

# Planned Giving: Sustaining Our Agencies, Our Programs Our Future

## *Scripting Our Future*

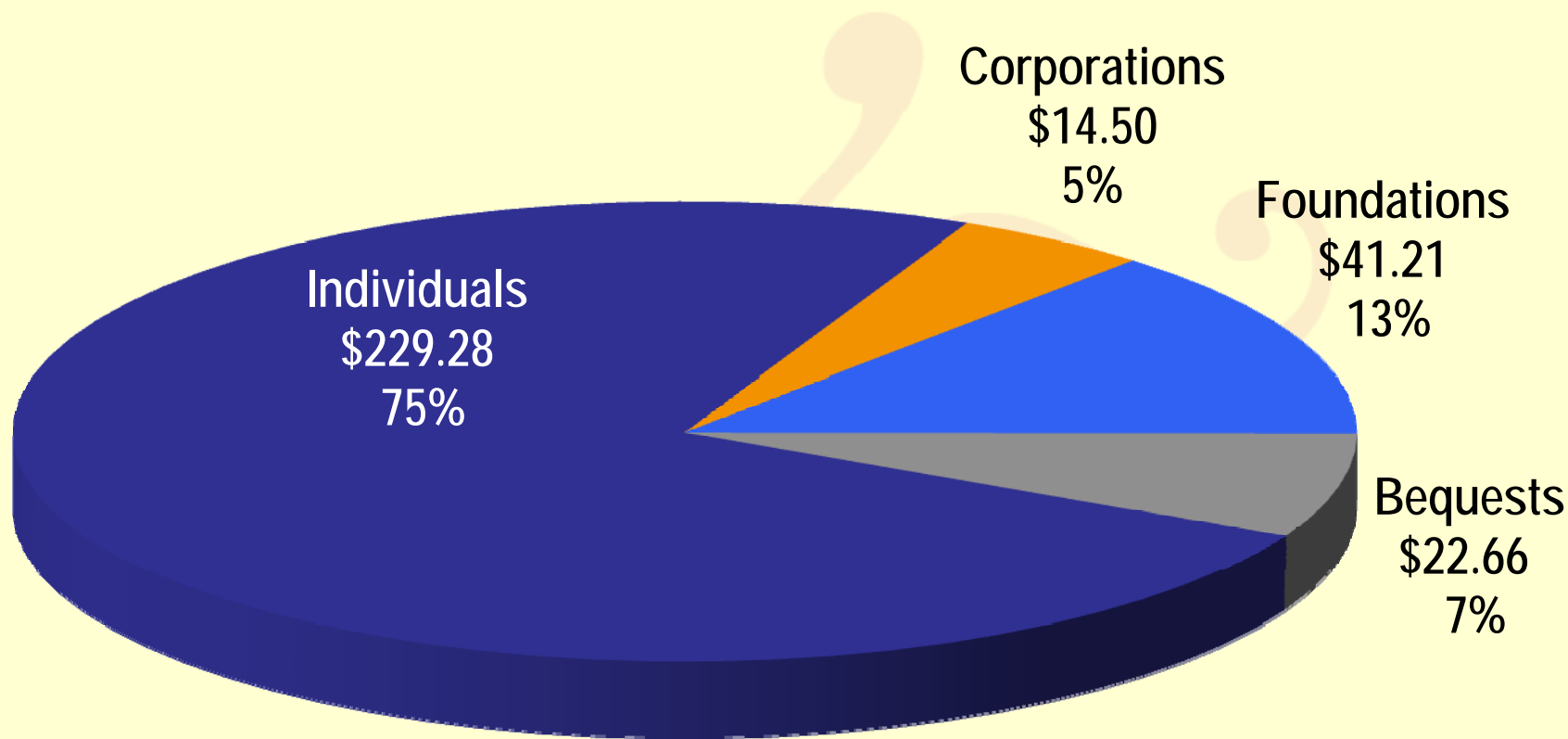
The 38<sup>th</sup> Annual Conference of the  
Association of Jewish Family & Children's Agencies  
Los Angeles, CA



# The State of Philanthropy in America Today

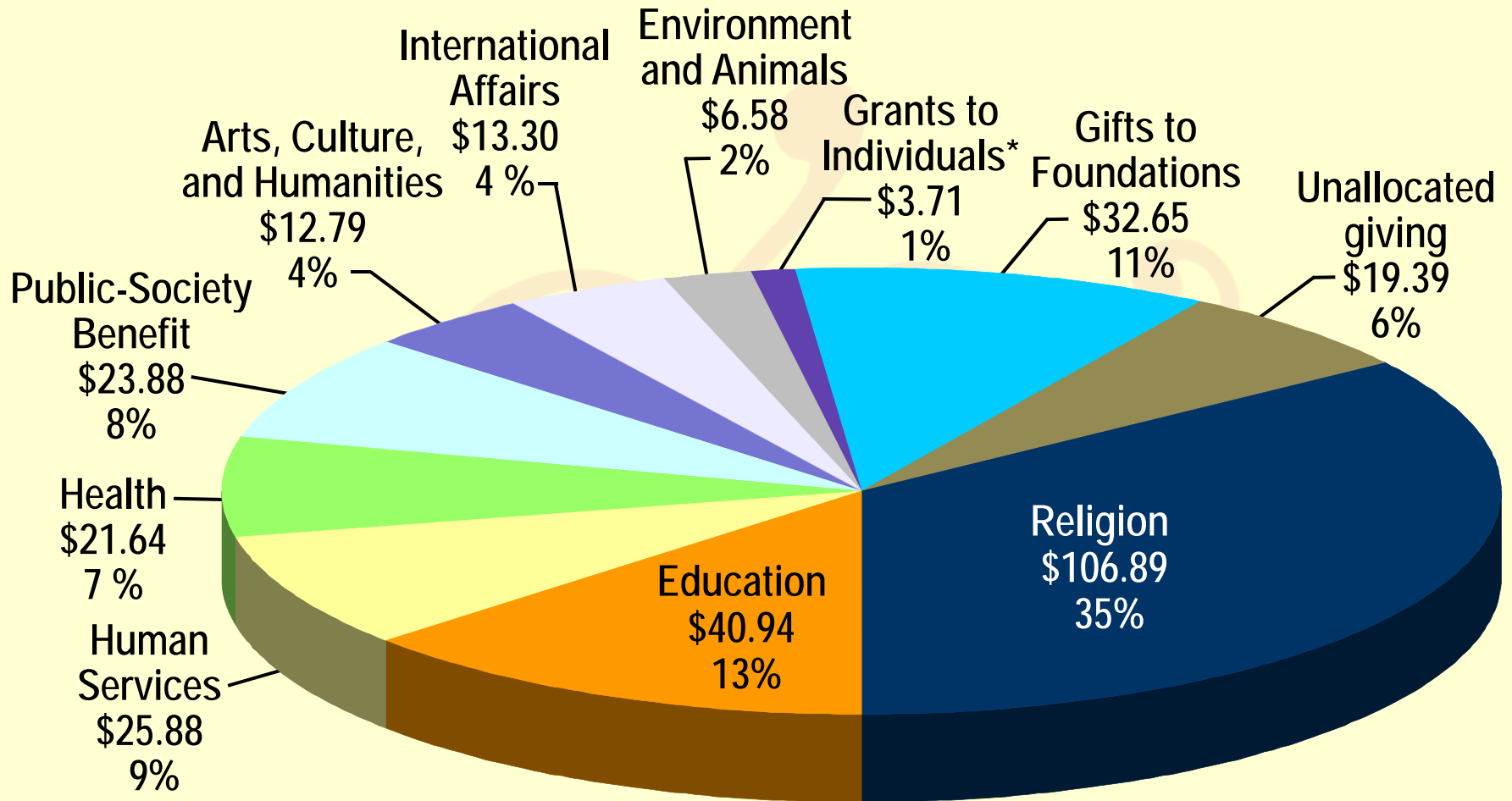
# 2008 charitable giving

Total = \$307.65 billion (\$ in billions)



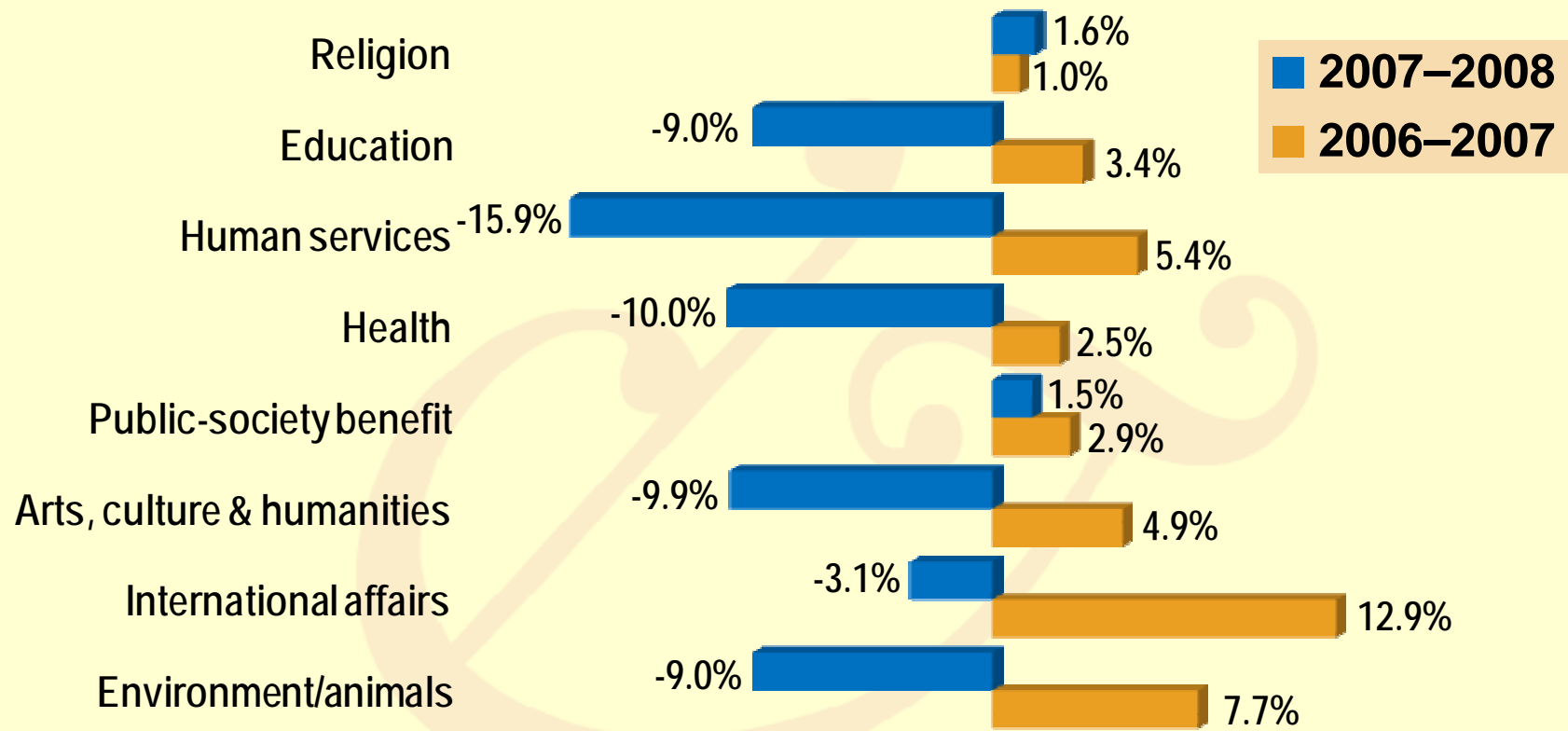
# Types of recipients of contributions, 2008

Total = \$307.65 billion (\$ in billions)



\*Foundation grants awarded to individuals

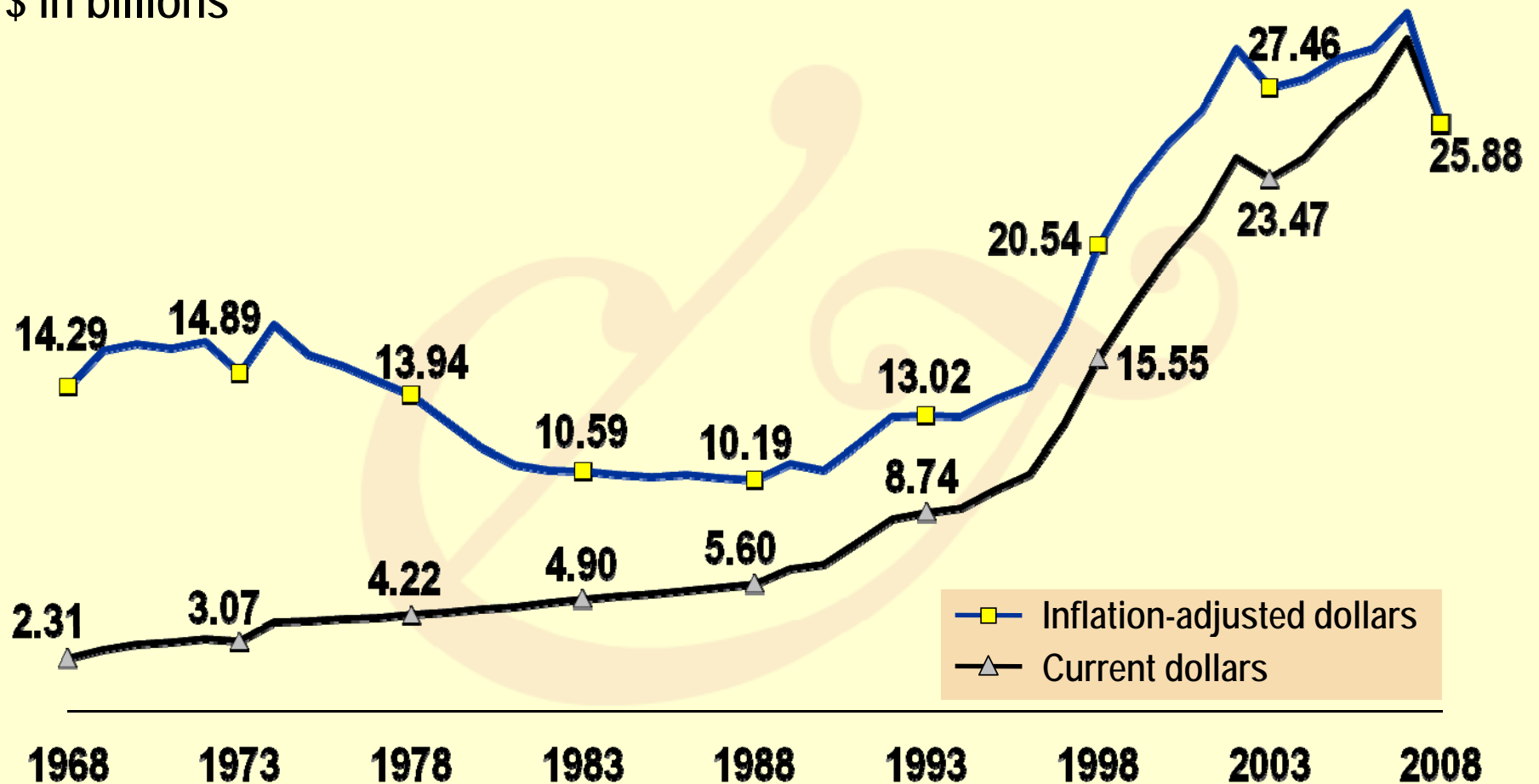
# Changes in giving by recipient organization



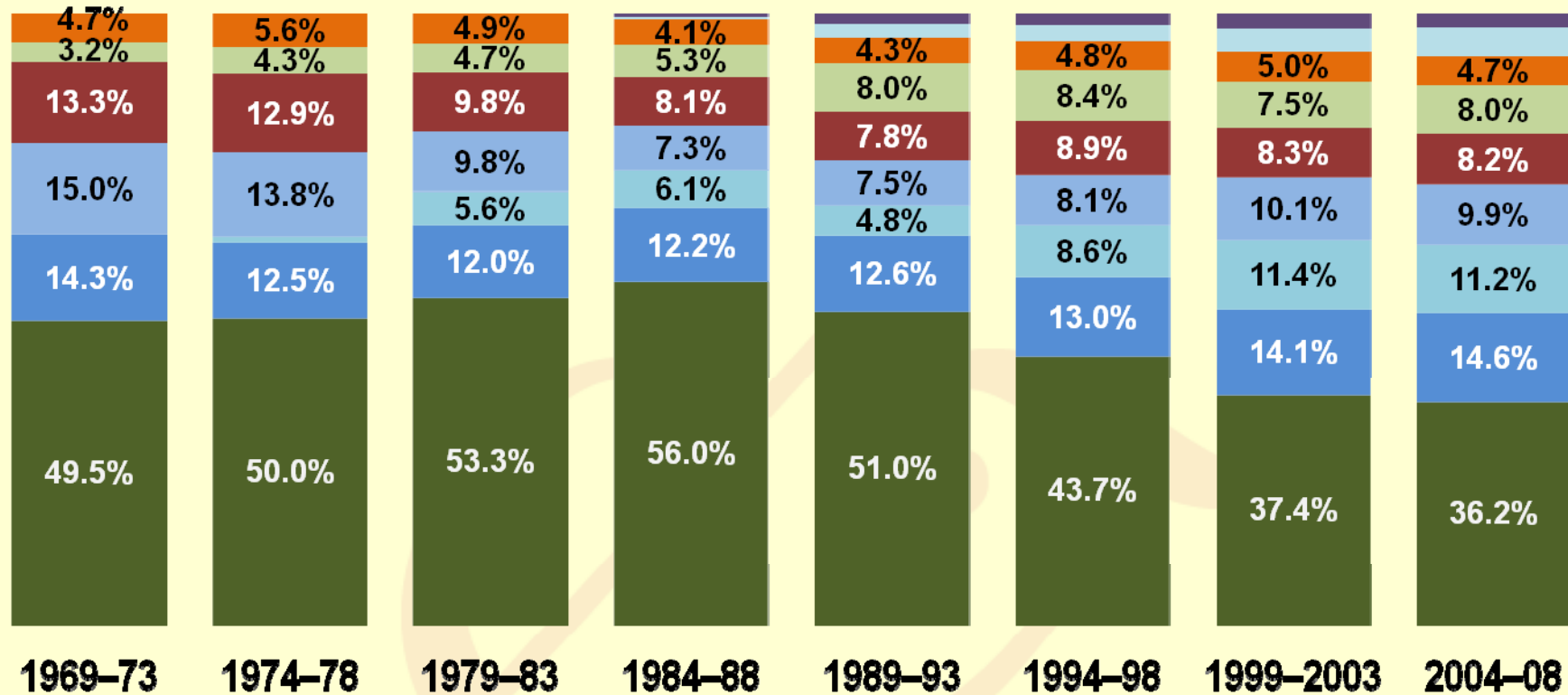
Percentage Change From Previous Year

# Giving to human services, 1968–2008

\$ in billions



# Giving by type of recipient as a percentage of total giving

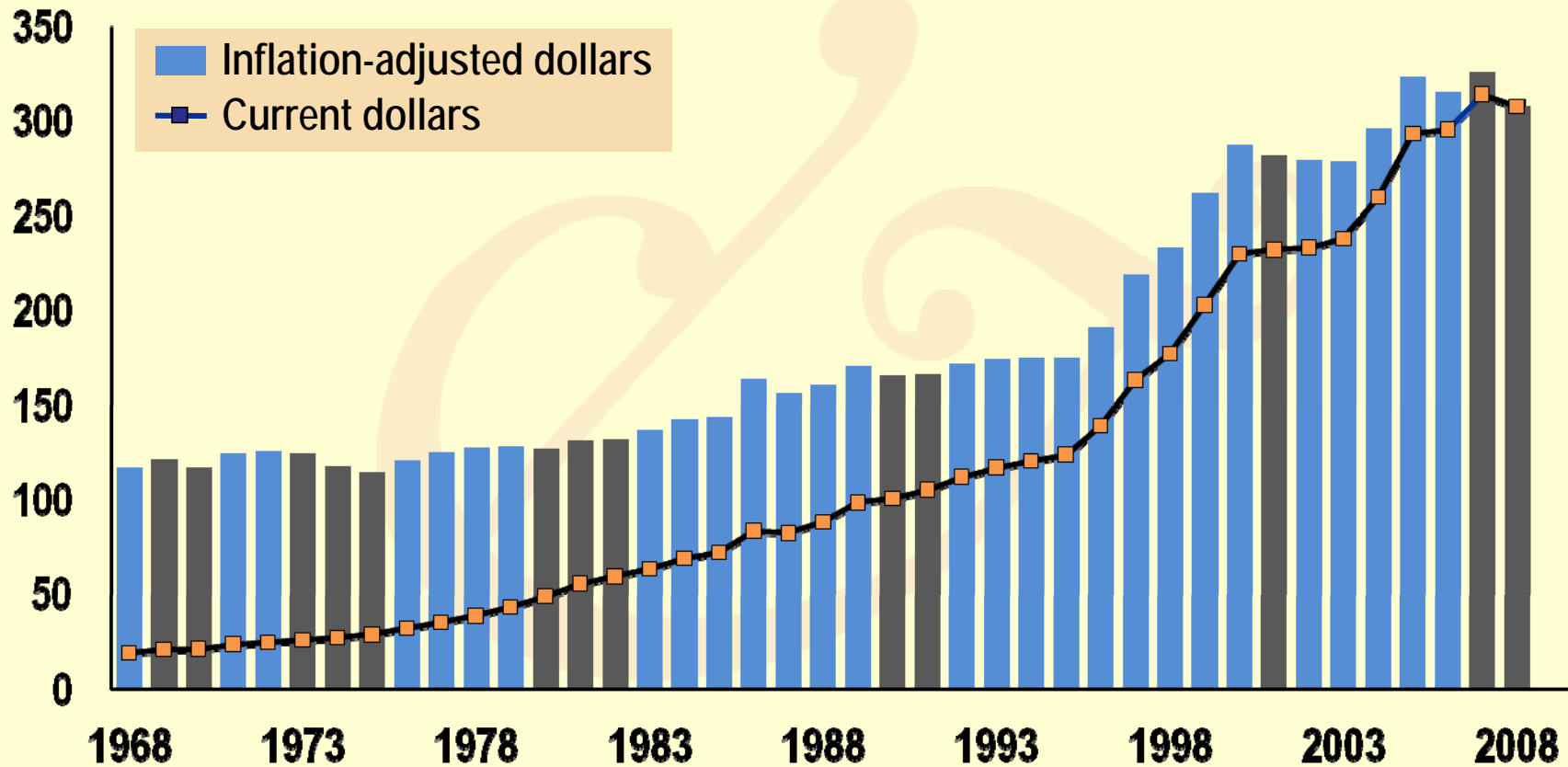


Data begin in 1978 for foundations and in 1987 for environment/animals and international affairs.



# Total giving, 1968-2008

\$ in billions



Recessions in dark gray: 1969-70; 1973-75; 1980; 1981-82; 1990-91; 2001; 2007-2008

# Q & A

- What is planned giving?
  - All gifts are “planned”
  - Difference between “outright,” bequest and methods that provide a life interest to the donor
- Why do/should we do planned giving?
  - Does your agency need an endowment or restricted funds for special, i.e., non-current, purpose?
  - A method to fund the agency’s endowment—permanent financing
- Does your agency have a legacy/bequest program?
  - The starting point for many planned giving programs
  - A foundation upon which to build

# Philanthropy and the Aging Process: An Analysis

- More people over age 65 than teenagers
- More people over 65 alive today than have lived beyond this age in the history of world
- Fundraising today requires management and nurturing of relationships
- Existing/potential major donors—often older

# Philanthropy and the Aging Process: An Analysis

- Donors face realities of growing older
- Reconcile personal concerns with philanthropic
  - Outliving resources
  - Inability to manage resources
  - Catastrophic illness or accident
  - Suffering mental or physical disabilities
  - Dying without adequately providing for loved ones
- Understand/maintain contact with aging donors

# Philanthropy and the Aging Process: Practical Things to Do

1. Identify top donors who are most able to make planned gifts
2. Choose an appropriate way to strengthen the relationship
  - a. Take donor to dinner
  - b. Site visit
  - c. Birthday and anniversary greetings
  - d. Personal contact

# Philanthropy and the Aging Process: Practical Things to Do

3. Listen to your donors' needs
  - a. Recognition
  - b. Loved ones to memorialize
  - c. Tax deductions
  - d. Increased income
  - e. Need to help
4. Provide appropriate gift planning information
5. Treat donors who make gift plans in special way
6. Focus on “what,” “when” and “how” of giving as well as more traditional “who” and “why.”

# The Five Words that Really Turn Donors On

**INCREASE**

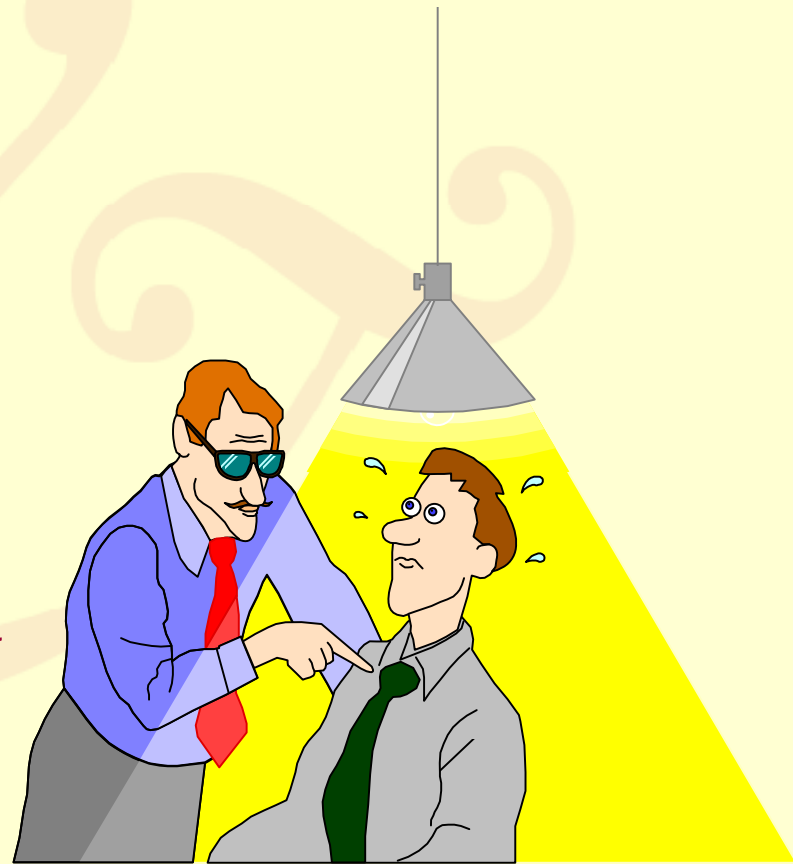
**IMPROVE**

**REDUCE**

**SAVE**

**GAIN**

Mr. Prospect, if I can show you how to *INCREASE* your income and *IMPROVE* your cash flow as you *REDUCE* your investment management expense so that you *SAVE* taxes and *GAIN* control of your philanthropy, would you consider a charitable gift annuity to JFS today?



# What is a charitable gift annuity?

- 2<sup>nd</sup> oldest form of “planned” gift—1843
- In exchange for gift, contract guaranteeing fixed payment
- Not generally subject to modification
- Economical and convenient to implement
- Minimum investment significantly less than CRT
- Limited to two annuitants
- Immediate or deferred payments
- Regulated by states
- Assets of agency back up the contract

# Gift Illustration

- Retired couple—ages 73 and 69
- Eligible to receive a 5.2% return
- Take into consideration
  - Tax savings resulting from the gift—ca. 32%
  - Avoidance of capital gains
  - Favorably taxed annuity payments
- Would require 8.6% return from fully taxable investment to compare with CGA

# Benefits of Charitable Gift Annuity

- Opportunity to make significant contribution to agency and maintain personal and family security
- Current income tax deduction for portion of gift
- Fixed rate of return through life of annuity payments
- Favorable tax treatment on the annuity payments
- Potential to defer capital gains

# Values of Charitable Gift Annuity

- Alternative to market risk especially when interest rates are low
- Shelter from soft economy/volatile markets
- “Earn secure income while serving our community’s most vulnerable...  
*AND* save taxes.”
- Market to potential donors self-interest
- Target people who want to support you but whose income needs limit ability to make outright gift

# Planned Giving as Fundraising

- Brochure driven, tax and income centered
- Violates basic fundraising principles
- Presents no compelling case
- Shows no commitment from key volunteers
- Relies on impersonal methods
- Makes development personnel—professional and volunteer—think they have to be tax and legal experts

# Planned Giving as Fundraising: Things you can do

1. Write case statement—appeal to head/ heart
2. Work draft through committees—planned giving, finance, development—opportunity to encourage planned gift commitments
3. Refuse to move to next committee without at least one gift plan
4. Have the board validate the case with a specific dollar goal, time table and objectives

# Planned Giving as Fundraising: Things you can do

5. Present case to board by board member who has made his/her commitment
6. Encourage fellow board members to consider own planned gifts
7. With something they can communicate comfortably, volunteers make appointments to talk to prospective donors about making planned gifts

# How do I Start a Planned Giving Program?

- List 25 donors who have given \$100 annually for more than 20 years in a row
- Call and ask for appointment to
  - thank them for their loyal generosity
  - update them about how their gift helps
  - share with them the future of the organization
  - get to know why they support you
  - ask them about whether they have ever considered including you in their estate plans.

# How do I Start a Planned Giving Program?

- If they are already retired, mention that there are ways of supporting you now that can earn them a steady income
- Keep replenishing the list
  - When you have run out of candidates, reduce the number of years to 15... then 10, or
  - Reduce the amount of the gift to \$75, then \$50
- If the list is way too big, increase the longevity or the minimum gift

# How do I Start a Planned Giving Program?

- Do you have volunteers? Are any of them retired? Have the same chat with them (they are giving time rather than money).
- Anybody who appears on **BOTH** lists should have top priority.
- The result is
  - you will document bequests
  - you may eventually succeed in obtaining charitable gift annuities.

# How do I Start a Planned Giving Program?

- A robust planned giving program has two dimensions:
  - a marketing dimension (which begins, but only begins, with direct mail) and
  - a personal relationship dimension
- Few donors will invest in a charitable gift annuity on the strength of a mailing
- Gifts come from relationships

# Resources

- The web site of the Planned Giving Design Center at The Boston Foundation  
<http://www.pgdc.com/host/boston-foundation/overview>
- The web site of the American Council on Gift Annuities deals with all matters related to CGAs and sets the rates  
[www.agca-web.org](http://www.agca-web.org)

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