

Give & Take

VOL. 31 NO. 5 • MAY 1999

NEWS AND IDEAS FOR DEVELOPMENT EXECUTIVES OF NONPROFIT ORGANIZATIONS

An inspiring story of a small organization making a big difference with the help of gift planning efforts.

Rural Mission Serves Poor, Donors Through Planned Giving

Question: How does a rural nonprofit organization with no director of planned giving and virtually no financial support from the community where it is located manage to sustain its operations for over 60 years with a large portion of funding derived from matured planned gifts? That is what *Give & Take* set out to uncover in our recent conversation with Father Roger La charité, director of the Edmundite Southern Missions in Selma, Alabama.

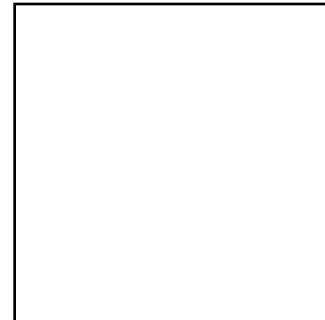
A brief history

Two Edmundite fathers came to Selma, Alabama, in 1937 after Pope Pius XI made an appeal to American Catholics to take steps to help reduce or eliminate the poverty that affected a large percentage of the U.S. population during the Great Depression. "In a few years of work in one of the poorest regions of the country, they founded a Catholic Mission, established an elementary school, a hospital, a nursing home for the area's poor, opened a clothing dispensary, and began other types of programs to benefit the local residents," said Father La charité.

Today the Edmundites continue their work in Selma and the surrounding counties by providing educational programs including three elementary schools, special education, GED and illiteracy programs, as well as running day care facilities for children and the elderly and four rural health clinics.

The challenge of "out-of-town" donors

Due to the limited economic resources of the local area, as might be expected, the



*Father Roger
La charité*

Edmundite Missions have from the very beginning relied heavily on the contributions of donors from other areas of the country where the Edmundites do not have an actual presence. "Initially our base of support was along the northeastern seaboard where there has traditionally been a large Catholic constituency and that has been maintained over the years," said Father La charité. Father La charité reports that while there is increasing competition for the charitable dollar, the average size of individual gifts to the Missions in recent years is increasing. "We have an older, long-term donor base, mostly women, who are very loyal," he said.

With most of its donors and friends living far from its home base in Alabama, the Missions spend quite a bit of time and effort on communicating with donors through the mail. "We are in the mail every three weeks," Father La charité said. "Every one of these mailings is an appeal in one way or another."

For years now, part of the Missions' extensive communication effort with donors includes publications that focus on planned gift education. "To help keep the

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How many of your potential donors may own stock? See *Page 2*

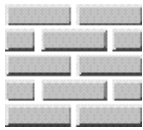
Both the art and science of gift planning appeal to this development executive *Page 3*

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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@rfsc.com or through our Web site at <http://www.rfsc.com>.

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Unlikely millionaire bequeaths \$3 million

Karl Hagen did not seem like a millionaire. His clothes came from thrift stores. He lived a modest, reclusive life. He worked for 36 years as a maintenance foreman for the Potomac Electric Power Company (Pepco). But when Hagen passed away in March at the age of 89, he left an estate worth approximately \$3 million to three charitable organizations that had special meaning for him—the Wilmer Eye Institute of Johns Hopkins University, the National Air and Space Museum, and the National Geographic Society.

Hagen, who never married, began amassing his fortune in the 1940s when he made an initial investment of \$5,000 in Pepco stock. He also made an early investment in the Marriott Corporation. Hagen's stock savvy continued over his lifetime. His last stock purchase, a high-tech issue, in November 1998 quickly doubled.

Hagen's interest in Johns Hopkins came about after he was treated at Wilmer for macular degeneration, a disease of the retina. During his lifetime Hagen gave his

family farm to the Institute and funded the Karl H. Hagen professorship in ophthalmology.

Hagen, who frequently visited the Air and Space Museum, had also previously given the Museum a World War I German parade helmet that was a family heirloom.

Hagen loved to travel and, according to friends, took many trips based on exotic places he read about in *National Geographic*. He went on a safari in Africa and took trips to Tahiti, Japan, Bora Bora, New Zealand, and Australia.

The institutions were notified of Hagen's bequest intentions more than a year ago when Hagen was age 88.

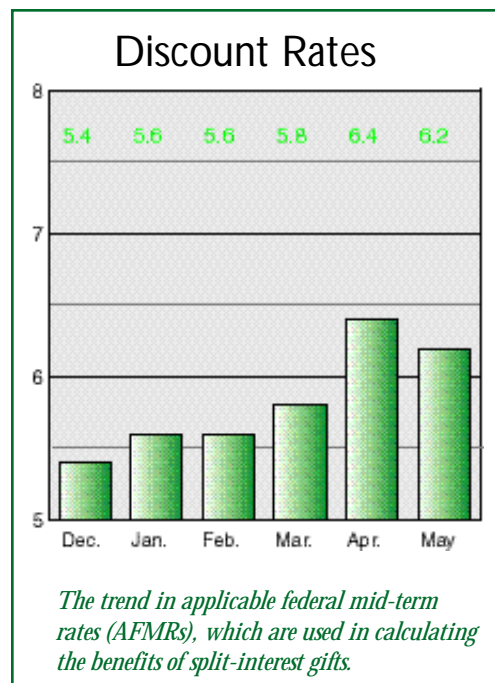
Source: *The Washington Post*, March 24, 1999

Stats show most Americans own stocks

As the Dow surpassed a record 10,000 in March and continues to rise, many middle-class Americans are wrapped up in the process. According to data from a *USA TODAY*/Gallup poll, 61% of Americans have investments in stocks or mutual funds. Other research shows that 38% of all U.S. household financial assets are in the stock market, while 44% of households own mutual funds.

Many working Americans are also in the stock market thanks to their 401(k) retirement plans. Today there are approximately 36 million participants in 401(k) plans—in 1984 that number was only 7.5 million. According to the Employee Benefit Research Institute, the estimated 200,000 401(k) plans currently hold \$1 trillion in assets. The broad ownership of stocks and mutual funds that have appreciated greatly in value may translate into increased opportunity for gifts through charitable remainder trusts, gift annuities, and other gift planning vehicles that result in meaningful gifts while converting highly appreciated, low-yielding assets into a supplemental source of income. 

Source: *USA TODAY*, March 30, 1999



Intellect, Sensitivity Blend Harmoniously for Gift Planner

For this month's "Gift Planner Profile," we spotlight Mr. Blair Hearth, director of gift planning at Monmouth Health Care Foundation. With 12 years of experience in the gift planning field, Mr. Hearth offers keen insights about an often complex profession.

Give & Take: How did you begin your career in nonprofit fund raising?

Hearth: I am an ordained clergyman. One of the things that I enjoyed most in the local church and through my work running an urban ministry was fund raising. I eventually found myself looking to specialize in one area of fund raising. I chose to specialize in planned giving because it offered the best combination of intellectual stimulation and challenge to my skills as a listener. For example, you might be talking with a financial advisor about the fine details and mechanics of a charitable gift at one moment, then you have switch to the other side of your brain to talk with an elderly person who loves your institution, wants to make a gift, and needs an empathetic ear. I have enjoyed working in planned giving for the last 12 years because it has let me balance those two parts of my life.

Give & Take: What is the best part of your job?

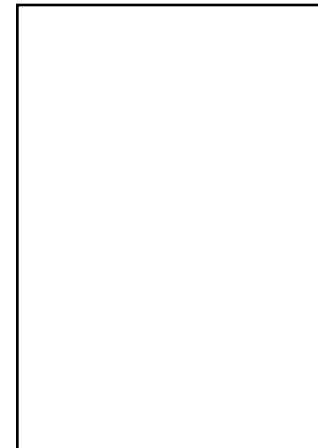
Hearth: The very best part of the job is working with donors, preferably in their homes, talking about their interest in the missions of the institutions I have represented over the years. I enjoy listening to them talk about why their levels of commitment are so strong. I find it inspiring. It is not work. There have been times when I have left people's homes and I wonder why I am being paid for this because it gives me such a wonderful feeling to be there. I have worked mostly for medical institutions and many people have had their lives saved or extended and for

these reasons they want some part of themselves left behind with the institution. In my view this is the real heart of planned giving. Planned gifts are made from the heart, even though form can be critical. They are not typically made primarily as a result of legal technicalities or tax deductions.

Give & Take: What characteristics do you think are important for gift planners to possess?

Hearth: Gift planners have an unusual psychological profile. The person who is good at planned giving has to be very good with numbers and be able to comprehend a broad range of legal and regulatory material. A good gift planner has to have the intellectual capacity to understand and communicate various planned gift vehicles so that he or she can avoid making mistakes for which the institution will be sorry, but also so that he or she can gain the respect of the allied professionals in the community who may initially be skeptical of the planned giving officer if he or she doesn't have the credentials of a lawyer or a CLU or a CPA.

The other talent that the planned giving officer has to have is the capacity to enjoy the company of many types of people. You must be able to interact with people and not only be comfortable with it, but to really have a hunger for that kind of human contact. The people that we spend our time with, especially older people with extensive life experience, know whether or not you really want to be there and are really interested in them. And if donors think you're only interested in the technicalities of charitable remainder trusts and other planning tools, they are going to be very disappointed and less likely to make the charitable gift.



"And if donors think you're only interested in the technicalities of charitable remainder trusts and other planning tools, they are going to be very disappointed and less likely to make the charitable gift." —Blair Hearth

Continued on page 5

Rural Mission . . . *Continued from page 1*

“We never stop promoting planned gifts.”

Missions fresh on people’s minds when our constituency is considering the charitable dimension of their long-range financial planning, we send a periodic planned giving newsletter prepared with the assistance of the Sharpe company to a select number of donors,” said Father La charité. “We offer a response card in the newsletter so that donors can respond and request more information,” he explained. For those who request additional information, the Missions send an appropriate follow-up booklet. “We also include a two-page article on planned giving in our regular Missions newsletter to keep a low-key message in front of the rest of our constituency,” Father La charité added. “The article will typically be on annuities, year-end giving, or planning an effective will that provides well for family and charitable interests.”

Planned giving with a limited staff

The Edmundites’ systematic and consistent approach to their mailing appeals and planned gift education has brought them enviable results for a smaller organization. “We have had some really good years in wills and bequests,” said Father La charité. “In the first six months of fiscal year 1998-99, for example, we received 85 bequests totaling \$873,000.”

Even though the Missions do not have a full-time staff member who focuses exclusively on planned giving, Father La charité believes that his and the staff’s general knowledge of gift planning and the Missions’ personal approach to serving its donors is helping to make numbers like the above possible. “One of the things that we do is that for any gift of \$500 or more, someone in our office will immediately call the donor,” said Father La charité. “That call might be followed up by another call from me and then a very personalized letter with a rather lengthy handwritten P.S.”

These types of calls have paid outstanding dividends over the years in setting the Edmundites apart from other organizations that don’t take time to offer special


attention to special donors and, in fact, may not be acknowledging at all those older donors of smaller amounts who are the backbone of many bequest programs!

For the Edmundites, making contact with donors via telephone is the closest equivalent to personally visiting donors, as most of their donors are some distance away. It is during telephone visits that Father La charité and his staff further express their gratitude for donors’ gifts and strengthen the bond between the Missions and its committed and loyal friends. “We like to talk to donors and make it clear to them how essential they really are to the ongoing success of Missions programs,” Father La charité said.

Educate donors, again and again

Because of the long-term success of the Missions’ fund-raising efforts, Father La charité has plans to continue to improve the program. For example, he is considering establishing a donor recognition society to honor those supporting the Missions.

Father La charité also feels very strongly about maintaining the Mission’s planned gift education efforts. “No matter what we do we should be investing constantly in our future by promoting the concept of bequests and other planned gifts with our donors,” said Father La charité. “We can’t take the short view and concentrate only on current income. We must make a considerable investment in the future through planned giving literature and materials and other stewardship efforts that show people how they can extend the benefits of their charitable interests into the future far beyond their own lives.”

“Consistency in planned gift educational markets is perhaps the most important element of success over the years. No matter what else may change,” Father La charité stated, “we never stop promoting planned gifts.” 

Intellect . . . *Continued from page 3*

***Give & Take:* Do you have a personal “motto” regarding how you treat donors and friends of your organization?**

Hearth: Yes, I do. The donor comes first, even if it costs you your job. If a donor has placed information in my hands that is confidential to the point where quite literally no one except for me and my supervisor is allowed to know that information, I am prepared to lose my job rather than divulge that information.


***Give & Take:* What are the biggest challenges you face in gift planning?**

Hearth: One of the more difficult challenges to overcome is being able to make those follow-up telephone calls to people who reply to our outgoing mail. I have noticed an increasing amount of suspicion and cynicism on the part of many seniors who are overwhelmed by the number of telephone solicitations they receive and as a result of that and articles they read in senior citizen magazines they have installed answering machines and use them to screen their phone calls. An increasing number of seniors also have unlisted telephone numbers. Even when you get them on the phone, many times you're the fourth or fifth person they have talked to in the last hour—and the other callers may or may not represent a legitimate charity like yours—so oftentimes the donors aren't that happy to get your call. I feel sad that those who represent charities who have a legitimate right to contact these seniors are being mixed in with the scam artists.

***Give & Take:* What advice could you offer to those just starting out in planned gift development work?**

Hearth: First and foremost I would urge them to spend some time every day refreshing their minds on how planned gifts work. I have heard many people tell me over the years that they have been to planned giving training seminars and after a short period of time they forgot everything. What you need to do early on is spend

some time studying every day until you get to the point where you are very comfortable with how the vehicles work. You might want to use your planned giving software to walk through “what if” gift scenarios.

Second, I would tell people don't spend all of your time in the office. As soon as you can after you are on the job, be sure to see people who have already committed to planned gifts, not only because you want to stay in touch and perhaps facilitate an additional gift, but also because these people have a key piece of information for you—why they made the gift. Once you learn your donors' stories, you can then tell prospective donors about the various rationales behind the gifts people have already made to your institution. There is no substitute for getting this information directly from those who have made these decisions to support your current employer even if you have extensive prior experience, as every institution and the motivators that drive its donors are slightly different. 

“The donor comes first, even if it costs you your job.”

Deadline Next Month for Flip Trust

Don't forget that the deadline for beginning the trust reformation process to “flip” net income unitrusts to straight payout unitrusts is **June 8, 1999**. Thanks to new IRS regulations, the flip which converts net income unitrusts to straight payout unitrusts may now occur in the year following a “triggering event” that the donor has no control over, such as specific date, a birth, or a marriage.

If you would like to learn more about flip trusts and read the complete listing of the new IRS regulations regarding them, please see the Sharpe Web site at www.rfsc.com. See the February and March issues of *Give & Take* on the site for articles focusing specifically on the new regulations and how they could affect your donors. 

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

Flexible billing provides more choices

For many charitable organizations, now is the time to start closing out this fiscal year and begin planning for a new fiscal year approaching in July. If you are facing this transition from one budget to the next, we would like to remind you about Robert F. Sharpe and Company's flexible billing options.

Sharpe flexible billing options allow you to:

- split your payments over two budget years
- make payments early while funds are still available in this fiscal year's budget
- delay billing for publications or services you need now until funds become available in the new fiscal year

Don't let the fiscal year transitional period impede your gift planning efforts. With flexible billing options, you can ensure that your organization will be able to secure professional products and services in a timely fashion. If you would like more information about flexible billing options, please call 1-800-238-3253 to talk with a Sharpe representative.



The Dow breaks the 10,000 mark...


And continues to climb. Many friends of your organization who own stocks may have greatly appreciated portfolios thanks to this record-setting market. Are your donors aware of the potential tax-saving benefits of charitable gifts made with appreciated securities? Now may be a good time to remind them.

The Sharpe booklet "Taking Stock . . . and Giving It" explains to donors how their stock gifts to charitable organizations and institutions can lead to maximum tax benefits. Consider providing "Taking

Stock" to your higher-interest donors to encourage gifts of appreciated securities during this period of record highs in the stock market. For more information about "Taking Stock" or to place your order, please call 1-800-238-3253. Or you may fax your order to (901) 761-4268.

Year-end materials coming soon


Robert F. Sharpe and Company is currently putting the final touches on new year-end giving brochures for 1999. *Give & Take* readers should watch your mailboxes for samples that will be arriving soon.

Please call 1-800-238-3253 for more information or to place your order now. 

Two Years Ago in Give & Take

Here is an excerpt from Barlow Mann's March 1997 article that reviewed findings from the book *The Millionaire Next Door*. How many of these points were characteristics of the unlikely millionaire Karl Hagen featured on page 2?

Things America's millionaires have in common include:

- living below their means
- allocating time, energy, and money to build wealth
- believing that financial independence is more important than displaying high social status
- receiving no ongoing financial support from their parents
- raising self-sufficient children
- taking advantage of stock market opportunities
- choosing the right occupation 

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 among 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 and investment market conditions.

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 the CEO or president to the support staff who may be first on the phone with donors. Your staff can 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

Seminar Training Dates

Major Gift Planning I

Tampa
June 2-3
San Francisco
September 9-10
Washington, D.C.
October 28-29

Major Gift Planning II

Phoenix
May 10-11
Chicago
December 13-14

Planned Giving When That's Not All You Do

Chicago
June 30
Washington, D.C.
July 16
New York
August 2
Miami
November 15

Sharpe Training in Florida

Do you need to brush up on the basics of gift planning? Or are you new to planned giving and want to receive comprehensive training without spending weeks away from the office? Whatever your particular situation, if you want a thorough, interactive training experience you should consider attending "Major Gift Planning I" in Tampa on June 2-3.

With over 40 years of combined experience in the gift planning field, distinguished instructors Robert F. Sharpe, Jr., and Jonathan G. Tidd, Esq., will teach participants the fundamentals of planned gift development in two information-filled days. To reserve your place, please call 1-800-238-3253, ext. 360. You may also register through our Web site at www.rfSCO.com. ☐



Your Move.



Leaders of America's nonprofits today face tough choices about how to meet current funding needs while building for a stable future. Every move counts.

Increase your awareness of gift planning opportunities available to you and your donors. Attend the two-day workshop "Major Gift Planning I—Options and Opportunities" in:

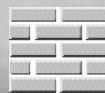
Tampa, June 2-3

San Francisco, September 9-10

Robert F. Sharpe, Jr., and Jonathan G. Tidd, Esq., will lead this fast-paced seminar on charitable gift planning, with emphasis on plans that produce benefits for your organization in the near term and the latest analysis of recent tax legislation and regulations.

"Major Gift Planning I" will equip you to cost-effectively help donors plan their gifts to help ensure your organization's future.

Enrollment is limited. Call 1-800-238-3253, ext. 360 for more information or to reserve your place.



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