PLANNED GIVING IS LIKE PLANTING A TREE:  

YOU GET TO WATCH IT GROW AND BLOSSOM,  

AND YOUR BENEFICIARY GETS ITS FRUITS!  

GREAT! I'LL DO IT.  

...AND I LEAVE ONE ORANGE TREE TO MY FAVORITE CHARITY.
OVERVIEW OF PRESENTATION

• Why you NEED a Planned Giving Program/Who Makes Planned Gifts
• Implementing a Basic Planned Giving Program
• Identifying, Cultivating, Stewarding Donors
• Marketing a Bequest Program
• Charitable Planning and Bringing in the experts
• Processing Gifts and Acknowledgements
Planned giving is essential to a nonprofit organization.
How is Planned Giving Essential to an Organization?

• Planned giving offers an opportunity for people in all walks of life to give back to the causes that mean the most to them.

• Though a donor may not have the ability or resources to give large sums, or even at all during their lifetime, planned giving provides an avenue for anyone to give.

• Planned giving offers numerous tax benefits which helps donors and charitable organizations make the most of every single dollar.

• Planned giving helps a charity ensure that its mission and work will continue in the future.

• Through planned giving, the organization will be able to endure the fluctuations of current donations while protecting its ability to develop long-term plans.

• by Kristen Schultz Jaarda, Executive Vice President, Crescendo
WHAT IS PLANNED GIVING?

A planned gift is *any* gift for *any* amount given for *any* purpose – operations, capital expansion or endowment – whether for current or deferred use, if the assistance of a professional staff person, a qualified volunteer or the donor’s advisors is necessary to complete the gift.

Robert Sharpe, Jr.
WHAT IS PLANNED GIVING?

In addition ...

• Any gift carefully considered by a donor in light of estate and financial plans

• Technique that extends the opportunity of giving from income to giving from assets

• Planned giving is based on the timing, intent and circumstances of the donor
Who Typically Makes Planned Gifts?

- Donor with no children or close relatives.
- Donor with children who are doing extremely well in their chosen careers and donor isn’t worried about providing for them.
- Widow/widower having outlived a spouse.
- Single females over 65.
- Donor who does not have the income to make a large gift now.
- Donor who has appreciated assets.
- Donor who has significant noncash assets.
- Loyal donors who have give annually, attend events, and volunteer.
PLANNED GIFTS CAN BE THE LARGEST GIFTS YOU WILL EVER RECEIVE

- Hesburgh Libraries at the University of Notre Dame - $10 million gift from the Marilyn & Rudolph M. Navari Charitable Foundation (the largest gift in the libraries’ history).

- Elkhart County Community Foundation - $140 million bequest from local businessman David Gundlach

- Milwaukee Art Museum - $7.6 million bequest

- Urban Ministries - $100,000 bequest from dedicated volunteer
You put my name on a boat?!?
But all my friends have their names on buildings.
Basic Concepts Behind Planned Giving
PLANNED GIVING IDEAS

• Things to give
  • Cash
  • Stocks and bonds
  • Real estate
  • Closely-held stock
  • Life insurance
  • Tangible personal property
  • IRAs/Retirement plans

• Ways to give
  • Outright gifts
  • Bequests
  • Charitable remainder trusts
  • Charitable gift annuities
  • Beneficiary designations
  • Life estates
  • Charitable lead trusts
GIFT ACCEPTANCE POLICIES

• Defines types of assets that are acceptable.
• Makes rules for how to accept, administer, and dispose of gifts.
• Gives guidance and counsel to board and staff.
• Helps board and staff to decide whether to accept controversial gifts.
GIFT ACCEPTANCE POLICIES

• A way to deny acceptance of a gift that may cause more hassle and expense than benefit to the organization.

• Manage the expectations of donors.

• Guide board and staff with a consistent practice for reviewing and accepting charitable contributions.

• Consider including in the policy or in guidelines for staff that prior to accepting certain types of gifts, such as real estate, the nonprofit will conduct a review and/or consult with legal counsel – and for other types of gifts, such as cash, no review is required.

• The IRS Form 990 asks whether a nonprofit has a “gift acceptance policy” and requires nonprofits that respond “Yes” to complete Schedule M, as well as report any non-cash contributions/in-kind gifts.
MOST COMMON (AND EASIEST) WAYS TO MAKE A PLANNED GIFT - #1

• Will Bequest
  • Bequests are the most frequent type of planned gift.
  • Bequests represent 85% of planned gifts to non-profit organizations.
  • Bequests are easy to implement, revocable.
  • Bequests are easy to promote.
WILL BEQUESTS

• **General Bequests** - Specific dollar amount
  • Ex.: the sum of $25,000 to Community Foundation of Greater Fort Wayne

• **Percentage Bequest** - Percentage of estate
  • Ex.: 10% of residual estate to Community Foundation of Greater Fort Wayne

• **Specific Bequest** - Particular property
  • Ex: 40 acres of farmland to Community Foundation of Greater Fort Wayne
MOST COMMON (AND EASIEST) WAYS TO MAKE A PLANNED GIFT - #2

• Beneficiary Designations
  • ERISA and non ERISA retirement plans
    • Lifetime gifts of withdrawals to charities cause withdrawal amount to be included as income to donor with offsetting charitable deduction.
    • Testamentary gifts of transferring account to charity at death reduces estate and income taxes.
    • ERISA plans such as 401(k), 403(b) – spouse must sign off as automatic beneficiary
    • Non ERISA plans such as IRAs – spouse is not required to sign off as beneficiary
MOST COMMON (AND EASIEST) WAYS TO MAKE A PLANNED GIFT - #2

- Beneficiary Designations
  - Life insurance
    - A gift of a paid-up policy produces a charitable deduction in the amount of the cash surrender value.
    - A donor who purchases a new policy, naming the charity owner and beneficiary, may deduct the gifts of the premium payments.
MOST COMMON (AND EASIEST) WAYS TO MAKE A PLANNED GIFT - #3

- U.S. Savings Bonds
  - Carry income tax consequences.
  - Lifetime gifts of U.S. Savings Bonds to charities cause amount to be included as income to donor with offsetting charitable deduction.
  - Testamentary gifts of bequesting bonds to charity at death reduces estate and income taxes.
  - Name as specific bequest in last will and testament or revocable trust document.
Form a Planned Giving Committee

• Responsible for cultivating and soliciting current and future gifts that require the use of estate planning techniques or that have significant financial and tax consequences.

• Could be 2-3 members from the Board.

• Willing to complete own planned gift arrangement.

• Capable of identifying prospects with the ability and willingness to make a planned gift.

• Willing to participate in planned giving events as required.

• Should have a working knowledge of financial issues.

• Make annual planned giving presentation to the board.
Charitable giving combines my two great loves: philanthropy and evading taxes.
Identifying, Cultivating, Stewarding Donors
Identifying Donors

• Check your database
  • Largest donors
  • Loyal donors
• Ask your board, staff and volunteers
• Friends of the board, staff and volunteers
Cultivating Donors

• Build relationships
  • Personal contact – how frequent should it be?
    • Meeting one-on-one
    • Telephone calls
    • Emails
  • Fundraising events
    • Dinners
    • Organization events
• Newsletters, annual reports, website, etc.
Stewarding Donors

• Thanking donors
  • Personal recognition
  • Personalize communication
  • Name publicized in annual report, etc.

• Keeping donors in the loop
  • Emails updates from top people
  • Birthday/holiday cards
  • Communicate how their gift made an impact on organization
  • Listen to your donors
  • Silence communicates inactivity or lack of need.
How to talk “planned giving”

• Talk to your donors; ask them if they have considered a gift to your organization from their estate.

• Tell your story. Encourage the donor to tell their story about how the organization has touched their life or the lives of their family.

• Tell prospects why you need their help.

• Listen to their ideas for how they would like their gift used.
I WAS GLAD TO LISTEN TO YOUR PLANNED GIVING PITCH,
AND I WAS VERY HAPPY TO MAKE A LARGE BEQUEST.
NOW ALL I ASK IS ONE LITTLE THING --
QUIT CALLING ME EVERY WEEK TO SEE HOW I'M FEELING!
Marketing a Bequest Program
Marketing Bequests

- *Giving USA 2014* reported that total bequest giving in 2013 grew by 8.7 percent.

- 85% of all planned gifts are simple bequests.

- The intergenerational wealth transfer is estimated by some to be $41 trillion by 2052. Six trillion of that is estimated to go to nonprofits.

- There is a decline of federal funding going to nonprofits.
What Will Be the Use of the Bequest?

• Bequest will be used for special projects, capital improvements, endowment.

• Bequest will not be used for normal operating expenses.

• Bequest will not be used to cover a deficit.
Membership in local and national PG groups

• Planned Giving Council of Northeast Indiana
• Partnership for Philanthropic Planning
• Leave a Legacy – Write a will week
Promote most common planned gifts

- Utilize organization newsletters to remind donors to remember the organization in their last will and testament.
- Include bequest info on website.
- Invite donors to include organization in their estate plans with letter of invitation.
- Use pre-printed brochures such as Stelter, Sinclair, etc.
- Create a brief document with suggested bequest language for a last will and testament, including the organization’s tax ID number.
Promote most common planned gifts

• Use taglines and boxes to check on all donation or pledge cards such as “I have put ABC nonprofit in my will” or “please send me more information on your planned giving society.”

• Include the legal name of the organization and tax ID number in the annual report and website.
Conduct a workshop

- Host an estate planning seminar and invite local attorney(s) to conduct the workshop.
- Host a Write-A-Will event with local attorneys.
- Host an “End of Life” series of workshops and include funeral directors, pastors, attorneys, etc. to conduct the workshops.
Start a Planned Giving Recognition Society

• Individuals who have made a commitment to a planned gift may enroll in the society.
• Target top 25 donors as founding members
• Surfaces gifts you didn’t know about
• Gets people to respond who may have been procrastinating
• Get board members to join
Naming the Planned Giving Recognition Society

• Use a name that will tell a story compelling to donors
  • Named after someone who has made an estate gift to the organization
  • Named after the original benefactor
  • Named after the starting date of your organization
  • A symbolic meaning
  • A generic name
Start a Planned Giving Recognition Society

• Honor members
  • Annual report
  • Plaque at the organization
  • Welcoming letter
  • Membership certificate
  • Special gift of appreciation
  • Recognition on the website
  • Annual event for members, i.e. a special luncheon or dinner, etc.
Dad, can you increase my allowance?
I want to set up a charitable remainder trust, and I don’t have any remainder.
Charitable Planning and Bringing in the Experts
What is Charitable Planning?

- According to the Ohio State Bar Association, planning your charitable gifts generally means finding lawful ways to provide money for charitable organizations that you would otherwise pay in taxes.
Transfer taxes

- Federal estate tax –
  - Tax assessed on value of assets at date of death.
  - $5.43 million lifetime exemption for individuals for 2015; $10.86 million for married couples.
  - Tax rates go as high as 40%.
  - 100% marital and charitable deduction for distributions to spouse and/or charities.
Charitable planning

- Charitable Gift Annuity
  - Contract between donor and charity whereby donor transfers property to charity in exchange for fixed annuity payments for life.
  - Immediate tax deduction for portion of gift (approximately half of value of gift)
  - Portion of payout is ordinary income and a portion is tax-free return of principal. If appreciated property is used to fund gift, a portion may be capital gains.
  - May have a single life or joint life annuity.
Charitable planning

• George and Marilyn Miller are both 70 years old and retired.

• They have a $10,000 CD maturing and would like to use it to make a gift to Community Foundation of Greater Fort Wayne.

• They are not in a position to make an outright gift because they need the income that the $10,000 produces.

• They exchange the $10,000 with Community Foundation of Greater Fort Wayne for a CGA which will pay them 4.6% or $460 annually until the second to die. A portion ($347.30) is tax-free return of principal. They receive a charitable deduction of $3,020.
Life Estate

Retained Life Estates

- Make gift of residence, vacation home, farm to charity.
- Retain right to live there or use property for life.
- Donor receives charitable deduction for gift.
- At death, charity receives property.
Charitable Remainder Trusts

• Assets are transferred to a charitable remainder trust.

• Trustee is named.

• Payout of fixed amount or percentage of value of assets each year to donor, spouse, or beneficiary(ies) for life or for term of years.

• At death of beneficiary or end of term, assets in trust distributed to charity(ies).
Charitable Lead Trusts

• Assets are transferred to a charitable lead trust.
• Trustee is named.
• Payout of fixed amount or percentage of value of assets each year to charity(ies) for term of years.
• At end of term, assets in trust distributed to children/grandchildren.
Who are the Experts in Planned Giving?

• Attorneys – documents for CRTs and CLTs, for life estates, and for will bequests.

• Accountants – taxation issues on gifts from retirement assets, CRTs and CLTs, real estate, closely-held stock, unusual assets.

• Investment advisors – beneficiary designation forms for IRAs, annuities, and life insurance policies.

• Trust officers – fiduciaries of CRTs and CLTs.

• Retirement plan administrator – beneficiary designation forms for ERISA plans.
"About my loaves and fishes... could I get a receipt for tax purposes?"
Processing Gifts and Acknowledgements
Gift substantiation – cash gifts $250+

• Each cash gift of $250 or more must be acknowledged to the donor. If donor made more than one contribution of $250 or more, you must acknowledge each separate gift or provide one acknowledgment that lists each contribution and the date of each contribution along with the total contributions.

• Separate contributions should not be combined to figure the “$250 or more.” For example, if donor gives $25 to his/her church each week, the weekly payments do not have to be combined. Each payment is a separate contribution.
Gift substantiation – cash gifts $250+

- Specific documentation known as “contemporaneous written acknowledgement” from charitable organization.
  - Must be written.
  - Must include the amount, date of contribution, and name of donor.
  - Must include the date on which the charity sent the acknowledgement.
  - Must indicate whether or not the donor received any goods or services from the charitable organization.
  - Description and good faith estimate of the values of any goods and services other than intangible religious benefits.

- Must be received by donor prior to filing his/her income tax return.
Gift substantiation – Charitable gift annuity

• “Contemporaneous written acknowledgement” from charitable organization including the amount, value of the charitable interest, date, and name of donor.

• Must include the date on which the charity sent the acknowledgement and whether or not the donor received any goods or services from the charitable organization. Must be received by donor prior to filing his/her income tax return.

• Sample wording for gift annuity receipt: “No goods or services were provided to you in exchange for this gift, except a charitable gift annuity. The gift annuity in the attached deduction form has a total value of $100,000, with an annuity value of $60,000 and a qualified charitable deduction of $40,000.”
Gift substantiation—Noncash gifts $250-$500

- Receipt from charitable organization that includes
  - Name of the charity,
  - Date of the gift and location of contribution,
  - Brief description of the gift (but not the value since that is donor’s responsibility), statement that no goods or services were provided by charity, and name of donor. Must be received by donor before donor’s income tax return is filed or due.

- Donor should retain estimate of fair market value of property and how value was determined.
Gift substantiation—Noncash gifts $250-$500

• Specific documentation known as “contemporaneous written acknowledgement” from charitable organization.
  • Must be written.
  • Must include a description but not necessarily the value of any property contributed.
  • Must indicate whether or not the donor received any goods or services from the charitable organization.
  • Description and good faith estimate of the values of any goods and services other than intangible religious benefits.

• Must be received by donor prior to filing his/her income tax return.
Gift substantiation—Noncash gifts $500-$5000

- Receipt from charitable organization that includes
  - Name of the charity,
  - Date of the gift and location of contribution,
  - Brief description of the gift (but not the value since that is donor’s responsibility), statement that no goods or services were provided by charity, and name of donor. Must be received by donor before donor’s income tax return is filed or due.

- Donor should retain estimate of fair market value of property and how value was determined.
Gift substantiation—Noncash gifts $500-$5000

• Specific documentation known as “contemporaneous written acknowledgement” from charitable organization.
  • Must be written.
  • Must include a description but not necessarily the value of any property contributed.
  • Must indicate whether or not the donor received any goods or services from the charitable organization.
  • Description and good faith estimate of the values of any goods and services other than intangible religious benefits.
• Must be received by donor prior to filing his/her income tax return.
Gift substantiation—Noncash gifts $500-$5000

• Donors records must include
  • How they got the property- gift, bequest, inheritance, purchase, exchange.
  • Approximate date donor got the property.
  • Cost or other basis and any adjustments made to the basis for property held less than 12 months and property held for more than 12 months. Exception for public traded securities.
Gift substantiation—Noncash gifts > $5000

• Receipt from charitable organization that includes
  • Name of the charity,
  • Date of the gift and location of contribution,
  • Brief description of the gift (but not the value since that is donor’s responsibility), statement that no goods or services were provided by charity, and name of donor. Must be received by donor before donor’s income tax return is filed or due.

• Donor should retain estimate of fair market value of property and how value was determined.
Gift substantiation—Noncash gifts > $5000

• Specific documentation known as “contemporaneous written acknowledgement” from charitable organization.
  • Must be written.
  • Must include a description but not necessarily the value of any property contributed.
  • Must indicate whether or not the donor received any goods or services from the charitable organization.
  • Description and good faith estimate of the values of any goods and services other than intangible religious benefits.
• Must be received by donor prior to filing his/her income tax return.
Gift substantiation—Noncash gifts > $5000

• Donors records must include
  • How they got the property- gift, bequest, inheritance, purchase, exchange.
  • Approximate date donor got the property.
  • Cost or other basis and any adjustments made to the basis for property held less than 12 months and property held for more than 12 months. Exception for public traded securities.
  • Qualified written appraisal of the donated property from a qualified appraiser.
IRS Form 8283 – Noncash Charitable Contributions

• Form 8283
  • Filed with donor’s 1040 and Schedule A, Itemized Deductions, when claiming a deduction for noncash charitable contributions over $500.
  • If value of property exceeds $5,000, a written qualified appraisal is required and to be retained with taxpayer’s records. Appraisal must be attached to Form 1040 if value is over $500,000 but not for publicly traded stock, inventory, or intellectual property.
IRS Form 8283 – Noncash Charitable Contributions

• Requirements of appraisal report
  • Description of property
  • Statement of condition
  • Explanation of any restriction on property
  • Fair market value and explanation of specific basis and method of valuation
  • Dates of contribution and appraisal
  • Appraisal prepared for income tax purpose
  • Fee arrangement
  • Appraiser’s information.
IRS Form 8283 – Noncash Charitable Contributions

- Donor must give donee a copy of “appraisal summary”
- Donor should complete Part B of Form 8283 – Name, ID #, Description of property, Physical condition of property, and Taxpayer (Donor) Statement Part II
- Designated official of donee signs “Donee Acknowledgment”
- Donee not required to agree to claimed value or substantiate claimed value.
IRS Form 8282 – Donee Information Return

• Form 8282
  • Reports a sale, exchange, consumption, transfer or other disposition of noncash charitable deduction property valued over $5,000 within three years after the date the original donee received property.
  • Original and successor donee, if applicable, are responsible for submitting the Form 8282 to the IRS and sending a copy to the donor.
IRS Form 8282 – Donee Information Return

- Form 8282 is due within 125 days after the date of disposition.
- Must be sent to IRS in Ogden, UT.
- Form 8282 not required for
  - Items valued at $500 or less.
  - Items consumed or distributed for charitable purposes.
QUESTIONS
“And to my teenage grandchildren, I leave my unused phone minutes.”
CONCLUSION

Will you be leaving any money to charity in your will?

Depends what's left after the nips, tucks and lifts.
It takes a noble man to plant a seed for a tree that will some day give shade to people he may never meet.”

David Trueblood