



**Conversations with Donors:  
Unraveling the Mystery and Revealing  
the Magic**

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## ABOUT THE PRESENTER

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Kathryn W. Miree is President of Kathryn W. Miree & Associates, Inc., a consulting firm that works with boards and staff of nonprofits and foundations to develop administrative policies, structure, and planned giving programs. She received her undergraduate degree from Emory University and her law degree from The University of Alabama School of Law. She spent 15 years in various positions in the Trust Division of a large regional bank before joining Sterne, Agee & Leach, Inc. to charter and serve as President & CEO of its trust company. She established Kathryn W. Miree & Associates, Inc. in 1997.

Ms. Miree is a past president of the Independent Presbyterian Church Foundation, a past president of the National Committee on Planned Giving, a past president of the Alabama Planned Giving council, a past president of the Estate Planning Council of Birmingham, Inc. and a past member of the Board of the National Association of Estate Planners & Councils. She currently serves as Chair of the Editorial Advisory Committee of NCPG's *Journal of Gift Planning*, as a member of the Editorial Advisory Boards of *Planned Giving Today* and *Planned Giving Design Center* and as a member of the Merrill Lynch National Attorney Advisory Board.

Ms. Miree is a frequent lecturer, co-author of *The Family Foundation Handbook* with Jerry J. McCoy (CCH Publishers 2001) and author of *The Professional Advisor's Guide to Planned Giving* (CCH Publishers, 2001). Her clients include a variety of nonprofits and foundations across the country.

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## Conversations with Donors: Unraveling the Mysteries and Revealing the Magic

### I. Understanding the Donor and the Value of Gift Planning

Gift planning has never been more important to churches or to donors. In an unpredictable economic environment, gift planning provides tools to help donors give more effectively, and give in a way that addresses both personal and charitable goals.

#### A. The Challenges in the Investment Markets

Donors are reeling from the unprecedented movement of the financial markets. These economic pressures also impact charities, whether in endowment returns, enrollment, recruiting, and basic budgeting. Before having conversations with donors, it's important to step back and look at the challenges in the investment markets.

#### 1. The Current Tumultuous Markets

**TABLE 1-A  
MAJOR INDEX RETURNS 1999 – 2008**

Index	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Stocks</b>										
DJIA	25.22%	-6.18%	-7.10%	-16.76%	25.32%	3.15%	-.61%	16.29%	6.4%	-33.8%
S&P 500	19.53%	-10.14%	-13.09%	-23.37%	26.38%	8.99%	3.00%	13.62%	3.5%	-38.5%
NASDAQ	85.50%	-39.29%	-21.05%	-31.53%	50.01%	8.59%	1.37%	9.52%	9.8%	-40.5%
DJ World (excluding US)	31.54%	-17.36%	-21.02%	-15.63%	38.58%	19.23%	14.40%	23.01%	11.8%	-46%
<b>Bonds</b>										
Long Treasury Bond*	-15.13%	20.11%	3.50%	14.62%	1.38%	5.06%	2.7%	1.85%	10.12%	20.64%
Municipal – Tax Free	-6.34%	17.10%	4.50%	10.73%	2.54%	5.45%	3.9%	4.4%	4.18%	.54%
Corporate – Investment Grade	-1.89%	9.10%	10.70%	10.17%	8.31%	5.41%	2.00%	4.3%	4.56%	-6.54%
Corporate – High Yield	2.51%	-5.10%	4.50%	-1.89%	27.23%	10.76%	2.70%	10.7%	2.57%	-25.23%

**TABLE 1-B  
DOW JONES HIGH AND LOW IN LAST TWO YEARS**

Dow Jones High	October 9, 2007	14,164.53
Dow Jones Low	March 9, 2009	6,547.05
Change in Value Over 17 Months		-53.78%
Recent Level	December 24, 2009	10,520.10
Change in Value from March 9 to December 24, 2009		+60.68%

## 2. Interest Rates

As interest rates decline, the interest paid on bonds, certificates of deposit, checking accounts and other fixed income instruments that seniors and retired donors rely on for living expenses also decline. For a look at how those rates have fluctuated over the last decade, see Table 2. On December 16, 2008 the Federal Reserve reduced the Fed funds rate to .25%.

**TABLE 2  
PRIME RATES, QUARTERLY, 1998 – 2009**

Prime Rate												
Month/Day	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Jan 1	8.50%	7.75%	8.50%	9.50%	4.75%	4.25%	4.00%	5.25%	7.25%	8.25%	7.25%	3.25%
Feb 1	8.50%	7.75%	8.50%	8.50%	4.75%	4.25%	4.00%	5.25%	7.50%	8.25%	6.00%	3.25%
Mar 1	8.50%	7.75%	8.75%	8.50%	4.75%	4.25%	4.00%	5.50%	7.50%	8.25%	6.0%	3.25%
Apr 1	8.50%	7.75%	9.00%	8.00%	4.75%	4.25%	4.00%	5.75%	7.75%	8.25%	5.25%	3.25%
May 1	8.50%	7.75%	9.00%	7.50%	4.75%	4.25%	4.00%	5.75%	7.75%	8.25%	5.00%	3.25%
Jun 1	8.50%	7.75%	9.50%	7.00%	4.75%	4.25%	4.00%	6.00%	8.00%	8.25%	5.00%	3.25%
Jul 1	8.50%	8.00%	9.50%	6.75%	4.75%	4.00%	4.25%	6.25%	8.25%	8.25%	5.00%	3.25%
Aug 1	8.50%	8.00%	9.50%	6.75%	4.75%	4.00%	4.25%	6.25%	8.25%	8.25%	5.00%	3.25%
Sep 1	8.50%	8.25%	9.50%	6.50%	4.75%	4.00%	4.50%	6.50%	8.25%	8.25%	5.00%	3.25%
Oct 1	8.25%	8.25%	9.50%	6.00%	4.75%	4.00%	4.75%	6.75%	8.25%	7.75%	5.00%	3.25%
Nov 1	8.00%	8.25%	9.50%	5.50%	4.75%	4.00%	4.75%	7.00%	8.25%	7.50%	4.00%	3.25%
Dec 1	7.75%	8.50%	9.50%	5.00%	4.25%	4.00%	5.00%	7.00%	8.25%	7.50%	4.00%	3.25%

## 3. Retirement Needs

- An increasing number of Americans are retiring, making them dependent on personal investments, retirement plans, and pensions for survival. There are 21.1 million men age 50 and older in the workforce (2005-2010); of those 4.5 million (21.3%) are projected to exit the workforce over that period. There are

18.1 million women in the workforce (2005-2010); 4.2 million (23.2% are projected to exit during that period.<sup>1</sup>

- “10 million people, including 1.3 million persons aged 55 and older, were unemployed in October. Unemployment rates rose for all age groups. For various reasons, including the fact that unemployed older workers often drop out of the labor force and are thus not counted as unemployed, the unemployment rate for older persons tends to be lower than that for younger people. This remained the case in October (Figure 1). The October unemployment rate for the aged 55 and older labor force stood at 4.5 percent. It was 5.5 percent for those aged 25–54 and 6.5 percent for the labor force as a whole.”<sup>2</sup>
- According to a 2008 analysis of CPS data, "among both men and women aged 70 and older, rates of employment rose slightly between 1990 and 2008. In March 2008, 14% of men aged 70 and older were employed, compared with 10% in 1990. Among women aged 70 and older, 8% were employed in March 2008, compared with 5% in March 1990." (p. 5)<sup>3</sup>

#### 4. The Impact of Economic Pressures

Economic pressures are causing donors to rethink retirement, rethink annual budgets, and rethink charitable giving as a part of those budgets.

- The current economic crisis is evoking memories of the Depression and causing donors to hold onto cash.
- The country is now in an acknowledged recession, with increasing unemployment, and major retailers closing or going into bankruptcy on a daily basis.
- Gas prices rose to over \$4/gallon in 2008, and while average prices are now much lower, the fundamentals that drove the increase have not gone away and are driving inflationary fears.

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<sup>1</sup> Bureau of Labor Statistics, 2008 analysis, Table 4, p. 46; Gendell, M. (2008). Older workers: Increasing their labor force participation and hours of work. *Monthly Labor Review*, 131(1), 41-54. Retrieved from <http://www.bls.gov/opub/mlr/2008/01/art3full.pdf>.

<sup>2</sup> Rix, Sara E, "The Employment Picture, October 2008—Mostly Grim News for Older and Younger Workers *Research Report*," AARP Public Policy Institute (November 2008), [http://www.aarp.org/research/economy/trends/fs148\\_employment.html](http://www.aarp.org/research/economy/trends/fs148_employment.html).

<sup>3</sup> Purcell, P. (2008). *Older workers: Employment and retirement trends - September 15, 2008*. Washington, DC: Congressional Research Service. Retrieved from <http://opencrs.cdt.org/document/RL30629>

- The federal debt load is at a historically high point and will undoubtedly increase significantly before the financial crisis is over.<sup>4</sup> States are also struggling to meet state budget goals (as are counties and municipalities).

These factors have not eliminated charitable giving, but simply changed charitable planning focus and strategy. This training is designed to address donor motivation, how to determine that motivation, and charitable planning opportunities representing the best options for charitably inclined donors.

## **B. The Value Added of Gift Planning in Major and Deferred Gifts**

### **1. A Definition of “Gift Planning”**

While “planned giving” has generally referred to deferred gifts in the past, “gift planning” is now the more accepted term and is applicable to both major and deferred gifts. The term is used to describe an engaged conversation with the donor – and generally the donor’s advisors who may be called on to help the donor make the ultimate determination on form, timing, and asset – to explore and determine the gift’s terms and purpose. This planning process requires an understanding of the donor and the donor’s goals, and often a conversation with the donor.

### **2. The Role of Gift Planning and Planned Giving in the Donor’s Relationship with Your Church**

Annual giving, major giving and planned giving have traditionally been approached as separate fund-raising exercises. Churches that have strong annual stewardship programs are often hesitant to introduce deferred giving options because of the concern that the donor will make only one type of gift. Church stewardship officers fear that if a donor has a choice between a major gift (a gift today) and a planned gift (a gift tomorrow) the donor will always defer the choice. The stronger approach is to introduce planned giving as an integral part of the nonprofit development program.

The clearest model of how planned giving relates to an organization's fund raising is found in James M. Greenfield's book *Fund-Raising Fundamentals*.<sup>5</sup> That model reflects a progression of giving based on a donor's relationship with the organization as shown on the fundraising pyramid.

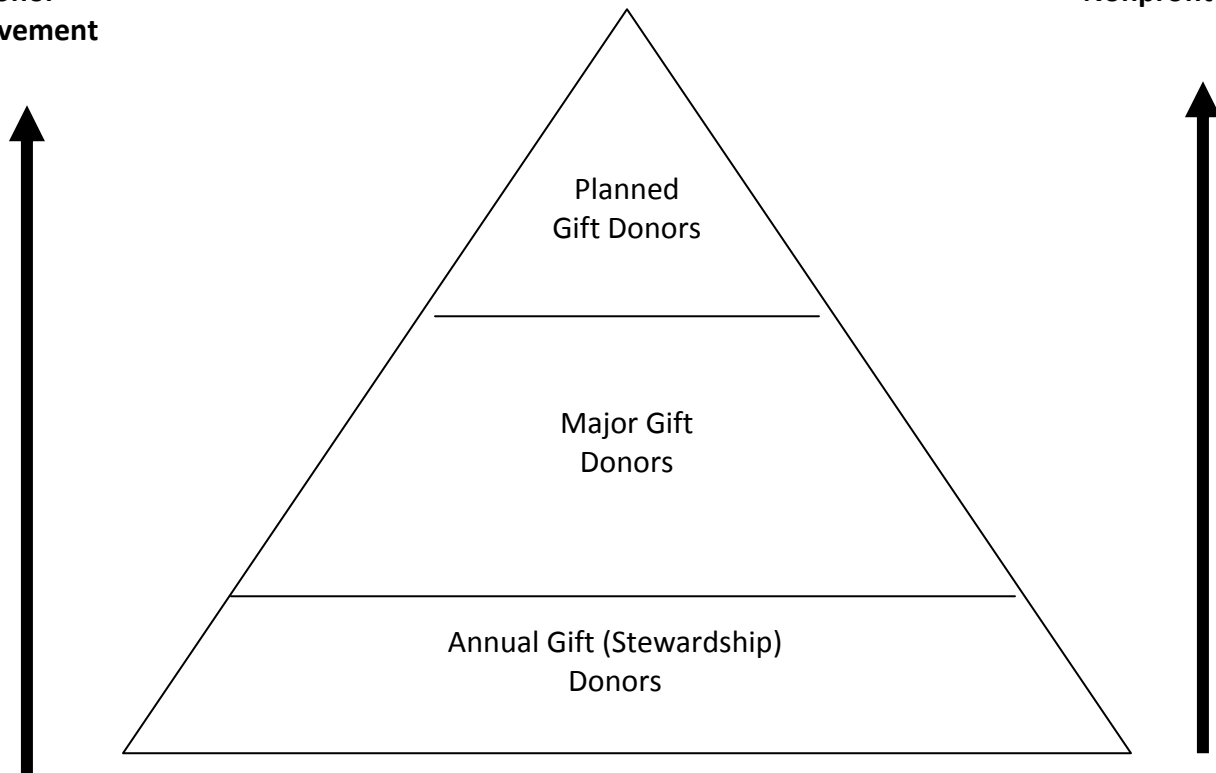
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<sup>4</sup> Congress recently negotiated a 700 trillion bailout of the economic crisis, which will create an even greater debt load, and will likely raise taxes and allocate even more to bailing out the economy and the country.

<sup>5</sup> Greenfield, James M., *Fund-Raising Fundamentals: A Guide to Annual Giving for Professionals and Volunteers* (1994, John Wiley & Sons, Inc.)

**Donor  
Involvement**

**Nonprofit Contact**



While not all annual gift donors have the potential to become major gift donors, all donors have the potential to become planned gift donors. Therefore, encourage and measure consistency in giving and respond to that consistency with personal contact and reinforcement. Work to engage the donor on a more personal level, bringing them into more direct contact with the University, calling them on the telephone, recognizing them for their consistency in giving, and thanking them for their commitment to the future of students.

### **3. Examples of Leveraged Planning**

Effective planning enhances all types of charitable gifts. The process encompasses a simple concept such as using appreciated stock to make an annual contribution to our church to one as complex as funding a charitable remainder trust with closely-held stock that is later redeemed. Gift planning allows the donor to choose the asset that best meets his needs, to use the gift form that best accomplishes her overall estate planning goals, to select the best timing for the gift, and to create a charitable gift that best meets the needs of the nonprofit. This process also allows your church to form closer relationships with its donors and to develop large gifts for endowment or capital expenditures.

The real value of gift planning is having the ability to meet the donor where they are – on their terms, using available assets, maximizing their tax benefits, and combining

their personal and charitable planning goals. Consider these five ideas that leverage planning.

#### *Idea #1: Accelerating Charitable Gifts*

Sometimes the simplest planning concepts generate the most profound results. As the gift and estate tax rates shift under the schedules legislated in the 2001 Tax Act (EGTERRA) and the 2003 Tax Act (JGTRRA), planners must review assumptions made about tax benefits of planned gifts in current estate plans and consider changing the timing – and the form – of those gifts to maximize taxpayer benefits. For example:

- *Accelerate a bequest under will (especially for non-taxable estates) to create a charitable gift annuity that pays income in retirement and creates an income tax deduction.*
- *Accelerate gifts destined for the church that generate no income.* Classic examples include life insurance policies owned by the donor designating the church as the beneficiary, or valuable art collections headed for a museum (especially if the donor is downsizing and is concerned about the ongoing cost of insuring and safeguarding the assets).
- *Accelerate a testamentary gift of a home or farm by making a retained life interest gift.* The donor may want to transfer the home to the church today, retaining the lifetime right to remain in the home, and take a charitable deduction for the remainder interest.

#### *Idea #2: Use Double-Taxed Estate Assets to Make Charitable Gifts*

Double-taxed estate assets are those subject to both income tax and estate tax at death (also called, Income in respect of a decedent or IRD). IRD assets – including IRAs, 403(b) plan assets, TIAA/CREF accounts, savings bonds, untaxed compensation, or any asset on which income tax is due at death – are often avoided by gift planners because of unpleasant tax consequences if transferred during life. In an estate, however, these assets can work magic when used to make charitable gifts.

**TABLE 3**  
**COMPARISON OF \$250,000 RETIREMENT PLAN TRANSFERRED TO FAMILY AND TO 20-YEAR 5% CRUT (ASSUMING \$5,000,000 ESTATE, 35% TAX BRACKET, 15% CAPITAL GAINS BRACKET) DECEMBER 2009 (3.2% CFMR)**

	<i>\$250,000 Bequest of Retirement Plan To Family</i>	<i>\$250,000 Bequest of Retirement Plan To 5%, 20-Year CRUT</i>
Total Estate	\$4,000,000	\$4,000,000
Total Taxes on \$250,000	\$160,625	\$71,336
Effective Tax Rate	64.25%	28.53%
Net Bequest	\$89,375	\$250,000
Net Tax Savings vs. Bequest		\$89,289

*Idea #3: Use a Charitable Gift to Fund Retirement*

Many retired individuals – or those planning for retirement – create charitable gift annuities to generate more income. In this example, Doug and Anita Jones, ages 70 and 71, used a \$25,000 maturing certificate of deposit to create a charitable gift annuity. The certificate of deposit had a renewal rate of 2.5% (\$625); the charitable gift annuity provided a yield of 5.2% (\$1,300). In addition, \$429 of the charitable gift annuity payment is ordinary income, while the remaining \$871 is tax-free return of income. (Calculation made in December 2009, 3.2% CFMR.)

**TABLE 4**  
**CHARITABLE GIFT ANNUITY FOR COUPLE AGES 70, 71**

Contributed amount:	\$25,000.00
Charitable deduction:	\$ 7,481.25
Annuity amount (5.2%):	\$ 1,300.00
Tax-free payments:	\$ 871.00
Ordinary income:	\$ 429.00

*Idea #4: Providing Support for Parents*

An increasing use of charitable remainder trusts and gift annuities is to fund needs of elderly parents. Increasing nursing home costs and health care costs often result in an unanticipated depletion of assets requiring that children fund the cost of lodging and care. Create a charitable remainder trust with an income stream to the parents. This allows a child to receive a charitable deduction for the gift and to provide a stream of income to a parent. Gift tax must be paid (or unified credit used) on the value of the income stream created for the parent. In this example, the children created a \$100,000 6.1% charitable gift annuity for the joint lives of parents, ages 78 and 82 in December 2009.

**TABLE 5**  
**\$100,000 6.9% CHARITABLE GIFT ANNUITY FOR AGES 78 AND 82**

Principal Amount	\$100,000.00
Charitable Deduction	\$ 42,469.00 <sup>6</sup>
Annual Income to parents (6.1%)	\$ 6,100.00
Tax-free portion	\$ 4,459.10
Ordinary income portion	\$ 1,640.90

## II. Reports from the Field: What We Know About Donors

### A. Bank of America's Study of High Net-Worth Philanthropy

The 2006 High Net-Worth Study sponsored by Bank of America focused on the philanthropic profile, motivations, and goals of high net-worth individuals. Surveys were sent to 30,000 high net-worth households, defined as those with incomes of more than \$200,000 and/or assets exceeding \$1 million representing 3.1% of all U. S households responsible for two thirds of U.S. philanthropy.<sup>7</sup> The survey found:

- 98% of high net-worth households made a gift to charity in 2005.<sup>8</sup>
- The top motivations for charitable giving focused primarily on the impact and purpose of the gift. The top nine responses are listed in Table 6.<sup>9</sup> Factors that would motivate additional gifts are detailed in Table 7.<sup>10</sup>

**TABLE 6**  
**IMPORTANT MOTIVATIONS FOR GIVING**

<i>Motivation</i>	<i>Percentage Citing Motivation</i>
Meet critical needs	863%
Giving back to society	82.6%
Reciprocity	81.5%
Bring about a desired impact	685%
Believe nonprofits should provide services government cannot provide	64.4%
Being asked	62.4%
Set an example	62.1%
Identification with causes	62.1%
Religious beliefs	57%

<sup>6</sup> The gift portion is \$57,531.

<sup>7</sup> *Bank of America Study of High Net-Worth Philanthropy*, Initial Report, Center on Philanthropy at Indiana University (October 2006), [http://newsroom.bankofamerica.com/index.php?s=press\\_kit&item=63](http://newsroom.bankofamerica.com/index.php?s=press_kit&item=63).

<sup>8</sup> *Id.*, p 5.

<sup>9</sup> *Id.*, p. 6.

<sup>10</sup> *Id.* p. 7.

**TABLE 7  
FACTORS THAT WOULD PROMPT ADDITIONAL GIFTS**

<i>Factor</i>	<i>Percentage Citing</i>
Charities spent less money on administration	74.8%
Donor was able to determine impact of his/her gift	58.3%
The donor felt more financially secure	52.7%
The donor received a better return on investments	46.6%
Donor was not already financially committed	40.2%
Knew of more nonprofits	36.3%
Able to use skills in nonprofits	36.1%
More access to research	34.7%
Understood goals of nonprofits	31.1%

- The survey group had created both current and deferred charitable gift vehicles as shown in Table 8.<sup>11</sup> (Note: this does not include outright gifts to charity annual appeals for operating funds.)

**TABLE 8  
TYPES OF CHARITBLE GIFT VEHICLES USED BY HIGH NET-WORTH DONORS**

<i>Type of Charitable Gift</i>	<i>Percentage Who Have Created This Type of Gift</i>
Contribution to major campaign	64.6%
Provision for charity in will	41.2%
Used stocks or mutual funds to make gift	31.8%
Created foundation	19.5%
Created donor advised fund	15.9%
Used stock of family-owned business to make gift	14.7%
Used non-financial, physical asset to make gift	12.3%
Created a split-interest trust (charitable remainder trust or charitable lead trust)	11.5%
Charity as beneficiary of IRA or retirement plan	10.2%
Charity as beneficiary of life insurance policy	5.7%

<sup>11</sup> *Id.*, p. 7.

## **B. The 2008 High Net-Worth Update**

Bank of America sponsored an update on the high net-worth donor survey that will be published in full in the first quarter of 2009.<sup>12</sup> Several important findings were reported in the Executive Summary of the report posted in early December 2008.<sup>13</sup>

- The three top reasons donors stopped giving to a specific charity included: 1) They “no longer feeling connected to the organization;” 2) they decided to support other causes; and 3) they were being solicited too often.
- In 2006, donors cited nonprofit personnel and peers as the top sources of gift planning advice; in 2008, donors cited professional advisors (accountants, attorneys, and financial wealth advisors) as the top three sources of advice.
- Donors cite the desire to “give back to the community” as the primary motivation for giving; public recognition was of little interest.
- Donors feel the gifts they make have a greater impact on them personally – personal fulfillment – than on the charitable recipients of those gifts.
- Setting an example for children is an important motivation in giving. Donors use family involvement in giving as a way to pass philanthropic values to the next generation; private foundations and donor advised funds often result.
- Parents are the leading source of philanthropic education; religious organizations are the second leading source.
- Donors expect transparency, accountability, and protection of privacy from the charities they support.

## **C. Boston College Social Welfare Institute Projections**

In 1998, researchers at the Boston College Social Welfare Research Institute published a study projecting the intergenerational transfer of wealth expected to occur between 1998 and 2052.<sup>14</sup> That study estimates the transfer will range from a low of \$41 trillion to a high of \$136 trillion, figures substantially higher than the frequently used \$10.4 trillion figure developed in the 1990’s by Robert Avery and Michael Rendall of Cornell.

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<sup>12</sup> Check the Center on Philanthropy’s website, Research, <http://www.philanthropy.iupui.edu/Research/>.

<sup>13</sup> <http://www.philanthropy.iupui.edu/News/2008/pr-HNWPhilanthropy.aspx>.

<sup>14</sup> A summary of the study can be found at <[www.bc.edu/bc\\_org/avp/gsas/swri/](http://www.bc.edu/bc_org/avp/gsas/swri/)> in the article entitled “Millionaires and the Millennium: New Estimates of the Forthcoming Wealth Transfer and the Prospects for a Golden Age of Philanthropy.”

The researchers based the simulation model on certain assumptions that included a baseline for 1998 household wealth of \$32 trillion; a rate of wealth growth ranging from 2% (low estimate) to 4% (high estimate) occurring at a steady rate (no recessions, no high growth years); and assumptions about certain age bands and rates of household savings, spending over savings, and growth in wealth.

Havens and Schervish further projected that charities will benefit heavily from this transfer in an amount ranging from a low of \$6 trillion to a high of \$25 trillion. These projections were based in large part on their findings in reviewing trends in estate tax returns.

In 2003, responding to concerns raised about economic changes that have occurred since 1998, Havens and Schervish published an updated commentary addressing the impact of slower economic growth, the bear markets of 2000-2003, longer life spans, the tendency to exhaust personal assets (leaving less to transfer) when life spans extend, and other issues impacting their earlier work.<sup>15</sup> They concluded that the \$41 trillion estimate was valid and represented the low end of the potential transfer amount.<sup>16</sup>

#### **D. Center on Philanthropy at Indiana University Bequest Study**

The Center on Philanthropy at Indiana University (CPIU) has conducted two recent surveys that provide perspective for donor motivation and bequest giving. Its 2006 study, *Bank of America Study of High Worth Philanthropy* (the High Net-Worth Study),<sup>17</sup> focused on high net-worth giving habits and motivation and is discussed later in this paper. The 2007 study, *Bequest Donors: Demographics and Motivations of Potential and Actual Donors* (the Bequest Study), surveyed 2,279 respondents in Indiana, St. Louis, and Memphis, combining it with data from the 2006 High Net-Worth Study, to identify factors that not only identify potential bequest donors but detail donor motivation. Details of the Bequest Study are provided below. While both studies were conducted by CPIU, the Bequest Study focused on the general population and the High Net-Worth survey focused on donors with assets greater than \$1 million or income of \$200,000 or greater.

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<sup>15</sup> Havens, John J. and Paul G. Schervish, "Why the \$41 Trillion Wealth Transfer Estimate is Still Valid," Planned Giving Design Center (Gift Planner's Digest, January 27, 2003), <[www.pgdc.net](http://www.pgdc.net)>.

<sup>16</sup> *Id.*

<sup>17</sup> "Bank of America Study of High Net-Worth Philanthropy," The Center on Philanthropy at Indiana University (Indianapolis, October 2006), [www.bankofamerica.com](http://www.bankofamerica.com).

## 1. Who Has a Will?

Researchers found only 48.4% of those surveyed had a will, a percentage slightly higher than the 44.4% reported by FindLaw in its 2002 study<sup>18</sup> and the 42% reported in NCPG's 2000 Survey of Donors.<sup>19</sup> These figures are sobering reminders that most individuals do not have a will adding a significant challenge to the solicitation of bequest gifts.

## 2. Demographics of Individuals with Current Bequest Commitments

Overall, 7.5% of the Bequest Study respondents reported a gift to charity under will, slightly lower than the 8% reported in the 2000 NCPG survey and substantially lower than the 41.2% found among the High Net-Worth Study respondents. However, the biggest surprise was the age of the donors who had made bequest commitments. Individuals age 40-50 reported the highest frequency of bequest commitments (28.1%) followed by individuals age 50-60 (21.9%) and age 60-70 (20.6%). By comparison, only 11% of the 70-80-year-old group and 8.9% of the 80 +-year-old groups reported a bequest under will. When the same question was put to the respondents in the High Net-Worth Study group, individuals reporting bequests were more likely to be older, with the greatest concentration in the 50+ age group.<sup>20</sup> Both findings direct gift planners to younger donors than traditionally targeted by bequest programs which generally focus on donors age 65 and older. Results for the Bequest Study and the High Net-Worth Study are reported and compared in Table 9.

**TABLE 9  
BEQUEST COMMITMENTS IN PLACE, BEQUEST STUDY AND HIGH NET-WORTH PHILANTHROPY STUDY**

	<i>Bequest Study (March 2007)<sup>21</sup></i>	<i>High Net-Worth Philanthropy Study (October 2006)<sup>22</sup></i>
30-40	8.9%	1.4%
40-50	28.1%	9.4%
50-60	21.9%	19.3%
60-70	20.6%	27.5%
70-80	11.0%	25.1%
80+	8.9%	17.3%

<sup>18</sup> "Most Americans Still Don't Have a Will," FindLaw (August 19, 2002),

<http://company.findlaw.com/pr/2002/081902.will.html>.

<sup>19</sup> Planned Giving in the United States 2000: A Survey of Donors, National Committee on Planned Giving (Indianapolis: 2000), [www.ncpg.org](http://www.ncpg.org).

<sup>20</sup> Bank of America Study of High Net-Worth Philanthropy, Initial Report, [http://newsroom.bankofamerica.com/index.php?s=press\\_kit&item=63](http://newsroom.bankofamerica.com/index.php?s=press_kit&item=63). This group, which comprises 3.1% of the population, is estimated give 2/3's of all household gifts in the United States.

<sup>21</sup> Bequest Study, Table 3.

<sup>22</sup> Bequest Study, Table 4.

### 3. Individuals Willing To Consider a Bequest Gift

One of the greatest opportunities for charities is the large percentage of the survey group - 31% - who would be willing to consider a bequest. The largest concentrations of these potential bequest donors are ages 40-50 (28%) and 50-60 (24%), as shown in Table 10. The data again suggests bequest marketing and solicitation will be more effective when focused on younger donors.

**TABLE 10  
INDIVIDUALS WHO WOULD CONSIDER NAMING A CHARITY UNDER WILL**

<i>Age Band</i>	<i>Bequest Study</i> <sup>23</sup>	<i>Percentage of Sample</i>
30-40	18%	18.2%
40-50	28%	28.8%
50-60	24%	18.3%
60-70	5%	10.9%
70-80	3%	7.8%
80+	1%	3.7%

### 4. Relationship to Annual Giving

Though it will come as no surprise to seasoned fundraisers, donors who have made a bequest commitment averaged annual charitable gifts of \$4,490, more than double the \$2,043.21 average of donors who did not have a charitable organization in their wills. This result, as shown in Table 11, adds an immediate financial incentive to secure bequest commitments from donors. The gap was smaller between individuals who would consider a gift to charity under will and those who would not, as shown in Table 12.

**TABLE 11  
ANNUAL CHARITABLE GIFTS FROM BEQUEST SURVEY PARTICIPANTS:  
"DO YOU HAVE A BEQUEST TO CHARITY UNDER YOUR WILL?"<sup>24</sup>**

<i>Do you have a bequest to charity under your will?</i>	<i>Average \$\$ to Charity Each Year</i>
Yes	\$4,489.93
No	\$2,043.21

<sup>23</sup> Bequest Study, Table 5.

<sup>24</sup> Bequest Study, Figure 3.

**TABLE 12**  
**ANNUAL CHARITABLE GIFTS FROM BEQUEST SURVEY PARTICIPANTS:**  
**“WOULD YOU CONSIDER A BEQUEST TO CHARITY UNDER YOUR WILL?”<sup>25</sup>**

<i>Would you consider a bequest to charity under your will?</i>	<i>Average \$\$ to Charity Each Year</i>
Yes	\$2,526.03
No	\$2,003.52

### 5. The Impact of Income on Bequest Potential

Finally, the study analyzed the likelihood of a bequest inclusion or bequest consideration by income level. The researchers found bequest giving – and the potential for new bequests – was strong across all income levels, a powerful reminder bequest giving is not exclusive to major gift donors or driven by taxes alone. Table 13 reflects incidences of bequest intentions, and the potential for bequest creation among five income levels.

**TABLE 13**  
**BEQUEST INTENTIONS AND POTENTIAL FOR BEQUESTS AMONG VARIOUS INCOME LEVELS<sup>26</sup>**

	<i>&gt;\$25,000</i>	<i>\$25,000 - \$49,999</i>	<i>\$50,000 - \$74,999</i>	<i>\$75,000 - \$99,999</i>	<i>\$100,000+</i>
Bequest in place	6.6%	7%	7.6%	6.5%	10%
Would consider bequest	28.4%	34.6%	28.8%	25.99%	35.63%

### III. How to Identify the Best Prospects

#### A. Avoiding the Pitfalls

The three biggest mistakes fundraisers can make in identifying major and planned gift prospects are these:

- 1) *Chasing the individuals with publicized high net-worth.* We are often as guilty of this in the church as in any non-religious organization. These individuals may be earmarked because “everyone knows” they are wealthy perhaps because they’re on the front page of the paper as the largest stockholder in a local company, or come from a wealthy family. Having wealthy does not predispose someone to giving that wealth to the church. And if they are highly publicized, there is likely a long line around the block of individuals trying to get that money.

<sup>25</sup> *Id.*

<sup>26</sup> Bequest Study, Figure 6.

- 2) *Focusing all your attention on individuals who have made the “big gifts” to your church.* First, your church relies on this small, inner circle to make the big contributions. More and more often I’m finding donors who make a substantial contribution during life, may make a lesser contribution through their estate.
- 3) *Assuming donors who make small gifts are not capable of making larger or estate gifts.* Look at the history of bequest gifts received to date, and you will find many generous gifts from unexpected, smaller donors. These may be donors who would have made larger contributions during life if they had had a closer relationship with your church or its ministries.

## **B. Points of Contact**

Donors have more than 1 million choices in charities they might support, without taking into consideration the 300,000 or more religious organizations that are not counted in that number. Donors narrow the field and give where they feel the most connected and have the greatest interest. Often, that interest is kindled as a result of participation or connection.

The closer they are connected to your church, the more likely they are to be involved, to be long-term donors. This connection can take many forms:

- *The church has members who are in attendance most Sundays.* These individuals have a strong faith, and a commitment to worship.
- *Most churches have community ministries or projects.* Some members of the congregation may be more involved in volunteer activities through the church than worship services.
- *Churches sponsor Christian education activities on Sunday mornings and Bible Studies during the week.* Regular participants in these meetings are prospects.
- *Of course, there is also the congregational membership.* Most of the categories above are subsets of the membership, which will vary in its level of participation in worship and activities of the church. Watch for a lack of philanthropic awareness that sometimes occurs with membership - there are many among this group that do not perceive the church in the same way they do other charitable entities.

### **C. Identifying Opportunities**

Once you have thought about the basic ways your congregation connects, use these screens to identify those individuals you should talk with first. Those who are most active in church life are generally in a better position to talk with you about the impact of the church in their faith, their lives, and their communities.

- *Giving history.* Giving history is the most compelling indicator of planned gift potential. Start with donors with a 5+ year giving history at any gift level. If that list is too long, move to the 7+-year list or the 10+-year list. It is the number of years of giving – the commitment and consistency – rather than the dollar amount that is most compelling.
- *Church session, Foundation board, and other leadership roles.* Individuals who serve in leadership roles in the church have a much higher interest and more knowledge of the impact of church life. While current leaders are most connected, do not overlook the opportunity to engage past board members who may have drifted away.
- *Families with multiple generations of members.* Another solid connection is identification of families with multi-generational connections with your church.
- *Families with children active in the church.* Families with children who actively participate in choir, Wednesday night activities, church school, or other activities have a unique perspective on the importance of the church in the formative years of their children.
- *Individuals who are active members of community outreach activities have their own perspectives on the role of the church in the community* and may be especially interested in long-term gifts.

### **IV. Talking to Donors about Significant Gifts**

The conversations about major and planned gifts are different in intent and timing. The major gift goal is immediate while the planned gift goal is deferred. They share one critical aspect in common – both are more successful if you have a relationship with the donor and are in conversation with the donor. This conversation is not driven by your goal or your church's needs. Rather, the conversation is about the donor – the donor's charitable vision and charitable goals.

## **A. Research Before You Go – Find Out Everything**

Since the call is about the donor, research the donor before you go using your church's records, paper files, Google, and research available through your research area (charities supported by the donor, assets, etc.). Your knowledge base should include:

1. Giving history
2. Capital campaign giving history
3. Planned gift commitment (type, amount, purpose)
4. Church leadership roles
5. Family history with the church
6. Specific interests or personal goals
7. Information from public sources about the prospect's history, family and business. (Use archives - newspapers, eyes, ears and the Internet.)
8. Information about the prospect's philanthropic history. What do you know about the organizations that the individual supports through volunteer work or contributions?

## **B. Use a Worksheet**

You will have gaps in your knowledge of the donor whether it relates to leadership roles they've filled in the church, to date of birth, to information about the donor's family. To prepare for the call, create a worksheet with the questions you want to get answered so that you can remember them all.

## **C. The Purpose of the Call**

In some respects, calls to engage donors in discussions about major or planned gifts are different in the church than for other charities. This is because the center of the discussion about church giving is his or her faith and commitment to God. While this faith may drive giving to other organizations in the community, churches have not consistently had these conversations with donors in the context of that faith.

One of the purposes of the call, therefore, is to open the door and engage the donor in a discussion and consideration of the many ways they might follow their faith through their estates.

### **1. The Magic Questions**

The following questions are comfortable, easy, and open-ended and designed to get the donor engaged in the conversation, make them comfortable, and to learn more about them personally.

- 1) *When did you first become a member of the church?* Extension of this question might include:
  - How were you led to our church?
  - Do you have family members who are a part of the congregation?
  - Did you grow up in the Presbyterian church?
- 2) *Tell me about your life in the church. How are you involved, and how has that changed over the years you have been a member? What aspect of church life is most meaningful to you and to your faith?*
- 3) *I know that you are active in many organizations in the community. Which charities are your priorities? Where do you volunteer?*
- 4) *What are the church's greatest challenges over the next five to ten years? What are the opportunities we have to serve the community?*
- 5) *Will you consider a gift through your estate to address those challenges (or to support the ongoing work of the church)?* This is the closer and the way you take their faith, their greatest interests, and their concerns, and ask them to engage with the church as a good steward of the funds entrusted to them by God.

## **2. Identifying Interests and Objectives**

Once the donor has expressed an interest in a specific area, or concerns about possible hurdles or barriers to success, you then have the opportunity to share specific projects and funding opportunities that fit those goals. Knowing the donor has a specific interest in the area gives you a much stronger platform. And having projects that fit those specific donor interests allow you to match your objectives with the donors. Both of you are ready for the conversation at that point.

## **V. Listening for Opportunities**

Planned gifts take longer to materialize than outright cash gifts. There is often less perception of urgency, and the idea may percolate for a while before taking root. I recommend the use of prompts such as the buck slips, which are great leave behinds for a call.

### **A. The Donor is Tight on Cash**

#### **1. What You Might Hear**

- My CD income has been cut dramatically. I'd like to make a gift, but I don't have the resources.

- I've got 3 children in college. My cash flow just doesn't allow me to make a gift at this time.
- I'm holding cash, waiting to get back into the investment market. I can't really make a significant gift until I've taken care of my personal investments.

**2. What You Might Leave Behind:<sup>27</sup>**  
**“Make a Gift with Non-Cash Assets”**  
**“Make a Gift Without Writing a Check”**

Sometimes writing a check is not the most cost-effective way to make a gift. When making a gift, always consider all your options. Look for assets that may have long-term capital gain (allowing you to receive a charitable deduction and avoid capital gain on the gift asset), are no longer used (a collection, a vacation home), or generate expenses (real estate, art requiring storage and insurance). Common non-cash options include the following:

- Publicly traded stock
- Non-publicly traded stock (family business, local bank, and similar interests)
- Real estate
- Tangible personal property (cars, boats, antique furniture, equipment)
- Valuable art, jewelry, coin, or other collections
- Life insurance policy
- Patents, royalties, and other intellectual property interests

**B. The Benefits of Gifts of Appreciated Assets**

**1. What You Might Hear**

- I don't itemize my deductions, so I don't get a charitable income tax deduction.
- I have stock I've owned for over 30 years. It's doubled many times over the years.
- I have appreciated stock, but I hate to sell it and pay the capital gains tax, even with the lower 15 percent rates.

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<sup>27</sup> See Appendix A for samples.

**2. What You Might Leave Behind:  
“Using Publicly Traded Stock to Make a Gift”  
“Using Your Home to Make a Gift”**

Gifts of appreciated assets generate two tax benefits: the donor receives a charitable income tax deduction for the market value of the gift, and avoids the capital gain on the asset’s appreciation. One of the most common appreciated asset gifts is publicly traded stock. Here are five ways to use that stock to make an impact.

- i. Make an outright gift of shares of stock to our church.
- ii. Make a gift of stock to our church in exchange for a charitable gift annuity paying you a fixed annuity for life.
- iii. Make a gift of stock to a charitable remainder annuity trust (paying you a fixed amount of income) or charitable remainder unitrust (paying you a variable amount of income) with the remainder to our church.
- iv. Make an outright gift of specific shares of stock to our church under your will.

**C. They’d Like to Make a Gift, But They Need Income**

**1. What You’ll Hear**

- I’d like to make a gift, but I’m worried about taking care of my parents.
- I’d like to make a gift, but I’ve got to put children through college. Financially, that’s very challenging.
- I’d like to make a gift, but our assets were eroded in the stock market. I’m concerned we won’t have enough income in retirement.
- I’m selling my business in the next year. Let me talk to you after I’ve finished that process and know what I can do.
- I just received a farm from my parent’s estate. I probably need to sell or dispose of that in some way. Let me get back to you when I have some time (or when I sell the property).

**2. What You Might Leave Behind:  
“Create a Gift That Pays Income”**

- *Charitable gift annuities* – make a gift and receive an income for life. These gifts can provide income to one or two persons. Rates are determined by the annuitants’ ages at the date of the gift.

- *Charitable remainder trusts* – make a gift and receive a fixed annuity, or a fixed percentage of the trust assets, for life. These gifts can benefit one or more individuals. Rates are determined by the donor within broad guidelines established by the IRS. (Again, perhaps a term trust making payments to a child is an option for parents.)

#### **D. Making a Future Gift**

##### **1. What You Might Hear**

- I would love to create an endowment to honor my sister, but I might need the assets in retirement.
- My retirement plan has grown faster than I’ve been able to withdraw annual distributions! It will make a great gift for my children.
- I’m worried about taking care of my parents in the event something happened to me during their lives.
- My parents are the current beneficiaries of my life insurance policies.

##### **2. What You Might Leave Behind: “Impact the Next Generation Through Your Will”**

- *Bequest* – A bequest allows you to make a gift through your estate, but retain the assets (and the income from those assets) during your life. Through a bequest, any donor can make a significant impact on our church and its programs.
- *Beneficiary Designation of Life Insurance* – Name our church as your primary or secondary insurance beneficiary. This is an easy way to make a gift, allowing you use of the policy’s cash value during life, if needed, and leaving a significant gift to the University.
- *Beneficiary Designation of Retirement Plan* – Name our church as the primary or secondary beneficiary of your retirement plan. Retirement plans are subject to two taxes at death – estate taxes and income taxes. This is the most cost effective way to make a deferred gift to the University, allowing you to pass less taxed assets to family members and heirs.

## **E. The Donor Needs to Engage in Planning**

### **1. What You Might Hear**

- I've got a will. My wife and I both executed wills when the children were born.
- Our company attorney drafted a will for me several years ago. He said it was best to keep things simple.
- I asked my real estate attorney about a will, but he told me planning was complicated. He couldn't help me, but I really didn't have anyone else to turn to.
- I don't need an estate plan. My wife and I own everything jointly with right of survivorship.
- I understand it costs a lot to get a will. I'll go on line and see if I can find a simple form when I have a chance.

### **2. What You Might Leave: A Planning Checklist "Impact the Next generation Through Your Will"**

Planning is a continuous process. The donor should review his plans on at least an annual basis, or when important changes occur. Consider a few of the most common change scenarios. These signal the need for the donor to engage in planning, and may also signal gift opportunities.

#### ✓ Change in Assets

- Purchase of a major asset
- Sale of a major asset
- Loss of significant amounts in asset value in the financial markets
- Gained significant amounts in asset value in the financial markets
- Inherited assets
- Sale of family business

#### ✓ Change in Income Level

- Got a new job
- Lost a job (or two jobs in double income families)
- Interest rates (and your income) decline significantly
- Interest rates (and your income) increase significantly

- Illness, disability causes increase in expenses
- ✓ Change in Work Status
  - Key wage earner retires
  - Key wage earner is disabled
  - Job change
- ✓ Change in Family Status
  - Marriage
  - Divorce
  - Children born
  - Child marries
  - Child disabled
  - Grandchildren born
  - Death of immediate family member

## **F. A Gift of Retirement Assets**

### **1. What You Might Hear**

- I'm saving my retirement plan for my children. It's grown so fast it's hard to believe.
- To be honest, my largest asset is my retirement plan. Of course, that passes to my wife at my death so she'll have the income.
- It doesn't look like I'll pay any estate taxes at death. I'll leave something for your church under my will, but I'll need to take care of my family first.

### **2. What You Might Leave: How to Use Your Retirement Plan to Make a Gift**

Retirement plan assets make great gifts for church because they are subject to two taxes: estate tax and income tax. If you plan to make a gift to our church through your estate plan, you may want to consider using retirement assets (highly taxed) and leaving other estate assets to family. Consider these easy ways to use your retirement plan to make a gift.

- Name our church as the beneficiary of all or a portion of your IRA or qualified retirement plan.

- Name our church as the beneficiary of all or a portion of your IRA to create charitable gift annuity for spouse or family member.
- Create a charitable remainder trust benefiting spouse or family members and name that trust as the beneficiary of all or a portion of retirement proceeds.

#### **G. Other Opportunities – Major Financial Events**

Identify and nurture the donor’s vision, but understand that “today” may not be the right time to execute the plan. However, remind the donor there will be opportunities and to come talk with you (or their advisor) to maximize those opportunities. These include:

- Selling a business
- Reducing concentrations in a stock portfolio
- Selling a home
- Retiring and converting assets
- Receiving an inheritance

#### **H. Push Backs Due to the Economy**

“The economy is so uncertain right now – I’m not making any decisions or distributions until things stabilize.”

Your responses:

- This is an extremely difficult time for many families at all income levels – we’ve seen a significant increase in the demand for financial support, research dollars, recruitment funds, etc. (get some statistics).
- Your gift could not have any greater impact than this year when the need is so great.

“All my stocks have losses. I’m worried about having enough income in retirement.”

Your responses:

- You may want to talk to your financial advisor about selling some stocks with losses to offset any gains you’ve taken earlier this year.

- Have you considered making your gift by creating a charitable gift annuity that pays you a fixed annuity stream based on your age for life (or for you and your spouse for life), generates a charitable income tax deduction for the portion representing the charitable benefit, and creates a significant gift for our church. I'll be happy to run an illustration of the annuity stream and benefits for you.

"I don't have any stocks with gains anymore. I'm worried about where the market is going – I don't feel I can really afford to make a gift."

Your responses:

- Even though your stocks have lost much of the gain they may have once have, there is still a great advantage to you to use long-term appreciated stock to do your giving because you not only receive a charitable deduction for the market value of the gift, but you also avoid capital gains on the long-term appreciation.
- You can then repurchase the stock at that market value and limit tax on future gains (over the original purchase price).

"I'm worried about taking care of my parents – I can't really make any major financial distributions until I'm sure they're alright."

Your responses:

- You're not imagining that life expectancy is increasing – which is a good thing when it involves our parents. But that does mean that people – including our parents – may be outliving their resources.
- Rather than reverse estate planning – transferring assets to parents – consider creating a charitable gift annuity for their benefit to supplement income.
- The arrangement has several benefits:

- It provides you with a charitable income tax deduction for the charitable portion of the gift.
- It generates a stream of revenue for your parents – much of which is tax-free.
- The assets themselves are protected from creditors because they're given to our church, which issues the gift annuity.

## I. Overcoming Deferred Gift Objections

“My children are my primary beneficiaries – we’ve left everything to them.”

Your responses:

- Most individuals prioritize family in their wills or estate planning and have specific goals for what they’d like their family members to receive.
- Only after they’ve met specific goals for individual family members do they consider including charities they’ve supported during their lives or other individuals.
- Some individuals who have made regular gifts to charities during their lives allocate a percentage of their estates to church – such as 5% or 10% - so that the amount moves up or down with the size of the estate. For example, a 5% distribution to church from an estate where there are three children would reduce each child’s share by only 1.66%.

You ask the donor whether they’ve included your church in their will or estate plan, and they respond by saying they don’t think that’s possible. What comes next?

Your responses:

- Then I’m glad we have the opportunity to talk. The reason I raised the issue is because you have been such a committed donor and have made such an impact on lives in the community. Because of this commitment, I’d like to ask you to consider including the church as a bequest beneficiary, or perhaps beneficiary of your IRA – which is even easier.

- Your gift will have a significant, ongoing impact on the families and children served by the church, and enable us to continue to build the resources available to the greater community.
- Many of those who are members of our Legacy Society have commitments similar to yours.
- We have an individual on staff who specializes in gift planning – I would be glad to arrange a time for you to sit down with \_\_\_\_\_ to discuss your personal goals – one of her/his specialties is maximizing the value of the gift to the church and to your family through planning.

“I’ve included my university and (favorite charity) under my will, but I didn’t know you needed a bequest gift.”

Your responses:

- Then I’m glad I raised the question. You have been such an important donor to the church – and have already impact many, many lives.
- A gift through your estate will have an ongoing impact, not only to meet needs in economies such as the current one, but also to fund new programs and projects that will improve lives.

## **VIII. Steps Following the Call**

### **A. Before You Leave the Call, Look Ahead**

Before you leave the call, think about how you will follow up. For example:

- The donor may have expressed an interest in a particular program or project. You can follow up by sending more information.
- You may have discussed trends or outcomes. Offer to do some research and provide the donor with the facts.
- The donor may have asked about a program at the church. Check and get back with the donor with contact information or an update.
- The donor may have indicated now was not a good time – he is getting ready to take a trip – but would be willing to talk on return. Be sure to

send the donor a note you will follow up in \_\_\_ months, and set a tickler or calendar item to remind you to call.

- You may have discussed estate planning and offered to send the donor some worksheets or tools.
- The donor may have asked that you provide him with two or three names of recommended attorneys. Be sure to follow up.

## **B. Setting the Pace**

Be sensitive to the donor's response to your visit and inquiries. You'll need to make some subjective decisions (unless the donor has removed the subjectivity by giving you clear instructions.....)

- Determine how actively you need to pursue the donor. Some will take several years of slow cultivation. Others have a clear, present interest and may need to be put on a fast track.
- Determine how focused the donor is, and how clear his or her charitable vision for the church might be. Is the donor still working through options? Or does he or she have a clear charitable interest?
- Are there other factors that may affect the gift planning pipeline? Are the donor's assets primarily in real estate, a depressed market? Does the donor have other financial commitments at present, and if so, when will those be resolved?

## **C. Maintaining the Conversation**

The key to cultivation is patience. Stay in touch actively by making follow up visits, using the telephone, and contacting the donor through letters and e-mails. Stay in touch passively by using newsletters, invitations to events, and electronic newsletters.

## **D. After the Visit**

Record the results and details of your visit in the database so those notes are clear and available for other gift officers.

- Keep notes and record what you've learned on the donor data system.

- If you planted an idea for a planned gift, record that as well and share the results with the planned gift staff.
- Identify a reason to follow-up with the donor. (Identify the opportunity during the call.) It may be an article, news release, upcoming event, lunch with a department head in the donor's field of interest, or tour of a building. Also look for ways the donor might get involved as a volunteer in his field of interest. It may be as advisory board member or as a committee member for a special event.

### **E. Keeping Track of the Results**

Tracking results is the only way to evaluate the effectiveness of your calls. Measure the following:

1. The number of calls on which you had an opportunity to introduce a planned gift idea.
2. The number of follow-up contacts made with the donor – in person, by phone, and by mail (electronic or regular)
3. The number of planned gift commitments that resulted from your suggestion.
4. The consistency and size of the donor's major gift in the years following the planned gift commitment.

### **F. Evaluating the Effectiveness of the Call**

Finally, evaluate the effectiveness of the call. What you learn may help in identifying future prospects, preparing calls, and moving calls to the next level. Think about the following:

- Was the prospect qualified? That is, was the donor a viable, interested, donor engaged with the church?
- Had the prospect been stewarded well before the call, or was the call your church's first visit with the donor? (This may create a case for stronger stewardship policies.)
- Was the donor expecting your visit? That is, did you do a good job of setting up the call and preparing the donor for the purpose of your visit?

- Did you learn anything new on the call? Did you learn what you needed to know? Were you successful in identifying more details about the donor and the donor's interests in the call?
- Would the call have been better if you had met in a different location? If you had met with additional family members? If you had met at a different time of day? For other reasons?

## **IX. Final Thoughts**

While fundraising and stewardship in the church is different from fundraising for secular charities in some respects, the basic principles are the same.

- 1) Good data guides your work in talking with prospective donors.
- 2) Donors who are engaged in the work and life of the church are more likely to make a financial commitment through their estates to the work and life of the church.
- 3) Talking to donors about their life in the church will provide opportunities to ask them to consider stewardship of their assets through a gift to the church.
- 4) The conversation with prospective donors is strengthening – to the donor's faith, to the caller's faith, and in building the church community.
- 5) If you do not ask, the church may not receive the gift.

**APPENDIX A  
QUICK TOOLS FOR DONOR CALLS**

**Idea #1  
MAKE A GIFT WITH NONCASH ASSETS**

**Sometimes the best asset to use to make a gift is not cash. Consider these non-cash options:**

- Publicly traded stock
- Mutual funds
- Privately traded (closely-held) stock
- Paid-up life insurance
- Collectibles (e.g., coin collections, jewelry, art, boats, cars, antiques, other personal property)
- Real estate (e.g., residence, vacation home, rental property, farm land, undeveloped property, commercial property)
- Timber
- Oil and gas interest
- Intellectual property (e.g., patents, trademarks, royalties, copyrights)
- IRA rollovers (for those age 70 ½)

**Idea #2  
MAKE A GIFT WITHOUT WRITING A CHECK**

- Make a gift of long-term, publicly traded stock that has appreciated to our church and receive two tax benefits: charitable income tax deduction and avoidance of capital gains tax.
- Make a gift of publicly traded stock in exchange for a charitable gift annuity which pays you income for life.
- Make a gift of your private company stock to a charitable remainder trust that will produce income for you.
- Gift a gift of a paid-up insurance policy.
- Make an outright gift of real estate (e.g., your home, a vacation home, undeveloped property).
- Convert your home, vacation home, or undeveloped real estate into a gift and annual stream of income using a charitable remainder trust.
- Downsizing? Donate your collectibles – art, stamp collections, or other valuables.

- If you are age 70 ½ or older, transfer a portion of your IRA (\$100,00 maximum) to your church in lieu of, or in addition to, your required minimum distribution.

### **Idea #3**

#### **CREATE A GIFT THAT PAYS YOU INCOME**

- Create a charitable gift annuity for yourself, you and your spouse, or any combination of two individuals.
- Create a charitable gift annuity for an elderly parent to provide supplemental income for life's essentials.
- Create a charitable remainder trust for yourself, your spouse, or any combination of beneficiaries.
- Create a charitable remainder trust that takes care of a disabled family member with special needs.
- Sell your home to our church for a portion of its value (bargain sale) and use the gift portion to create a charitable gift annuity.
- Fund a charitable remainder trust with a portion of your private company stock prior to the company's sale (must be completed prior to a legal obligation to sell), avoiding capital gains on the contributed stock and creating an income for you and/or other family members.

### **Idea #4**

#### **USE PUBLICLY TRADED STOCK TO MAKE A GIFT**

##### Advantages of Giving Stock

Long-term (held more than one year) publicly traded stock that has increased in value over time can be subject to capital gains tax. Donating this stock to your church can help you reduce this tax while making a significant gift to support your church's mission for students.

- Make an outright gift of shares of stock as part of your annual gift.
- Gift a gift of shares of stock to create an endowment.
- Make a gift of stock in exchange for a charitable gift annuity, which pays you fixed income for life.
- Make a gift of stock to a charitable remainder annuity trust (which pays you a fixed amount of income) or charitable remainder unitrust (which pays you a variable amount of income)

- Make an outright gift of specific shares of stock in your will.

**Idea #5**

**IMPACT THE NEXT GENERATION THROUGH YOUR WILL**

- Create your own legacy – make a bequest gift of a specific amount to our church in your will.
- Make a bequest of a percentage of your estate – after taking care of family.
- Create an endowed fund in your family’s name through your will.
- Name our church as beneficiary of all or a portion of your retirement plan.
- Name our church as beneficiary of all or a portion of your life insurance policy.
- Leave a specific asset – such as land, a second home, or publicly traded company stock – to our church under your will.
- Create a charitable remainder trust to provide income for your spouse or loved ones with the remainder going to our church.
- Create a charitable gift annuity for life income while making a significant gift to our church.

**ON THE BACK**

These ideas represent some of the options our gift officers can share with you. Contact our team for more information about how you can create a gift that has a significant impact on students and many benefits for you.

Name:

\_\_\_\_\_

Phone: \_\_\_\_\_

E-mail:

\_\_\_\_\_

This information is general in nature and is not intended as legal or professional advice. Please consult your attorney, accountant or other professional advisor regarding your personal circumstances.

**APPENDIX B  
INDIVIDUAL GOAL SETTING WORKSHEET**

Setting goals for care of family and distribution of funds is important. Use this chart to list your goals, and indicate the dollar figure required to fund those goals.

Priority	Goal	\$\$ Required
	Provide for personal lifestyle.	\$
	Provide for family care and lifestyle.	\$
	Provide for assets for children. Note: determine if that gift should be outright or in trust.	\$
	Provide for assets for grandchildren.	\$
	Provide for elderly parents or family.	\$
	Provide for family members with disabilities or other special medical needs.	\$
	Provide for charities supported during life.	\$
	Provide for the U. S. Government's programs and activities through a gift to the Internal Revenue Service	\$
	Other:	\$
		\$
		\$
		\$
	<b>TOTAL</b>	\$