

Best Practices in Gift Planning and How to Integrate Them
Into All of Your Asks

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Our Agenda

- What is Planned Giving?
- Understanding Why People Give
- How to Get Them to Give
 - It's an Exchange Relationship
 - Good Giving Experience

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- How to Ask For a Gift
 - The I's Have It.
 - Understanding the PAST
- Understanding and Balancing the Donor's Needs Relative to Your Organization's Needs
 - Annual, Capital, and Endowment Gift Timelines
 - The Donor's Basic Planning Considerations
 - ◊ Where they are in their life cycle, and;
 - ◊ Understanding their relationship to your organization

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- A review of the basic methods/tools
 - Wills
 - Trusts
 - Retirement plans
 - life insurance
 - Pledges
- And the more advanced methods/tools
 - remainder interests in homes
 - charitable remainder trusts
 - charitable gift annuities
 - charitable lead trust


And the opportunities and problems for each type of property gift

Our Agenda

- What **Really** works and what doesn't in Planned Giving
- Marketing Planned Giving to Donors, Prospective Donors, and their Advisors
- BONUS!** The top secret formula to planned giving success
- Questions & Answers and A Test!

What is a Planned Gift?


- Any gift given for any amount, for any purpose ... operations, capital expansion, or endowment... whether for current or deferred use, which requires the assistance of a professional staff person, a qualified volunteer, or the donor's advisors to complete. In addition, it includes any gift which is carefully considered by a donor in light of their financial and/or estate plans.



What is a Planned Gift? (cont.)


A way to help donors achieve philanthropic and financial objectives

<ul style="list-style-type: none"> Make a major gift Obtain a charitable income tax deduction Avoid or reduce paying capital gains taxes, currently at a maximum rate of 15% Avoid probate costs, often 2% to 8% of gross estate Reduce estate taxes, currently at 35% (<i>will go to 55% in 2013</i>) 	<ul style="list-style-type: none"> Reduce federal income taxes, currently at 10%, 15%, 25%, 28%, 33% (36%), & 35% (39.6%) Increase current yield from stocks and bonds Plan for retirement and family Provide permanent support to your organization
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What is Planned Giving?

- A creative way to give, using many different types of **assets**.
- A way for donors to make gifts to an organization and potentially receive financial benefits.
- A way for donors to make larger gifts than they thought possible, and for some donors the only way to make a major gift.



The Goal of a Good Gift Planning Program

- Helping a donor give the largest possible appropriate gift that has the most value for a charitable organization at the lowest possible cost to the donor.
- Gifts today and in the future.

Communication Skills Are Critical

- How do you communicate best for your style?
 - Aural
 - Tactile
 - Visual
- Tell a story!

Why People Give (And Why They Don't)

- All charitable contributions are made because:
 - The donor believes your cause has a worthy mission -- it's making a difference by either saving lives or changing lives.
 - The donor believes your institution has a financial need that they can help, either in whole or in part, with their gift.
 - You asked them for their gift.

Giving is An Exchange Relationship

- Describe the benefits, not the features.
- Focus on and present outcomes for the donor and MOWAA.
- "It's not the dining room, it's what goes on in the dining room (...or the home or the assisted living facility)."

How to Ask for A Gift – Engaging People

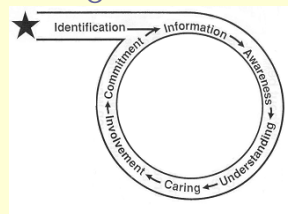
- You Are MOWAA's Personal Representative
- You Know MOWAA's Special Stories
 - People
 - Equipment
 - Space
- You Attend/Visit Five Different Functions/Places With MOWAA Every Year

The Best Cultivation for a Gift is a Good Giving Experience.

- Stewardship is a Responsibility And a Tool:
 - "Thank you for your gift"
 - "We sold you a dream. This is how the dream turned out."
 - "This is how we used your gift."

How to Ask for A Gift -- The Five I's of Fundraising

Identification
 Information (*Intervention*)
 Interest (*Awareness, Understanding & Caring*)
 Involvement (*Volunteering*)
 Investment (*Commitment/Contribution*)



How to Ask for A Gift – Know the PAST

- Right **P**urpose
- Right **A**mount
- Right **S**olicitor
- Right **T**ime
 - Right Place

Understanding Your Target Audience

- Corporations (3-7%)
- Foundations (7-10%)
- **Individuals (85%)**
 - Trustees
 - Friends
 - Clients
 - Faculty / Staff
 - Alumni (Past Clients)

Understand the Different Types of Fund Raising (relevant to your Donor)

- Speculative fund raising
 - focus on asking for gifts
- Campaign/project fund raising
 - Also focused on the process of asking
- Nurturing fund raising
 - focused on building an individual's sense of commitment

Understanding and Balancing the Donor's Needs with Your "Asks"

- Annual Giving
- Special Giving
- Major/Ultimate Giving
 - What is a Major Gift Depends on the Organization
 - Usually for Capital or Endowment
 - Can Involve "Moves Management"
 - ✦ Structured Steps
 - ✦ Relationship Based

Begin the relationship with the mission of your organization uppermost in mind.

- Focus on outcomes for the donor and your institution.
 - Avoid the trap of telling the donor about the various techniques.
 - Just because you find it fascinating doesn't mean they will.
- Charitable Intent and/or Financial Motivation
 - Look a Gift Horse in the Mouth

Four Ways To Give A Planned Gift

1) *Give It Now.* ("Take it. It's Yours")

- Cash
- Appreciated Property (Stock or Real Estate)
 - Bargain Sale
 - Joint Sale
- Personal Property

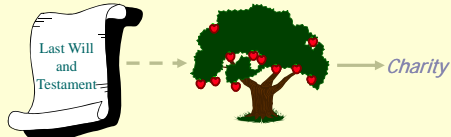
Charity



Four Ways To Give A Planned Gift

2) Give It Later ("You Can Have It Only When I'm Gone")

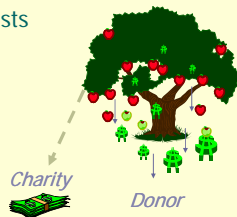
- Outright Gift Given Through Will or Trust (Cash, Appreciated Property, Personal Property, Tax Qualified Retirement Plans)
- Life Insurance
- Gift of Residence with Retained Life Estate



Four Ways To Give A Planned Gift

3) Give Away the Asset but Keep the Income ("I can give it away and get some money back??!!")

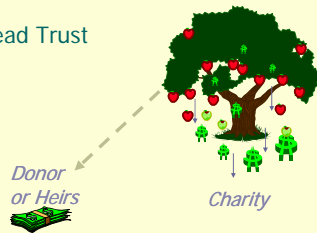
- Charitable Remainder Trusts
- Charitable Gift Annuities
- Deferred Charitable Gift Annuities



Four Ways To Give A Planned Gift

4) Give Away the Income but Keep the Asset ("I can give it away and my kids can get it back??!!")

- The Charitable Lead Trust



What Really Works: Visit Tips & Gift Cues

🔑 Getting in the door

- Be as non-threatening as possible
- Call or write a short note saying you will call on them

🔑 LISTEN for cues

What Really Works: Visit Tips & Gift Cues

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|--|--|
| 🔑 MOWAA is in my will. | 🔑 I don't want to cheat my kids out of their inheritance. |
| 🔑 I'm paying too much in taxes. | 🔑 I can't consider a gift until I sell my company and retire in a few years. |
| 🔑 I can't afford to give up the income I get from my stocks. | 🔑 I'm in the process of selling my company. |
| 🔑 I can't give because I have to take care of my children. | 🔑 We've decided to sell our vacation home; with the kids gone, we don't use it much anymore. |

What Really Works: Visit Tips & Gift Cues

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|--|--|
| 🔑 My investments have done well over the years, but the dividends are low. | 🔑 I bought a piece of property in Scottsdale for retirement, but we've changed our mind. |
| 🔑 I'd like to get a higher yield, but the capital gains would kill me. | 🔑 All we do is pay taxes. |
| 🔑 I'm tired of managing so many apartment buildings. | 🔑 I need all of my assets for retirement. |
| 🔑 I'm tired of being a landlord. | 🔑 My money is tied up in real estate. |

Plan Year-End Promotional Messages (Why Year-end Now – It's August?)

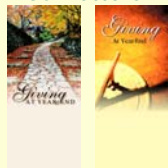
- Because you're going to be busy in October!
- The final months of the year are traditionally the "season of giving" when many peoples' thoughts turn to sharing with others.
- Many individuals receive work-related bonuses at the end of the year and they wait to see how much they will have to give to others.
- Those who own their own businesses often do not know how they fared for the year until the final months.
- Investors often "balance" their portfolios toward the end of the year and find that charitable gifts can be used to offset taxes due on gains they may have realized earlier in the year.
- The deadline for making tax deductible gifts is December 31, another reason many choose to make gifts later in the year.

Pick The Right Time!

- Provide Donors With An Incentive To Give This Year.
- Ask Your Donors To Accelerate Next Year's Gifts Into 2011.
- Begin Promoting Long Term Opportunities For Planned / Deferred Giving.
- The Estate Tax Uncertainty Can Hurt Or It Can Help – Depending On Your Message.

What Should You Do?

- Implement Seasonal Development Activities
- Remind Your Donors.
- Insert Brochures in Thank-You Letters or Existing Newsletters.



BONUS- What Are Your Messages?

- Gifts Of Real Estate
- Reserved Life Estates Are A Viable Gift Too!
- Look A Gift Horse In The Mouth.
 - Due Diligence Is A Must And Requires Time.
 - Allow At Least 45 Days For The Transaction.

Be Ready to React!

- Tax-Wise Charitable Gifts Often Require Advanced Action – So Notify Your Donors And Advisors Accordingly.
- Advise Gift-Processing Staff In Advance.
- Plan Your Time – Don't Over-Budget.

BONUS- Why Forge Relationships With Professional Advisors?

- Their Knowledge
- Mutual Benefits
- Client Relationships

BONUS- Personal Marketing To Professional Advisors

- The number one objective of every development officer and/or board member should be to get in front of the professional advisor.
- Your primary goal is to establish a personal relationship (like donors – it's still a one-to-one business).
- What Do Advisors Want From You (The Ideal PGO)?
 - The ability to convey (sell) the mission of their charity in an easily understood fashion.
 - The PGO is *"first and foremost a goodwill ambassador for their organization."* -- Charles Slamar, Jr., Vice President of the Bank of America Illinois

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Russel A. Kost III, CFRE joined the Desert Research Institute as Vice President for Development in June 2008. As a member of the senior management team at the DRI, he directs the comprehensive fundraising efforts for DRI. Working with the Vice Presidents, Directors, and other senior DRI administrators and the trustees of the DRI Research Foundation, Russ develops and implements fundraising programs that generate private gifts in support of the DRI from local, regional, national and international sources.

Previously, Russ was Associate Vice President for Development and Alumni Relations for the University of Nevada, Las Vegas. During his twenty-three year tenure, he either directly raised or supervised the raising of over \$40 million in outright gifts and \$115 million in deferred and planned gifts for UNLV. As Director of Annual Giving, then Director of Major and Planned Giving, Director of Gift Planning, and Director of Principal Gifts, he established many of UNLV's fund raising programs.

Russ is a past President of the Las Vegas Chapter of the Association of Fundraising Professionals (AFP). He is accredited as a Certified Fund Raising Executive by AFP and was Las Vegas' 1997 Outstanding Professional Fund Raising Executive of the Year. Russ is Past Chair of the Board of Directors for the Council for Advancement and Support of Education (CASE) District VII. He served on the CASE *International Commission on Philanthropy*.

Russ regularly gives his financial support and expertise to many non-profit organizations. He has served as a speaker, trainer, or board member for numerous national and local non-profit organizations, including the John F. Kennedy Center for the Performing Arts, the Boys and Girls Clubs of America, the Colorado, Nevada, and Utah Planned Giving Roundtables, the National Intramural-Recreational Sports Association, numerous CASE District Conferences and the CASE International Assembly. His article "*Marketing to Donors' Professional Advisors*" was published in The Journal of Gift Planning.

Russ is available for consulting and presentations on any aspect of fundraising and planned giving, including: feasibility studies; program establishment plans; marketing plans; and, development audits. He can be reached at (702) 862-5366 or via e-mail: russel.kost@dri.edu

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