

Overcoming Common Capacity Obstacles with Planned Gifts

Partnership for Philanthropic Planning of Kentuckiana
Half-Day Planned Giving Conference

November 4, 2016

Presented by



Trek Advancement
LLC

Today's Takeaways

1. Explore the planned giving opportunity
2. Consider donor–centered giving options for high affinity, low capacity prospects
3. Share a new tool to promote planned gifts



Donor–Centered Fundraising

- To cultivate the philanthropic spirit and encourage giving, not to a single organization but to the charitable sector, for the benefit of society as a whole
- To be an **advocate for donors**, no matter which not for profits they are supporting
- To **raise money for one's own organization**

Donor–Centered Fundraising, Penelope Burk



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Why Planned Giving?

1. Raise sights for giving capacity (i.e. unlock assets to make gifts)
2. Help donors solve problems (i.e. grow donor affinity)
3. Generate long-range wealth for the organization (i.e. gift pipeline for planning)



Fundamental Concepts

→ Give

→ Give, Receive

→ Give, Protect



GIVE

- **Outright gifts → It's not just deferred gifts!**
 - Stock and appreciated securities
 - Business interest, closely-held stock and partnerships
 - Tangible personal property
 - Real estate
 - Retirement plans (e.g. IRA Rollover)
- **Gifts at death**
 - Gifts from will or trust (i.e. bequests)
 - Life insurance
 - Retirement plans



GIVE + RECEIVE

- Charitable Gift Annuities (immediate, deferred, flexible)
- Charitable Remainder Trusts (annuity or unitrust)
- Pooled Income Funds

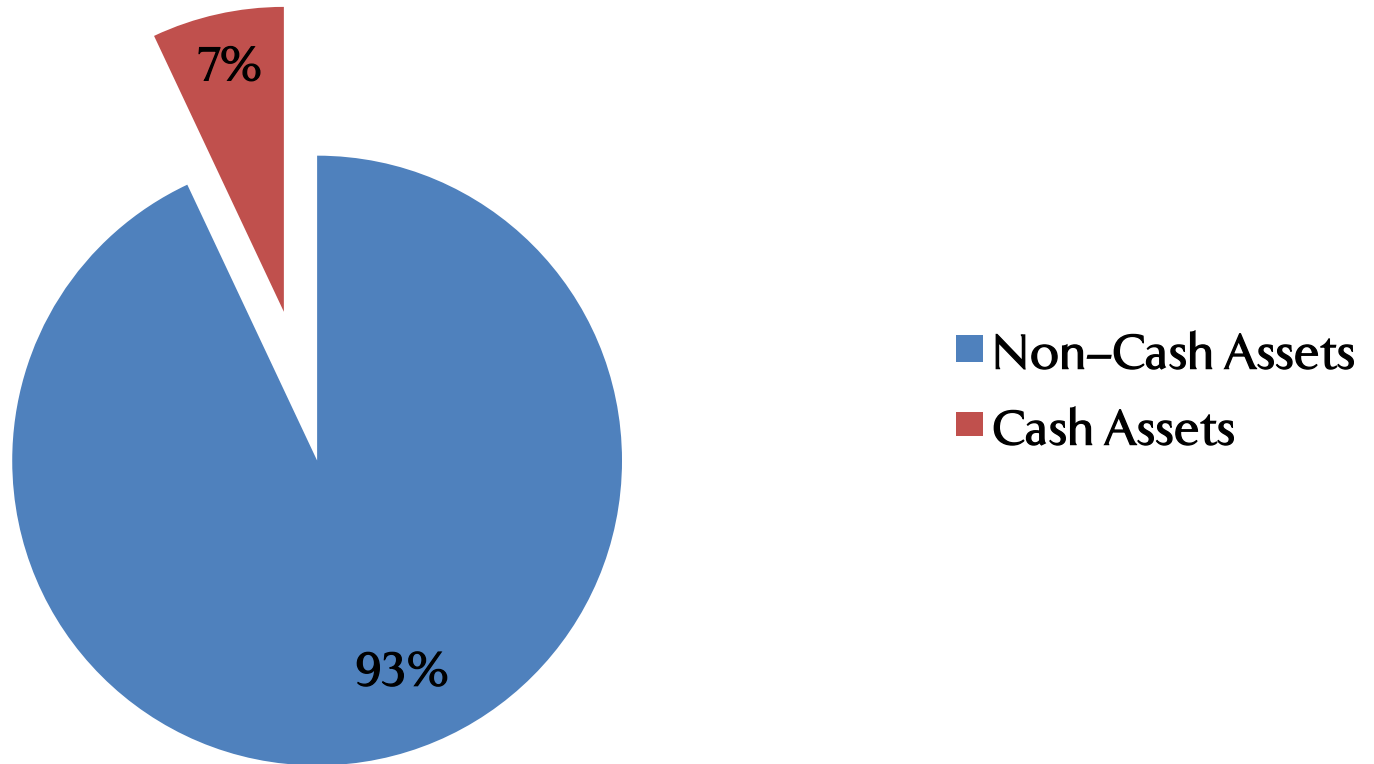


GIVE + PROTECT

- Charitable Bargain Sale
- Charitable Lead Trusts
- Retained Life Estate



CASH = GOOD /NON-CASH = BETTER



Wealth in America

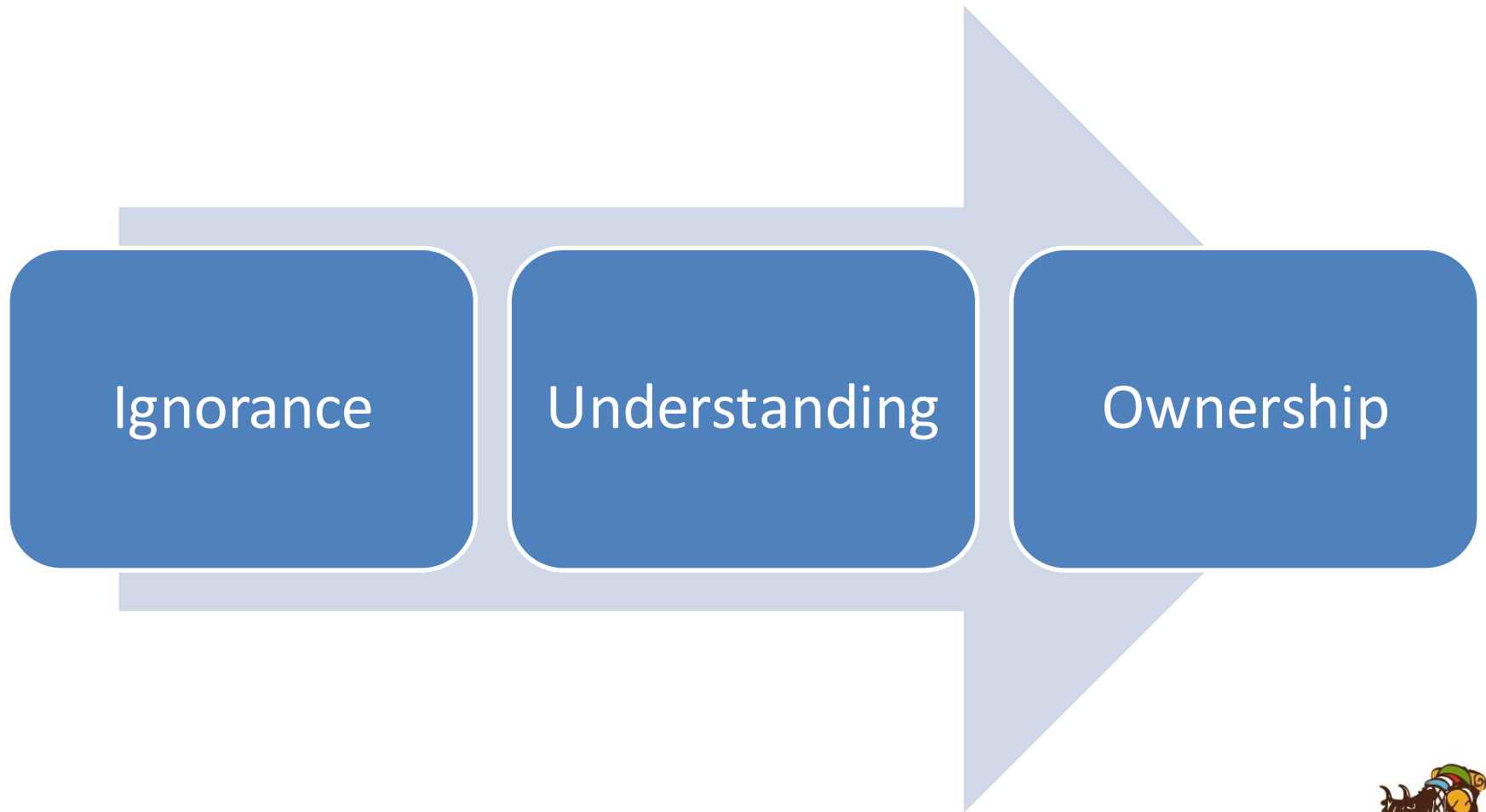
\$53 trillion

Source: Kentucky Philanthropy Initiative, Transfer of Wealth Kentucky

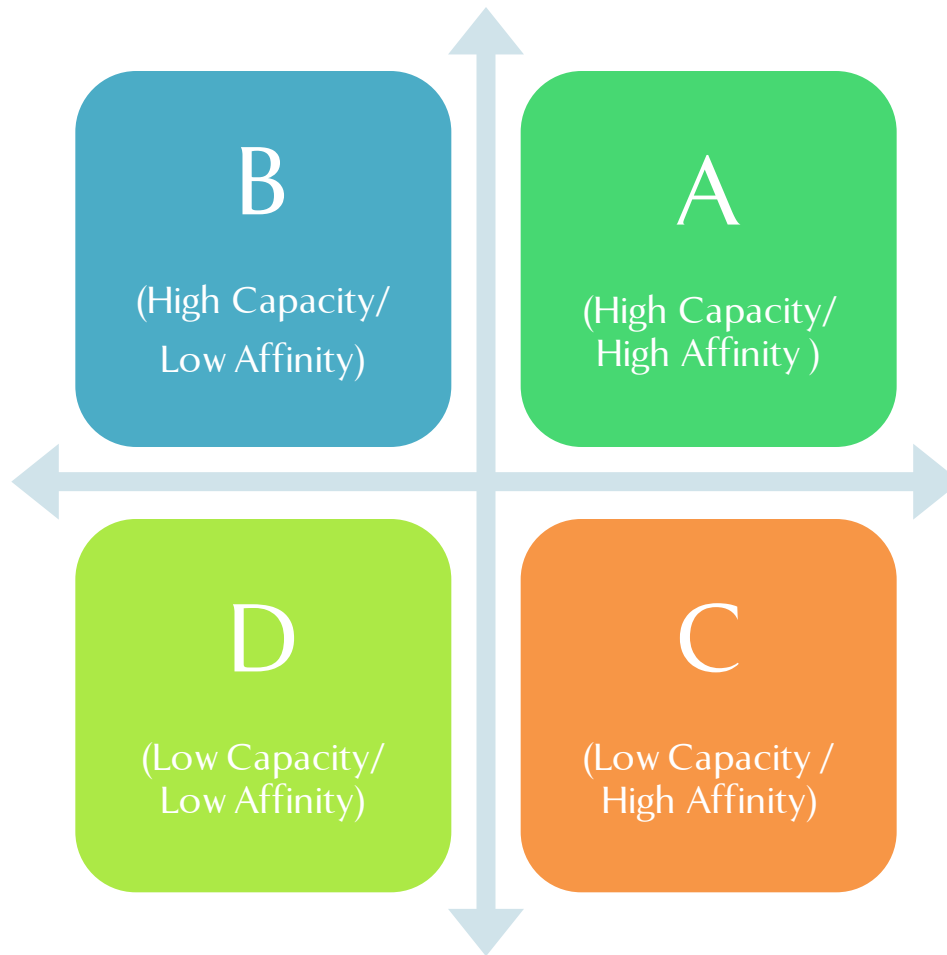


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Prospects → The Affinity Continuum



Prospect Priority Grid



Speaking the Donor's Language



Break the Language Barrier

Institutional Centered

Help
Support
Charitable Gift Annuity
Credit
Deadline
Deductible
Pledge
Payable
Trusts
Policy

Donor Centered

Involve
Family
Save
Thank you
Caring
Impact
Education
Benefit
Connection



Overcome Terminology

- Donors don't give a "planned gift" they **GIVE** to provide _____ (a scholarship, endow a program, etc.)
- Donors don't establish a charitable remainder trust, rather they use an asset to provide additional income for themselves or their family while also "doing good"
- If you think that CRATs, CRUTs, Flip CRUTs, etc. are confusing for you...imagine how complex it sounds to most donors!
- Keep it simple and donor focused!



Navigating the Conversation



Common Capacity Obstacles

1. Have to pay for child's/grandchild's education
2. I wish I could do more
3. Not a good time, planning to retire



\$2,500? Thank you!
Coffee is my treat!
See you next year.

Tell me more ...



Tell me more ...

1. About your children/grandchildren and your plans for their education.
2. Would you be more generous to the organizations you support if you could do that without negatively impacting your other goals?
3. What do you plan to do in your retirement?

Gift Navigator



NAVIGATION MENU

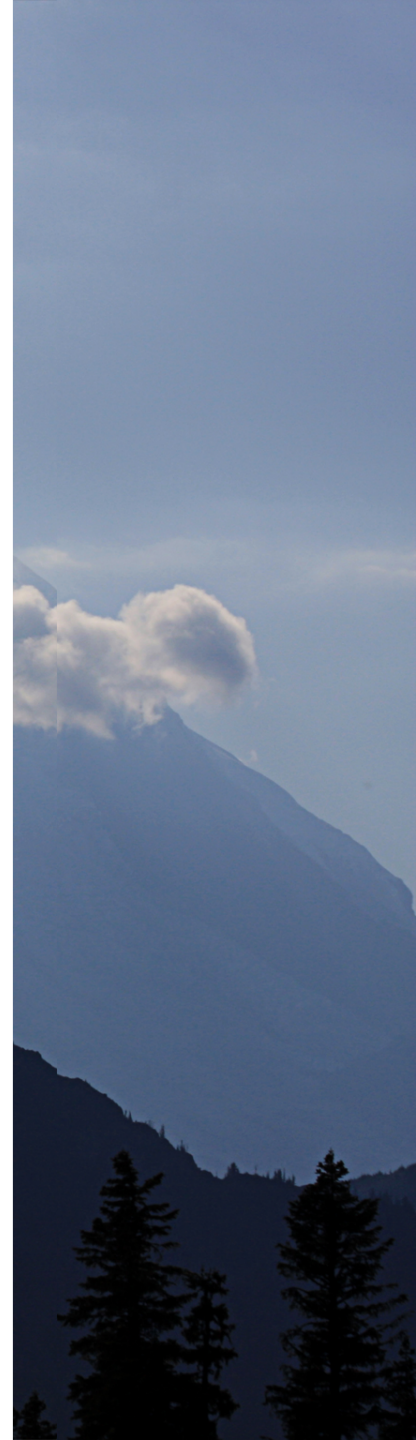
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GIFT NAVIGATOR

Focused on selling an asset

Not enough cash to make a gift

Have to pay for child's/grandchild's needs/education

Wish I could do more

Assets are not readily available to give

Not a good time, planning to retire

Worried about running out of money

Not a good time to make a gift

Not sure what I have to give



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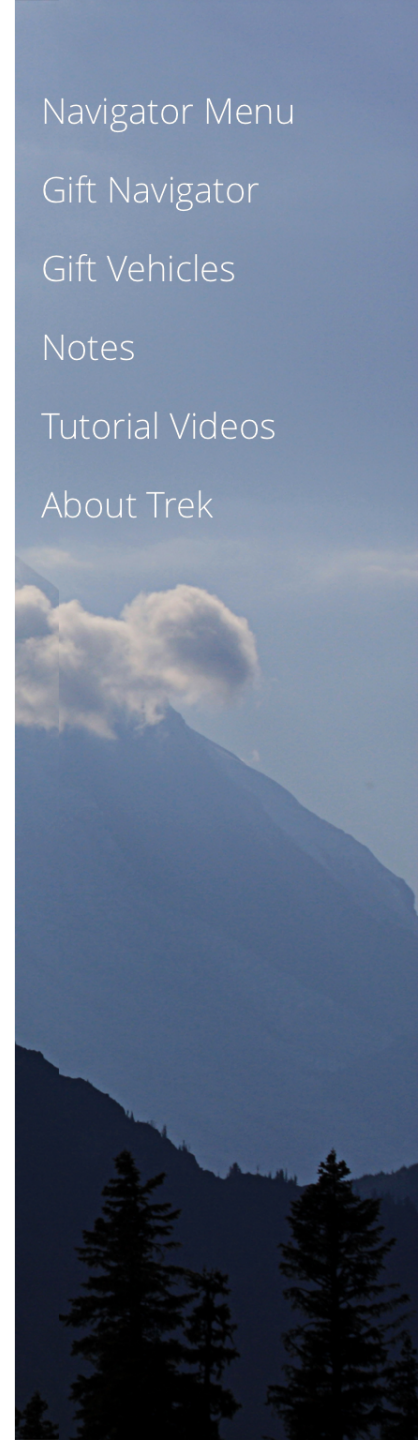
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RETIREMENT INCOME

Do you prefer ...

Income now ,
Deduction now?

Income later,
Deduction now?



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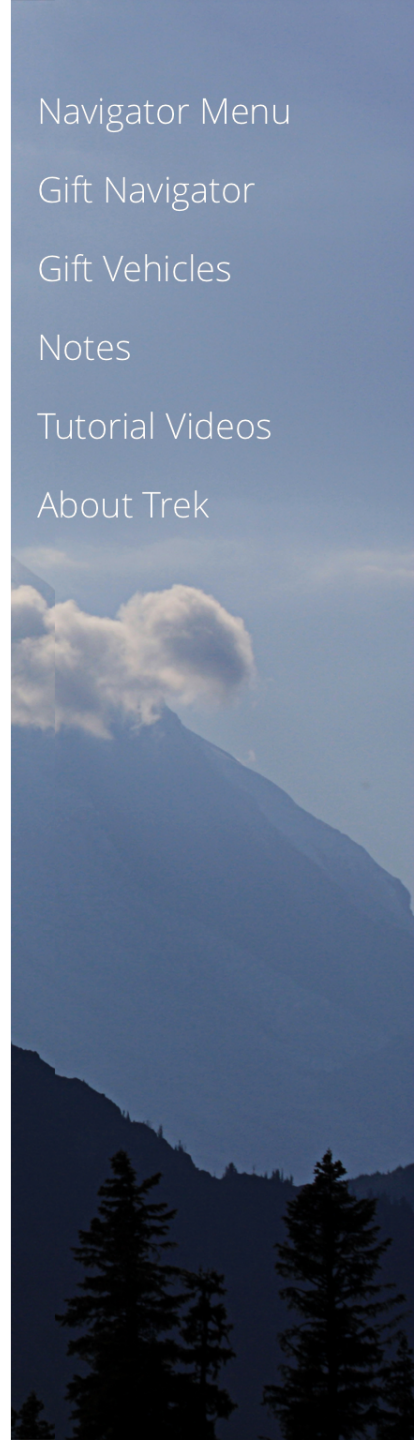
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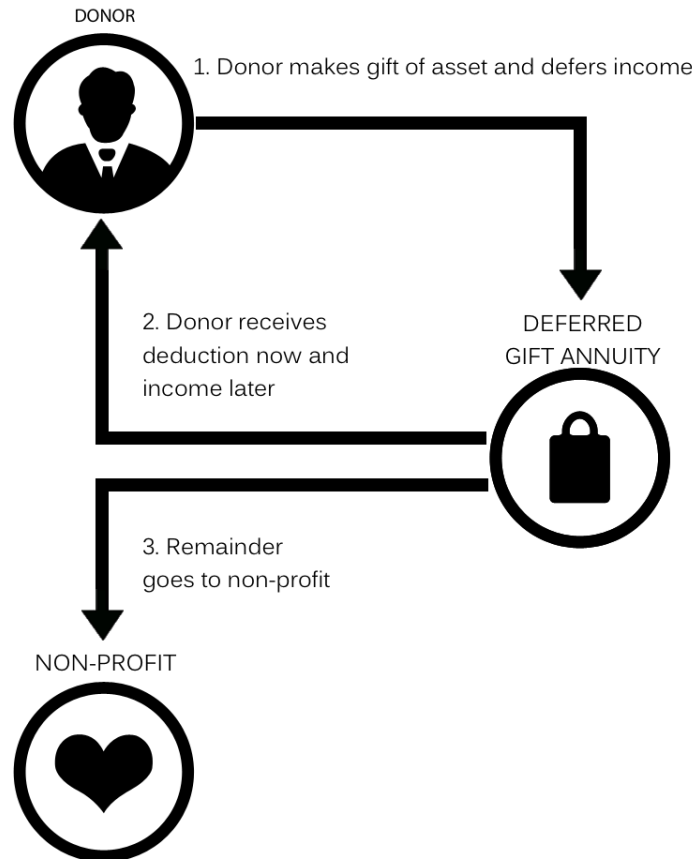
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CHARITABLE GIFT ANNUITY DEFERRED

Charitable Gift Annuity Deferred



How It Works

Pros & Cons

Ideal Assets



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CHARITABLE GIFT ANNUITY - HOW IT WORKS

A charitable gift annuity is a contract between the donor and the non-profit organization that offers tax-advantaged income for life

Affect Current Cash Flow - Yes

Tax Savings - Yes, defer or eliminate capital gains and reduce estate taxes

Protect Assets - No

Income to Donor/Beneficiary - Yes

Wealth Transfer to Next Generation - Yes

Revocable - No

Charitable gift annuities can be immediate, flexible or deferred

How It Works

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CHARITABLE GIFT ANNUITY - PROS & CONS

- Offers guaranteed lifetime payments backed by the assets of the non-profit organization
- Often increases income the donor was receiving from the assets used to fund
- Eliminates capital gains taxes so the entire value of the appreciated asset can be used
- Blended tax treatment of annuity income allows a portion to be treated as tax-free return of principal
- Age of beneficiaries determines the fixed value of income payments

How It Works

Pros & Cons

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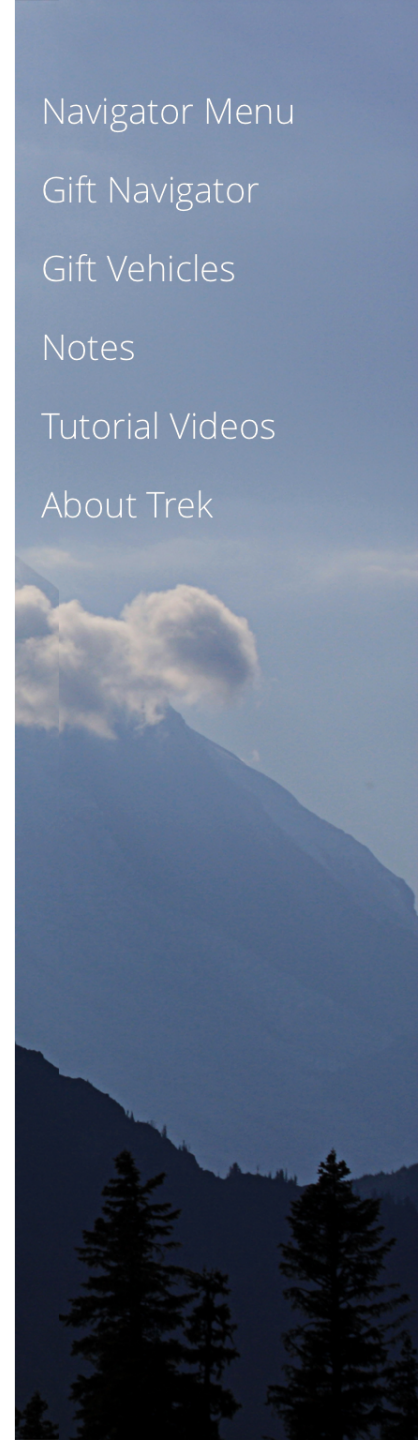
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CHARITABLE GIFT ANNUITY - IDEAL ASSETS

- Cash
- Appreciated Securities

How It Works

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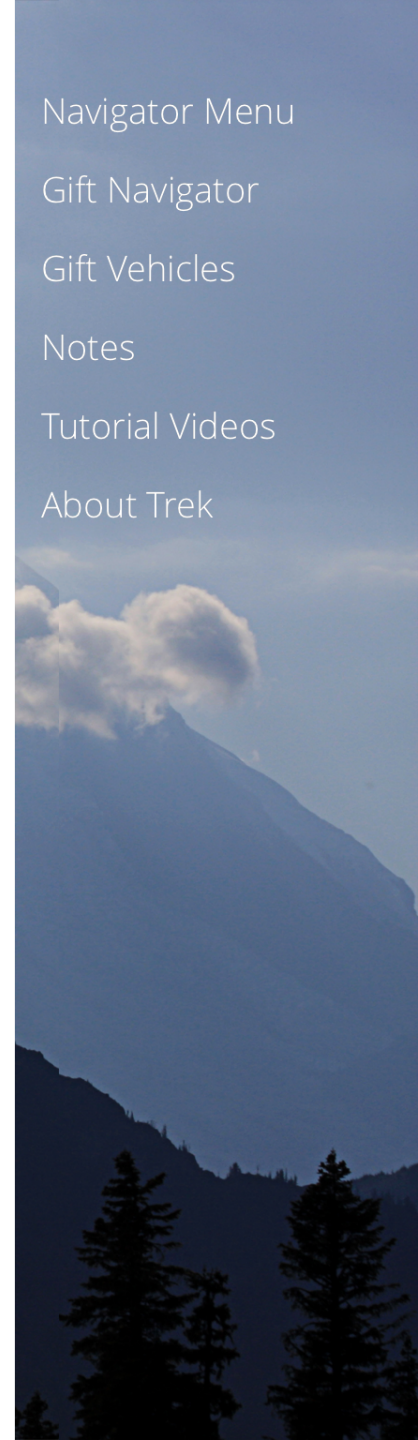
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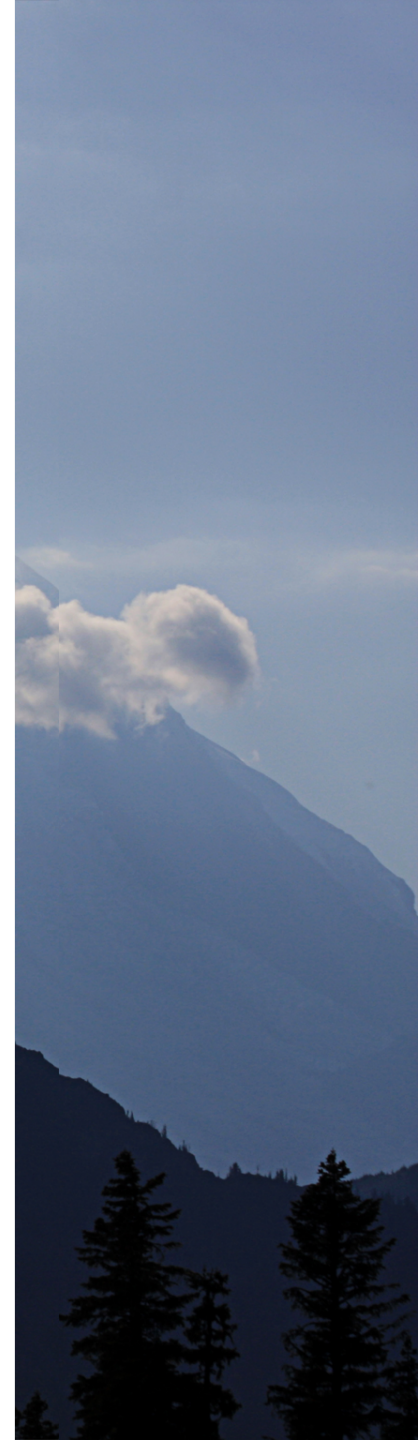
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[Bargain Sale](#)

Bargain Sale

[Beneficiary Designation](#)

Life Insurance

Retirement Plan

[Bequest](#)

Gift from Will or Trust

[Charitable Gift Annuity](#)

Charitable Gift Annuity Deferred

Charitable Gift Annuity Immediate

[Charitable Lead Trust](#)

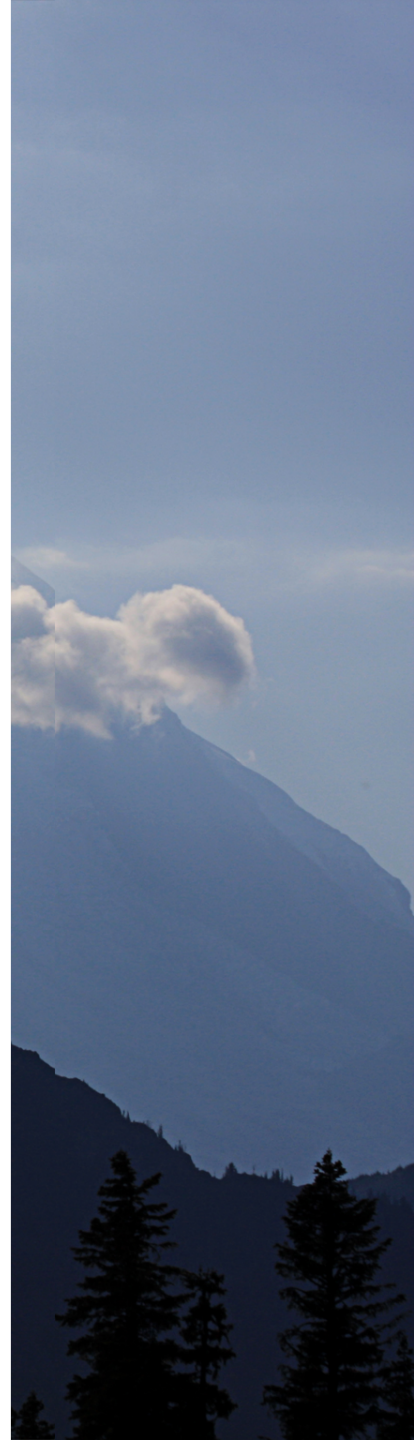
Charitable Lead Trust

[Charitable Remainder Trust](#)

Charitable Remainder Annuity Trust

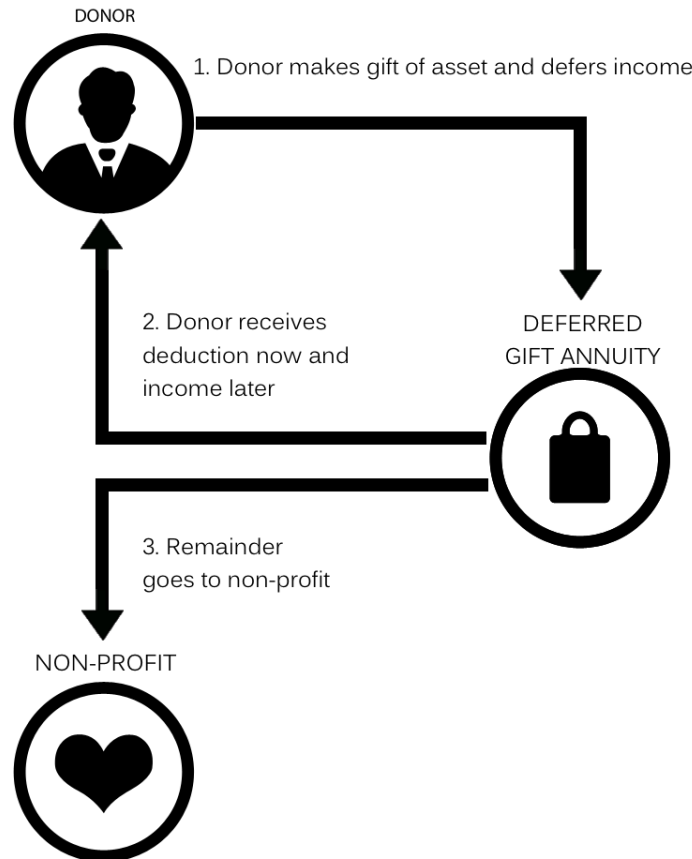
Charitable Remainder Unitrust

[Retained Life Estate](#)



CHARITABLE GIFT ANNUITY DEFERRED

Charitable Gift Annuity Deferred



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Thank you!

#1 As you participated in this presentation what concepts or ideas jumped out at you?

#2 What intrigued you? What worried you?

#3 What questions did this raise for you? Is it important?

#4 What do you need to do to implement these concepts or ideas?



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