

# Give & Take

VOL. 31 NO. 2 • FEBRUARY 1999 NEWS AND IDEAS FOR DEVELOPMENT EXECUTIVES OF NONPROFIT ORGANIZATIONS

## Spring Cleaning for Gift Planners: Spruce Up Your Memorial Program

Looking for ways to refresh your memorial program? Read on for some helpful ideas.

Whether your organization or institution has 500 or 500,000 donors, chances are good that there are persons who have made gifts to your organization in honor or in memory of someone close to them. In an increasingly affluent society, combining charitable giving with tributes to loved ones is gaining in popularity as a way to let discretionary dollars do double duty. As spring approaches and we head into the prime time of the charitable memorial giving season, now is the perfect time to review and “freshen up” your memorial and honor gift program for maximum effectiveness in the months ahead.

As with any other fund development endeavor, a successful memorial gift program should begin by establishing clear and organized policies and procedures. While memorial giving procedures and the way they are carried out will necessarily vary from charity to charity, there are two main ingredients that all organizations should include in their policy mix.

### No time like the present

First, no matter how your organization decides to acknowledge memorial givers, it is vitally important to thank them in a timely fashion. Gifts made in memory or in honor of someone are among the most personal of expressions and ones that often occur during very emotional circumstances. Memorial gift donors are typically persons who have put a great deal of thought and care into the decision to make their gift. For this reason, every effort should be made to process memorial gifts promptly. In many successful programs, an important

policy is to handle all memorial and tribute gifts on the same day they are received. Acknowledging memorial gifts immediately helps ensure donors’ continued confidence in your organization.

Prompt processing of memorial gifts should also apply to notifying the families of memorial and tribute gift recipients. Often a family requests that memorial gifts be made in honor of a loved one who has just passed away. Timely recognition of such gifts from the organization can be helpful to the family who would also like to send prompt expressions of gratitude to those who donated in honor of their loved one.

### Accuracy is the best policy

Just as timely notification of memorial gifts is critical, so too is accurate processing. Make it your policy to doublecheck every donor’s and honoree’s name as well as addresses for both. Also review the names and addresses of family members who will be notified of the gifts. If you are processing an honor gift, ask the donor if the gift is for a special occasion, such as an anniversary or

*Continued on page 4*

## Inside

Gain insight from a gift planner with over 25 years of experience .....*Page 3*

Why may some donors flip for the “flip trust” now more than ever?

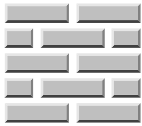
See .....*Page 5*



*Join us in New York for Major Gift Planning I March 15-16. See page 7.*

## 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>.

The publisher of *Give & Take* is not engaged in rendering legal or tax advisory service. For advice and assistance in specific cases, the services of your own counsel should be obtained.

Articles in *Give & Take* may generally be reprinted for distribution to board members and staff of nonprofit institutions and other non-donor groups. Proper credit must be given. Call for details.

© 1999 Robert F. Sharpe and Co., Inc.

Editor:  
Elizabeth H. Smithers

Assistant Editor:  
Helen Anne DiMeglio

#### Nashville universities receive record-breaking gifts.

Two institutions of higher learning in Nashville, Tennessee, received impressive gifts at the close of 1998. Vanderbilt University announced a \$300 million stock gift in December. This gift is reported to be the largest gift ever to an educational institution. The donor, Martha Ingram, is chairman of Ingram Industries of Nashville and is a member of the Vanderbilt Board of Trust. She has donated 20 million shares of Ingram Micro to the Ingram Charitable Fund, which will donate at least 40% of its income and assets to Vanderbilt.

Belmont University received a bequest worth more than \$25 million. The gift came from the estate of Bernice Johnson who, along with her husband Ed, owned a service station across the street from Belmont. The Johnsons' wealth grew from an \$8,000 initial investment they made in the Nashville potato chip maker H.W. Lay & Co. in 1948.

Sources *The Commercial Appeal*, Memphis, TN, December 1, 1998, and *The Tennessean*, November 24, 1998

#### Janitorial workers donate tidy sums

Two recent gifts to higher education came from custodial workers who lived fru-

gally and invested their modest assets wisely.

Denmark native Christian Thomsen, who died last year at age 101, left a planned gift of \$1.1 million to Faith Baptist Bible College and Seminary in Ankeny, Iowa. While Mr. Thomsen did not attend the college, his church had close ties to the school. Mr. Thomsen worked in maintenance at Northwestern Bell Telephone Company and as a custodian at an Iowa power plant. He never married or owned a car and invested much of his moderate earnings over the years in AT&T stock.

Seventy-five-year-old Regina Jennings, a cleaning woman for 15 years at West Virginia University College of Law, donated \$93,000 to the school. Although she retired in 1989 from her custodial position, Mrs. Jennings said she never forgot the kindness of the students and faculty at the college.

Mrs. Jennings, who never made more than \$10,000 a year as a maintenance worker, lives with her husband in a modest home near the university. She said she was able to make the substantial gift because of her investment of rent money from a piece of inherited property.

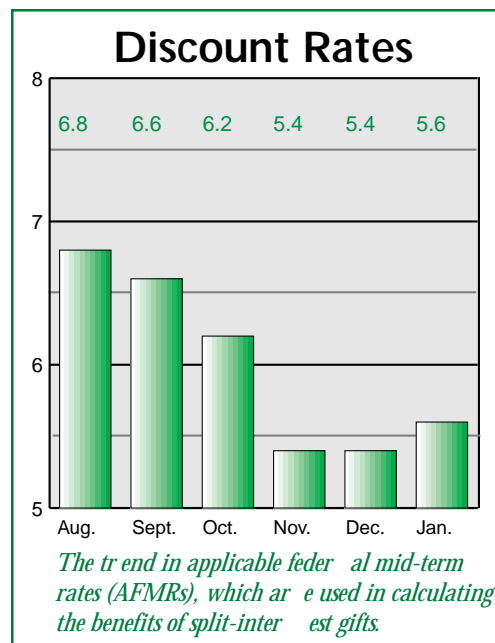
Sources *The Chronicle of Higher Education*, January 8, 1999, and *USA Today*, December 16, 1998

#### Wealthy give 8% of income to charity

In a survey conducted by U.S. Trust Corporation, the most affluent Americans gave an average of 8% of their after-tax income to charitable organizations and institutions in 1997. This figure was up from an average of 5% in 1993. By comparison, the average American donated only 3% of after-tax income to charity.

The study was based on a survey of 150 people who rank in the richest 1% of all Americans—respondents had an annual adjusted gross income of over \$225,000 or a net worth of at least \$3 million. Most who were questioned said they had been able to increase their charitable contribu-

*Continued on page 5*



## Gift Planner Promotes Establishing Trust With Donors

*In this month's "Gift Planner Profile" Give & Take talks with Lindsay Lapole, territorial planned giving director of the Southern Territory for the Salvation Army. After nearly 27 years working in the nonprofit world, Mr. Lapole shares some of his views about planned giving and the gift planning process.*

**Give & Take:** How did you come to work in planned giving at the Salvation Army?

**Lapole:** I came here 12 years ago from being the planned giving director of the Florida Division of the Salvation Army. I actually started in planned giving with the Salvation Army in 1979 in Louisville, Kentucky, working in the Kentucky and Tennessee Division. I had spent about seven and a half years prior to that with the Boy Scouts of America. At the Boy Scouts I did a bit of everything: I was district scout executive managing volunteers and assisting with fund raising.

**Give & Take:** Over the years, how has fund development and planned giving changed in your opinion?

**Lapole:** I think that planned giving today has a whole lot more "experts," and a whole lot less expertise. There are some very basic rules about raising money and those are often not adhered to. You first have to build a level of trust; you have to see people personally; you have to make proposals and suggestions that make sense to the donor and benefit them. I see very few people today willing to go out and visit with people face to face. There are a lot of people now who are working with various kinds of gimmicks and different media and somehow they think that money is going to come out of those pipelines. I don't believe much money is going to be raised this way. There is no substitute for a donor working with someone that he or she trusts. The person doing the asking should have a relationship with the person who is being

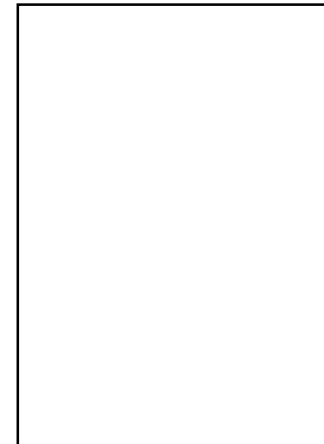
asked. If you are going to raise substantial amounts of money, there is no substitute for that kind of relationship-based trust.

**Give & Take:** What qualities do you feel a gift planner should possess for a successful career in fund raising?

**Lapole:** First of all the gift planner has to be able to establish trust—real trust. They have to absolutely care about the needs, the goals, and objectives of the person they are working with. Second of all, the gift planner has to be able to listen, and listen effectively. Those two things together create the third criteria, and that is the ability to spend time with people and respond to them. We use a book entitled *Conceptual Selling* written by Robert B. Miller and Stephen E. Heiman as a basis for training our staff on how to do interviewing. Even though the book was written for salespeople who sell commercial products, I like the fact that it teaches you how to identify what a person needs—if you are careful, the principles outlined in this book can be effectively applied in the fund-raising context. And that is exactly what we are doing—we are trying to identify the donor's "concept" of what will be accomplished by the transaction they are entering into with us. We identify and clarify the "result" they want to accomplish and help them fulfill it. And when you do that you aren't "closing the deal": it becomes a process that comes to the natural conclusion of them meeting their goals and objectives.

**Give & Take:** What is the most rewarding part of your job?

**Lapole:** The part of the job I enjoy most is actually meeting with donors, although in my current management position I don't have as many opportunities to do so as I would like. It is difficult to advise or to guide a field staff person when you haven't met with their particular donor because



*Lindsay Lapole*

## Spring Cleaning . . . *Continued from page 1*

Perhaps the most important function of promoting the concept of memorial giving is to inform donors about the positive achievements that can be accomplished thanks to their gifts.

birthday, and record the occasion for which the gift is being made.

### Evaluate memorial materials

Once policies and procedures have been reviewed and updated, consider the basic materials you will need to carry out your memorial gift program. Do you have effective, attractive acknowledgment cards for both donors and family members of honorees? If so, do you have enough on hand for the upcoming memorial giving season? Look back on your records from the past few years to determine how many acknowledgment cards you will need. If the cards need to be updated or redesigned, now is the time to finalize the new look and print the necessary quantities.

In addition, reread and consider revising the letters you send to family members of honorees and memorial gift donors. Many donors make multiple gifts, so be sure you are not sending the same form letter on multiple occasions to the same donor. If time permits, a handwritten note may be the best way to assure a personal response. In any event, make certain that letters to the families of those deceased adequately express your sympathy and condolences in a thoughtful and tasteful manner. Make sure that letters to donors demonstrate your organization's gratitude for the memorial gifts, as well. Memorial gifts are sincere, thoughtful, personal gestures from donors. Therefore, make sure your memorial giving letters are sincere, thoughtful, personal expressions that articulate your organization's genuine gratitude.

### Prepare promotional pieces


As with most charitable giving opportunities, memorial and honor giving needs to be regularly explained to your donors. Donors should be consistently educated about how and why they may want to make memorial and tribute gifts to your organization. One of the most economical and effective ways to tell friends of your organization about memorial giving is by sending

an informational mailing on the subject.

A mailing encouraging memorial gifts need not be complicated. Many organizations send at least one annual appeal built around the concept of memorial giving. Most memorial giving promotional mailings generally consist of a cover letter, reply device, and an informational brochure. The brochure should explain how memorial and honor gifts allow donors to pay tribute to someone special in a unique and meaningful way. The brochure might also point out the variety of funding options available for memorial gifts, such as gifts of cash, stock, or assets from donors' estates.

Perhaps the most important function of promoting the concept of memorial giving is to inform donors about the positive achievements that can be accomplished thanks to their gifts. Memorial gifts help donors establish a legacy in memory of loved ones and, at the same time, provide charitable organizations with resources to serve others. Memorial giving promotional materials should reinforce the fact that those who make memorial and honor gifts are sensitive, thoughtful, caring people who want to make a meaningful donation in honor of a special loved one.

### A bridge to planned giving

Finally, fund-raising veterans know that a large number of planned gifts each year are made in memory of a spouse, child, sibling, parent, or other loved one who has predeceased the donor. Whether in the form of a bequest, gift annuity, charitable remainder trust, remainder from retirement plans or other methods of giving, planned gifts offer a unique way for donors to make significant gifts that might not otherwise be possible in the form of a check or other outright gift. Donors who make planned gifts are often among the most thoughtful and careful donors. Good stewardship of even the smallest memorial gifts may thus be the key to building the confidence necessary to help a donor decide to make much larger gifts in the future. 

## IRS Gives Gift at Year-End 1998

by Barlow Mann

On December 9, 1998, the Internal Revenue Service released the long-awaited final regulations designed to provide additional guidance regarding charitable remainder trusts.

The final regulations are generally more flexible than the proposed regulations published over a year ago. The IRS incorporated many of the changes suggested by practitioners in response to calls for input from the field. The big news included in this IRS release is the expanded availability of the so-called "flip trust." A flip trust allows both net income and net income with makeup unitrusts to "flip" and become straight rate payout unitrusts following the occurrence of a specified event.

The original proposed regulations would have required that at least 90% of the assets contributed to the net income unitrust be "unmarketable" with the flip generally allowed only upon the sale of such assets. While the flip trust will still be very useful in dealing with assets which are not readily marketable, such as in cases where a charitable remainder trust is funded with real estate or securities that are closely held or not marketable for other reasons, the IRS dropped this requirement from the final regulations providing room for additional planning flexibility.

In a surprise move, the new regulations allow a net income trust to flip beginning in the year following the occurrence of any number of other events such as a marriage or birth. The primary requirement is that the so-called "triggering event" not be in the control of the donor.

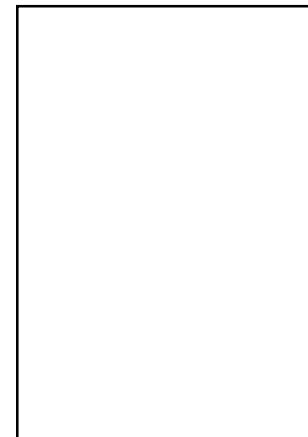
Of particular interest to those concerned with existing net income unitrusts is the possibility of "flipping" pre-existing trusts into straight rate payout unitrusts. In order to take advantage of this provision, reformation proceedings in the appropriate court must be commenced by June 8, 1999. Interested parties should check with their advisors concerning the attractiveness of this planning option. Under the laws of many states, chari-

table beneficiaries must be a party to a reformation action, so the possibility of flipping an existing trust may result in many charities being notified of their interest in net income trusts in cases where they had not been previously notified. FASB accounting guidelines would require that such trusts be "booked" in the year of notification, so 1999 may result in additional reportable planned gift revenue as a result of the new regulations.

Other issues addressed in the new CRT regulations include confirmation that the four-tier payout rule applies to net income unitrusts and additional appraisal requirements for unitrusts funded with assets that are not readily marketable. Rules governing charitable trust payments after the end of the trust year were modified in a way designed to eliminate potential abuses of charitable remainder trusts such as the so-called "accelerated unitrust," a scheme which also resulted in the 10% minimum remainder and 50% maximum payout rules that were introduced as part of the Taxpayer Relief Act of 1997.

As might be expected, the new IRS regulations are complex and will potentially have long-term impacts on both existing and future charitable remainder trusts.

Donors, charities, and others involved in the gift planning process will be well advised to study the regulations and to obtain the advice of their legal advisors concerning any provisions that may affect them. *GT*



*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.*

### In the News . . . *Continued from page 2*

tions thanks to the booming stock market during the majority of the 1990s.

Jeffrey Maurer, president of U.S. Trust Corporation, said the survey also showed that the wealthy could give even more if they took greater advantage of gifts that offer tax savings that result in lower after-tax cost of gifts. For example, only one out of five respondents had made gifts of appreciated securities, which allow donors to donate funds that would otherwise be reduced by capital gains tax savings if sold. Even fewer of those surveyed had created a charitable remainder trust, which allows a donor to enjoy a number of income, capital gains, and estate tax savings while making what may be his or her "gift of a lifetime." *GT*

Source: *The Chronicle of Philanthropy*, December 3, 1998

## Footnotes for Gift Planners

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

### "Your Guide" informs donors of charitable options

Many of us like to know all of our options before making important decisions. This is especially true of many donors who are considering making significant charitable gifts. These important friends need to know, for example, the tax benefits of gifts of appreciated securities, how charitable gifts can minimize estate taxes, and why gifts made from long-range financial instruments like life insurance and retirement plans can be better options than gifts of cash.



Let the Sharpe booklet "Your Guide to Effective Giving in 1999" assist your donors in choosing the best options for them about the charitable gifts they make this year. The information contained in "Your Guide" reflects the current tax laws and how they affect donors' charitable giving plans.

Plan to use "Your Guide" as the centerpiece of a special communication with high-level donors or include it as a helpful insert in acknowledgment letters to donors of larger amounts. While the booklet is primarily designed to encourage current gifts of larger amounts, the concept of charitable estate and financial planning is introduced in a way that is intended to begin educating donors about the benefits of a variety of gift planning opportunities.

A complimentary copy of "Your Guide" is enclosed. For more information about "Your Guide" please call 1-800-238-3253 or place your order using the enclosed booklet order information form.

### Coming soon to a mailbox near you

As noted on page 1, memorial gifts are essential elements of many successful development programs. Memorial gifts have

been an important source of current support for many of the nation's leading charitable organizations and institutions. They have helped build churches, synagogues, and college campuses; construct hospital wings; and fill the halls of museums as well. But most important, memorial gifts allow donors to pay tribute to loved ones in a lasting, meaningful way.

Now is the time to begin preparing for the busiest memorial period of the year. Spring brings with it the traditional memorial giving holidays such as Mother's Day, Father's Day, Memorial Day, and numerous religious holidays. Donors will be considering making memorial and honor gifts in the upcoming months now more than any other time during the year.

Robert F. Sharpe and Company is putting the final touches on updated versions of the brochure "Giving Through Living Memorials" to assist donors with helpful information about the best ways to make their memorial gifts. This six-panel publication explains a number of ways to best make gifts that support charitable interests in honor of loved ones or friends. The brochure also features a built-in reply device that can be completely personalized for your donors to request more information on topics that interest them.

Professionally written and designed, "Giving Through Living Memorials" will be available beginning February 15 in four unique cover designs (*Give & Take* recipients should watch their mail for sample copies that will be received soon). You may want to consider a separate mailing of these brochures to current donors and prospects or use them as handouts during donor gatherings or functions.

If you would like to place an order or discuss ways to incorporate "Giving Through Living Memorials" into your existing memorial program, please call 1-800-238-3253. 