

Give & Take

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Important New Survey About Planned Giving

Why do donors make planned gifts? Discover this and many other findings about planned gift donors in this illuminating new study.

At its annual conference last month, the National Committee on Planned Giving released a study entitled “Planned Giving in the United States 2000.” Conducted by NFO Research, Inc., one of the country’s leading research firms, the study reveals preliminary findings about planned gift donors, including information about why they made their gifts, how they learned of certain types of gift plans, and whether they would make such gifts again.

Survey participants were selected from a panel of over 550,000 households that were balanced to U.S. Census figures. Of 150,000 panel households mailed, some 91,000 returned surveys answering questions about charitable giving. Of this group, nearly 11,000 identified themselves as planned giving donors. A portion of this group was sent a 4-page questionnaire about types of planned gifts made, their reasons for making them, and how they learned of the gift. The findings are based on the almost 1,600 households that returned the follow-up questionnaire.

The primary objectives included profiling the planned giving donors who responded and gaining a greater understanding of donor motivations. An additional goal was to identify planned giving trends by comparing this study with a similar study conducted by NCPG in 1992.

General findings

Charitable bequests were the most popular of all planned gifts in the study. Of the 1,579 gifts studied, bequests accounted for 782, charitable gift annuities

numbered 370, and there were 427 charitable remainder trusts.

The study revealed that only 42% of responding households have a will. This statistic will be helpful in documenting common wisdom that the majority of adult Americans do not have a will. Eight percent of the households reported that they have included charitable bequests in their wills. This affirms the results of other surveys in recent years. One percent of households responding reported having charitable remainder trusts. Both figures represent a significant increase since the 1992 study.

While planned giving donors are spread across all levels of income, they do tend to enjoy somewhat higher income levels than the general population (this is particularly true in the case of charitable remainder trust donors). The majority of bequest donors are women, while charitable remainder trusts are more likely to be completed by men. Planned giving donors overall are older and less likely to have children at home. The vast majority also support charitable interests with cash gifts.

Charitable bequests

According to survey results, the most common way for donors to learn about bequests as a way of giving is through a specific charity’s published material. Recommendations by professional advisors, friends, and individual visits by a representative of a charity are mentioned in approximately 10% to 20% of the cases.

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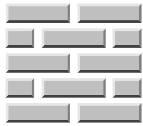
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What you need to know about donor acknowledgment and receipts.



Give & Take

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Taxpayers who itemize deductions are required to keep records to substantiate any charitable gifts that are claimed as deductions for tax purposes. The type of record or acknowledgment depends on the nature of the gift involved.

A cancelled check or other records that the donor keeps will generally serve to substantiate small contributions. The threshold for organizational reporting begins with gifts of \$75 or more. Generally the charity must provide the donor with a written statement confirming whether or not any goods or services were received and the value of the benefits given in exchange for the gift. (Note certain minor items of minimal value such as inexpensive premiums do not have to be reported.)

Get it in writing

Individual gifts of \$250 or more require a written acknowledgment of the contributions from the charity. A cancelled check or independent donor records will not suffice.


The written acknowledgment must include:

- the amount of the gift
- the value of any goods and services received, if any, other than certain token items or membership benefits
- timely receipt on or before the earlier of the date the return is filed or the return due date, including extensions.

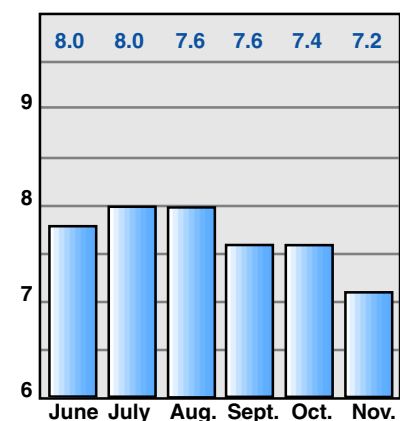
In addition to any required written acknowledgments, non-cash gifts over \$500 must be reported on IRS Form 8283 by the donor. If the non-cash contributions total less than \$5,000, only Side A of this form must be completed. For non-cash gifts over \$5,000, other than publicly traded securities or non-publicly traded securities valued at less than \$10,000, the donor must obtain a qualified written appraisal and complete Side B of Form 8283, which includes a summary of the appraisal. In these circumstances, an authority or representative of the charity must sign the form as well.

Anticipate donors' needs

Since many donors may have lost or misplaced the legally required records or acknowledgments, it may make sense for nonprofits to institute a specific gift acknowledgment program for larger cash and non-cash contributors. During the early months of the year, consider a special acknowledgment mailing to these top donors that would include the required written information, thank them again for their gifts, and remind them to keep this acknowledgment for tax purposes. The carrier envelope might include a teaser such as "Required tax information inside." The package might also be designed to encourage future gifts by including publications such as a helpful giving guide or thank-you brochure such as the popular Sharpe publication entitled "Thanks for Giving." (See the enclosed order form or our Web site www.rfSCO.com for more information on fitting acknowledgment publications).

Superior donor service can help to cement relationships with your most generous contributors. While the duty to substantiate larger gifts lies primarily with the donor, assistance in this complex area of the tax law will be appreciated by donors and their advisors. 

Discount Rates



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

Gift Planner Treats Donors Like Family

With his strong work ethic and a passion for serving others, Malcolm Wernik has found over the years that gift planning may be his ideal profession. Currently president of the Presbyterian Homes of New Jersey Foundation, Mr. Wernik has over two decades of fund-raising experience. In this "Gift Planner Profile," he shares his views on the importance of caring about your donors and being available to serve them when they need you.

Give & Take: How did you get started in fund raising? Was it something you always planned on doing?

Wernik: No, I was in my family's surgical and pharmacy supply business. I was mainly out on the road building the business. My interest in fund raising started when I was the Grand Master of the Masons in New Jersey. We had a Masonic Home and I got a taste of development work by helping to raise funds for the home. I have been in gift planning full time for 22 years now and with the Presbyterian Homes for the past 18.

Give & Take: Why have you stayed so long at Presbyterian Homes and what have been the advantages of staying there for almost two decades?

Wernik: The advantages for me have been that the President and board have always been supportive of planned giving—they understand its importance. The strength of our program is that Presbyterian Homes & Services has a wonderful mission of assisting adults of all faiths to live as independently as possible in a living environment of their choice. Being in a family business helped me learn the value of a good product and that if you don't have a good product, people won't buy it. I feel we have a wonderful "product" here. We're a very caring and compassionate Foundation.

Give & Take: What is the most unusual gift you have received?

Wernik: We received a gift from a lady who spent a little time in one of our homes.

Everyone helped her and even I had gone to her house beforehand, on a Saturday, to see what her finances were. She probably heard about our Foundation through estate planning mailings we send to donors and prospective residents. Upon the lady's death, we received notification that she had left the Foundation \$6 million in her will. This is the largest cash gift we have ever received.

I remember Bob Sharpe, Sr., used to tell me, "Mal, for every bequest you know about there could be many more that you don't know about." We have found that to be true. I think all the gifts we have received over the years, not just this gift, have stemmed from the fact that we have an excellent service and that Presbyterian Homes really cares about the people.

Give & Take: How important has your gift planning staff been to you as you work together with friends and donors?

Wernik: Very important. When I first came here, I mentioned to the President that one person couldn't do this work alone. He agreed and so we hired Ethel Dean, whom I had worked with at the Masonic Home. She was knowledgeable about planned giving and had been in fund raising longer than I had. Ethel and I have worked together here at Presbyterian Homes for 18 years.

Now we have expanded our office to include two other very capable people in addition to Ethel and myself. This is basically our program—the four of us. And our donors come first with all of us. They know they can rely on us. Donors have our toll-free number and our home phone numbers and they know they can call us any time of the day or night. Sometimes our donors have no other family to call on, so it is reassuring to them to know they can call on us. We are out on the road all of the time. I put about 30,000 miles a year on my car just driving around the state of New Jersey visiting donors. Ethel spends almost



Malcolm Wernik

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Important New Survey . . . *Continued from page 1*

The majority of bequest donors include more than one charity in their wills.

The top two reasons donors cite for making a charitable bequest are a desire to support the charity and the ultimate use of their gift by the charity. See the chart below.

Note that the desire to memorialize a loved one is nearly as high a motivator for making a charitable bequest as the desire to save estate taxes. These results are indeed instructive for those considering the possible impact of reduction or elimination of estate taxes on levels of charitable bequests.

Only about one donor in three has informed the charity of a bequest. This comports with the experience of most charities that at the most one of three bequests is known about in advance. The most common reasons for not telling the charity in advance were lack of desire for attention at 53% and privacy concerns at 13%. This finding explains why charitable bequests can be influenced through marketing without necessarily discovering all bequests in advance, and underscores the importance of carefully and consistently maintaining relationships with donors who *do* tell an institution about their plans in advance.

While most bequest donors have some affiliation with the charity, a surprising 21% has no prior affiliation with the charity. It is possible that these donors, at the time of making their wills, choose a charity that addresses a cause in which they are interested, regardless of whether they gave to

the charity during their lifetime. This finding may be of benefit to charities that fulfill missions that have a broad appeal.

The majority of bequest donors include more than one charity in their wills and most bequests (52%) are for specific amounts, although some include percentages (26%). Residual bequests (which are traditionally the largest source of bequest revenue) were reported by 14% of respondents. This indicates that past trends where a few large residual bequests make up the majority of income each year should continue in the future.

The average age of a bequest donor is 58 and the average income level is \$75,000. Note that the age figures are based on living donors who responded. Numerous other studies and IRS statistics indicate that the average age of bequest donors at death is in the early eighties and the final will that includes the operative charitable bequest is completed in the donor's late seventies, some three to five years prior to death.

Charitable remainder trusts

As one might expect, the findings about charitable remainder trust donors reveal very different characteristics than bequest donors. First, legal or financial advisors are the number one source of information for donors about charitable trusts, followed by charities through their published materials. Unlike bequests, the

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Reasons for Making a Charitable Bequest

Desire to support the charity	97%
The ultimate use of the gift by the charity	82%
Desire to reduce taxes (income or estate)	35%
Long-range estate and financial planning issues	35%
Create a lasting memorial for self or loved one	33%
Relationship with a representative of charity	21%
Encouragement of family and friends	13%
Encouragement of legal or financial advisors	12%

Important New Survey . . . *Continued from page 4*

majority of trust donors are men with relatively high median incomes.

While the primary motivations for charitable remainder trusts are revealed to be the desire to support charity or the ultimate use of their gift by the charity, trust donors place more importance on tax savings and estate/financial planning issues than bequest donors. As in the case of bequests, however, the desire to memorialize a loved one was cited by a large percentage of trust donors as a primary motivating factor.

By their nature charitable remainder trusts tend to be larger gift amounts, with 26% of them having a fair market value over \$500,000 when established. Almost 80% have payout rates between 5% and 9.99%. Over half have payout rates less than 8%.

Charitable remainder unitrusts are twice as popular as annuity trusts. Both unitrusts and annuity trusts are primarily funded with publicly traded stock, cash, or real estate. The majority of the trusts are designed to terminate and make distributions to charity(ies) upon the death of the beneficiary(ies). About half of the trusts designate a single charity as beneficiary with 25% naming three or more charities.

Of vital importance is the fact that 70% of the trust donors reserved the right to change the charitable beneficiary of their trust. This means that in seven of ten trusts, the charity's interest is no more certain than in the case of a charitable bequest. Discovering existing trusts and attempting to motivate donors to make a charity's interest irrevocable will presumably assume greater and greater importance in planned gift marketing efforts in future years.

The charitable beneficiary organization or institution serves as trustee in only 16% of the trusts. Individuals such as the donor or a family member are the most popular trustees and are likely to have outside assistance in administering the trust. The charity is aware of the trust in about half of the cases. One-quarter of the trust donors report no prior direct affiliation with the charity, while over one-fifth are either

alumni or members of the organization.

Almost 80% of trust donors respond favorably to the likelihood of repeating the gift, whereas only 22% indicate they would not be inclined to repeat such a gift. Half of the charitable trust donors also indicate they have made one or more charitable bequests and 42% indicate that the bequest will benefit the same charity.

Conclusion

There appears to be solid evidence of an increased incidence of bequests and other planned gifts since the 1992 study. A significant number of relatively younger individuals are now willing to consider such gifts as options. This may be an indication that the baby boom generation is now beginning to consider planned gifts as a viable alternative.

Recall that most bequest donors said that published materials from charities such as brochures, booklets, and newsletters were the primary source of information and motivation for their gifts. The same was true for a large percentage of charitable trust donors. Charitable intent continues to provide the most important motivation for making a planned gift. The role of financial advisors and tax planning issues have increased the importance for charitable trusts and the majority of planned givers made multiple gifts and did not inform the charity.

The best programs will continue to encourage their donors to include them as part of their charitable gifts through their wills and other long-range plans. The study underscores the importance of this motivation as well as discovering donors who may have already completed charitable trusts on their own with their advisors.

The final report will include additional information on charitable gift annuities and will be available for purchase from the NCPG. For additional information, check the NCPG Web site at www.ncpg.org or write to the National Committee on Planned Giving, 233 McCrea Street, Suite 400, Indianapolis, IN 46225. [GF](#)

Seventy percent of the trust donors reserved the right to change the charitable beneficiary of their trust.

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.

Newly updated bequest information series available

Bequests are becoming an increasingly popular way for donors to make gifts. According to *Giving USA 1999*, bequest giving totaled \$15.6 billion in 1999 and bequest gifts were up 14% from 1998. In fact, bequests grew at twice the rate of increase of total giving, which was up only 6.7% from 1998. Higher education enjoyed the largest increase in bequest income in history in 1999, up 22% from 1998, twice the 11% increase in other giving to the nation's colleges and universities.

Is your organization among those that are actively and effectively encouraging bequests as a vital source of funding? To help in the process of donor education and motivation, Robert F. Sharpe and Company's newly designed brochures on wills and estate planning are now available. These publications help you give donors the information they need to make effective decisions regarding their long-range estate and financial plans. Experienced programs have learned that bequests increase when donors are motivated to make and update their plans for both personal and philanthropic reasons.

The brochures discuss a variety of topics, including:


- circumstances that may trigger a review of estate plans
- steps to take before visiting an attorney about a will
- why it is important for women to make special plans
- and ways to avoid having the state decide what will become of one's property.

A copy of "The State Has Made Your Will" is enclosed with this issue of *Give & Take*. To find out more about how to generate heightened awareness that can lead to more bequests for your organization, please fill out and return the enclosed card or call 1-800-238-3253. Or to place your order, call or fax (901) 761-4268.

Give donors a guide to 2001

Donors experience changes in their lives from year to year. Each year some retire, are widowed, experience additions to their family, or benefit from extraordinary economic success. Successful gift planners know that it is important to regularly introduce the concepts of more effective gift planning to their donors. "Your Guide to Effective Giving in 2001" is now ready to help you inform your donors about many of the best ways to make their gifts—both current and deferred—in 2001 and beyond.

Updated yearly to address the current economic situation and most recent tax laws, "Your Guide" is designed to explain the basics of several popular charitable gift plans. This booklet may be especially helpful as an enclosure to gift acknowledgments or thank-you letters. You may also want to use "Your Guide" as part of special communications to kick-off the new year, and keep this booklet on hand for donor visits, donor appreciation dinners, seminars, and other special events.

To order "Your Guide to Effective Giving in 2001," call 1-800-238-3253 or fax to (901) 761-4268. 

Training Update

An Introduction to Planned Giving

For a comprehensive, in-depth training experience, consider attending Sharpe's new 3-day seminar "An Introduction to Planned Giving."

Presenters Timothy Sharpe, Barlow Mann, and Phillip Adcock guide participants through the basics of charitable gift planning, from detailed explanations of gift planning techniques, to organizing and implementing an effective gift planning program, to communicating benefits of more effective manner for your constituency.

Empower yourself with a wealth of gift planning knowledge that your donors will appreciate and that will help your organization or institution benefit from the unprecedented intergenerational wealth transfer that is now on the horizon. This seminar is especially helpful for those who are beginning their career in gift planning or have multiple responsibilities and are charged with incorporating gift planning capabilities into other development efforts.


Major Gift Planning I

In two concentrated, information-packed days, presenters Robert F. Sharpe,

Jr., and Jonathan G. Tidd, Esq., address issues of vital importance to those charged with structuring major gifts to their organizations. By linking their knowledge and over 40 years of combined experience, Sharpe and Tidd lead participants who possess a basic understanding of gift planning tools through a comprehensive training experience designed to help them best utilize their skills in today's environment. Registration is limited to allow for more interaction among participants and instructors.

Major Gift Planning II

Designed with the more experienced gift planner in mind, "Major Gift Planning II" focuses on the skillful use of gift planning tools to help donors meet a variety of personal goals while making significant gifts. A working knowledge of various gift planning vehicles is assumed.

Instructors Robert F. Sharpe, Jr., and Jonathan G. Tidd, Esq., emphasize the impact of recent tax legislation and investment market conditions and ways to "salvage" gifts that might otherwise not be completed. 

Seminar Training Dates

An Introduction to Planned Giving

Washington, D.C.

December 4-6, 2000

San Francisco

February 12-14, 2001

Washington, D.C.

February 28-March 2, 2001

Memphis

May 21-23, 2001

Major Gift Planning I

Memphis

January 18-19, 2001

Chicago

March 5-6, 2001

Charlotte

May 30-31, 2001

Major Gift Planning II

Washington, D.C.

April 17-18, 2001

*Please see our Web site at www.rfSCO.com for more information or to register.

Multiple registration discounts are available.

For more information or to register, please contact the Sharpe company.

Phone 1-800-238-3253, ext. 5360; Fax (901) 761-4268;


Web site www.rfSCO.com; E-mail seminars@rfSCO.com

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as much time on the road as I do. We just believe in being there for our donors.

For example, on Sunday nights, I call a different group of donors who I know are alone just to make sure they are all right.

Give & Take: Is there a recipe for success in gift planning? If so, what are the ingredients?

Wernik: The main ingredients are loving what you do, loving your donors, making sure you always do what is best for them, and really spending time with your donors and getting to know them. If you sit in the office all the time, you can forget being successful. You have to talk with your donors and treat each one with respect because you never know where your next gift may come from. 

*Season's
Greetings*

*from
Robert F. Sharpe
and Company*

*Wishing you a
joyous holiday season
and a
happy new year.*