

St. Vincent dePaul National Meeting -  
How To Start a Planned Giving Program  
For Any Size Organization - 9/2/11

**How To Start  
A Planned Giving Program  
For Any Size Organization**

R. Michael George, CFRE  
The Catholic Foundation  
Dallas, TX

Society of St. Vincent dePaul  
2011 National Meeting  
September 2-3, 2011

**Current Giving Options  
for Most Donors – Basics**

- Cash
- Checks
- Stock Gift/Other Assets

1

**Current Giving Options for Donors –  
The “Middle Ground”**

- Donor Advised Funds at a Community Foundation
  - Donor establishes fund with a gift.
  - Receives a current year tax deduction for the gift.
  - Makes recommendations for grants from fund at any time (can also add to their fund at any time).
  - Endowment-style or Non-Endowment style.
  - Appropriate for donor with multiple charities
  - The Catholic Foundation handles all of the administrative work.
- Permanent Endowment
  - Similar to the above, but fund extends beyond donor's lifetime.

3

**Current Giving Options for Donors –  
The “Middle Ground” (continued)**

- Designated Fund for a Donor
  - Similar to a Donor Advised Fund, but fund is for a specific purpose or organization.
  - Endowment-style or Non-Endowment style
- NOTE: Designated Funds can also be set up for schools, parishes or Catholic organizations
  - For organization in general or for a specific purpose.
  - Example: The Father Jack Cawley, C.M. Peace and Justice Designated Fund

4

**Current Giving Options  
for Advanced Donors**

- Private Foundation
  - Minimum \$5 million.
  - Has own board and reporting requirements.
  - Subject to strict IRS rules and regulations.
  - Different tax structure.
- Supporting Organization
  - Minimum \$10 million.
  - Has own board, bylaws and structure independent of the supported charity.
  - Key: Tax benefits of a public charity.

2

**What Makes Planned Giving Unique?**

- Encourages donor to explore giving beyond “end use” gifts of checks or cash
- Provide enhanced benefits for the donor
  - Possibility of income for donor or family
  - Broader estate planning implications
  - Can “bond” a donor to an institution
- Usually larger than annual gifts
- Take a longer time to develop
  - More trust + more education = Longer lead times
- Cultivation doesn't stop when you receive a commitment. **Have a plan in place to stay in touch!**

5

St. Vincent dePaul National Meeting -  
 How To Start a Planned Giving Program  
 For Any Size Organization - 9/2/11

### Planned or Deferred Giving Techniques

- Wills and Irrevocable Trusts
- Life Insurance Policies or Retirement Plan Assets
- Charitable Gift Annuities
- Charitable Remainder Trust
  - Charitable Remainder Annuity Trust
  - Charitable Remainder Unitrust
- Charitable Lead Trusts
- Royalty Interests/Intellectual Property Rights
- Life Estates

6

### Planned or Deferred Giving Techniques

- **Wills and Irrevocable Trusts**
- **Life Insurance Policies or Retirement Plan Assets**
- Charitable Gift Annuities
- Charitable Remainder Trust
  - Charitable Remainder Annuity Trust
  - Charitable Remainder Unitrust
- Charitable Lead Trusts
- Royalty Interests/Intellectual Property Rights
- Life Estates

95% of your activity will be in these two categories!

7

### Wills and Bequests

- Gifts to charities at death (usually a % of residue)
- Donor wishes to benefit charity
- Bequest provisions in will or trust
- Beneficiary designation
- How much is appropriate?
- Benefits of a Bequest
  - Gift to charity
  - Estate tax deduction
  - Preserves lifetime flexibility
  - Simplest planned gift
  - Easy to implement/Readily understood by donor

8

### Life Insurance Gifts

- Name charity as owner and beneficiary of life insurance policy
- Types of insurance policies
  - Term Policy – No tax deduction
  - Whole Life Policy – Tax deduction for amount donor has paid into the policy
- May be a paid-up policy, or one on which the donor is still making payments
- What type of donor might be interested?
  - A donor who has outgrown the intended use of the policy
  - A donor can establish a new policy specifically as a charitable gift

9

### Retirement Assets (IRA/401(k)) Gifts

- Ideal candidates for a charitable gift. Why?
  - IRD (Income in Respect of a Decedent) assets
  - Potentially subject to both Income and Estate Tax
  - Highest taxed assets in an estate – as much as 57.5%
- Rule of thumb: Pretax assets to charity, Post-tax assets to heirs
- If assets are given by beneficiary designation, they pass to charity outside of the will

10

### “Ideal” Prospects for Planned Gifts

- Individuals already involved in your organization
  - Financially or through time/talent gifts
- Charitably-minded individuals with no heirs
- Those who, through words or actions, express an interest in a lasting presence or legacy
- “Accidental philanthropists”, whose primary motivations are:
  - “Beating the tax man”
  - Want to maximize wealth transfer to family
  - Philanthropy is important, but secondary

### Who is a Qualified PG Prospect?

#### Prospects vs. "Qualified" Prospects

- A "qualified planned giving prospect" desires to support your organization for:
  - An extended period of time (a Donor Advised Fund),
  - at death (charity receives a lump sum), or
  - after death (a permanent endowment that provides an annual income stream to charity)

12

### Who is a Qualified PG Prospect?

#### Prospects vs. "Qualified" Prospects

- Writing down a name or buying a list doesn't make someone a prospect!
- AFP definition: A prospect is a possible source of support whose interests appear to be a match...but whose ability, interests and linkages have not been qualified through research.
- "Qualified" Prospect: A prospect who continues to merit cultivation based on research, evaluation and interest in your mission.

### Where Do You Find PG Prospects?

- It's all about **making connections!** They must be:
  - Warm as possible
  - Long-lasting, especially for the organization
  - Personal
  - Donor-centered: Putting their needs first
- **Networking: Prospects or Gateways to Prospects**
  - Current Donors and Board Members
  - Business Acquaintances and Friends
  - Estate Planning Attorneys, CPAs, Financial Planners
  - Databases and Purchased Lists

14

### Where Do You Find PG Prospects?

- Start close to home when prospecting
  - 1 to 2 degrees of separation is where you're likely to get your best results
- Current donors and board members
- Be proactive in asking those closest to your organization for introductions
  - Friends, professional advisors, others in social or business circles
- **The Goal:** Have the warmest possible connection to your prospect before you ever meet them

### Where Do You Find PG Prospects?

#### The Importance of Professional Advisors

- If you're serious about planned giving, get to know the estate planning attorneys, CPAs, CFPs and insurance professionals in your market. Why?
  - Developing a planned gift takes time. The chances of getting a planned gift on your first visit with a donor is remote.
  - If a professional comes to you to discuss a planned gift, you know they are serious and that, to an extent, the donor has been educated about planned giving

### Where Do You Find PG Prospects?

#### Using Databases and Search Engines

- Buying a list gets you names. It does not buy you an introduction or warm connection.
- Database lists are excellent for mass mailing campaigns and creating awareness in defined geographic areas, but your hit ratio goes down when used for planned giving.
- If you do buy a list:
  - Share it confidentially with staffers and close volunteers
  - Seek their input on who would be a good prospect and the best person to help with an introduction

# St. Vincent dePaul National Meeting - How To Start a Planned Giving Program For Any Size Organization - 9/2/11

## Where Do You Find PG Prospects?

### Researching Prospects – Three Notes of Caution

- Source and keep only public-knowledge information about a prospect that you would feel comfortable if they saw it
- The “Golden Rule” is a good guide: Collect and use only the information about a prospect that you would want collected and used about you
- Avoid “analysis paralysis”. Spending excessive time on research is no substitute for getting to know your prospects firsthand.

## Researching – Good Questions to Ask

### Valuable Information Categories

- Does the donor have the wealth/capacity to help?
- To whom do they already give? Do they have a charitable mindset?
- Where do they live? In an area where you already have support or visibility? Is a board member or significant volunteer a neighbor?
- What other organizations are important to your prospect? Are there any natural affinities to your organization?

15

## Approaching PG Prospects

- Try to have the person with the warmest connection set up the meeting date and time
- Team up on prospect visits where possible
  - A staffer/donor or staffer/board member combination is very effective
- Everyone involved in a planned giving prospect visit should be well-versed on:
  - The purpose and duration of the visit
  - The mission and particulars of your organization
  - For board members or donors: Be prepared to explain why you are involved!
  - Their role in the conversation

## Approaching PG Prospects

### Possible goals for a first meeting

- Learn about the prospect's interests and goals. How do they match up with your mission?
- Have the prospect understand your mission
- Have the staffer establish enough rapport that they could make a second call by themselves
- Give “leave behind” materials to reinforce the relationship and prospect's knowledge
- What NOT to expect: A planned gift!

## General Observations

- Mass mailing from offsite lists may work well for larger organizations in annual campaigns, but less so for planned gifts
- Don't just look for the wealthiest people. Seek the connection, not just the cash!
- Look in your own backyard first
- “Intentional” vs. “spontaneous” prospecting: Lay out a concrete plan on how your organization will identify and communicate with PG prospects

## Barriers to a Planned Giving Program

- “How can we? We're living hand-to-mouth as it is!”
- “We don't have the resources” – Lack of:
  - Time
  - Manpower
  - Expertise
  - Marketing materials
  - Money to fund the effort
- “That's not what we do”



St. Vincent dePaul National Meeting -  
How To Start a Planned Giving Program  
For Any Size Organization - 9/2/11

### How Anyone Can Have a PG Program

- It doesn't have to be fancy or sophisticated

The Planned Giving Program Starter Kit:

- Start with bequests – probably the most readily understood planned gift
- In all of your existing marketing materials (including website), find a consistent place to ask:  
*“Have you remembered (your organization's name) in your will?”*
- Be sure to include a contact name and phone number!



### How Anyone Can Have a PG Program

The Planned Giving Program Starter Kit (cont'd):

- What if somebody calls about a bequest?
  - Confirm with the prospect that yes, indeed, we accept bequests!
  - Have sample language ready for your prospect that they can use in drafting their will or living trust.
  - Follow up after you have given your prospect the info
  - Ask for documentation of their intentions, but don't be surprised if you don't receive it. The vast majority of organizations do not have a copy of a bequest in advance of the gift being received.

### How Anyone Can Have a PG Program

The Planned Giving Program Starter Kit (cont'd):

- Once established, challenge yourself to build your program from that strong base.
  - Over time, learn about other planned giving vehicles.
  - Be patient – planned gifts don't mature overnight!
  - Communicate realistic planned giving expectations to your board and give updates on a consistent basis.

### How Anyone Can Have a PG Program

The Planned Giving Program Starter Kit (cont'd):

- Thank your planned giving donors in appropriate, multiple and consistent ways.
  - For starters, it's just good stewardship!
  - Consider establishing a legacy or planned giving society
  - Stay in touch! It's just as easy to be written out of a will as into one!

### Closing Thoughts

- You don't need to know how to build the watch to be able to tell someone the time when they ask.
  - You don't need to know everything in order to have an effective planned giving program.
  - Understand the basics, but develop relationships with “content experts” who can assist you with the details.
    - o Estate planning professionals
    - o Development personnel at community foundations, such as The Catholic Foundation

**St. Vincent dePaul National Meeting -  
How To Start a Planned Giving Program  
For Any Size Organization - 9/2/11**

**THANK YOU, AND ENJOY  
THE REST OF THE CONFERENCE!**

**R. Michael George, CFRE**  
Senior Development Officer  
*[mgeorge@catholicfoundation.com](mailto:mgeorge@catholicfoundation.com)*

**THE CATHOLIC FOUNDATION**  
5310 Harvest Hill Road Suite 248  
Dallas, TX 75230  
972-661-9792