

# Stages of Your Planned Giving Program

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

November 4, 2016

Presented by



Trek Advancement  
LLC

# Today's Takeaways

1. Three Stages of Planned Giving Programs
2. Marketing + Operations
3. Where to go and how to grow



# Stages of Planned Giving Programs

## STAGE 1: GIVE

- Now: Non–Cash Outright Gifts
- Later: Bequest and Beneficiary Designations

## STAGE 2: GIVE + RECEIVE

- Life Income Gifts

## STAGE 3: GIVE + PROTECT

- Charitable Gift and Estate Planning



# STAGE 1 – GIVE Now + Later

- Now: Outright Gifts – Inter vivos / Lifetime Gifts
  - Appreciated/Depreciated Securities, Mutual Funds
  - Real Estate
  - Tangible Personal Property
  - Life Insurance Policy
  - Retirement Plans\*
- Later: Estate Distributions – Testamentary /End of Lifetime Gifts
  - Bequests (Gifts From a Will or Trust)
  - Beneficiary Designations:
    - Retirement accounts
    - Life insurance policies

\*See Charitable IRA Rollover



Trek Advancement  
LLC

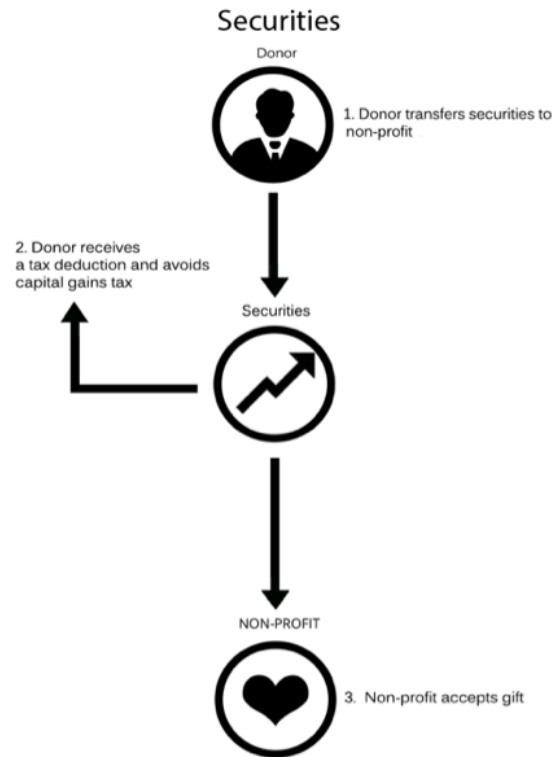
# Give Now: Publicly Traded Stock

- Length of Ownership
  - Short term (ordinary income)
  - Long term (capital gain)
- Deduction for FMV of average high/low price on date of gift
- No appraisal needed
- Transfer the shares to charity, do not sell & transfer proceeds



# SECURITIES

---



## How It Works



Information contained in this app should not be considered or viewed as legal or accounting advice. Please seek the advice of your professional legal, tax or professional advisor(s) prior to making any type of planned charitable gift.

[Menu](#)

[Gift Navigator](#)

[Gift Vehicles](#)

[Notes](#)

[Tutorial](#)

[About Trek](#)

# Benefit of Giving Appreciated Securities

Assume 28% Tax Bracket	Give Cash	Sell Securities, Then Give Cash	Give Securities Outright
Gift Value	\$50,000	\$50,000	\$50,000
Ordinary Income Tax Savings	\$14,000	\$14,000	\$14,000
Capital Gains Tax Savings (15% rate)	N/A	\$4,500 PAID	\$4,500 SAVED
Net Tax Savings	\$14,000	\$9,500	\$18,500
Actual Cost of \$50,000 Gift	\$36,000	\$40,500	\$31,500

# Give Now: Retirement Plan

- Charitable IRA Rollover – it's permanent!
- 70 1/2 years or older?
- Donor directs custodian to make a gift and excludes required distribution from income, gift can be up to \$100,000 annually
- Charity receives gift, no deduction to the donor
- Donor avoids counting it as income and being taxed

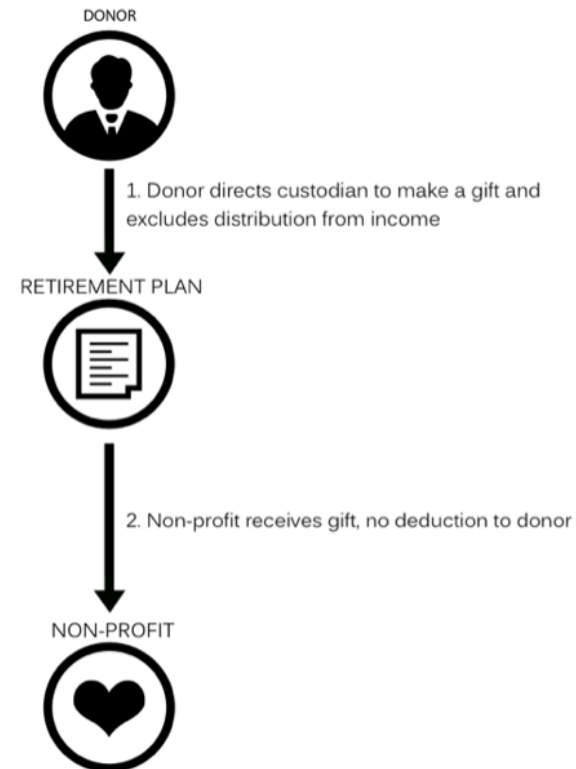




# RETIREMENT PLAN-LIFETIME GIFT

---

## Retirement Plan- Lifetime Gift



Information contained in this app should not be considered or viewed as legal or accounting advice. Please seek the advice of your professional legal, tax or professional advisor(s) prior to making any type of planned charitable gift.

[Menu](#)

[Gift Navigator](#)

[Gift Vehicles](#)

[Notes](#)

[Tutorial](#)

[About Trek](#)

# Give Later: Retirement Plan

- Revocable gifts made during donor's life and transferred at death
- Easy to establish with "Change of Beneficiary"
- Can be all or a percentage
- Avoid income and estate taxes by making a tax-free transfer of retirement assets vs. taxes applied to non-spouse heirs



# RETIREMENT PLAN-ESTATE DISTRIBUTION

---

## Retirement Plan- Estate Distribution

DONOR



1. Donor names non-profit as beneficiary

RETIREMENT PLAN



2. Benefit is paid to non-profit at death

NON-PROFIT



How It Works

Pros & Cons

Ideal Assets



Information contained in this app should not be considered or viewed as legal or accounting advice. Please seek the advice of your professional legal, tax or professional advisor(s) prior to making any type of planned charitable gift.

Menu

Gift Navigator

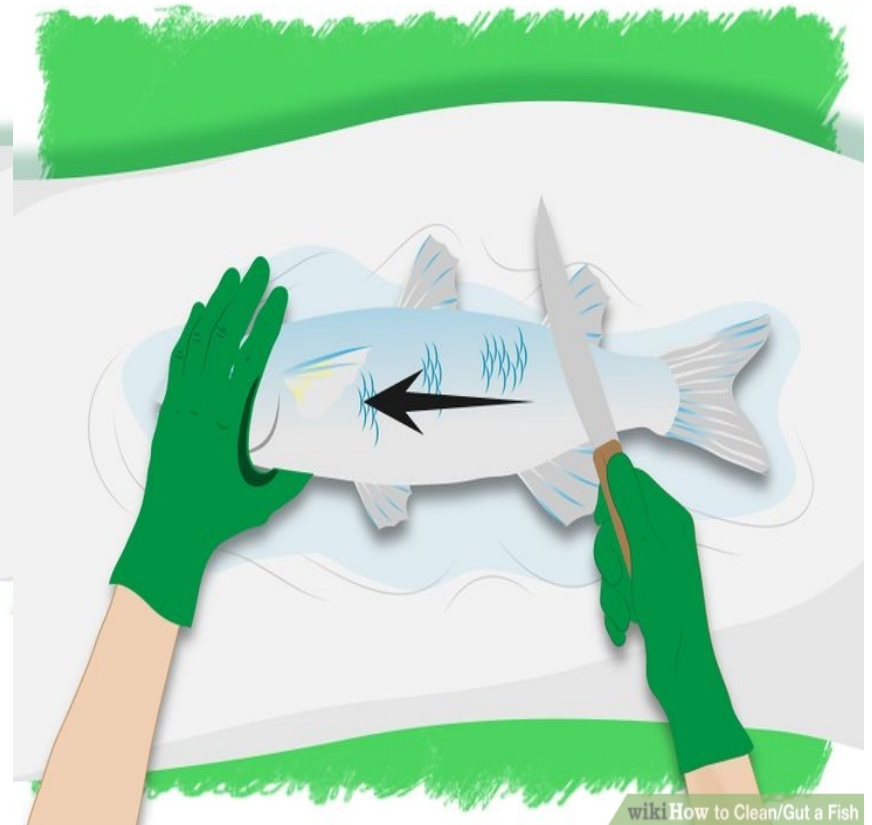
Gift Vehicles

Notes

Tutorial

About Trek

# Are you ready to fish?



# STAGE 1 Readiness Questions

- How visible is the organization? Does the public know the organization's name?
- Is the public aware of the organization's activities?
- Does the organization have a well–communicated, future–oriented mission statement? A vision statement?
- **A strategic plan which is publicized?**
- Does the organization understand its stakeholders and marketing priorities?
- Is the Board of Directors representative of a cross–section of the organization's constituency?
- Do they have limited terms of office and are they elected or appointed to office?
- **Do they understand the duties and responsibilities of directors?**
- **Is the organization financially well managed and able to professionally administer large contributions?**
- Does the organization have a long–term mission?
- **Is the organization perceived as stable, with constituents who are confident that the organization will be around for a while?**
- Does it publish or make available upon request an annual report or current financial statement?
- What percentage of contributions is used for fundraising?
- Do trustees understand their role in the organization's fundraising process?
- **Is there education and training for trustees to gain understanding of current use vs. deferred gifts?**
- What type of reporting functions/benchmarks are expected regarding planned giving program performance?

Source: *Are You Ready for Planned Giving?* PPP Resource Center

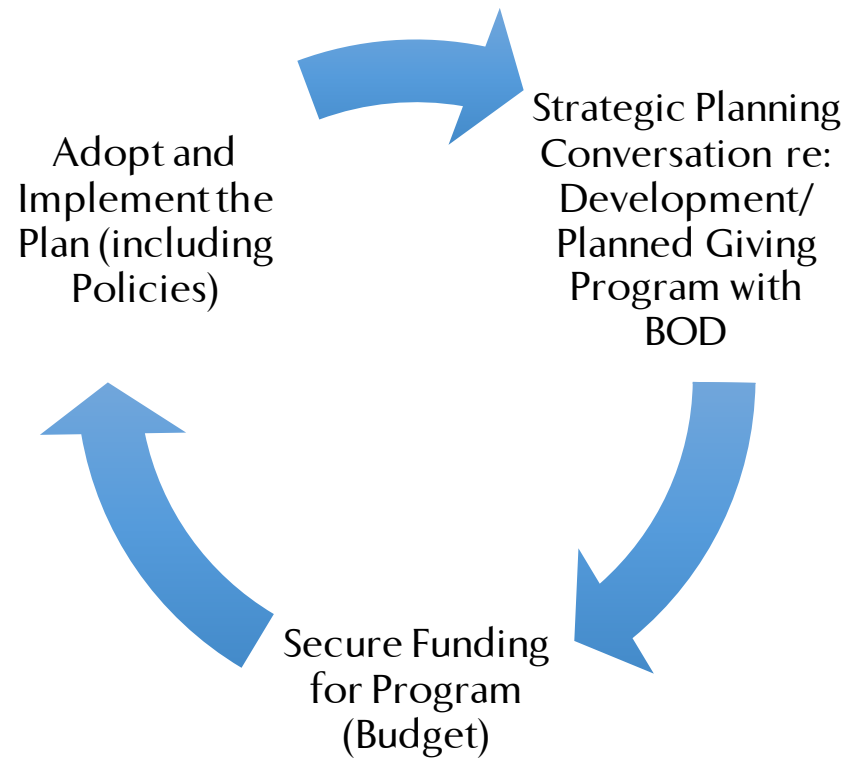


# Threshold: Strategic Planning

1. Strategic plan **priorities** support a planned giving program and identify organizational focus
  - Endowment building
  - Funding priorities
2. **Budget** allocations to fund multi-year program needs
3. **System** to communicate, implement and evaluate the plan



# Perpetual Process



# Director Duties and Responsibilities

- Duty of Care
  - Director be informed and exercise independent judgment
  - Director discharges his duties in good faith, with care that an ordinary prudent person in a like position would reasonably believe appropriate under similar circumstances.
- Director's Liability and the Business Judgment Rule
  - If action was undertaken in good faith, in a manner reasonably believed to be in the best interests of the corporation, and based on the director's independent and informed judgment.
- Duty of Loyalty
  - Conflicts of interest;
  - Corporate opportunity; and
  - Confidentiality

Source: Guidebook for Directors of Nonprofit Corporations

Second Edition, Committee on Nonprofit Corporations, American Bar Association



Trek Advancement  
LLC



# Endowment Investment Management

- Laws Governing Investment Management (UMIFA) and (UPMIFA)
  - Prudence, Spending and Purpose
- Adopt written investment policies that guide
  - asset allocation, restrictions on risky assets, and clear objectives and statements of risk
- Use a qualified professional investment manager to manage the funds
- Monitor the professional manager (using the policies as your standard)
- Establish and understand the management philosophy



# Trustees' Role in Fundraising

- Clarify roles of board, development professionals, administrators and other staff
- Trustees' advantage:
  - Trustees as “honest brokers” in cultivation process
  - Trustees are social or professional peers
  - Trustees have greater network of connections
- Assessment of Trustee knowledge regarding planned gifts



# Performance Reporting for Planned Gifts

At start, there are few actual dollars to report. Instead,

- Report the ACTIVITIES that lead to planned gifts
  - Personal visits/calls
  - Targeted mailings/results
  - Advisor meetings
  - Seminars/workshops
  - Events
- Report the NUMBERS where appropriate
  - # of Board members who have donated
  - Legacy gifts you've been informed of
  - Attendance at events, meetings, speaking engagements

Credit: Linda Speed, Community Foundation of  
Southern Indiana



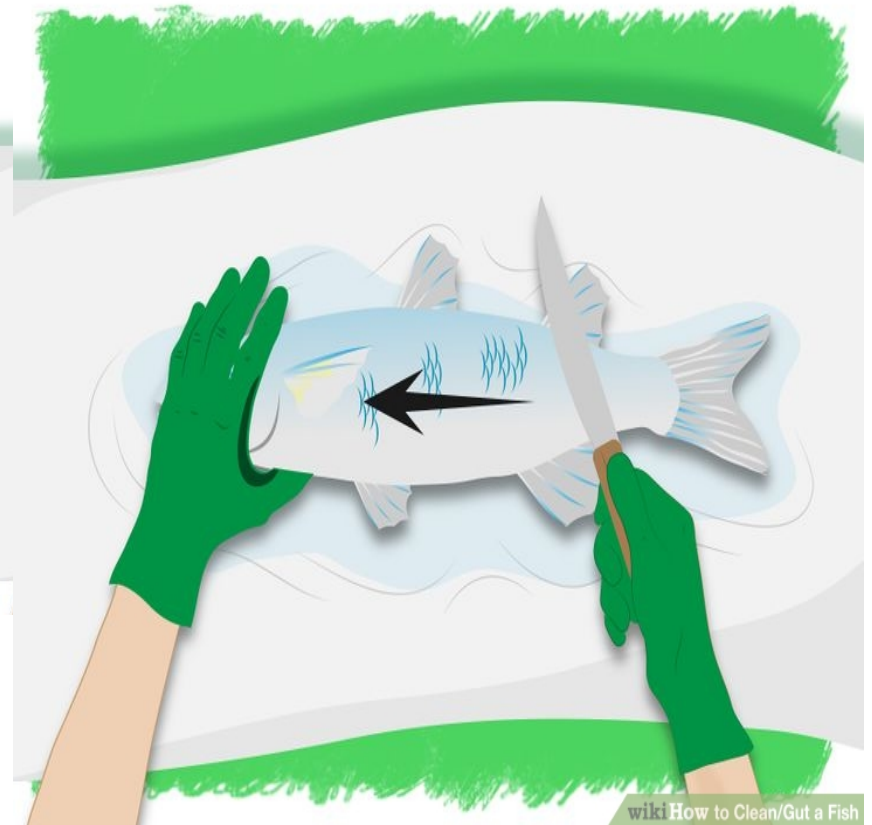
Trek Advancement  
LLC

# Gift Acceptance Policies

- ✓ Bequest language (unrestricted and restricted) – publicize everywhere
- ✓ Determine what types of gifts to accept:
  - ✓ Life insurance
  - ✓ Business interests, closely-held stock, partnerships
  - ✓ Tangible personal property
  - ✓ Real estate
  - ✓ Retirement plans (lifetime gift administration)
- ✓ Determine what will NOT be accepted



# Are you ready to fish?



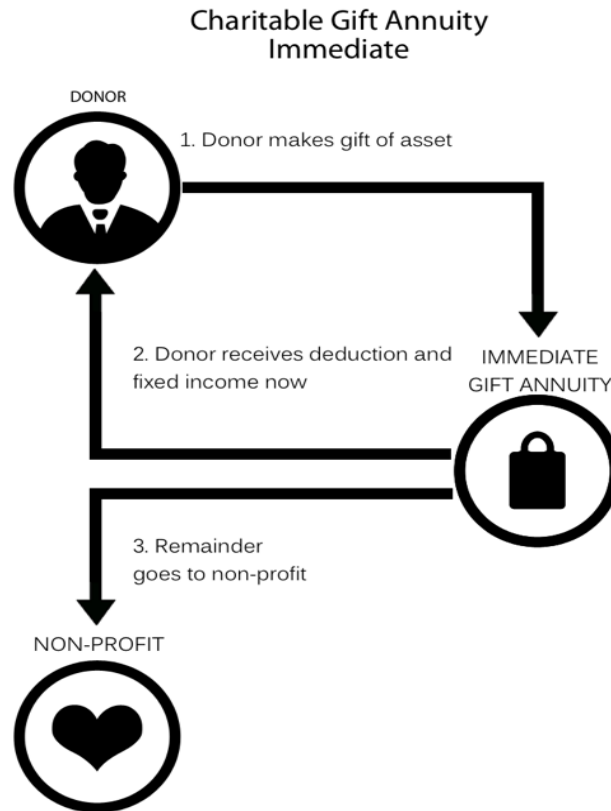
# STAGE 2: GIVE + RECEIVE

## Life Income Gifts:

- Charitable Gift Annuities (immediate, deferred and flexible)
- Charitable Remainder Trusts
  - Annuity trusts
  - Unitrusts
  - “Flip” Unitrusts (for special circumstances)



# CHARITABLE GIFT ANNUITY IMMEDIATE



How It Works

Pros & Cons

Ideal Assets

Information contained in this app should not be considered or viewed as legal or accounting advice. Please seek the advice of your professional legal, tax or professional advisor(s) prior to making any type of planned charitable gift.



[Menu](#)

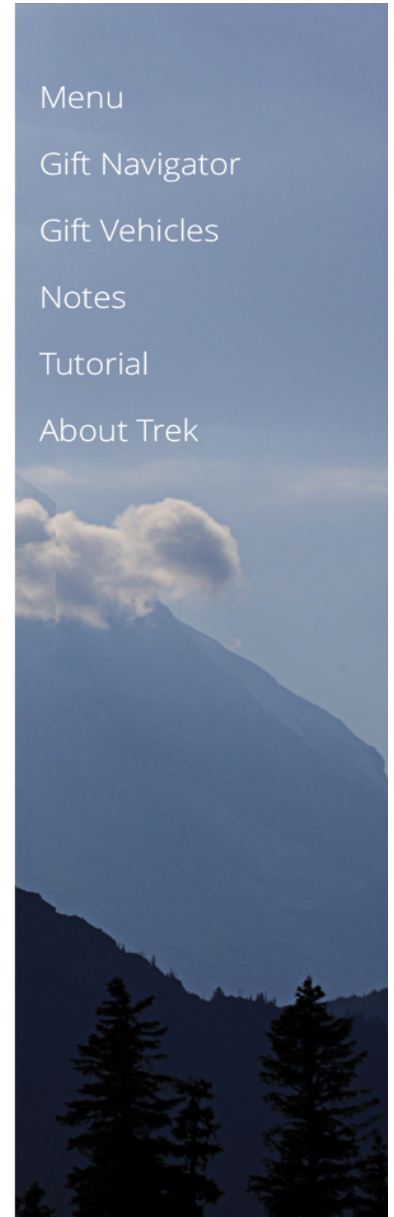
[Gift Navigator](#)

[Gift Vehicles](#)

[Notes](#)

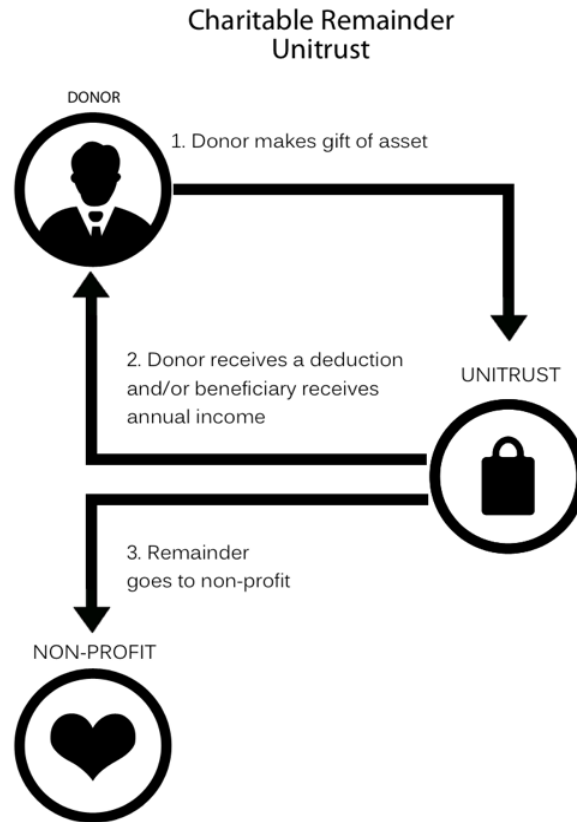
[Tutorial](#)

[About Trek](#)



# CHARITABLE REMAINDER UNITRUST

---



How It Works

Pros & Cons

Ideal Assets



Information contained in this app should not be considered or viewed as legal or accounting advice. Please seek the advice of your professional legal, tax or professional advisor(s) prior to making any type of planned charitable gift.

[Menu](#)

[Gift Navigator](#)

[Gift Vehicles](#)

[Notes](#)

[Tutorial](#)

[About Trek](#)



## LIFE INCOME GIFT COMPARISON

	<b>Charitable Gift Annuity</b>	<b>Charitable Remainder Trust</b>
<b>Income Beneficiary</b>	No more than two	One or more
<b>Rate of Return</b>	Determined by age and number of beneficiaries	Minimum of 5 percent of value
<b>Term</b>	Life of beneficiaries	Life of beneficiaries or a term of up to 20 years
<b>Tax Deduction</b>	Determined by amount, term and payments	Determined by amount, term and payments
<b>Additional Contributions</b>	Another annuity can be established	Yes
<b>Payment to Donor or Beneficiaries</b>	Fixed	Fixed percentage of trust assets or fixed amount
<b>Minimum to Establish</b>	Determined by non-profit	Determined by non-profit
<b>Ideal Assets</b>	Cash, appreciated securities, other appreciated assets	Cash, appreciated securities, real estate, other appreciated assets



Information contained in this app should not be considered or viewed as legal or accounting advice. Please seek the advice of your professional legal, tax or professional advisor(s) prior to making any type of planned charitable gift.

[Menu](#)

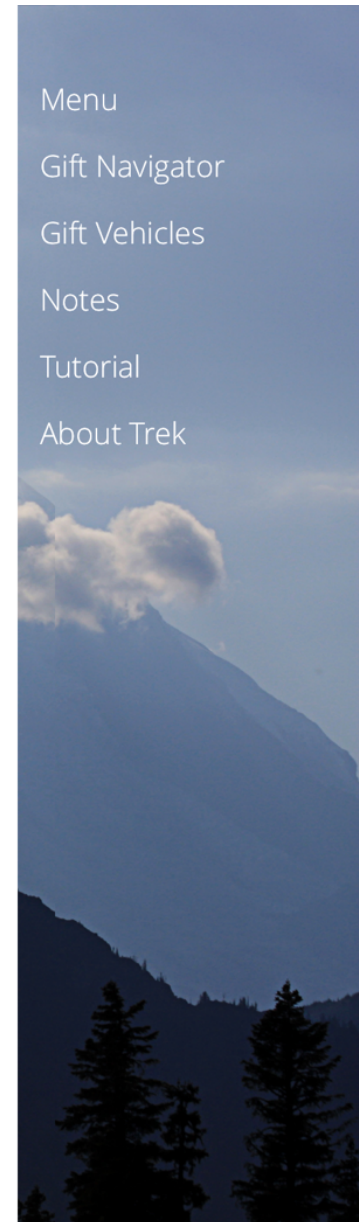
[Gift Navigator](#)

[Gift Vehicles](#)

[Notes](#)

[Tutorial](#)

[About Trek](#)



# STAGE 3: GIVE + PROTECT

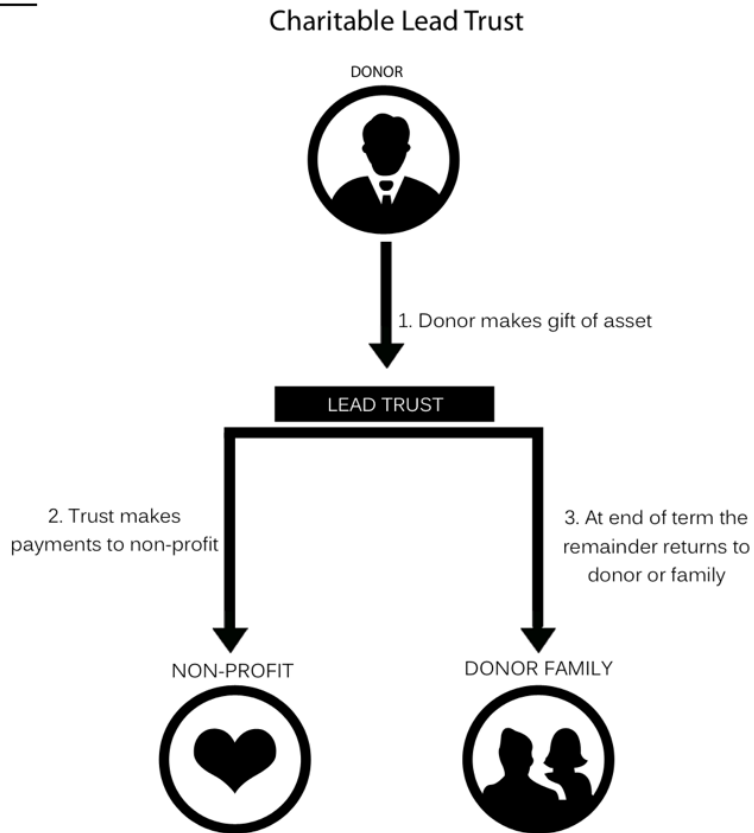
The Charitable Gift and Estate Planning Program:

- Charitable Lead Trusts
- Charitable Bargain Sales
- Retained Life Estates
- Donor Advised Funds
- Philanthropic Planning Advisor



Trek Advancement  
LLC

# CHARITABLE LEAD TRUST



How It Works

Pros & Cons

Ideal Assets



Information contained in this app should not be considered or viewed as legal or accounting advice. Please seek the advice of your professional legal, tax or professional advisor(s) prior to making any type of planned charitable gift.

[Menu](#)

[Gift Navigator](#)

[Gift Vehicles](#)

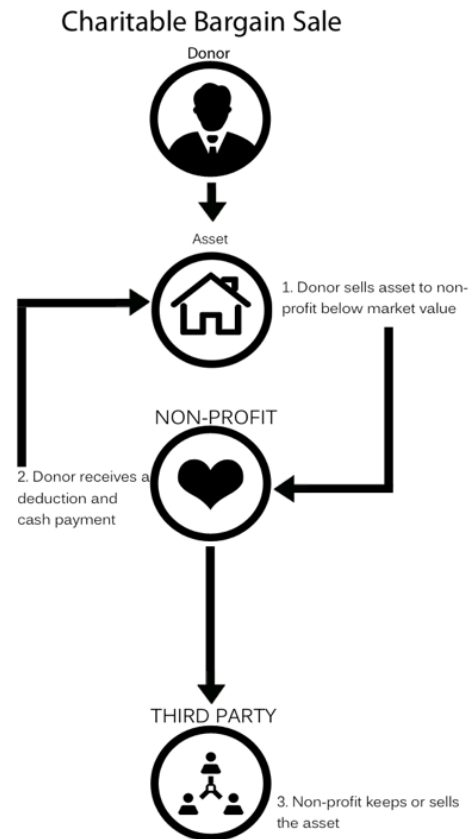
[Notes](#)

[Tutorial](#)

[About Trek](#)

# CHARITABLE BARGAIN SALE

---



How It Works

Pros & Cons

Ideal Assets



Information contained in this app should not be considered or viewed as legal or accounting advice. Please seek the advice of your professional legal, tax or professional advisor(s) prior to making any type of planned charitable gift.

Menu

Gift Navigator

Gift Vehicles

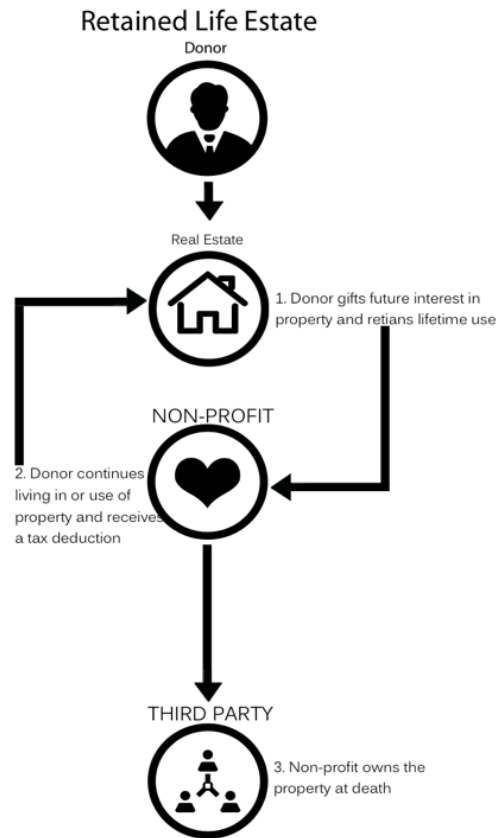
Notes

Tutorial

About Trek

# RETAINED

---



How It Works

Pros & Cons

Ideal Assets



Information contained in this app should not be considered or viewed as legal or accounting advice. Please seek the advice of your professional legal, tax or professional advisor(s) prior to making any type of planned charitable gift.

Menu

Gift Navigator

Gift Vehicles

Notes

Tutorial

About Trek

# Review Takeaways

1. Three Stages of Planned Giving Programs
2. Marketing + Operations
3. Where to go and how to grow



# Conversation Continued

Want to learn about

Overcoming Common Capacity Obstacles with Planned Gifts?

Next Session Starts @ 10:45 AM



Trek Advancement  
LLC

# Thank you!



Trek Advancement  
LLC

Kelly Wesley Taylor, J.D.  
[kelly@trekadvancement.com](mailto:kelly@trekadvancement.com)

Trek Advancement, LLC