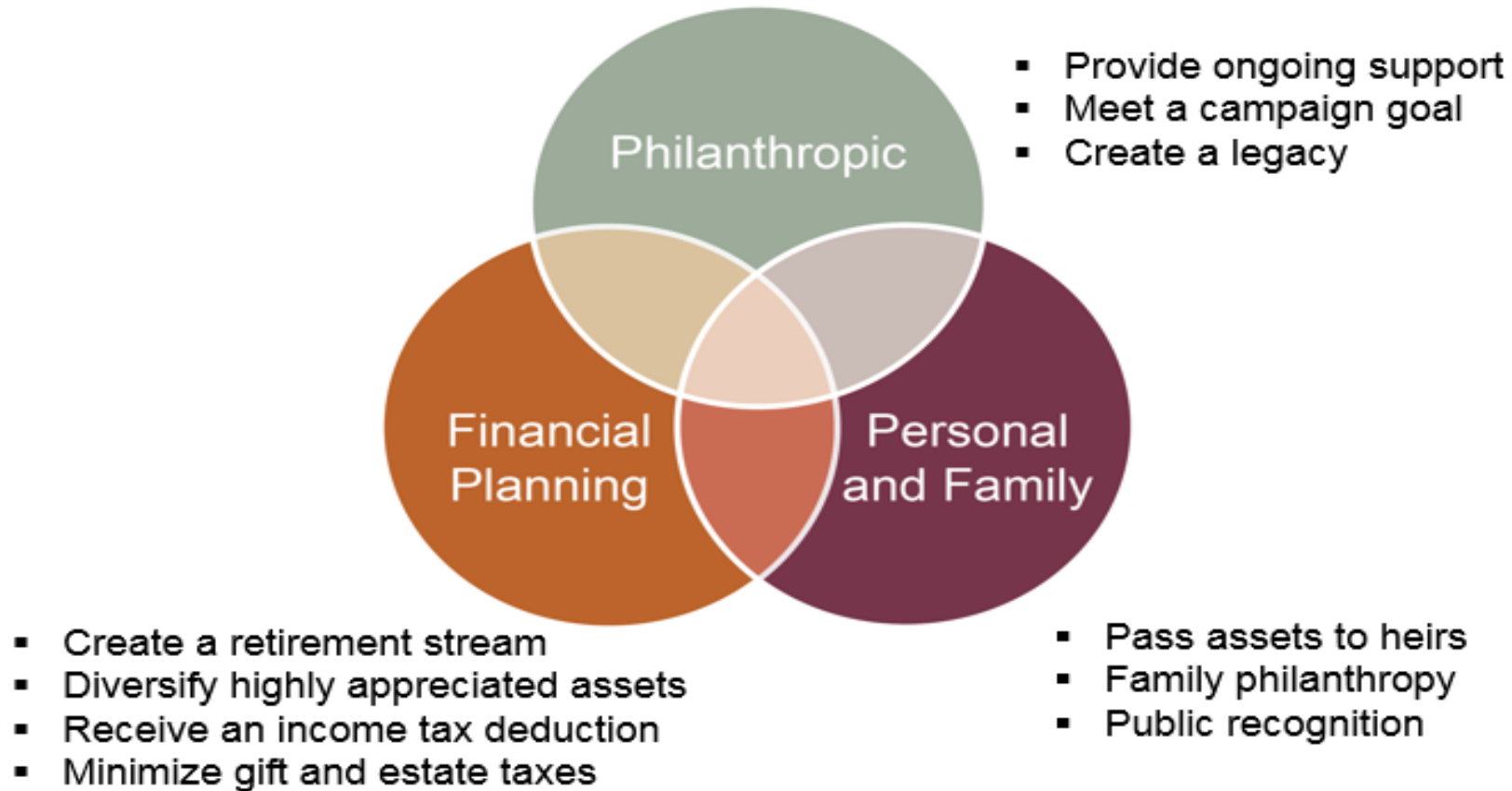
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PennState
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Definition of Gift Planning



Despite strong commitment to charity, donors lack awareness of the range of available giving vehicles and options

- Most donors are not aware of the full range of giving strategies and vehicles that can benefit them and the charities they support. The number of donors who report understanding or using giving vehicles or methods other than cash is even lower.
- Overall awareness of different ways to give is low. Even fewer donors understand and use these strategies.

Awareness, understanding, and use of charitable vehicles and methods:

	Aware	Understand well among all	Use among all
Bequests or leaving money to charity in will	67%	48%	15%
Donation appreciated assets such as securities or real estate	59%	39%	19%
Naming a charity as the beneficiary of a retirement or life insurance plan	56%	36%	9%
Charitable gift annuity	51%	31%	15%
A qualified charitable distribution from an IRA	37%	23%	8%

*Source: Fidelity Charitable

Only half of donors have used a giving method other than cash, despite having other assets that could be more advantageous to give.

Giving Vehicle and Method Use



- Have **never** used a giving vehicle or method 47% (blue)
- Have **used 1** giving vehicle or method 24% (light gray)
- Have **used 2 or more** giving vehicles or methods 29% (gray)

- 80% of donors have appreciated assets such as stocks, mutual funds, or bonds, but only **25%** of those donors have contributed this type of asset to charity.
- **90% of donors** have a retirement or life insurance plan, but **only 9%** have named a charity as a beneficiary of the plan.

*Source: Fidelity Charitable

4 INDICATORS OF GOOD PLANNED GIVING PROSPECTS

1. Affinity/Loyalty
 - Donor has given a gift (outright, in-kind, etc.) or volunteered for 5+ years
2. Age 60+
3. No Children
 - Philanthropy researcher Russell James tells us that by far the most dominant predictor of estate planning (or those who were most inclined to make an estate gift) was the absence of children.
4. Given in Last 3–5 Years

INTRODUCING GIFT PLANNING STARTS WITH STRATEGIC QUESTIONS AND CAREFUL LISTENING IN SPECIFIC AREAS: TIAA Kaspick's PAPPA Framework

Asking open-ended questions will encourage donors to share more information and potentially lead to deeper conversations.

- People—who is most important to the donor?
- Assets—what does the donor own?
- Passion—what does the donor love?
- Plans—what are the donor's goals?
- Advisors—whom does the donor trust?

Sample Questions: People

- Where are you from originally?
- Did you come from a big family?
- What did/does your spouse do for a living?
- Do you have any children? If so, how old are they?
- How did you get into _____ (career field/area)
- Who were the individuals/mentors/teachers who had the greatest impact on your life?

Sample Questions: Assets

- What do you think of the recent performance of the stock market?
- Tell me more about your business.
- Where do you and your family like to vacation?
- (during conversation about your job or institution's campaign) We recently worked with a donor who made a gift of [appreciated stock/real estate/artwork]. It worked out well.
- I am very focused on saving for retirement. How did/are you going about planning for your retirement?

Sample Questions: Passions

- What activities have you been pursuing lately? How did you get started in those activities?
- What do you remember most fondly about your time at [institution]?
- If money were no object, what types of problems would you work to solve?
- What sort of legacy would you like to leave?

Sample Questions: Plans

- Have you ever thought about including _____ in your estate plans?
- When did you last update your estate plan?
- What are the plans for your business? Is there a succession plan?
- How long have you been retired?
- Have you started planning for how you will benefit your kids in your estate plan?
- You have been very philanthropic. Have you thought about your future giving?
- Does your family still own the farm/timber property/home/business? What will happen once you are no longer involved?

Sample Questions: Advisors

- We often work with or appreciate the assistance of an advisory council of top advisors. Do you know any advisors that we should be cultivating?
- Would it be helpful for us to include your attorney or financial advisor in our discussions at this point?
- Would it be useful for me to explain to your advisor how this gift plan works?

Strategic Questions Will Lead to Discovery

- Second Level Questions can help you qualify potential gift assets:
 - When did you acquire the real estate? Have you ever had the property on the market?
 - Have you had the property appraised recently for financing or insurance purposes?
 - Does your business have a buy-sell agreement that governs what happens when you or another partner wants to liquidate her interest?
 - Do you own the property “free and clear” or is there any outstanding debt on the property?
 - Does anyone, such as a tenant, have an option to purchase the property?

Winning Charitable Strategies

- Make gifts of appreciated securities
- Make an IRA rollover gift (Qualified Charitable Distribution)
- Make a gift that costs nothing now (through your Will or Trust, or a “stroke of the pen”)
- Make a gift that gives back (lifetime income gifts, CGAs, CRTs)
- Maximize your impact using BLENDED GIFTS (estate gift coupled with “virtual endowment”)

Don't Leave Money on the Table: Inform Donors of the Benefits of Making Gifts of Assets other than cash

- Show donors how they can (and in some cases, should) use assets other than cash to create a legacy.
- Would you like to learn more about making a gift that can save taxes, provide an income AND create a lasting endowment?

OR

- If we could show you a plan where you could get a big tax deduction, avoid capital gains, and increase your income, would you be interested?
- Do you have any assets you feel you no longer need or will not use in your lifetime?

Marketing to Generate Warm Leads

- At Penn State we work with two vendors to help with mailing and emailing marketing pieces.
- Stelter is our mail and email marketing vendor:
 - Newsletter – Fall and Spring – mail and email
 - Valentine’s marketing – mail and email
 - Informational emails – contains thank you for support, mentions planning for people and places that are most important to them and offers a free download of an estate planning “toolkit”
 - Surveys – small audience surveys designed to get donors to share information about estate plans and giving habits

Marketing to Generate Warm Leads

- We use Market Smart as our survey vendor:
 - Surveys – larger audiences than Stelter, with surveys designed to get donors to share information about estate plans and giving habits.
 - Identified donor preferences for giving, affinities and access/contact preferences.
 - Response dashboard to help identify quality donor prospects with automated email conversations based on answers

Marketing – Follow Up

- We have a digital planned giving officer who helps us organize and track all responses.
- We then assign follow up with gift planning officers and college/unit fundraisers
- Quickly following up on leads has been the key to success
- The survey and mailer responses have resulted in surfacing many unknown estate gifts which we then document.
- Documenting these estate gifts allows us to add the individual to our legacy society and allows for continued stewardship/relationship building.
- Consistent and good stewardship can result in periodically renewing the gift conversation and increasing likelihood of greater or additional commitments.

Reconfirming Estate Commitments

- Our digital gift planning officer has a stewardship metric and calls every member of our legacy society every three years.
 - As part of this stewardship, he is reconfirming legacy commitments and if things have changed, he will take appropriate action.
- Institutions of all sizes should try to send a reconfirmation letter to legacy society members and doing it on a three-year cycle is a best practice.
- For residual estate gifts (i.e., testamentary gifts that are a percentage of the estate's value) documenting increases is possible as the value of the donor's estate (hopefully) increases over time.

Questions or Comments?

Thank you.

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