

Give & Take

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Making the Most of Your Board and Volunteers

by Phillip Adcock

Clearly defined roles for volunteers and board members can prevent confusion for staff and donors.

Effectively utilizing volunteers and board members in your gift planning program can be critical to the success of your efforts. However, the differing roles of volunteers and staff should be clearly stated to avoid confusion and to protect your organization's relationship with key contributors.

Early in my previous career with a large national health organization, I was taught that in some types of fund raising, the more volunteers you have, the more money you could ultimately generate. That was certainly true in certain instances, for example organizing a community effort to "knock on every door" asking for small gifts, or conducting elaborate special events. However, I found that utilizing a large number of volunteers proved challenging when I set about to launch a comprehensive gift planning program.

Can volunteers hinder gift planning?

Using volunteers to encourage current gifts from their friends, business associates, and other peers has been a part of general fund-raising activities for years. However, when you want to reach the people most likely to remember your organization in their will or other gift planning instrument, the approach above not only does not generally work very well, but it can often cause problems.

As many of you know, most people consider a planned gift to be a very personal expression. When you think of the kind of information that is often discussed by gift planning officers with planned gift pros-

pects (long-range personal and financial objectives, types of assets owned, people and institutions in their lives they wish to provide for, etc.), you can see that this information may well be too personal to share with one's peers.

Consider this analogy

Assume you have a business associate whom you know and respect, and this person requests that you give a generous gift to a charity you both care about. Are you likely to make that gift? Most people would answer yes to this question because they know the person who is asking them to make a gift and they trust the organization the funds will ultimately support.

Now, consider that you have given contributions to this same organization for many years. One day you respond to a mailing seeking additional information regarding naming this particular organization in your will. Would you want to talk with your business associate, understanding that you may need to disclose your income, your relationship with loved ones, and the assets that you hold? Or would you rather talk to a staff person whom you may not know well but who represents an organization you trust?

Unlike those who make current gifts, most prospective planned givers are not likely to share highly confidential information with friends, neighbors, business partners, etc. This work is best handled by gift planning staff working confidentially in concert with the donor's professional advisors.

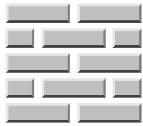
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News and notes
of interest to
gift planners.



Give & Take

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Omaha—a new regional headquarters for philanthropy?

Omaha, Nebraska, may now be emerging as a new center of philanthropy. Why? Because many Omaha residents who invested with fellow Midwesterner Warren Buffett 40 years ago are reaping the financial benefits of this investment guru's golden touch, and they're sharing their wealth with nonprofit organizations.

Many of Omaha's millionaires began by investing moderate amounts of money in Mr. Buffett's original partnership. Then, when Buffett formed his Berkshire Hathaway holding company, the investors transferred their funds into his new venture. Since then, Berkshire Hathaway has consistently outperformed the stock market averages, making many of Buffett's original investors very wealthy.

Leland and Dorothy Olson, millionaire Buffett-investors, have given away millions to the University of Nebraska Medical Center. Another Buffett-investor, Robert Soener, used \$1.7 million of his wealth to create his own foundation. Soener originally invested a \$10,000 bonus with Buffett in the 1950s. Another couple who invested with Buffett, the Othmers, left a fortune estimated at almost three-quarters of a billion dollars consisting of Berkshire Hathaway shares to a number of

charities. (See page 2 of last month's issue of *Give & Take* for more on the Othmer estate.)

Source: *Philanthropy Journal Alert*, August 21, 1998

IRS figures reveal who's who among charitable states

The Internal Revenue Service has issued state-by-state data regarding the money Americans gave to charity in 1996. Here are two lists of significance to gift planners: first is a listing of the top ten states with the highest average charitable deductions based on itemized returns; the second list shows the top ten states with the highest percentage of returns claiming charitable deductions.

Top 10 for Average Charitable Deductions by Itemized Returns

| | |
|---------------------|---------|
| 1. Wyoming | \$5,822 |
| 2. Utah | 4,845 |
| 3. Tennessee | 4,123 |
| 4. Washington, D.C. | 3,952 |
| 5. Texas | 3,702 |
| 6. Arkansas | 3,601 |
| 7. Mississippi | 3,531 |
| 8. Alabama | 3,423 |
| 9. Louisiana | 3,312 |
| 10. Florida | 3,234 |

Top 10 for Percentage of Returns Claiming Charitable Deductions

| | |
|------------------------|-------|
| 1. Maryland | 38.1% |
| 2. New Jersey | 36.5 |
| 3. Connecticut | 35.5 |
| 4. New York | 34.1 |
| 5. Minnesota | 33.8 |
| 6. Massachusetts | 32.9 |
| 7. Utah | 32.2 |
| 8. Delaware & Virginia | 31.5 |
| 9. Rhode Island | 30.9 |
| 10. California | 30.8 |

Source: *The Chronicle of Philanthropy*, August 27, 1998

Discount Rates

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

Are Your Bequest Expectancy Donors Telling the Truth?

by Timothy D. Sharpe

Recently, while helping a client study its bequest files and planned gift expectancies, the following question was raised: “Many people tell us that we are in their will or trust and become members of our recognition society. The problem is that in a significant percentage of cases, when the donor dies it turns out that no gift is received! Have our donors been misleading us?”

Taking a closer look

Upon reviewing the organization’s prospect files, which had been enhanced with information on age, gender, wealth levels, etc., a trend began emerging. It seemed that donors to this organization were more likely to be men than women—an unusual situation in the world of planned giving where many of the “rules” under which we operate assume that the bulk of prospective donors for bequests and annuities, at least, will be female.

In this case, the problem was not dishonest donors! We believe that most had indeed put the organization in their estate plans. The only problem was that, being older men, they were much more likely than older women to have a living spouse. Because they were married, the donors’ attorneys undoubtedly in many cases urged them to take advantage of the unlimited marital deduction. The estate plans for these men and their wives would thus tend to leave everything to the surviving spouse and only in the event that the spouse predeceased the donor would charitable and perhaps other bequests come into play. In effect, our client was being listed as a *contingent* beneficiary in the estate plan, subject to the contingency of the death or survival of the donor’s spouse.



Clearly, organizations in the much more common situation of having an overwhelmingly female donor base will have a different experience. For example, when a female donor dies, she is much more likely to be the last surviving member of a household. Therefore, she is distributing the joint assets remaining after both her and her late husband’s lifetime. In these cases, the unlimited marital deduction was used when the husband passed away, leaving the female survivor to make the final designations.

Are there solutions?

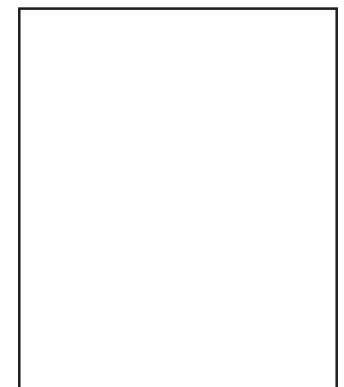
If you find that you are working with a predominantly male constituency, there are options that can help assure maximum results from your gift planning efforts.

First, be sure that all of your correspondence with donors in newsletters, brochures, cover letters, ads, and articles suggests that couples coordinate their plans so that both spouses’ wishes are taken into consideration. The goal is for a couple’s estate plans to reflect their shared charitable interests as well as those each supports separately.

Second, consider using hypothetical examples in your printed publications depicting a man who decides to make a limited number of charitable gifts that are fulfilled at his death while still reserving the bulk of his estate for the use of his spouse.

Another option may be for one spouse, typically the husband, to establish a qualified terminable interest trust or “QTIP” trust. This trust would provide support and asset management for the surviving spouse, but would provide that the ultimate charitable distribution desires of the first spouse take effect at the death of the second spouse, at least insofar as a portion of the assets are concerned. While some

Why do some bequests from men never materialize?



Timothy Sharpe, based in the Washington, D.C., area office, is executive vice president of the Sharpe Company.

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Board and Volunteers . . . *Continued from page 1*

Consider an "advisory committee"

What, then, is the appropriate role for volunteers? In many cases, it has been very effective to name an advisory committee to the gift planning effort made up of key volunteers. For some organizations, a volunteer committee may not be necessary. For others, it may be important as some volunteers can offer a great deal of expertise when it comes to marketing, planning budgets, building institutional support, and helping integrate gift planning with other fund-raising activities.

Phillip Adcock, vice president and senior consultant with Robert F. Sharpe and Company, was formerly national director of major gifts and planned giving for the American Cancer Society National Center.

Functions of a Gift Planning Advisory Committee

- **Oversight of the gift planning program.** The committee needs to be aware of the marketing and follow-up activities of your program and should work on the program's behalf to get budget approval, communicate with board members, etc.
- **Identifying prospective donors.** The committee should consider former contributors (not already on your lists), current and former volunteers, people who have received benefits from your organization in the past, etc.
- **Ad hoc gift acceptance review.** The advisory committee will assist when unusual gifts such as real estate, personal property, and other gifts are offered. The committee will ensure that internal policies are followed and, ultimately, make recommendations to the board for acceptance or rejection of certain gifts.
- **Act as a source of speakers** at estate planning clinics and other marketing activities such as board presentations, in-house presentations to staff, etc. *GA*

Any gift planning advisory committee should include someone who fits your target market for bequests and other planned gifts, a person knowledgeable about your organization's mission, and someone who has been involved for many years and has contacts with previous staff and volunteers. Other members you should consider among others are an investment advisor, a real estate agent, an accountant, a bank trust officer, and an estate planning attorney.

Conclusion

Development staff primarily drive the gift planning efforts for most organizations. Effective utilization of volunteers, however, can help provide continuity in your program in the event of staff turnover and can also help keep gift planning an integral part of your overall fund-raising activities. *GA*

Truth . . . *Continued from page 3*

would recommend this, it may be wise for charities to exercise caution when advocating such a planning approach because of the very basic inequities that many believe are inherent in the QTIP trust. If not careful, the gift planner may find himself or herself involved in a donor's marital disagreement over the ultimate disposition of marital property.

The moral of the story

One lesson we can learn from this case is that it is critical to know who your donors are. Knowing the age and gender of your donors is especially important when planning bequest marketing programs. This case also shows that it is important to dig deeper when something occurs that at first does not make sense to you. Now that we know the reasons underlying what at first glance might seem to be less than honest behavior, we can address the reality of the situation through thoughtful copy preparation, list selection, and other means. *GA*

Advice from Gift Planners in the Field

Over the years, *Give & Take* has been fortunate to bring you interviews with some of the nation's most dedicated and successful gift planners. As we celebrate our 35th year, we offer this recap of some of the most useful advice gift planners have shared with *Give & Take* readers.

Amelia Montjoy, planned giving manager for the World Wildlife Fund, had this to say when we asked her what she feels is most important for gift planning success: "In a phrase, genuinely caring about the people who give. If the gift becomes more important than the giver, then I will be on the wrong track."

Carl Swansen, director of principal gifts at The Children's Hospital of Philadelphia, told *Give & Take* what inspires him about his work: "The true spirit of giving that I have encountered in the people I meet. They want to make a difference and are a blessing to other people's lives."

When we asked **Rick Downey**, director of planned giving at Fred Hutchinson Cancer Research Center Foundation, to tell us about the most rewarding part of his work in fund raising, he had this to say: "Getting to know the people who give. They really give from the heart. I have developed some ongoing relationships and enjoyed seeing the fruits of some relationships I've built."

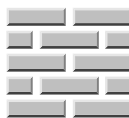
Milton Bell, former director of planned giving for the American Bible Society, brought nearly 25 years of experience to our readers in 1993: "I believe that the gift planner is *not* primarily a salesperson. Rather, the person is a facilitator, providing a professional service assisting donors in reaching their philanthropic objectives while not interfering with their personal financial goals."

In a two-part interview, **Dave Dunlop**, a renowned development professional at Cornell University for 38 years, told readers that having a kind and forgiving nature is critical to a gift planner's

success: "Unless we can forgive our friends [donors] their faults and appreciate the good things they do, we're liable to become fakers, to become the kind of people who say things they don't mean and express things they don't feel. A fundraiser can get away with that for a day, a week, or maybe even a month, but not much longer. People see through that. A truly forgiving nature enables us to genuinely like people who are less than perfect. It enables us to forgive them their shortcomings and be fully genuine in what we do and say."

Nancy Perazelli, CFRE, gift planning officer for Drake University, shared the details of her typical day as a gift planner and, in doing so, revealed her commitment to her work and her donors: "My day begins at 7:30 a.m. when I usually have a breakfast meeting with a donor. The rest of my morning is spent following up with donor requests, preparing gift proposals, or finalizing gifts, followed by a luncheon appointment with another donor. My afternoons are generally filled with making donor phone calls or personally delivering gift annuity or trust income checks to donors. [Nancy makes a point to hand-deliver gift annuity and trust income checks to every donor within an 80-mile radius of Des Moines.] I strive to spend 80% of my day visiting with donors either personally or by telephone." *GT*

Highlights from some of *Give & Take*'s best interviews with gift planning professionals.



Robert F. Sharpe & Company, Inc.

*Celebrating
35 years*

of helping nonprofits build
long-range financial stability.

Footnotes for Gift Planners

News and ideas about Robert F. Sharpe and Company's services and publications. For more information, join us on the Web at www.rfSCO.com.

"Your Guide" turns 33

As Robert F. Sharpe and Company celebrates its 35th year of service to America's nonprofit community, the first booklet published by the company, "**Your Guide to Effective Giving**," celebrates its 33rd year in print.

Each year since it was first offered in 1965, "Your Guide" has been updated to reflect today's gift planning techniques and how donors may best utilize them to



achieve their personal and philanthropic goals. Sharpe editors have updated "Your Guide to Effective Giving in 1998" to address the changes and opportunities created by recent tax law revisions and investment market volatility. The latest version also includes additional emphasis on retirement plan gifts, bequests, and other planned giving vehicles your donors may want to utilize as they plan.


Keep in mind that you may combine quantities of various booklet titles when

you order to benefit from lower per unit costs for larger quantities. For more information or to place your order, please call 1-800-238-3253 or fax your order to (901) 761-4268.

It's now or never

Time is running out for sending your year-end communications for 1998. However, you still have time to provide your donors with comprehensive information about the benefits they receive for charitable gifts made before the end of the year.

The Sharpe company has five year-end brochures for 1998. The titles are: "Giving at Year-End 1998" (in a four-color or two-color version), "Giving Thanks at Year-End," "Giving Before December 31st," and "Ways of Giving at Year-End" (for educational institutions).

Please call 1-800-238-3253 to place your order, fax to (901) 761-4268, or e-mail your order through our Web site at www.rfSCO.com. 

11 years ago in *Give & Take*

Here is an excerpt from Robert F. Sharpe, Jr.'s article entitled "Fund Gathering Under Uncertain Economic Conditions." It appeared in *Give & Take* in November 1987 following a significant stock market drop that fall. It seems particularly appropriate to revisit this information in light of recent stock market volatility.

"Now more than ever is the time to be in touch with your donors and prospects. If givers reduce their giving, they likely will not reduce it evenly across the board. We believe people who give will prioritize their interests—perhaps without even realizing it.

Those organizations with the strongest and best-communicated case will, as always, rise to the top. Take special care to thoughtfully relate to your best donors.

... Now is the time when the truly professional program will shine.

Those who know their donors, know why they give, and know how to help them give most effectively—and continue to effectively communicate with them—will prosper.

On the other hand, programs consumed by negativity, which continue to rely on outmoded, costly, and ultimately unsuccessful fund-gathering strategies may or may not survive, regardless of economic conditions." 

Training Update

Major Gift Planning I - Options and Opportunities

In two concentrated, information-packed days, presenters Robert F. Sharpe, Jr., and Jonathan G. Tidd, Esq., discuss the most important facts gift planners need to know to successfully guide their organizations into the 21st century. By linking their knowledge and over 40 years of combined experience, Sharpe and Tidd lead participants through a comprehensive training experience.

Make sure you are prepared to meet your donors' needs in the future by attending this popular seminar. Registration is always limited to allow for more interaction between participants and instructors.


Major Gift Planning II

For the more experienced gift planner there is "Major Gift Planning II," which focuses on applying various planning tools to help donors meet multiple goals while

making significant gifts. A working knowledge of various gift planning vehicles is assumed. Special emphasis is placed on the impact of recent tax legislation.

Instructors Robert F. Sharpe, Jr., and Jonathan G. Tidd, Esq., pay particular attention to the practical challenges facing today's fund gatherers.

Planned Giving When That's Not All You Do

If you're responsible for more than planned giving, this one-day seminar will help you focus your efforts. "Planned Giving When That's Not All You Do" is designed to broaden the knowledge of gift planning throughout your organization, from your CEO or president to the support staff who may be first on the phone with donors. Your co-workers will become some of your best planned giving advocates once they understand its benefits for your donors and your institution. 


Multiple registration discounts are available. For more information or to register, please contact the Sharpe company. Phone 1-800-238-3253, ext. 360; Fax (901) 761-4268; Web site www.rfsco.com; E-mail seminars@rfsco.com

Gift Annuity Issuers Take Note— U.S. Life Expectancy Increases

For those born in the United States in 1996, life expectancy rose to 76.1 years. The previous record for life expectancy at birth was 75.8 years set in 1992.

The following life expectancy chart shows data according to gender and race:

| | Men | Women |
|------------------------|------|-------|
| Black | 66.1 | 74.2 |
| White | 73.8 | 79.6 |
| Other than white/black | 73.0 | 79.0 |

According to other reports, the life expectancy of persons at advanced ages also continues to increase over the years—a matter that can be of significance when considering the rates of payment for charitable gift annuities. 

Source: *USA Today*, August 3, 1998

Seminar Training Dates

Major Gift Planning I

Pasadena
October 12-13

Kansas City
November 9-10

New Orleans
February 18-19, 1999

New York
March 22-23

Chicago
April 8-9

Major Gift Planning II

Washington, D.C.
December 3-4

Phoenix
May 10-11, 1999

Tampa
June 11-12

Planned Giving When That's Not All You Do

Los Angeles
March 29, 1999

Chicago
June 30

Announcing Robert F. Sharpe and Company Seminars for 1999

Get a head start by making sure you are prepared for the future of gift planning. Robert F. Sharpe and Company seminars provide you with the comprehensive and up-to-date information you need to succeed in major gift fund raising today—and in the next millennium.



Major Gift Planning I

| | |
|-------------|----------------------|
| New Orleans | February 18-19, 1999 |
| New York | March 22-23 |
| Chicago | April 8-9 |



Major Gift Planning II

| | |
|---------|-----------------|
| Phoenix | May 10-11, 1999 |
| Tampa | June 11-12 |



Planned Giving When That's Not All You Do

| | |
|-------------|----------------|
| Los Angeles | March 29, 1999 |
| Chicago | June 30 |



*See page 7 for additional details
or call 1-800-238-3253
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or to register today.*

