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# Give & Take

VOL. 29 NO. 5 • MAY 1997

NEWS AND IDEAS FOR DEVELOPMENT EXECUTIVES OF NONPROFIT ORGANIZATIONS

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## Help Your Donors Meet Personal and Charitable Goals

by Barlow T. Mann

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Understanding your donor's concerns is essential for effective gift planning efforts.

Attempting to meet both the needs of your institution or organization and those of its donors is a fine line that gift planning officers must walk everyday. What can the donor logically give that won't deplete his or her reserves? What needs does the nonprofit have that may match the individual's ability to give?

Gift planning that carefully considers the donor's concerns can help.

"I'd like to give more but just don't see how I can," is a familiar comment scribbled onto a response device that many gift planning officers have read. The handwriting, perhaps from a slightly shaky hand and with more precise letter formation, indicates the age of the note writer. Collectively this generation of givers is much more comfortable with pen and paper than a computer keyboard.

The problem shared by many older adults is that they probably consider their giving an isolated activity instead of part of a comprehensive estate and financial planning exercise. By combining personal and philanthropic objectives at this stage of life, you can show them a harmonious way to integrate giving with their other goals.

### Age may be crucial

Most persons (in any age group) tend to procrastinate when planning their estates. However, as people age, they are more likely to be receptive to information on gift and estate planning.

There is an increasing interest in managing assets for life as well as transferring

them at death. According to recent reports, a 65-year-old person has more than a 25% chance to live to 90 years of age or beyond.

Furthermore, although persons over the age of 50 represent about 25% of the population in this country, they control most of the wealth and accumulated assets. Studies show that these persons had an estimated annual income of over \$800 billion and controlled:

- 70% of the total net worth of U.S. households.

- 77% of all financial assets.

- 80% of all deposits in U.S. savings and loan associations.

We can conveniently segment "older" adults into three categories:

- 50 to 64—"the workers," middle adulthood

- 65 to 79—"the recent retirees," late adulthood

- 80 and over—"the surviving seniors," old age.

The concerns of the three groups differ as do their life experiences, which must be considered as you help them meet personal and philanthropic goals.

### Differing concerns

For example, the oldest group was born before 1917. Their view of the world may incorporate childhood memories of World War I, and certainly vivid memories of the Great Depression.

The middle group, who were youngsters during the 1930s share common memories of bread lines and unemployment, but are more likely to have been

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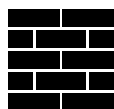
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## In the News . . .

News and notes  
of interest to  
gift planners.



### Give & Take

A client service publication published monthly since 1968 by Robert F. Sharpe and Company, 5050 Poplar Avenue, Suite 700, Memphis, TN 38157, (901) 680-5300. Fax (901) 761-4268. E-mail info@rfsco.com or through our web site at <http://www.rfsco.com>

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### Church receives \$1 million from “frugal” widow

Ruth Hendrix, of Piney Creek, North Carolina, said she would leave “a little something” in her will for Mt. Zion Methodist Church.

The retired schoolteacher’s gift turned out to be stock and land valued at \$1.1 million. Ironically, Ms. Hendrix was not even a member of the congregation. Her parents and several relatives are buried in the church’s cemetery.

*The Commercial Appeal*, April 5, 1997

### IRS reverses ruling, claims “self-dealing”

Two years ago, the IRS issued a ruling to a corporation that wanted to use a trust to pay off pledges to several charities.

An affiliate of the parent corporation proposed to form a charitable trust, contribute to it, and have the trust pay off the pledges. In 1995, the IRS said there was no “self-dealing,” a term that describes improper benefit derived by a private party from tax-exempt charitable dollars.

Recently, the IRS reversed this ruling, stating that no matter how and why a trust is started, if it makes payments from its assets that benefit the corporations, the result is self-dealing.

*The Chronicle of Philanthropy*, April 17, 1997, page 53, reporting on PLR9703020

### Mail gift annuity promotions at nonprofit rates

Nonprofits may continue to use nonprofit postage rates (Standard A) to send charitable gift annuity promotions.

This is a reversal from early 1996 rulings which stated that charitable gift annuities are a type of insurance which is also available from commercial entities, thus ineligible to be advertised at nonprofit rates.

*Gift Planner Update*, a publication of the National Committee on Planned Giving® April 1997

If you would like a copy of this new ruling, send your request by fax to (202) 628-4383, or e-mail to [nfndc@aol.com](mailto:nfndc@aol.com).

### Millionaire population on the rise

Good news for major gift planners: The millionaire population is growing by 15% each year.

Three trends are largely responsible for this increase:

- increased participation in the stock market
- more Americans viewing entrepreneurship as the key to accumulating wealth
- increase of defined contribution retirement plans.

Payment Systems Incorporated (PSI) of Tampa, Florida, predicts that by the year 2010, there will be 7.4 million households in the U.S. with investable assets valued over \$1 million (in constant 1996 dollars).

*Trends & Estates*, January 1997, page 8

### Wealth and philanthropy

Eighty people with assets of \$50 million-plus revealed the following concerns:

- 33% did not donate more to charity due to a lack of time to make sound decisions about where their money should go
- financial advisors never discussed philanthropy with 54% of the respondents
- the most pressing social issues include inadequate educational opportunities, violent crime, and race relations. *GT*

*Gift Planner Update*, a publication of the National Committee on Planned Giving® April 1997

Copies of “Wealth with Responsibility,” can be obtained from the Philanthropic Initiative, 77 Franklin St., Boston, MA 02110 (617) 338-2590.

### Volunteering in America

#### How Much Volunteering Is Done

Percentage of population who volunteer .....	48.8%
Total number of volunteers .....	93 million
Average weekly hours per volunteer .....	4.2
Total annual hours volunteered .....	20.3 billion

*The Chronicle of Philanthropy*, April 17, 1997, page 37

## ‘Train & Maintain’ Your Volunteer Force

Volunteers make up a viable force in the nonprofit world. According to a recent report on volunteering in America conducted by the Independent Sector, 93 million (48.8% of the population) volunteers give, on average, 4.2 hours each per week for a total of 20.3 billion annual volunteer hours.

How does the nonprofit use these volunteered hours most effectively? As more reliance is placed on volunteers—including fund raising—better guidelines are needed to “train and maintain” your volunteer force.

### Letters of agreement

A letter of agreement with volunteers is suggested in *The Volunteer Management Report*. Simple in format, it lays out expectations of the nonprofit organization and outlines what the individual is willing and/or capable of giving in terms of time, talents, and abilities. Of course, you would want to tailor your letter to your own organization, but offered at right is a suggested format you may find helpful.

The letter would be signed by the volunteer and an executive of the organization, each keeping a copy.

### Orienting new volunteers

Volunteers new to your organization may have a deep-seated commitment to further your goals and talents and knowledge beneficial to the organization, but haven’t a clue about what really needs to be done. You can help by providing them with material that will familiarize them with your operations, while not overloading them.

You might want to give them:


- your mission statement
- appropriate meeting minutes from the past year
- a capsulized history of your organization
- a directory of current volunteers with names, addresses, phone numbers, etc.
- a copy of your bylaws

- a job description for which they have volunteered
- an organization chart with an explanation of where he or she fits in the structure
- stated policies and procedures of the organization
- a calendar of events for the year
- a copy of future plans to which they may contribute.

### Volunteers benefit, too

“It’s amazing to me how much I learn from the people I work with each week,” said a Sharpe company employee who volunteers her time to several local nonprofits. On Monday nights she tutors émigré residents who must learn English in order to pass the test for U.S. citizenship. Once a month, she delivers food and supplies to an animal shelter.

Her family makes up gift bags throughout the year that are delivered to nursing homes at Christmas. This person is a dedicated volunteer and probably gives more generously of her time than many others, but is also representative of the willingness of people to give from what they have. And, her enthusiasm infects others, encouraging them to volunteer their time.

The growing numbers of people like this woman are valuable planned giving prospects as they move into older age groups. Cultivating them now as friends of your organization will undoubtedly bear fruit in the coming years. 

Voicing expectations mutually benefits nonprofits and their volunteers.

#### [Name of Organization] Volunteer Letter of Agreement

I accept the invitation to volunteer on behalf of [Name of Organization] in the following way(s):

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

I will participate in the orientation program scheduled to take place on [Date, time, location].

I will attend a minimum of \_\_\_\_ of \_\_\_\_ regular meetings during the course of the year.

My volunteer term will begin [Month/Year] and continue through [Month/Year].

In addition to the specific tasks I have agreed to perform for [Name of Organization], I will also serve as a representative upholding the ideals, goals, and mission of [Name of Organization].

\_\_\_\_\_  
Volunteer

\_\_\_\_\_  
Organization Representative

## Help Donors Meet Goals . . . *continued from page 1*

affected deeply by World War II. Their working years were accompanied by a previously unparalleled period of economic growth and prosperity. Now they are likely to be enjoying the early years of their retirement.

For the most part, the 50- to 64-year-olds are still working and enjoying the highest incomes they have earned. The youngest of these men and women are the first group of baby boomers to receive an invitation to join the American Association of Retired Persons.

In reviewing and recognizing the concerns each group may have, it becomes apparent that the youngest category continues to accumulate assets to assure financial security in later years; the middle group, on the other hand, is preserving accumulated assets so that extended retirement years are sufficiently funded. In the over-80 group, people are more likely to be maintaining their health and independence while considering how and what assets will be passed on to heirs and others.

### Giving and solving problems

As you might imagine, the planning needs of each group are quite different.

**Age 50 to 64:** People in this group may be prospects for a large outright gift to be paid during their high-income years, or perhaps a planned giving arrangement designed to provide for them during retirement looming in their near future. They may also wish to provide for parents or other elderly relatives.

**Age 65 to 79:** The middle group that has already retired may be more interested in harnessing existing assets to meet current and future needs of a "second retirement." (See page 1 of November 1996 *Give & Take* for more on the second retirement.) Except for the very wealthy, these people may be reluctant to make large outright gifts of income or appreciated assets.

They may, however, be prospects for life income gifts that would allow them to


enjoy the benefits of a current income tax deduction, an enhanced income stream, avoidance of capital gains tax, and management of assets. Other gifts from life insurance policies or "over-funded" retirement plans may represent options they would consider to meet charitable goals.

As both of the younger groups begin to experience the death of parents and spouses, the survivors become more and more receptive to the need for estate and financial planning.

**Age 80 and older:** More members of this age group are concerned about physical and mental health in addition to their financial well being. These concerns may cause some current donors to lapse even though they had previously arranged or are capable of arranging substantial charitable gifts in their wills or other estate plans.

Some of these individuals will discover gift planning vehicles which offer strategies that solve their dilemmas. For example, a gift annuity might maintain the cash flow to which a person has become accustomed, or a testamentary gift annuity might provide payments for life for a trusted family friend or relative.

While tax deductions and income are important, many older people may choose a life income gift plan as much for asset management as anything else.

One key to meeting each individual's objectives will be to include charitable gifts in the overall estate plan. In many instances, people will be pleased with the results of integrated planning versus the "hit and miss" treatment of handling each need separately. 



*Barlow T. Mann is an attorney and chief operating officer of the Sharpe company. He designs planned giving programs for a number of America's nonprofits, presents seminars, and authors many articles on gift planning.*

## A Word About Planned Giving Seminars

by Margaret M. Holman

We are often asked about the mechanics and advisability of conducting planned giving seminars for donors, professional advisors, and staff and board members. Many reasons exist for holding such seminars:

- To inform prospects and current donors about the variety of gift plans.
- To let professional advisors know you accept various kinds of gifts.
- To increase an organization's staff and board educational level about the process and results of a planned giving program.

### Seminars for donors

When considering a donor seminar, select the members of your planned giving society, those who have given frequently over a number of years, and if you have it, use your demographic information to segment those who are age 65 and older.

As a courtesy, you will want to include the members of your board, senior staff, and perhaps, some of your older, long-term volunteers. You could further segment this into a "for-women-only" seminar. Women, as statistics substantiate, outlive their male counterparts and make up the majority of older donor lists in many cases.

### Seminars for financial advisors

If you are considering a seminar for professional advisors in your community, remember two things:

- 1) Financial advisors have been trained primarily to *preserve* their client's assets—not encourage making charitable gifts or other *distribution* of assets.
- 2) Donors don't rely on their advisors for advice on giving as much as some like to think.

In fact, the National Committee on Planned Giving's survey indicated that when asked why they made a planned gift, donors listed "the encouragement of legal or financial advisors" as 25% of the time

for life income gifts; 18.4% of the time for non-cash gifts; and 6.2% of the time for bequests.

There are exceptions, however. If you have a constituency with a donor profile averaging age 70 and above, in the \$170,000 and above income range, who are college educated, you may want to consider asking a prominent board member to host a seminar with outside experts for the financial/legal advisors of your donors titled, possibly, "Balancing Asset Preservation and Charitable Goals."

### Seminars for staff and board

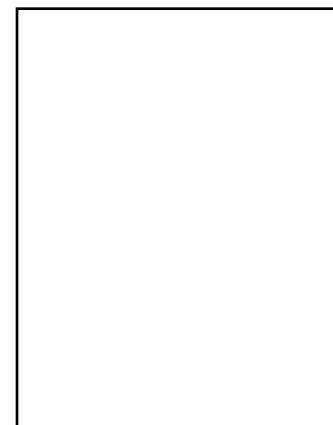
If a seminar for staff and board members fits into your plans, enlist the aid of a planned giving expert to address both groups. Presentations from outside "experts" who may actually know little more than you about planned giving are, for some reason, better received than those made by internal "experts."

The main reason for holding seminars for staff is to help them understand the variety of gifts that can be made to your organization. The seminar affords you an opportunity to remind them that they are vital keys to helping the development office find, cultivate, and steward planned giving prospects and donors. Board members attending seminars are reminded of the long- and short-term benefits of encouraging planned giving that will likely solidify their personal support of your endeavors.

What are some techniques that will help assure you host a successful seminar?

1. Target your audience properly.
2. Create the right topic for the audience. For women, it might be understanding their role as the primary distributors of family assets
3. Select the right site. If you have a beautiful campus, such as a university or an art museum, or have an interesting program to showcase, consider having the seminar at your institution. If your facilities don't fit into any of those categories,

Thoughtful planning puts your seminar on the road to success.



*Margaret Holman is a senior consultant for Robert F. Sharpe and Company, assisting clients with marketing strategies, publications, training, and program evaluation and implementation.*

## Footnotes for Gift Planners


News and ideas about Robert F. Sharpe and Company services and publications. For more information, join us on the web at [www.rfSCO.com](http://www.rfSCO.com).

How can your donors make the most of their giving this year? Sharpe's year-end brochures can be used as a special mailing to encourage donors to complete their gifts before December 31.

Select from three titles, in two and four color designs, or special versions for educational institutions.

Subjects addressed include:

- the importance of gift timing
- advantages of giving securities and other non-cash appreciated property
- benefits of life income gift opportunities.

Use these brochures as enclosures with pledge reminders, annual appeals, and gift acknowledgments, or distribute at gatherings of donors, volunteers, and other friends. 



## Planned Giving Seminars . . . *continued from page 5*

consider a country club or private corporate dining room.

4. Choose the right time of day. Many people over age 65 are reluctant to travel at night. A seminar held at lunch time or mid-afternoon generally is better attended by older persons. Financial or legal experts tend to prefer early morning breakfast presentations.

5. Always serve food. Offer a light luncheon, afternoon tea, or desserts to help break the ice and establish a comfortable atmosphere.

6. Decide how invitations will be extended. While a personal letter over the signature of a recognition society member may work best for some, others may find formal printed invitations elicit more positive responses.

7. Follow up. Select up to 50 people on your list to personally call to encourage attendance. Immediately following the seminar, send a thank you note to attendees that includes any information promised.

8. Bring the right materials to your seminar. Provide information about your institution, your donor recognition society, and ways gifts can be made. If available, you will want to distribute an outline of the speaker's presentation.


9. Plan the agenda. Ask a senior staff member or chairman of your board to welcome participants. Invite them to enjoy the refreshments before the program begins. Introduce your expert speaker who then makes a 20 to 40 minute presentation. Following the presentation, arrange for the chair of your recognition society (or another prominent person known to donors) to conduct a question and answer period. Thank all the attendees and presenters for their time and contributions.

### How many attendees?

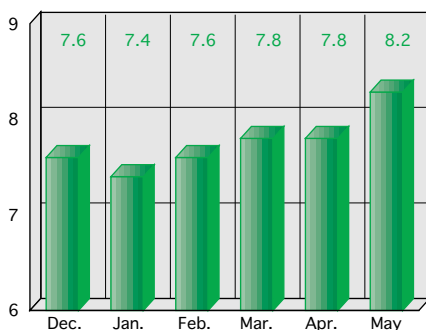
Like any other special event, success in terms of number of attendees depends on how many people were invited.

Generally, an audience that numbers anywhere between 15 and 50 indicates marketing has been effective.

Not every participant will eventually make a planned gift to your organization. Some attend out of simple curiosity, while others are more comfortable in a group setting and require more time before making final decisions about future gifts.

By holding seminars once or twice a year, you'll uncover new prospects, be able to thank current donors, and enhance the perception of your organization as "service oriented." 

### Discount rates




*The trend in adjusted federal midterm rates (AFMRs), which are used in calculating the benefits of split-interest gifts.*

## Introduce Gift Planning to Your “Team”

Successful planned gift development officers know that they rely on others for help in fund raising. An informed and supportive CEO, board members, immediate supervisors, peers in other areas of development, program staff, finance and legal professionals, and support staff are all vital to their success.

The popular one-day seminar, “Planned Giving When That’s Not All You Do,” is designed to help widen the basic understanding of gift planning within your organization by offering accessible training to a broad range of individuals who are vital to the program.

Experience shows that many who are not fully engaged in gift planning are not able to take the time to travel or attend multi-day seminars. This seminar keeps their needs in mind.

Discounts are available for multiple registrations, so check the schedules of those whom you would like to introduce to planned giving and match them to the most convenient location and date listed to the right. Call 1-800-238-3253, extension 360, to register or to request additional information. 

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**Dates & Locations:**  
**May 9 Minneapolis**  
**May 16 Memphis**

## Begin/Refresh Gift Planning Training


While constantly updating the material taught at “Major Gift Planning—Options and Opportunities,” presenters Robert F. Sharpe, Jr., and Jonathan G. Tidd, Esq., make this two-day seminar a “standout in the crowd.” By combining their knowledge and years of experience, participants are exposed to the most comprehensive sessions available.

Highlights include:

- The role of gift planning within the fund development program.
- Current and deferred gift planning techniques.

- Deferred gifts in capital campaigns.
- Tax and other financial considerations in planning major gifts.
- Integrating charitable gifts in estate plans.
- Working successfully with donors’ advisors.

Registrations are always limited to allow for more interaction between participants and instructors.

For more details or to register, call 1-800-238-3253, extension 360. Reserve your space as early as possible. 

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**Dates & Locations:**  
**May 19-20 New York**  
**June 26-27 San Fran.**  
**Aug. 4-5 Chicago\***  
**Sept. 8-9 Phoenix**


\*Additional presentation scheduled to accommodate high demand.

## Advanced Training for the Experienced

“Major Gift Planning II” takes those more experienced in the field into a more in-depth exploration of issues related to major gift planning. A working knowledge of various gift planning vehicles is assumed.

This seminar focuses on how various planning tools can be used to help donors meet multiple planning goals while making significant charitable gifts. Special emphasis is on present value of gifts and the cost/benefit analysis process.

Robert F. Sharpe, Jr., and Jonathan G. Tidd, Esq., offer their extensive knowledge in a fast-paced, high-energy atmosphere paying special attention to practical challenges today’s fundraisers face. They offer solutions that can be implemented in a variety of fund-raising programs. Upcoming dates and locations are listed at right.

Call 1-800-238-3253, extension 360, or fax (901) 761-4268 the Sharpe company to register or request more information. 

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**Dates & Locations:**  
**July 10-11 Minneapolis**  
**Oct. 20-21 Pasadena**