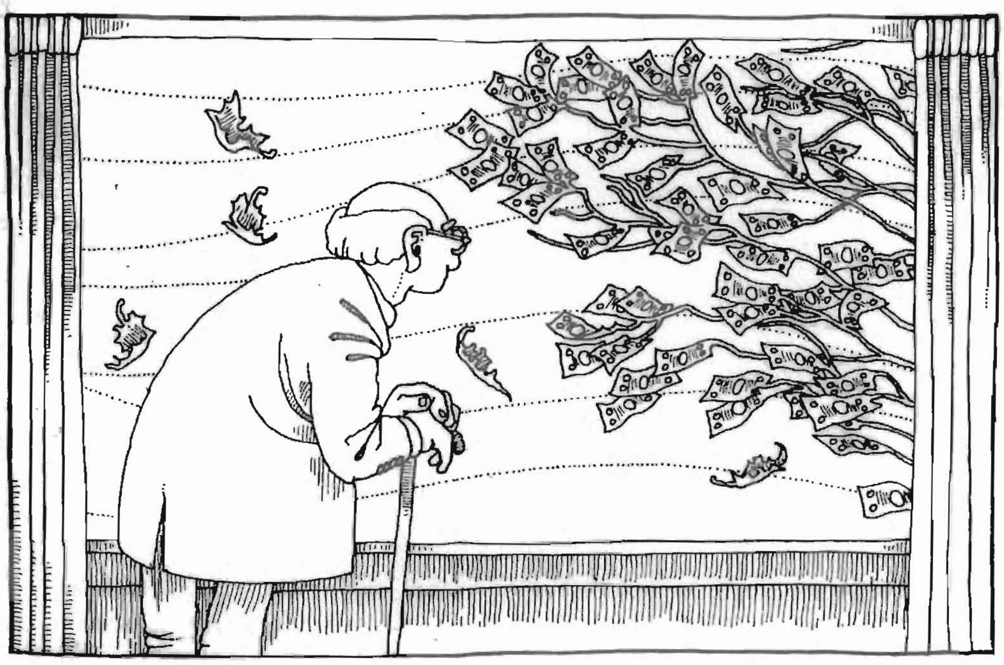
Chapter 12

Beyond the Simple Cash Contribution: Planned Giving

It is easier for a camel to go through the eye of a needle, than for a rich man to enter the kingdom of God.

— St. Matthew, Chapter 19, Verse 24

The growing number of nonprofits and NGOs around the world and the increasing need for their services have created unprecedented interest in innovative revenue generation strategies. In the United States alone, the growth of the nonprofit sector has been dramatic: in 1946, there were 100,000 nonprofits; in 1963, 500,000; and by 1996, there were more than 1,300,000.[1] As a



result, organizations are charting new fundraising directions to underwrite their work; raising money via the Internet and engaging in earned and venture income initiatives are just two examples.

Nonprofits are also turning to a traditional form of fundraising—planned giving—for its potential to generate substantial revenues, for the benefits it provides to both donors and the organization, and for its ability to create support for the present and the future. "Planned giving" is the broad term used to describe the integration of estate, tax, and overall financial planning with philanthropic planning so as to maximize a gift's benefits to the donor, the donor's family, and the recipient charity.

Nonprofits with the resources to launch, or intensify, planned giving programs can use this powerful tool to foster their solvency and cover increased costs while building long-term organizational viability, especially through establishing and increasing endowments, fulfilling long-range plans, and providing a cushion for emergencies. In increasing numbers, donors are now allocating their resources to benefit an organization during, or after, their lifetime through a planned gift.

Pooled income funds; charitable remainder, lead, and income trusts; gift annuities; and gifts of securities, real estate, works of art, and other property are some examples of planned gifts that benefit an organization, and the donor, during a donor's lifetime. Vehicles that take effect after a donor's death include naming an organization as the beneficiary of life insurance, and bequests—the most popular planned giving vehicle. In the most mature planned giving programs in Canada, bequests account for some 80 percent of all planned gifts.[2] The level of bequest giving in the United States in 1999 ($15.61 billion[3]) attests to the impact this one form of planned giving can have on the work of nonprofits.

The Growth of Planned Giving

Although it is not as well known as other fundraising strategies, the number of nonprofits undertaking planned giving programs has increased substantially over the last few decades. In the United States, this increase has been driven by several factors, including the ongoing development of planned giving financial instruments; an increase in the number of planned giving professionals, lawyers, accountants, development officers, and other nonprofit staffers familiar with these vehicles; and the increasing transfer of wealth from one generation to another as the baby boomers gray. At the turn of the century, some $6 to $8 trillion was expected to have passed from the baby boomers' parents to their children, doubling or tripling the number of millionaires in the United States from approximately 1.5 million to as many as 4.5 million.[4] From a strategic point of view, planned giving is a powerful means for nonprofit organizations to tap into a significant share of this transfer.

1. From an address by demographer Judith Nichols to the Ohio Prospect Research Group in 1997.
2. Malcolm Burrows and Ann Rosenfiel, "Bequest-Based Programs: Basic, Boring, and Profitable," *Canadian Fundraiser* (30 October 1996).
3. Ann E. Kaplan, ed., Giving USA: *The Annual Report on Philanthropy for the Year 1999* (New York: American Association of Fund-Raising Counsel).
4. Council on Foundations, *Organized Philanthropy in the United States.* (Washington, D.C.: Council on Foundations).

Planned giving is, however, hardly a new idea. Plato made one of the earliest recorded planned gifts when he left money for his Academy's maintenance after his death. In his will Shakespeare earmarked ten pounds for the poor living in Stratford, England, and Giuseppe Verdi's will specified that royalties from the performance of his operas be used to benefit a home for retired singers and musicians in Milan, Italy. Alfred Nobel's estate endowed the Nobel Prizes, and the provisions of James Smithson's will established The Smithsonian Institution in Washington, D.C. The Kamehameha School for children of Hawaiian descent was established by Princess Bernice Pauahi Bishop, who established a trust to support it. And the David and Lucile Packard Foundation was established by the co-founder of the Hewlett-Packard Corporation, David Packard.

Today, the potential for nonprofits and NGOs the world over to help secure their future through planned giving programs is enormous—and largely untapped. In the United States (population: 285 million) alone, for example, about two million people die every year, and some 60,000 estate tax forms (required for estates in excess of $600,000) are filed with the U.S. federal government. Only 17 percent of these forms list a charitable gift, and 83 percent of the country's wealthiest individuals leave nothing at all to charity.

Further evidence for such optimism can be found in remarks made by Canadian fundraiser Dr. Edward H. Pearce as reported in 1995.

> Most of us now know that a growing proportion of the Canadian population is getting older and living longer, that the smaller nuclear family has resulted in fewer potential beneficiaries, that people 50 or older are in control of 75 percent of all assets, that they hold an estimated $250 billion in real estate, and that an increasing number of people have become cash poor but asset rich as the result of inflation.
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> However, many may not be privy to the findings of the October 1994 Royal Trust Wealth Management Poll, a survey of the top 25% of Canadians by income. According to that research, 45% of respondents indicated that they expected to receive an inheritance. Fully 81% described themselves as middle class, and of those whose assets were over $500,000, 35% still described themselves as middle class.
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> This perception will certainly impact the ways that planned gifts are approached and marketed in the future. The priorities of those surveyed were as follows: 90% would pass on their estate to their heirs; 88% wished to minimize taxes on their estate; and 95% wanted to preserve the value of their assets after retirement. One final finding of note: of the 45% who expected to receive an inheritance, a high percentage indicated that they would consider making a charitable gift.

For organizations with sufficient resources and prospects to launch a planned giving program, the time is right to take a closer look at planned giving for the potentially significant role it can play in their funding mix. Even for nonprofits that are too new to have built the constituencies, resources, and track record to launch such a program, the following discussion will help them prepare for the future.

What Are the Advantages of Raising Money by Planned Giving?

1. A planned giving program sends a strong message to its constituents: "We know that the issues that we are addressing will not totally disappear in our lifetime, so we are creating a planned giving program to make sure that our efforts can continue." Soliciting planned gifts is an important step organizations can take now to create revenues that will secure their future.
2. Provided that expenses are limited to the cost of printed materials, legal counsel, and mailings, an organization's planned giving campaign may be launched with only modest up-front capital. Of course, there are the indirect costs of staff and volunteer time, and the cost of any materials or seminars that you attend to further your own understanding of this area of charitable giving.
3. Undertaking a planned giving program extends the scope of an organization's planning process from years to decades, and sharpens its financial management by forcing it to consider the financial and human resources needed today to create revenues tomorrow.
4. Planned giving can increase an organization's revenues without asking its supporters to give more. At the same time, planned giving provides current donors with an option for giving more without decreasing their income.
5. Planned gifts enable donors to leverage use of their assets and enjoy recognition now for making a gift that, at the moment, need not reduce their assets or income.
6. Planned gifts frequently contribute to an organization's lifeline—funds for operating expenses. As institutional funders increasingly restrict their giving to specific programs, planned gifts—which frequently do not specify a purpose for the funds' use—can provide the vital unrestricted support organizations need for operating expenses.
7. Planned gifts can help an organization create an endowment. For nonprofits that normally cannot divert dollars from paying bills and salaries to build an endowment, planned gifts can provide revenue that can be used for building up an endowment.
8. Knowing that significant funds are committed to an organization in the future assures both individual and institutional funders of its long-term viability.

What Are the Disadvantages of Raising Money by Planned Giving?

1. An organization must commit time and money to raise funds that don't pay next month's bills, or even next year's. Because planned giving usually provides

deferred income to an organization, you are soliciting gifts that cannot be used for your organization's present programs and needs. With wills, life insurance policies, or most charitable remainder trusts, proceeds become available only when the donor dies. You will want to think carefully about allocating time and money to planned giving programs if your organization cannot meet its immediate cash needs.

2. Planned giving can involve large sums of money, substantial personal contributions, lifetime commitments, and serious fiduciary responsibilities. Any nonprofit considering entering this area should, therefore, approach it carefully and methodically, and consult with planned giving experts.

3. Executive directors without experience and training in this area can be justifiably wary of such an undertaking, especially since it may involve an organization's most significant donors. Some may also be uncomfortable in discussing bequests with a donor.

4. Members of your board must be among the first to participate; an organization will find it difficult to secure the participation of others unless its top leaders have chosen to participate.

The Different Kinds of Planned Giving

Laws governing planned giving vary greatly from country to country, and are frequently revised. The discussion that follows describes planned giving vehicles in their generic form for nonprofit organizations in the United States.[5] Further, in the United States the laws of the various states may affect planned giving. Readers are strongly advised to consult an attorney and an accountant who specialize in planned giving before making—or soliciting—a planned gift.

Immediate Funds for the Nonprofit: Outright Gifts of Property

Younger organizations undertaking planned giving programs usually need immediate support, and would do well to solicit gifts of property—such as securities and real estate—that can be easily converted into cash.

Individuals making gifts of appreciated securities to nonprofit organizations receive their full value as a deduction and avoid any capital gains tax resulting from the securities' appreciation.

5. U.S. law qualifies every nonprofit tax-exempt organization whose activities have been designated as charitable by the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code (evidenced by receipt of a "determination" letter of federal tax exemption from the IRS) as potential recipients of any planned gifts. The IRS lists all such organizations in Publication 78, which is available for $35 by writing the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402, or can be accessed on the World Wide Web (updated and corrected quarterly). Of course, a donor may make a contribution to an organization or designate it in a will, regardless of tax status. However, unless the group is designated as charitable, the donor (or his estate) may not receive all tax advantages.

Donors can transfer securities by sending stock certificates or by instructing their broker to transfer them electronically to the nonprofit's account.

Outright gifts of real estate generate benefits for both organization and donor: they are easily converted into cash by the organization; they entitle the donor to a tax deduction in the amount of the sale price; and they permit the donor to avoid paying capital gains tax on the amount the property has appreciated since purchase. This may be especially interesting to a donor who has, for example, lived in a house whose value has appreciated substantially over the long period the owner has resided there. It is also possible to donate a portion of a property, to make the gift in stages, or to make a gift of real estate known as the "part gift/part sale," or "bargain sale." In this case, a donor sells property to an organization for a "bargain price" that is substantially below market value and is credited with a gift in the amount of the difference between the property's market value and the price for which it was sold. The donor can take a deduction for—and avoid paying capital gains tax on—the amount of the transaction considered a gift. However, the portion of the capital gains allocable to the "sale" is taxable. The transfer of real estate is done through a simple deed containing text similar to the following:

> I/we hereby give the property at (insert address or description of property being donated) to (insert name of recipient organization).

Outright gifts can be made of other kinds of property, such as land, automobiles, clothing, furniture, art collections, gas and oil rights, partnership rights—anything an individual might own. The amount of income tax deduction is based on a number of variables, such as the current value of the property, the nature of the property, whether the giver owned it for more than one year ("long-term"), and whether the nonprofit can use the gift for its tax-exempt purposes. It is advisable to conduct (or ask the donor to secure) a Phase One environmental study of any proposed gift of real estate. Also, the charity should calculate the cost of holding real property in the event that it is not readily salable. Gifts of partnership interests should be analyzed for unrelated business income tax issues and potential "phantom income" problems.

Immediate Funds for the Nonprofit: Life Income Gifts

Individuals wishing to make a significant gift without losing income from assets that are donated can make a life income gift. Each type of life income gift has its own special features, but they all share one basic concept: the donor receives satisfaction and recognition for making the gift, yet still receives income from the donated assets. Other benefits to donors of life income gifts include avoiding capital gains tax on transfers of appreciated assets; receiving immediate tax deduction; and possibly enhancing retirement plans and reducing eventual estate taxes.

Annuities and Trusts

Life income gifts commonly take the form of specialized gift annuities and trusts. An *annuity* is a form of investment on which a person receives fixed payments for a lifetime or a certain number of years. A *trust* is a fiduciary arrangement in which property is held and managed by one party for the benefit of another. Gift annuities and trusts are often referred to as "deferred" gifts, since the recipient organization has to wait until the donor's death to use the gift.

In order for the donor to obtain a charitable tax deduction at the time of the gift, whether it is an annuity or a trust, that gift must be irrevocable; once the gift is made, the donor cannot cancel the arrangement at a later date. For this reason, among others, individuals considering such gifts should always be encouraged to consult their legal and financial advisors. Donors making gifts through living trusts or bequests can specify whether the funds are to be used for restricted or unrestricted purposes. Such gifts can be made in the donor's name, or in honor or memory of a family member, friend, or associate. The donor's desires regarding the use and ongoing acknowledgment of the gifts should be clearly spelled out in the establishing documents, and reviewed by legal counsel. Let's review each major type of gift annuity and trust arrangement.

Gift Annuity. Perhaps the most straightforward kind of planned gift is the gift annuity. A donor makes a gift to a nonprofit organization and periodically receives a fixed sum for life as well as a charitable deduction on his or her federal income taxes for a portion of the gift at the time it is made. The assets used to purchase a gift annuity may be in the form of cash, securities, or real or personal property. In exchange, the charity promises to make fixed payments (annuities) to the donor and/or another named person for the duration of his or her life. Usually a portion of the annuity is excluded from the recipient's gross income and is thus tax-free.

The recipient nonprofit is able to use the donated funds after the death of the donor or the last beneficiary. In the meanwhile, it can plan, build, or borrow on the basis of the value of the gift that will be available to it in the future. If the recipient nonprofit prefers not to assume the obligation of making the annuity payments, it can still establish the gift annuity by reinsuring the annuity through a commercial insurance carrier.

"Reinsuring" means that the nonprofit sells the annuity to a commercial insurance carrier, which then takes responsibility for the annuity. The legal obligation is thus transferred. When the nonprofit sells the annuity to an insurance company, the nonprofit then receives in cash a portion of the gift annuity it would have received when the owner died had it chosen not to sell. That portion will, of course, be less than the amount the nonprofit would have ultimately received, but it can be used immediately by the organization.

Charitable gift annuity programs typically are regulated by the state in which the charity is based.

Charitable Remainder Trust. In this arrangement the donor makes a gift in trust to the recipient organization in the form of cash, securities, or real estate. The gift entitles the donor and/or another named person to income for life (or for a stated period of years) and the donor receives a tax deduction for the present value of the remainder portion in the year the gift is made. At the end of the period, the nonprofit may use what is left in the trust—the remainder. Depending on how well the funds have been managed, the amount will be either larger or smaller than the original gift. Contributions of real property are possible, but typically require more complicated planning.

There are two types of charitable remainder trusts: the *unitrust* and the *annuity trust.* Unitrusts provide a fluctuating amount of annual income to the donor or someone else named. The amount is based on annual valuation of the trust and the stated percentage that the trust pays out (at least 5 percent). Annuity trusts provide a fixed amount of yearly income to the donor or

The Gift Annuity Serves Two Purposes: Giving and Receiving

Suppose you are age 75 and want to give $10,000 to the American Cancer Society and receive annual payments of 8.2 percent for as long as you live. Here is a summary of the results:

1. You transfer $10,000 for a gift annuity agreement.
2. You are permitted to deduct over $4,770 as a charitable gift in the year the gift is made. (Note: If this is more than you can deduct in the year of the gift, you can carry over any excess deduction into the five succeeding tax years.) The exact deductible amount may vary from month to month.
3. You will receive $820 each year for as long as you live. When you file your federal income tax each year, you report only $396 for approximately the next 12 years. During that time, $424 of each payment does not have to be reported as income. Afterward, the entire payment is taxable. (Note: The length of time that payments are partially tax-free depends upon your age when the gift annuity is created.)
4. At death, the American Cancer Society's obligation to make the payments ends, yet your gift continues to be used in the work you wished to further.[6]

6. From the American Cancer Society Web site: http://cancersociety.org

person named. The amount is determined at the time of the gift, and may be either a stated percentage or a fixed amount (in either case, at least 5 percent of the original gift amount).

Charitable Lead or Charitable Income Trust. The charitable lead trust can be an important tool in a donor's estate planning, as there are beneficial income, gift, and estate tax implications. There are different kinds of lead trusts that meet the varying tax needs of different individuals. Organizations may use income from charitable lead or charitable income trusts for a specified period of time. What remains after that time reverts to the donor or other person named by the donor; this is the reverse of the charitable remainder trust. In all cases, the remainder of the trust goes to whomever the donor designates. There are various ways to structure charitable lead trusts depending upon the grantor's tax needs and philanthropic and personal desires. It is very important to consult with qualified legal counsel.

Pooled Income Fund. Similar to a mutual fund, a pooled income fund enables individuals to invest their funds with others. However, through a pooled income fund the ultimate beneficiary is a designated nonprofit organization. It works as follows: a donor invests money or property in a pooled income fund established by a nonprofit. The donor designates those individuals who will receive regular interest payments; when all beneficiaries have died, the designated nonprofit receives a charitable tax deduction equal to the calculated present value of what eventually will pass to the nonprofit.

This type of gift creates additional benefits for the donor. Since a nonprofit will benefit from any permanent improvement to the property it receives (such as a new roof), the donor who makes the improvement can declare the portion of the cost allocable to the charity's remainder interest as a charitable deduction. The donor/resident is, however, still responsible for any mortgage on the property, as well as for paying real estate and other taxes on the property while living in it. If the donor chooses to move and relinquish the right to live in that home, the donor can claim an additional tax deduction based, as before, on the property's value and age. This gift also helps a donor avoid the trouble and expense of disposing of the property later.

The nonprofit organization receiving this type of gift benefits not only from eventual possession of the donated property; it is able to carry the present value of its remainder interest as an asset on its balance sheet. A gift of a donor's personal residence, or a portion thereof, is an ideal planned gift to an organization. It can be a simple deed, and there are minimal administrative responsibilities for the nonprofit.

Providing Support Beyond the Donor's Lifetime

Bequests

Individuals may increase their support for an organization during their lifetime by providing for gifts to be made after their death. This is usually done through a will, the legal document that tells how to dispose of what a person owns upon death. The gift itself is known as a *bequest*. A person may give all or part of what he or she owns to a nonprofit organization, a specific dollar amount, a percentage of the entire estate, a gift in trust, or specific items, such as paintings or antiques, a book or stamp collection, or one hundred shares of Company X. It is also possible to give part ownership in an item, such as 50 percent "partial interest" in real estate or in a painting (in which case the nonprofit would hold and use the property for six months of the year). In the United States, charitable gifts made through a will are 100 percent deductible for estate tax purposes, and, by reducing the taxable amount of the estate, reduce estate taxes.

Unlike gift annuities and trusts, which may be irrevocable, bequests are revocable: a donor may change his or her will at any time, removing one organization or adding another. For this reason, an organization must never count income from bequests until it is received. It also should develop a simple stewardship program to continue cultivating donors who have already named the organization in their will.

Gifts by will can be worded as follows: "I give, devise, and bequeath to (insert name of recipient organization) for its general purposes (or for a specific purpose) all (or a fraction or percentage) of the rest, residue, and remainder of my estate, both real or personal."

Life Insurance

A nonprofit may be named as beneficiary of a new or existing life insurance policy, subject to restrictions in some states. The nonprofit may be the first ("primary") beneficiary, or a second, third, or later contingent beneficiary for all or part of the policy's proceeds. Individuals may also

Profile:

Moderate Gifts—Life Estate

Even donors of moderate means can make a substantial and meaningful gift to non-profit organizations using a life estate arrangement. The following is a profile of a donor who came forward and expressed her interest in making a gift to a charitable organization in Northeast Ohio.

Mrs. Smith* attended a gift-motivating seminar which was hosted by the nonprofit organization. Although she did not consider herself a candidate for a planned gift, she approached the organization with her strong desire to make a gift that would perpetuate her concern for the organization and those it served.

Mrs. Smith's Concerns: She was living on a fixed income and was concerned about her investments keeping pace with inflation. She had limited options for her maturing Series E and EE bonds, and she wanted to avoid tax consequences and be able to increase her income. She was also concerned about the disposition of her home, both in life and after death.

Mrs. Smith's assets totaled $465,000. They included $250,000 in government bonds; a home valued at $110,000; an Individual Retirement Account valued at $45,000; $25,000 worth of personal property; and stocks and bonds worth $35,000.

The Solution: Mrs. Smith gifted her home to the charity while retaining the right to live in it for the remainder of her lifetime. Since disposition during life was a concern, the life estate offered various options while she was alive. She could gift her remainder interest to the charity and receive another charitable tax deduction. An alternative would be for the house to be sold and her remainder interest paid in cash or given through a gift annuity. As a result of the gift, she was entitled to a $50,000 charitable income tax deduction that helped offset the gain from the sale of her bonds.

Although Mrs. Smith never believed she had the capacity to make a charitable gift to this organization, she was able to make a gift that satisfied her charitable and philanthropic goals and was a significant and meaningful gift for the organization. In other words, a charitable planning strategy helped solve her personal financial goals.[7]

* Name has been changed to ensure confidentiality

7. Peggy Wallace Bender, "Profile: Moderate Gift – Life Estate," *TRENDS* (Cleveland: Strategies for Planned Giving, Fall 1995).

transfer ownership of life insurance policies to nonprofit organizations and gain income tax deductions. The donor deducts the cost basis in the policy or the policy's replacement value—whichever is less—as charitable contributions for income tax purposes.

Life insurance can be a convenient vehicle for charitable giving simply because an individual may find that the original reason for purchasing their life insurance policy is no longer as pressing. For example, they may have wanted to make financial provisions for children in the event of their premature death, but then decide to make a favorite charity the beneficiary of their life insurance policy when those children are grown and self-supporting.

Deciding Whether To Launch a Planned Giving Program

If you have decided that the advantages of establishing a planned giving program (as they apply specifically to your organization) significantly outweigh the disadvantages, you will still want to answer several questions before embarking on your planned giving campaign.

1. *Will your work be ongoing?* Does your organization plan to be around for the next generation? Do you anticipate that your vision and mission will be as vitally important at the end of the twenty-first century as it is at the beginning? A planned giving program makes sense only if your leadership agrees that the organization and the need for its work are ongoing. If you think that your mission will be accomplished and your vision a reality within ten years, and that you do not plan to develop new ones, then launching a planned giving program is clearly not a wise use of resources.

   For example, if you are a college or a hospital, your mission is unending, and planned giving has a clear place in your fundraising. If you're a public interest advocacy group seeking to stop construction of a nuclear power plant or improve your community's mass transit system, however, you may well fulfill your mission in a matter of years; if you do not plan to address new issues on an ongoing basis, you will probably choose not to undertake a planned giving campaign.

2. *Is your organization solid?* You must be able to demonstrate to prospective donors of planned gifts—and their advisors—that your organization has the following characteristics of a sound institution:

   - An organizational vision sufficiently powerful to attract and justify financial support in the future
   - An active, responsible, publicly acknowledged governing body that supports planned giving both in concept and in fact
   - Sound finances as evidenced by audited financial statements
   - Sufficient staff and access to experts to administer planned gifts

   In short, an organization interested in receiving planned gifts—or any other form of substantial contributions—must demonstrate that it is financially sound, well-managed, and fully capable of administering those gifts, now and in the future. Brand new and recently established groups are not the best candidates for planned giving programs since they have just begun to reach out to the public for support. Individuals are unlikely to respond to solicitations for planned gifts by these organizations. More mature organizations with a strong network of regular donors are likelier candidates.

3. *Do you have prospects for planned giving?* Review your concentric circles exercise (see the end of Chapter 7). Do you currently have donors with the financial ability and loyalty to your organization to make such a commitment? Note that the commitment need not be enormous. Everyone is going to die, and since no one can take very much to whatever awaits, gifts of one's personal possessions usually can be put to good use by a recipient organization.

   Discussing planned gifts with board members and other key supporters is a good way to learn if your organization has enough qualified prospects to launch a planned giving program. In your conversations, remember that you are only raising a trial balloon, and phrase your questions accordingly, e.g., "We are considering an outreach effort to inform people how they could designate our organization as beneficiary in their wills (or as a beneficiary of a life insurance policy). Since you are close to our work and know us, we were hoping that you could tell us what you think about the idea." You will not only obtain some pertinent data, but you will also be laying the groundwork for actual solicitations further down the road.

4. *What kind of experiences have comparable organizations had with planned giving?* Check with nonprofits whose standing and donor base are similar to your own to learn if their experiences with planned giving have netted positive results. Ask about the pitfalls as well.

Organizing a Planned Giving Effort

Despite the legal and financial complexities of planned giving vehicles and administration, the process of soliciting planned gifts is based on the same principles that underlie any other kind of solicitation. In fact, our frequently repeated maxims—"People give to people," and "The more personal, the more effective"—are nowhere more applicable than in the area of soliciting planned gifts. Making a planned gift is a highly personal matter, and personal contact is needed to establish the necessary level of trust.

More people than one would imagine make planned gifts. Older and larger nonprofit institutions such as hospitals and universities have traditionally solicited bequests from major donors; but now individuals from all walks of life are solicited for a variety of planned gifts by organizations both large and small. Nevertheless, for some nonprofit managers, creating a planned giving program represents a real challenge, as it requires an ongoing commitment in an area that demands extensive legal and financial expertise. Fortunately, organizations can be assured that prospective donors will consult their own legal and financial advisors, and planned giving experts can be retained.

Solicitors of planned gifts should not feel uncomfortable in discussing such gifts, as the focus is life—the life of the organization, and the improved lives of those who have been or will be helped by planned gifts. Moreover, the literature and planned giving software libraries are extensive, and the many professional associations of planned givers offer conferences and seminars at

The Royal Ontario Museum Foundation Planned Giving Advisors

It's virtually impossible for even the largest nonprofit organizations to have the specialized expertise they need in-house. But most organizations can enlist the help of attorneys and accountants who specialize in trusts and estates, as well as bank trust officers and financial planners, by convening a planned giving advisors committee. Here is the Description of Responsibilities and the Mandate for the Planned Giving Advisors created by the Royal Ontario Museum (ROM) Foundation:

> Planned Giving Advisors to the Major Gifts and Planned Giving Committee of the ROM Foundation will bring professional expertise to the planned givers, accountants, financial planners, insurance executives, investment counselors, trust and estate officers, and brokers. They will bring invaluable knowledge to the marketing and promotion of planned gifts in support of the Museum. It is anticipated that there will be about ten advisors who will serve the Foundation in this capacity.
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> Specifically, Advisors will:
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> - participate in presentations at seminars on estate and financial planning for Museum members;
> - suggest and/or contribute articles to Museum publications about the tax aspects of giving and about planned giving;
> - promote the Museum and may, at times, have opportunity to refer a potential donor to the professional staff of the Foundation;
> - from time to time be called upon to advise on marketing strategies, to vet articles, marketing materials and prototype planned gift agreements;
> - be called upon to brief Foundation staff on legal, technical or regulatory changes and developments;
> - meet from time to time as a group to discuss issues of common concern and to learn about the programs and activities of the Museum.
>
> Professional staff at the Foundation may refer a potential donor to an Advisor to obtain professional advice. Referrals will be provided at the request of the donor only. Unless at the request of the potential donor, Advisors will not be involved directly in the solicitation of planned gifts.

many levels for nonprofit managers (see the Additional Resources section at the end of this chapter).

Soliciting an organization's first few planned gifts can be simpler than it might seem. Since the vast majority of planned gifts involve bequests (as mentioned earlier, 80 percent of all planned gifts made in Canada are bequests), encouraging donors to include your organization in their will covers at least 80 percent of your market. Bequests can, in fact, be the beginning of a donor's involvement with an organization. If a donor includes an organization in his or her will, it is possible that, with proper stewardship and cultivation, the donor's confidence and commitment will grow and a planned giving plan may develop; the donor may even make cash contributions in addition to the bequest.

The growth of an organization's planned giving program can be compared to building a highway in an area where there is currently little traffic. Almost invariably, the highway attracts traffic; once the structure is in place, activity increases. The same can be true for a planned giving program; once it is announced and a basic structure has been created, activity will increase, and the structure will expand to handle all situations.

A Step-by-Step Guide To Launching a Planned Giving Program

Step 1. Prepare Materials

Many specialized planned giving consultants will readily provide samples of brochures and newsletters that can be personalized with your organization's name or logo. Publishers of these newsletters have access to resources that many nonprofits cannot readily afford. To find the right specialist for your institution, ask for recommendations from fundraisers at institutions similar to yours, or check professional magazines, books, or journals to identify planned giving experts. Respond to direct mail invitations to obtain further information about planned giving publications and seminars.

Additionally, hospitals, colleges, large social service agencies such as the Salvation Army, and religious societies often have planned giving materials available upon request that can guide you in preparing your own promotional material. Finally, the books listed in the Additional Resources section at the end of this chapter provide excellent, in-depth information.

A few words of caution: You are dealing in legal matters, intricate gifts, and large sums of money. If you choose to prepare your own materials, seek the counsel of a tax lawyer and a financial advisor, such as an accountant.

Step 2. Solicit Your Board Members

Just as the general financial support of your board sends an important message to your constituents, so too does the board's participation in your planned giving program. The board's own gifts demonstrate each member's commitment to the concept, thereby setting an example to others; such gifts also make board members' solicitations more effective.

Step 3. Market the Program

Marketing your planned giving program will be most effective if it encompasses two thrusts: a broad outreach to your general constituency, and a more focused effort directed toward a

Planned Parenthood Federation of America

Planned Parenthood distributes six-paneled, color informational brochures on "Giving Through Your Will," "Charitable Remainder Trusts," and the "Planned Parenthood Pooled Income Fund." Each is accompanied by a response form. The organization also periodically publishes an 8½-by-11-inch, four-sided newsletter highlighting individuals and families who have made planned gifts to them. The newsletter also includes a message from the organization's president, some factual information, and a response form. Finally, the newsletter introduces their donors and others to the Heritage Club, which honors individuals who made a commitment to support the Planned Parenthood Federation of America through a bequest or other planned gift.

smaller, more targeted group. Creating a "Legacy Society"—a variation on the gift club concept—gives structure and visibility to your planned giving program.

Nonprofits should include a notice about their planned giving programs in every piece of literature that reaches their members. You might, for example, begin your campaign by simply using your newsletter or annual report to outline the ways in which individuals can earmark planned or deferred gifts to your organization, and invite them to designate your organization in their wills.

For selected individuals, you might consider positioning your organization as a source of planned giving information. Creating and sending out "tax-update newsletters" and brochures addressing such topics as the importance of having a will and how to go about estate planning, for example, may well prompt some of your prospects to explore planned giving. Include a response card with these mailings so that readers can ask for more information and, in the process, change their status from suspect to prospect. You might also hold a series of seminars where planned giving experts discuss such general topics as planned giving, tax law changes, wills, and estate planning. If you do, make sure that the seminars are not thinly disguised group solicitations; people will sense this and attendance is likely to be minimal.

As in a face-to-face solicitation campaign, create a schedule for your planned giving campaign. Decide the specific time of the year to announce the program in your newsletter, annual report, and other promotional materials. Events such as a group's tenth or twenty-fifth anniversary can serve as ideal occasions to launch a planned giving effort. Also decide when you might actually make targeted approaches to prospective participants.

Finally, consider creating a planned giving committee at the board level. Properly constituted, such a committee can give immediate credibility to your program; additionally, committee members can identify, cultivate, and solicit prospective donors among their peers and associates. Members should be expected to make their own planned gifts as a condition of participation.

The Royal Ontario Museum Foundation Planned Giving and Major Gifts Committee

Here is a description of the composition and activities of the Planned Giving and Major Gifts Committee of the Royal Ontario Museum (ROM) Foundation:

> The Planned Giving and Major Gifts Committee is to be chaired by a member of the Board of Directors and to be composed of not less than three members. Its membership will not be limited to directors of the ROM Foundation.
>
> The Planned Giving and Major Gifts Committee will recommend to the Board of Directors policies to facilitate major gift fundraising from charitable foundations and through planned gifts. The Planned Giving and Major Gifts Committee will be involved closely in the development of recognition vehicles for major gifts.

Activities

- to receive information from the Executive Director to formulate policies and strategies in the area of planned giving and major gift fundraising for recommendation to the Board; to monitor the ROM's progress in securing major gifts including planned gifts;
- to develop fundraising targets and financial objectives for the planned giving programme and special appeals to charitable foundations;
- to develop plans for the cultivation of prospective donors;
- to participate in the evaluation of prospective donors to be reserved for solicitation of major gifts including planned gifts;
- to participate in solicitations of major gifts and planned gifts from individuals and charitable foundations for the ROM and its affiliates;
- to plan and recommend policies to the Board in regard to comprehensive campaign efforts for capital and/or endowment purposes.

Step 4. Identify Prospective Donors

The same process of identifying prospects, creating a committee, recruiting solicitors, and undertaking the personal solicitations described in Chapter 11 (Face-to-Face Solicitation) can be applied directly to soliciting planned gifts.

While your donor records and research will surely identify your best prospects, some surprises may come your way. Examples abound of individuals and couples who have led outwardly frugal lives but astonish the world by willing millions to institutions from resources that no one knew existed.

Finally, review your first two inner circles to identify individuals with the financial ability and potential willingness to purchase life insurance policies naming your organization as the beneficiary, or to participate in a pooled fund or any other form of deferred giving.

Step 5. Approach Your Prospects for a Planned Gift

Once your organization is ready to launch a planned giving effort, recruit and train your solicitors, assign prospects, and follow the same procedures outlined in Chapter 11.

While the mention in a newsletter or the enclosure of a brochure in a general mailing may lead people to call your office for more information on planned giving, face-to-face contact is usually vital to persuade donors to sign up. After thanking a caller for making an inquiry, suggest a meeting (at a place and time convenient to the prospect) so that you can explain planned giving and answer any questions.

When you meet, remember to impress upon your prospect your capability as the steward of his or her contribution. To do so, you might mention the name of your legal counsel or the bank that manages your deferred gifts. Additionally, although you want to present the different options thoroughly, it's important not to present yourself as a donor's legal or financial counsel. Suggest that the donor consult a lawyer or accountant if he or she asks such questions as, "Do you think that a contribution of X dollars is more desirable than Y dollars now for tax purposes?" or, "Do you think that I should give 100 shares of X Corporation or 150 shares of Y Company?" Better yet, suggest that you and the donor visit the advisor together. Be careful to avoid implying that you are an attorney, accountant, or financial planner unless you are certified as such. Remember that your goal is to present the opportunity and the details of how a planned gift to your organization might work. Deferred gifts of various kinds have been lost to organizations when disgruntled relatives accused the organization of "undue influence" over the now deceased donor.

Step 6. Follow Up the Gift and Continue Cultivation

Acknowledge appropriately the gifts received. In addition to sending the immediate thank-you note, consider what type of public acknowledgment donors might appreciate (if this has not already been discussed). Whereas some donors may be gratified to receive some form of public acknowledgment for their support, such as mention in a newsletter, bulletin, or annual report, others will wish to remain anonymous. Speak to other groups active in planned giving to learn how they handle public acknowledgment.

Be sure that donors receive regular updates on your programs, and treat them as specially as you do your major donors. Even though the benefits of their gifts may not be reaped immediately, their support is highly significant. Those who have designated your organization as the beneficiary of a will or some other planned gift have clearly indicated that they support your work in a substantial way, and that your ongoing success is personally important. As a result, you want to keep the door open for those donors to support you in other ways as well, unless they indicate that their support is limited to a one-time gift. The more frankly you talk to your donors, the easier it will be to assess the possibility of future gifts. Your donors will probably appreciate your candor and attention, too.

Profile:

Greenpeace Canada

Like many non-profit organizations, Greenpeace Canada had to start small when it first began seeking planned gifts in 1990. Natasha van Bentum, the director of major gifts at the time, was asked to spend just 25 percent of her time promoting bequests, the least complicated of planned gifts. The program, van Bentum says, "was the very first of its kind for an environmental group in Canada." While a few bequests had come in with no effort by Greenpeace, the organization had been almost completely dependent on direct mail. It had not actively tried to get bequests or even large cash gifts from its donors, most of whom gave in the $25 range. "No one had any experience with planned giving, so I had complete liberty in shaping the program," she recalls.

The first thing van Bentum did was to complete a rough draft of a brochure about bequests. Then she used it to conduct some simple research. She wrote letters, made telephone calls, and visited with people to share the brochure and get their reaction to Greenpeace's plan to promote bequests. She asked for feedback and conducted interviews with two groups: some 20 Greenpeace donors who were giving at a higher-than-average level, $250 or more per year, and about the same number of estate-planning lawyers who help people with their wills.

"In the early years of a program like this, visits to lawyers are just as important as visits to donors," says van Bentum. "If the donor's own lawyer does not understand charitable bequests or who we are, it can put a big damper on any effort we make with the donor." She was relieved to learn that most of the donors and lawyers she interviewed thought that bequests made sense for Greenpeace.

More important, van Bentum says, the interviews convinced her that the thought process of people who make a will is similar to that of environmental donors. People who care about the environment care about the future; they don't want to leave a mess for future generations and they are willing to do something about it, she says. The same thing is true of people who make wills: They care about what happens after they're gone and they have taken steps to put their affairs in order, so as not to leave a mess. "After I realized that," van Bentum says, "I didn't have to do any more research. I knew that our donors would be attracted to the idea of making a bequest."

After putting the finishing touches on the brochure, which spelled out Greenpeace's accomplishments, some basic facts about the benefits of having a will, and how a will can be used to make a gift to help protect the environment, van Bentum was ready to start promoting bequests. For the first several years, she simply advertised the brochure in the organization's newsletter, which is mailed to 160,000 donors three to four times each year. The ad, which contained a photograph of animals protected by the environmental group, told donors how to get a free copy. Donors who requested the brochure could fill out a tear-off page and mail it back to Greenpeace. That response device allowed them to request more information about bequests, and to specify whether they'd already named

Greenpeace in their will or intended to do so. When donors returned the information, van Bentum followed up accordingly, calling donors to provide more information, for example, or thanking those whose plans already included a bequest to Greenpeace.

Even those modest efforts paid off, says van Bentum. Between 1990 and 1994, she says, the organization saw a 100-percent increase in the number of bequests it received. Gradually, van Bentum began to do more. Two years ago, she abandoned major gifts to work full time on bequests. She created a new brochure, a more educational pamphlet designed to enable people to write a will. "Seven out of 10 Canadians do not have a will," she says. "The number one challenge in planned giving is people not facing the issue of making a will."

Instead of just advertising the pamphlet in the newsletter, van Bentum has now mailed it to 15,000 Greenpeace donors in three groups: those who give $250 or more annually, donors who make monthly gifts to the organization, and those who give less frequently in response to direct-mail appeals. Along with the pamphlet, those donors got a low-key letter from van Bentum and were asked to fill out a short questionnaire, similar to the tear-off page in the first brochure. Those mailings have generated a response from 4 percent of the recipients; van Bentum is now busy working with that set of donors to increase bequests to Greenpeace.

To that end, she has also continued her meetings with both lawyers and donors in Vancouver, where Greenpeace is based, to make them aware of the bequest program. And she travels two or three times each year to other Canadian cities; the trips last a week to 10 days.

During the trips, van Bentum sometimes invites lawyers and donors to previously scheduled Greenpeace events, such as "Ship Visits" in which supporters are invited aboard one of the organization's two ships. There they are treated to refreshments and a presentation about how the ships further Greenpeace's efforts to monitor environmental threats like toxic dumping in ocean waters, off-shore nuclear testing, and illegal whaling.

Van Bentum's efforts have paid off handsomely. Between 1984, when Greenpeace first began keeping records on bequests, and 1992, bequest income totaled $365,000. That's an average of $45,000 per year. But from 1993 to 1998, bequests grew to an average of $525,000 annually and totaled $3,135,000.

To take the bequest program even further, van Bentum added a section on bequests to the Greenpeace Web site (www.greenpeace.org), which enables people to request the two brochures while they are on-line. The page on wills contains a humorous message: "When you come back as a whale," it says, "you'll be glad you put Greenpeace in your will." About 75,000 people have visited the page in its first two years of existence, and van Bentum gets about five or six on-line requests for the materials on wills each week.

Van Bentum says that she hopes to soon be able to seek other types of planned gifts for Greenpeace. She says she will pursue them in the following order, according to their increasing complexity: gifts of life insurance, outright gifts of appreciated stock, annuities, and then charitable remainder trusts. Despite her bequest program's steady growth

> and impressive returns, however, van Bentum says that there have been several challenges along the way. Perhaps the biggest, she says, is an expectation by the board of directors that a certain amount of bequest income will come in during any given year. In reality, she notes, bequest income is highly unpredictable in its first seven years or so, and can fluctuate dramatically from one year to the next.
>
> "It is important to caution one's board when large bequests come in, so they do not become conditioned to this," says van Bentum. "I now have a situation where my board is used to seeing unusually large gifts once every 18 months. Now they're sitting back and waiting for the next one. But you can't bank on it, and you should never base the budget on it."
>
> — Holly Hall

Planned Giving Forever

Mentioned earlier, planned giving serves donors by enabling them to extend their charitable support beyond their lifetimes; for an organization, it ensures a future source of income during its own mature years. The benefits can be substantial for both donors and nonprofits.

Tips

- Many people feel that planned giving is mysterious, or only for wealthy people, or slightly distasteful to discuss. However, everyone is going to die and most people will leave assets to someone. While some planned giving strategies for wealthy individuals are complicated and best left to professionals, everyone can understand the concept of contributing assets for charitable purposes; this is the basis of planned giving.
- Start your planned giving initiative with a bequest program. Tell people how to leave your organization money in their wills. This is simple and easy, and the results may surprise you.
- Before you begin a planned giving program, think about whether your group needs to exist in perpetuity and what kind of endowment or reserve fund you want to set up for gifts you receive. Otherwise, you may be tempted to spend gifts from a bequest on your annual needs. Because bequests are one-time gifts, this is unwise.

Summary Worksheet

for ____

(name of your organization)

Approaching Individuals for Support: Bequests, Life Insurance Premiums, and Other Forms of Planned Giving

Building on Efforts to Date

1. Have you received any bequests or other planned gifts in the past?
   ____ yes ____ no
2. If Yes, from whom?
   ____
   ____
   ____
3. What characteristics do these individuals share:
   Comments:
   ____
   ____
   ____
4. What is your sense of what they valued in your organization's work?
   Comments:
   ____
   ____
   ____

Assessing your Organization's Planned Giving Readiness Checklist

	YES	NO
1. Is your organization five years old or more?	______	______
2. Is your organization financially sound?	______	______
3. Do you expect your organization to exist and be operating thirty years from now?	______	______
4. Does your organization have a strong constituency that can be readily identified?	______	______
5. Does that constituency have property or discretionary income?	______	______

6. Will your board of directors support a planned giving effort? ______ ______
7. Will your organization allot staff and professional time for a planned giving effort? ______ ______
8. Will your organization allot the financial resources needed for publications, materials, travel, training, etc.? ______ ______
9. Is your staff committed to planned giving? ______ ______

Finding Assistance and Counsel

Name several individuals who might advise you on how to launch a planned giving campaign effectively:

a. ______________________________

b. ______________________________

c. ______________________________

Rating Your Planned Giving Potential

On the basis of what you have learned, how would you rank your chances of securing bequests, life insurance premiums, and other planned gifts?

__ Very Good __ Possible __ Unlikely __ Still Unknown

Additional Resources

Publications

Barrett, Richard D., and Molly E. Ware. *Planned Giving Essentials: A Step by Step Guide to Success*. Frederick, MD: Aspen Publishers (Aspen's Fund Raising Series for the 21st Century), 1997, xiii, 166 p.

Divided into two parts. The first part introduces basic planned giving principles and practices, and the second part provides a guide to implementing a planned giving program. Includes glossary, bibliographic references, and index.

Behan, Donald F. "Planned Giving with Gift Annuities." *Nonprofit World* 14 (March–April 1996): 11–15.

Describes what gift annuities are, what types exist, and their benefits and risks.

Billitteri, Thomas J. "All in the Family." *Chronicle of Philanthropy* 11 (15 July 1999) 33–35.

The Internal Revenue Service has established an internal task force to investigate "charitable family limited partnerships," a tax-avoidance strategy that uses charities as partners in business ventures. It is estimated that hundreds of wealthy individuals are currently taking advantage of the "char-flip," as the strategy is known. Industry insiders estimate that at least $3 billion worth of such transactions have been completed in the past two years. The strategy, which was first promoted by a Dallas tax consulting firm in early 1997 and is now being pushed by a number of financial planning firms, allows donors to take a tax deduction for contributing a sizable portion of their family business or other assets, such as real estate, to charity while maintaining complete control over those assets.

Blum, Debra E. "Looking To Get Out of the Pool." *Chronicle of Philanthropy* 12 (24 February 2000): 31–32.

Discusses the drop in popularity of pooled-income funds as a planned giving option, and the way that many nonprofit organizations are attempting to reorganize or close them.

Canter, MacKenzie, III. "Charitable Contributions of Real Estate." *Philanthropy Monthly* 32 (July–August 1999): 5–21.

Discusses sources of real estate gifts; tax and non-tax risks and risk reduction strategies; and donation formats, including charitable remainder trusts. In addition, includes a discussion of the "TFR Technique." TFR is the acronym for Thornburg Foundation Realty, Inc. (previously known as American Foundation Realty, Inc.), an "all equity" real estate investment trust. The TFR Technique was developed by Garret Thornburg and John Grab, and is intended to solve many of the problems associated with real estate giving that are experienced by donors and charities. Sidebars provide illustrative examples of ways to fund charitable remainder trusts, and the benefits of the TFR Technique. Also included is a copy of a letter from the Internal Revenue Service to Thornburg Foundation Realty, Inc. providing rulings concerning transactions involving charitable trusts.

Caswell, G.M. "A Life and Death Issue." *Fund Raising Management* 26 (February 1996): 28–29.
Discusses mortality and the role it plays in assisting donors with planned or testamentary gifts.

Chouinard, Carole. "Comparison of the Tax Treatment of Charitable Remainder Trusts in Canada and the United States." *Philanthropist/Le Philanthrope* 14 (September 1998): 3–16.
Article compares the Canadian model to the American model in terms of tax rules and consequences, costs, and other issues.

Clough, Leonard G., David G. Clough, Ellen G. Estes, and Ednalou C. Ballard. *Practical Guide to Planned Giving*, 1998. Detroit: The Taft Group, 1997, xxvi, 930 p.
Provides marketing and technical information to help development officers establish permanent planned giving programs. The book is divided into five main sections. The first section contains operational definitions of major forms of planned giving programs, a step-by-step guide to preparing and setting up a planned giving program, and advice on marketing the program. The second section deals with managing and evaluating the program. The third section explains federal tax aspects of planned giving, including considerations involved with donating different kinds of assets to charitable organizations. The fourth section describes the roles of the gift planning team: the financial planner, the insurance professional, the attorney, and the accountant. The fifth section provides a glossary, sample forms, resource lists, a summary of charitable gift annuity state regulations, codes of ethics, maximum gift rates, sample disclosure statements, and IRS forms and publications.

Connell, James E. "Funding Gift Annuities with Real Estate." *Planned Giving Today* (July 1997): 1, 7–9.

Copilevitz, Errol. "Potential Dilemma of Contingent Gifts." *Fund Raising Management* 26 (February 1996): 34–38.
Advises fundraisers how to deal with donor-imposed restrictions.

Coppes, Michael L. "A Big Plan for Small-Office Planned Giving." *Currents* 25 (March 1999): 41–47.
Fifteen steps to a successful planned giving program.

Englebrecht, Ted D., and Monica E. Selmonosky. "Contingent Bequests and Estate Tax Charitable Deductions." *Trusts & Estates* 136 (September 1997): 40, 42–47.
Examines tax planning strategies that will ensure the tax deductibility of contingent bequests.

Fuerst, Rita A. "Dilemma of Contingent Gifts." *New Directions for Philanthropic Fundraising* 13 (Fall 1996): 73–84.
Defines the Internal Revenue Service's qualifications of gifts, then addresses the issue of donor-imposed restrictions, and how these restrictions must be consistent with the intent to make the gift.

Giese, James O. "Tax Issues Regarding Planned Giving and Recent Legislative Developments." *New Directions for Philanthropic Fundraising* 14 (Winter 1996): 47–62.
Offers an overview of IRS regulations concerning philanthropy and the nonprofit sector.

Grant Thornton, LLP. *Planned Giving: A Board Member's Perspective.* Washington, DC: National Center for Nonprofit Boards, 1999. 27 p.

Greene, Karen L. "Hidden Treasures: Three Varied Examples of How the Right Planned Giving Setting Can Turn Rough Prospects into True Gems." *Currents* 22 (October 1996): 40–43.
Describes three different planned giving approaches: charitable award programs (CAPs), employee stock ownership programs (ESOPs), and deferred gift annuities.

Gregg, Keith E. *Do Well by Doing Good: The Complete Guide to Charitable Remainder Trusts.* Chicago: Bonus Books, 1996.
Chapters cover different types and popular uses of charitable remainder trusts, and explain how to set them up and market them.

Gulbrandsen, James S., and Dan B. Roberts. "CRATS, CRUTS and NIMCRUTS: Philanthropy or Prosperity?" *Trusts & Estates* 135 (June 1996): 53–57.
Explains that properly structured charitable plans not only provide significant benefits to charity, but also financially reward the donor. Particular focus is given to the relationship between tax issues, trust accounting rules, and investment strategies.

Hall, Holly. "Forging Ties to the Money Pros." *Chronicle of Philanthropy* 9 (7 August 1997): 1, 12, 14.
To offset government cuts and to tap into the $10 trillion that baby boomers are expected to inherit, charities are experimenting with various means of enabling financial professionals to actively encourage their clients to consider philanthropy. Whereas some charities have already achieved impressive results using such techniques, among the many barriers to their widespread use are: the reluctance of most financial professionals to bring up the issue for fear of losing business, their lack of proficiency in the complexities of planned giving, and their discomfort in discussing value-laden matters with their clients.

Hall, Holly. "Rich Donors Cite Displeasure with Financial Advisers." *Chronicle of Philanthropy* 9 (7 August 1997): 12.

A poll conducted for the *Chronicle* has revealed that a majority of donors are dissatisfied with the help received from financial advisers or charity officers. As a consequence, only 1 to 2 percent of dissatisfied donors expect to make further planned gifts or to recommend planned giving to others. This displeasure appears to be due to an inadequate level of preparation on the part of charity officers and financial planners, most of whom failed a quiz designed to test their expertise in the planned giving field.

Hall, Holly. "Turning Baby Boomers into Big Givers." *Chronicle of Philanthropy* 8 (16 May 1996): 25–27.

Charities are experimenting with a variety of new approaches to attract planned gifts from young and middle-aged donors. Methods described include adjusting the pitch for young donors, developing appeals to unmarried couples, seeking gifts by telephone, and asking donors to return income from planned gifts.

Hartsook, Robert F. "Gifts that Go Out of the Box." *Fund Raising Management* 28 (April 1997): 16–17.

Suggests offering every gift option to a prospective donor of $100,000 or more.

Hartsook, Robert F. "Nurturing Deferred Gifts: Shaping Your Donor's Vision." *FRI Monthly Portfolio* 38 (February 1999): 1–2.

Recommends seven steps to take to acquire deferred gifts.

Heise, Suzanne. "Act Now. Give Forever." *Fund Raising Management* 30 (March 2000): 24–25, 42.

Describes Leave a Legacy, a community awareness program that encourages people to include nonprofits in their wills. Established in Connecticut, nearly 500 nonprofits in the state participated in the public awareness campaign.

Hixson, Anne. "Tapping a Rich Resource." *Fund Raising Management* 30 (November 1999): 20–23.

Profiles the Institute for Family Wealth Counseling, an organization of financial counseling professionals that provides advising services on estate planning to wealthy clients.

Jackman, Lee. "Charitable Organizations Have a Moral Obligation to Wealthy Donors Who Leave Them Their Entire Estate." *Fund Raising Management,* 30 (February 2000): 32–33.

Expresses the opinion that if a wealthy donor arranges to leave their entire estate to a nonprofit organization, then the organization is obligated to establish and maintain a strong bond with the donor and make sure that they are well cared for during the rest of their life, and ensure that the donor's wishes for the use of his or her gift are honored.

Jensen, John W. "A Check List: Audit Your Planned Giving Program." *NonProfit Times* 11 (October 1997): 46–47.

Jensen, John W. "When There's a Will: What To Do When a Bequest Comes In." *NonProfit Times* 12 (March 1998): 39, 40, 46.

Jordan, Ronald R. "Expertise on Call." *Currents* 22 (March 1996): 14, 16, 18.
Emphasizes the importance of having a committee of allied professionals as a vital link to donors and a resource for a planned giving program.

Jordan, Ronald R., Katelyn L. Quynn, and Carolyn M. Osteen. *Planned Giving: Management, Marketing, and Law*. New York: John Wiley & Sons, 1995. xx, 372 p.
Divided into six parts: building a development program, marketing planned giving, planned giving assets, deferred gifts, related disciplines, and planned giving in context. Accompanied by a computer disk with documents for use when creating and administering a planned giving program.

Kabaker, Thomas. "The Shape of Gifts to Come." *Advancing Philanthropy* 4 (Fall 1996): 24–27.
Gives a brief overview of planned giving: finding prospects, structuring gifts, and advantages for donors and recipient organizations.

Kling, Paul F. "A Sea Change in Planned Giving." *Advancing Philanthropy* 6 (Fall–Winter 1998): 14–19.
Author asserts that today's donors are more inclined to support local grassroots nonprofits than more established organizations, to seek more control over the uses of their gifts, and demand greater accountability.

Lewis, Nicole. "Gaining Donors' Trusts: Charities Step Up Their Efforts To Attract Sizable Planned Gifts." *Chronicle of Philanthropy* 12 (21 September 2000): 31–33.
Article describes efforts by charities to increase planned gifts to their institutions. Strategies include using direct mail, offering planned giving seminars, advertising in national publications, and hiring a full-time staff member to promote planned gifts. Additional strategies include making information about planned giving available on the Internet and educating young adults about planned gifts.

Mann, Barlow T. "Are Your Donors in the Market for Planned Gifts?" *Fund Raising Management* 26 (February 1996): 30–33.
Argues that today's economic environment provides powerful incentives for donors to plan their current and deferred gifts.

McAllister, Pamela. *The Charity's Guide to Charitable Contributions*. Seattle: Conlee-Gibbs Publishing, 1998. vii, 138 p.

Focuses on common situations that most fundraisers encounter, and answers questions that may be asked by potential donors. Several chapters explain IRS rules; additional chapters deal with particular types of contributions and fundraising methods; one chapter is devoted to planned giving; the final chapter discusses state laws. Appendices include reprints of IRS Publication 526 (Charitable Contributions); Publication 561 (Determining the Value of Donated Property); Form 8283 (Noncash Charitable Contributions); and Form 8282 (Donee Information Return). Indexed.

McCoy, Jerry J. "Charitable Remainder Trust Regs Present Planning Opportunities." *Trusts & Estates* 138 (March 1999): 16, 18, 20, 22, 24, 26, 28.

Geared toward estate planners, article reviews the new charitable remainder trust regulations item by item, and then examines the planning implications of the regulations.

Moerschbaecher, Lynda S. *Start at Square One: Starting and Managing the Planned Gift Program*. Chicago: Precept Press, 1998. xiv, 223 p.

Moran, William J. "Raising Planned Gifts Through a Campaign Framework: It Works But Be Careful." *Fund Raising Management* 29 (May 1998): 23–25.

National Conference on Planned Giving. *All That Jazz: Tenth Anniversary National Conference on Planned Giving Proceedings*. Indianapolis: National Committee on Planned Giving, 1997.

Proceedings, including thirty-eight audio cassettes, of the conference that took place September 21–24, 1997.

Nicklin, Julie L. "Tact, Strategy, and Delayed Gratification Fill the Days of a Planned Giving Officer: His Delicate Job Is To Seek Gifts That His College Will Receive After the Donors Demise." *Chronicle of Higher Education* 43 (10 January 1997): A45–46.

Describes a typical day in the life of Paul F. Kling, director of planned giving at the University of Richmond.

Peebles, Jane. *The Handbook of International Philanthropy: Policies and Procedures for Planned Giving Beyond Our Borders*. Chicago: Bonus Books, 1998. x, 125 p.

A guide to the current IRS tax regulations on charitable giving by individuals to foreign charities, or to U.S. charities for use in other countries. Presents taxation issues for residents and nonresident aliens.

Polisher, Edward N., and Teresa M. Peeler. "A Collector's Guide to Art, Taxes and Charitable Deductions." *Trusts & Estates* 136 (September 1997): 26, 28, 30, 32-34, 36, 38.
The federal government encourages the advancement of the arts by providing deductions from the income, estate, and gift taxes of philanthropists who donate works of art from their collections to charitable organizations. Discusses various estate planning solutions.

Prince, Russ Alan, Gary L. Rathbun, and Chris E. Steiner. *The Charitable Giving Handbook.* Cincinnati: The National Underwriter Company, 1997. ix, 310 p.
Analyzes the charitable impulse, outlines the estate planning process, discusses what donors look for in a charitable adviser, and describes the various types of charitable gifts.

Reis, George R. "Building Bridges." *Fund Raising Management* 30 (August 1999): 19–23.
Profiles the Planned Giving Design Center, which uses the Internet to assist charities in establishing and cultivating relationships with professional advisors in their communities, and ensuring that advisors have access to gift planning information.

Ryan, Ellen. "Shades of Gray." *Currents* 26 (February 2000): 36–40.
Interview with Charles Collier, senior philanthropic adviser at Harvard University; Pamela Davidson, head of Davidson Gift Design and president of the National Committee on Planned Giving; and Doug White, president of the Boston-based Web site Charities Today, and author of "The Art of Planned Giving." The discussion includes planned giving issues such as: charitable intent, donor control, professional behavior, certification and incentive pay for planned giving officers, and collaboration with financial planners.

Schmeling, David G. "The 'Why' of Planned Giving." *Grassroots Fundraising Journal* 17 (December 1998): 3–5.
Part 1 in a series on the topic of planned giving. The author begins by defining the meaning of planned giving, and the skills necessary for a planned giving fundraiser.

Schmeling, David G. "Marketing Planned Giving." *Grassroots Fundraising Journal* 18 (February 1999): 7–8.
Part 2 in a series on the topic of planned giving. Explores the first steps in determining an organization's planned giving rationale and how to market it.

Schmeling, David G. "Budgeting for Planned Giving." *Grassroots Fundraising Journal* 18 (June 1999): 7–9.
Part 3 in a series on the topic of planned giving. Discusses key items to consider in preparing a planned giving budget. Includes a planned giving resource list.

Schmeling, David G. *Planned Giving: For the One Person Development Office.* 2nd ed. Wheaton, IL: Deferred Giving Services, 1998. 217 looseleaf pages.
This manual provides practical advice on establishing a donor-sensitive and market-oriented planned giving program. Schmeling begins with eight steps to take in

laying the foundation for such a program: (1) making the decision (includes a self-assessment checklist); (2) adopting a market plan (with a discussion of the four basic markets for a planned giving program); (3) recruiting a key board member; (4) compiling the mailing list; (5) preparing the budget (includes a sample); (6) presenting planned giving to the board of directors (includes a worksheet for assessing the organization's readiness for a planned giving program); (7) integrating planned giving into the overall development program; (8) and marketing the program. The following chapters cover quarterly and organizational newsletters, direct mail appeals, tax-update newsletters, a memorial/recognition program, basic follow-up procedures, a planned giving advisory committee, financial and estate planning seminars, endowment funds, the integration of planned giving with corporate solicitations and capital campaigns, ways to handle noncash gifts, various gifting arrangements (describing main characteristics, target market, and marketing strategy), policy and procedure guidelines, and substantiation. Includes sample forms and checklists and a bibliography.

Schneiter, Paul H., ed. *Practical Guide to Planned Giving, 2000.* Farmington Hills, MI: The Taft Group, 1999. xxiii, 997 p.

Provides marketing and technical information to help development officers establish permanent planned giving programs. The book is divided into five main sections; the first section contains operational definitions of major forms of planned giving programs, a step-by-step guide to preparing and setting up a planned giving program, and how to market the program. The second section deals with managing and evaluating the program. The third section explains federal tax aspects of planned giving, including considerations involved with donating different kinds of assets to charitable organizations. The fourth section describes the roles of the gift planning team: the financial planner, insurance professional, the attorney, and the accountant. The fifth section provides a glossary, sample forms, resource lists, summary of charitable gift annuity state regulations, codes of ethics, maximum gift rates, sample disclosure statements, and IRS forms and publications.

Schoenhals, G. Roger, ed. *Getting Going in Planned Giving: Launch Your Program with Powerful Ideas from the Pages of "Planned Giving Today."* Seattle: Planned Giving Today, 1997. 60 p.

Schoenhals, G. Roger, ed. *First Steps in Planned Giving: Practical Ideas from the Pages of "Planned Giving Today."* Edmonds, WA: Planned Giving Today, 1999. 60 p.

Sciscoe, Lisa Stone, and Dan L. O'Korn. "Planned Gifts: Deferred Enjoyment." *New Directions for Philanthropic Fundraising* 13 (Fall 1996): 59–72.

Depending on the type of planned gift used, contributors of planned gifts may not receive immediate tax deductions, which are often deferred due to state and federal tax regulations.

Sharpe, Robert F., Sr. *Planned Giving Simplified: The Gift, the Giver, and the Gift Planner.* New York: John Wiley & Sons, 1999. xxx, 210 p.

Divided into major sections: "The Planned Gift" describes the types of planned gift instruments available to today's donors, types of property that may be donated, deferred gifts, and other options, such as giving-for-income plans (charitable remainder unitrusts, annuity trusts, for example). "The Planned Giver" describes "typical" donors, motivations for giving, and fears of prospective planned givers. "The Gift Planner" details the types of individual gift planners as well as corporate entities that provide similar services, and describes how each operates. Concluding chapters deal with the roles of the nonprofit agency's board of trustees and the chief executive officer in building an effective planned giving program. Includes glossary and index.

Shenkman, Martin M. *The Complete Book of Trusts.* 2nd ed. New York: John Wiley & Sons, 1998. xxii, 409 p.

Explains what a trust is, lists and describes the numerous types of trusts, explains tax consequences, and provides sample forms.

Sinclair, Matthew. "Planned Giving: Starting a Program from Scratch." *NonProfit Times* 12 (August 1998): 39, 40.

Strapp, Nancy Herrold. "The Psychology of Irrevocable Gifts." *New Directions for Philanthropic Fundraising* 14 (Winter 1996): 37–46.

Presents an analysis of psychological factors that donors may encounter when contemplating an irrevocable charitable gift. Gives strategies gift planners can use to assist donors in coming to resolution.

Taylor, Robert R. "Transitional Dévelopment: Repositioning for Major and Planned Gifts." *New Directions for Philanthropic Fundraising* 14 (Winter 1996): 19–35.

Discusses repositioning a nonprofit from a basic fundraising operation to a major gift enterprise through a large investment of resources, planning, patience, and hard work.

Teitell, Conrad. "Charitable Remainder Trusts—Final Regulations." *Trusts & Estates* 138 (August 1999): 36–47.

Teitell, Conrad. "IRS Keeps Things Interesting for Charitable Givers." *Trusts & Estates* 136 (February 1997): 65–66.

Summarizes recent regulatory developments that address gifts of publicly traded stock and deductions for bequests to religious charities.

Teitell, Conrad. *Portable Planned Giving Manual.* 6th ed. Old Greenwich, CT: Taxwise Giving, 1998. xxvi, 735 p.

Describes deductibility of gifts, valuation of gifts, substantiating charitable deductions, will and estate planning basics, charitable remainder trusts, and other planned giving options.

Thomas, Susan Decker. "Do You Hear What I Hear?: Prospects Will Indicate When They're Open to the Idea of Planned Gifts. Here's How To Recognize Their Cues and Respond Appropriately." *Currents* 14 (March 1998): 36–40.

Thompson, Todd S. "Attract Major Gifts with a CRT." *Nonprofit World* 18 (January–February 2000): 9–12.
Discusses how charitable remainder trusts work and explains the two types of charitable remainder trusts: annuity trusts and unitrusts. An explanation of how an irrevocable life insurance trust works and the benefits of a charitable remainder trust with an irrevocable life insurance trust is also provided. In addition, describes the type of donors for which CRTs work best.

Treacy, Gerald B. Jr. "So Much Better?" *Currents* 26 (February 2000): 43–46.
Discusses the emergence of the supporting organization as a trend in planned giving. Includes a discussion of the origins of the supporting organization as a legal entity, organizational structures for supporting organizations, and benefits to donors and campuses of supporting organizations.

Weber, Gerald A., Thomas A. Korman, Steven C. Gustafson, and John R. Silverman. "Preserving Family Assets: The Use of Planned Charitable Giving." *New Directions for Philanthropic Fundraising* 14 (Winter 1996): 89–104.
Suggests using the family attorney as a bridge linking people's personal and philanthropic interests with a nonprofit institution's mission and services.

White, Douglas E. *The Art of Planned Giving: Understanding Donors and the Culture of Giving*. New York: John Wiley & Sons, 1998. xix, 362 p.

Internet Resources

American Philanthropy Review: Model Gift Policy Manual (www.charitychannel.com)
Developed by the American Philanthropy Review, a company that reviews and sells books on fundraising and nonprofit management, this site provides a sample policy manual for planned giving programs. The manual outlines deferred giving options, gift acceptance procedures, and appraisal and reporting requirements. It also describes the advantages and disadvantages of different planned giving approaches, including annuities, unitrusts, pooled income funds, and charitable gift annuities. Includes a glossary.

National Committee on Planned Giving (www.ncpg.org)
Run by the Committee, an organization for planned giving officers and others who advise donors on deferred giving, this Web site provides links to sites that provide information on planned giving.

Planned Giving Design Center (www.pgdc.net/)
Web site created to provide professional advisors and planned giving specialists with comprehensive research and planning resources.

Planned Giving Today (Newsletter; www.pgtoday.com)
A monthly newsletter serving the planned giving community as a practical resource for education, information, and professional linkage.

Electronic Mailing Lists

Estate planning (ESTPLAN-L) list
Send email to: mailto:listserv@netcom.comlistserv@netcom.com
Message: subscribe ESTPLAN-L

Fundraising and planned giving (FUNDLIST) list
Send email to: mailto:listserv@jhuvm.hcf.jhu.edulistserv@jhuvm.hcf.jhu.edu
Message: subscribe FUNDLIST [YOUR REAL FIRST & LAST NAME]

Fundraising and planned giving (GIFT-PL) list
Send email to: mailto:listserv@indycms.iupui.edulistserv@indycms.iupui.edu
Message: subscribe GIFT-PL [YOUR REAL FIRST & LAST NAME]