

What is Planned Giving?

Why Should We Start A Program Now (and how)?

Russel A. Kost III, CFRE
 Vice President for Development
 Desert Research Institute

What is Planned Giving?

Why Should We Start A Program Now (and how)?

Russel A. Kost III, CFRE
 Vice President for Development
 Desert Research Institute

Our Agenda

- What is Planned Giving?
- Why is Starting a Planned Giving Program So Important?
- Debunking Planned Giving Myths
- The Four Ways to Give a Gift
- The Three Growth Phases in a Planned Giving Program
- Your First Steps in Starting A Planned Giving Program
- Bonus! A Bequest Donor Profile
- Questions & Answers and A Test!

- ## Our Agenda
- What is Planned Giving?
 - Why is Starting a Planned Giving Program So Important?
 - Debunking Planned Giving Myths
 - The Four Ways to Give a Gift
 - The Three Growth Phases in a Planned Giving Program
 - Your First Steps in Starting A Planned Giving Program
 - Bonus! A Bequest Donor Profile
 - 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?
- 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

- 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% (*will go to 55% in 2013*)
- 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

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.

Why Is Starting a Planned Giving Program So Important?

- Gifts that would otherwise be left on the table
 - Increases number of potential donors
 - Allows charity access to larger (major) gifts
- Enhances the mission & builds endowment
- The Opportunity from the *Wealth Transfer*!!
 - 55 year period from 1998 to 2052
 - Range between \$41 trillion and \$136 trillion
 - "A Huge Wave is Still Coming"
- Other charities are asking for these gifts...why not you?

Debunking the Myths About Planned Giving

- Planned giving will compete with our organization's annual fundraising.
- We already have a planned giving program; we encourage bequests and promote life insurance.
- Our organization is too small to have a planned giving program.
- Our nonprofit lacks appropriate staff.
- Planned giving requires a lot of work for focus on a narrow segment of the donor base; it is not worth the effort.
- You need to be a lawyer to understand this planned giving stuff.

Debunking the Myths About Planned Giving

- We need to build a stronger annual fund base.
- Planned giving will diminish the potential of a capital campaign.
- Planned giving is too complicated for our development committee to understand.
- Our donor base is not wealthy.
- Our donor base is too young, and planned giving is only good for donors over age 65.

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



Charity

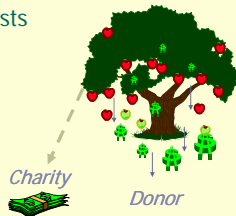
Four Ways To Give A Planned Gift

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

Charity

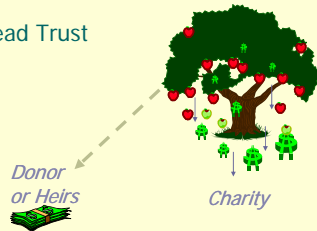
Donor



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



Growth Phases In A Planned Giving Program

Phase 1: *"The Basics"*

- Wills/bequests/trusts – the **best** long term benefit for your program
- Insurance – make your institution owner and/or a primary or contingent beneficiary
- Retirement Plans

Growth Phases In A Planned Giving Program – Cont'd

Phase 2: *"Managing Donors' Money"*

- Charitable gift annuities (CGA)
- Charitable remainder trusts (CRT)
- Retained life estate in residence or farm
- Pooled income funds

Growth Phases In A Planned Giving Program – Cont'd

Phase 3: *"Planning Donors' Gifts"*

- Charitable lead trusts (CLT)
- Wealth replacement trusts

Determining Your Organization's Readiness

Look back to go forward (the informal feasibility study)

- Is your institution established in the community?
 - ❖ Does your board represent a cross-section of your constituency?
 - ❖ Does a well-communicated, future-oriented mission and corresponding statement exist?
 - ❖ Do you have good institutional visibility?
 - ❖ Is the public aware of your institution's activities?
- Do you have a strong annual giving program?

Determining Your Organization's Readiness

the informal feasibility study (cont'd)

- Have you already received bequests?
- Has a survey or research revealed an asset-rich segment of donors?
- Can you manage the workload?
- Is your institution's future guaranteed?
 - ❖ Is it financially well managed and able to administer large gifts?
 - ❖ Do your constituents perceive it as stable?

The Minimum You Must Have. (The Requirements for a Successful Program)

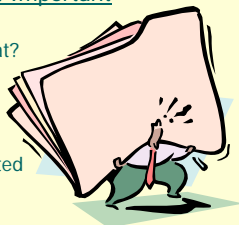
- Executive staff's understanding and approval.
- Board's understanding and approval (their work, wealth, and wisdom).
- Board participation and commitment (give, get, or get out of the way):
 - Initial gifts must come from them.
 - They must solicit/discuss opportunities for the staff.

(The Requirements for a Successful Program)

- Written policies and procedures
 - Board must authorize ability of organization, via resolutions, to solicit, invest, and administer gifts;
 - Types of gifts administered;
 - Who negotiates and accepts gifts;
 - Examine already existing policies and procedures, and adopt/adapt accordingly.

(The Requirements for a Successful Program)

- A Written Plan (the Most Important Part), Defining:
 - Exactly Who Will Do What?
 - When?
 - How?
 - How Much It Will Cost?
 - And What Are the Expected Results?



The Bequest Prospect and/or Donor

- Likes your organization
- Is retired or near retirement age
- Has sufficient wealth to make a bequest
- "... about 70% of Wills that contain charitable dispositions are, on average, executed by a 78-year-old woman some 3.5 years prior to death at the age of 81 or 82." - Robert F. Sharpe, Jr.



Where to start? (7 steps to success)

1. Approval & support from executive staff
2. Increase your technical knowledge:
 - Read
 - Attend/join local professional organizations
 - Identify and establish learning relationships
 - Attend seminars
 - Bring in professional counsel for training sessions with you and your staff

Where to start? (7 steps – cont'd)

3. Obtain approval and support from your board:
 - To explore and advise on benefits and costs of establishing program.
 - To identify prospective planned giving donors
 - To establish program

Where to start? (7 steps – cont'd)

4. Define the types of gifts your institution can or will accept and/or administer
5. Write or acquire appropriate written materials for planning, informational and educational purposes

Where to start? (7 steps – cont'd)

6. Ask for the gift (It's still fund raising -- just do it!)
7. Recognize, acknowledge, and book the gift (thank you, thank you, thank you).

Summary (There's a Test!)

- What is Planned Giving?
- Why Start a Planned Giving Program?
- What are the Four Ways of Giving?
- Questions?
- The Test



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

Russel A. Kost III, CFRE
Vice President for Development
Desert Research Institute
755 E Flamingo Rd, Las Vegas, NV 89119
(702) 862-5366; russel.kost@dri.edu