

Give & Take

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NEWS AND IDEAS FOR DEVELOPMENT EXECUTIVES OF NONPROFIT ORGANIZATIONS

Do You and Your Donors See Eye to Eye?

Learn some simple design strategies that could help older donors see things more clearly.

by Elizabeth Smithers

Most gift planners are aware that the number of older Americans is growing dramatically. There are currently more than 34 million Americans over age 65. In the next 20 years, over 70 million more people will turn 65, with that number including a large portion of the current donor base of America's charitable organizations and institutions. The older segment of our population will continue to control unprecedented amounts of wealth. This is exciting news for gift planners who are adept at assisting older donors with current and/or deferred major gifts.

Will the eyes have it?

As millions of Americans grow older and wealthier, they will face a number of physical challenges. For example, in many cases their eyesight will to a greater or lesser extent be diminished. Because one of the ways gift planners will be communicating with older donors is through printed materials of various types, understanding the vision-related challenges that face the senior population could prove valuable indeed. After all, a creatively designed and informative brochure will be of limited use if your donors cannot read the copy and/or decipher the graphic art, or if older donors are unable or unwilling to read material communicated via the internet and other electronic media.

Most people experience some type of vision loss or deterioration by age 65.¹ Many vision problems are normal, age-related changes and others are caused by eye diseases such as glaucoma, macular

degeneration, cataracts, and others. Let's examine some of the most common vision problems and how to compensate for them through the use of specific design strategies.

Problem: One of the most common age-related vision problems—and often the first to set in—is farsightedness, which is caused by weakening muscles in the eye and typically begins to affect people in their forties. This vision problem makes small text more difficult to read because focusing at close range is impaired. This can include the challenge of focusing on relatively small type on a computer screen that is actually an image created by rapidly flickering light.

Solution: While bifocals can help correct farsightedness, gift planners can help older readers by making sure the text in letters and brochures is more legible. If the text in a printed piece is not large enough, readers are more likely to discard the piece unread.

For easier reading, print should have a point size of at least 12 or 13 points. Also avoid complicated or unfamiliar fonts. It is best to use a standard Roman or sans serif font with easily recognizable characters. Also avoid using all upper case lettering or all italics.

Inside

Rating the rates—examine what fluctuating AFMRs could mean to your donors Page 2

Find out why this Pennsylvania gift planner has spent his career involved with one institution Page 3

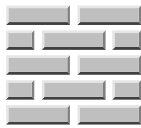
*THE PRICE OF GREATNESS IS
RESPONSIBILITY.
—SIR WINSTON CHURCHILL*

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Continued on page 5

Planning Matters

Interest rate fluctuations can have a real impact on the results reported for planned gift development efforts.



Give & Take

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Under federal tax law, an interest rate factor that can change on a monthly basis must be used when calculating the tax benefits of various types of gifts. This rate information is available from software vendors and financial publications

such as *The Wall Street Journal*, and is sometimes referred to as the "Section 7520 Rate" or applicable federal mid-term rate (AFMR).

With rapid interest rate swings in recent months, the AFMR has taken on greater importance as a planning consideration. As recently as last February, for example, donors could use a 5.4% AFMR if they desired. In March the AFMR was 8.2%, an increase of more than 50% in just over a year.

The impact on gifts

The affect on the tax benefits on charitable gifts of AFMR fluctuation over time is illustrated in the table above which shows how different rates affect a number of gift planning vehicles.

In the chart above, assuming a 5.4% AFMR, the hypothetical 65-year-old couple would have enjoyed a gift and estate tax deduction equal to over 80% of the value of assets placed in a 6.5% charitable *lead* annuity trust.

Note that when the AFMR increases to 10%, the gift and estate tax deduction for the same lead trust would be cut by almost one-third. Meanwhile, a 6.5% charitable *remainder* annuity trust would generate an income tax deduction of almost 43% of the amount used to fund the trust, whereas the same trust would fail to qualify *at all* with a 5.4% AFMR, because it would not pass the 5% probability test!

Deduction Percentage for 65-year-old couple

AFMR	6.5% CRAT	6.5% CRUT	6.5% CLAT	Life Estate
5.4%	Fails 5% probability test	26.3%	81.6%	26%
8.2%	35%	26.8%	65%	16.3%
10%	42.9%	27.2%	57%	12.4%

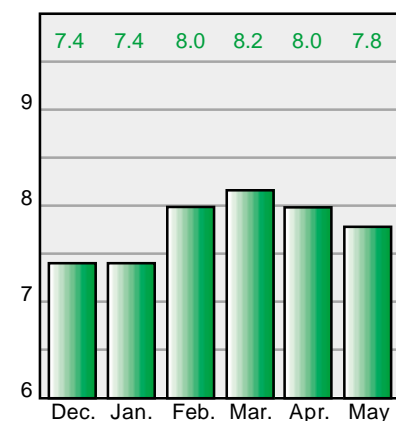
What to do?

Depending on what donors are trying to accomplish, astute gift development professionals should carefully match gift plans with those persons who meet the profile for such gifts at times when interest rate fluctuations make a particular plan attractive. Today, for example, that might mean identifying older persons who have traditionally gravitated toward charitable gift annuities and annuity trusts that offer more attractive benefits in times of relatively higher interest rates.

As an aside, if your program is crediting gifts in campaigns or in ongoing development efforts based on the charitable deduction allowed for such gifts, consider the fact that interest rate fluctua-

Continued on page 6

Discount Rates



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

Commitment to His Institution Is Key for Gift Planner

In this month's "Gift Planner Profile," we talk with John Shafer, director of development at Wyoming Seminary in Pennsylvania. Having spent most of his life at the school—12 years as a student and 25 years working as an alumni and development professional—Mr. Shafer shares his unique perspective on fund raising for an institution that has been an integral part of his life.

Give & Take: The name of your school is a bit of an oxymoron, since it isn't in Wyoming and it is not a seminary. Can you tell us a bit about your school and its name?

Shafer: You're right. The name is a bit confusing. The school was founded in 1844 by leaders of the Methodist Church who felt that Northeastern Pennsylvania needed a strong college preparatory school. The school is located in Kingston, Pennsylvania which is located in the Wyoming Valley. "Wyoming" is an Indian word that means flat land. Back in the 1800s, the word "seminary" was synonymous with the word "academy" and apparently didn't get the theological connotation until the late 1800s. We have been coeducational since our founding—the first class had 17 boys and 14 girls. So we are one of the oldest coeducational independent schools in the country.

Give & Take: Were you a student at the school?

Shafer: Yes. I started in first grade and lived on the campus for most of my years there. My grandfather was the school physician from 1910 to 1947. My dad was then the school physician from 1947 to 1982. The school actually grew up around our home. Three years ago my parents gave our family homestead to the school. I had a unique perspective as a development officer of securing one of the larger gifts that we have received and obviously a very important piece of property to the school. Yet at

the same time my family was relinquishing what could have been a very nice personal asset to have in the future.

Give & Take: You have been working at Wyoming Seminary for 25 years. Why do you think you have stayed so long? What do you think have been the advantages of staying at one organization?

Shafer: I know I am really unusual in that I have stayed at one institution for as long as I have. In some ways working here is like being home to me because I have been here all my life. I believe so strongly in the school and the opportunities it has given to me and also to so many generations of students that I am really committed to the cause. I guess if I have any sort of philosophy as a development officer I believe you have to be committed to the organization that you are working for. I believe that donors contribute to the cause and also to people.

One of the greatest advantages of working in one place for so long is that I have been able to help secure some significant gifts to the school as a result of long-term relationships with many individuals. I have had opportunities to go other places, but I think I am really able to make a difference here and I think the school is making a difference for so many people. That is why I have stayed.

I have developed some wonderful friendships with donors over the years. One of the downsides to that is when one of them passes away, it is almost like losing one of your own family members. Even if the friend has left a nice bequest to the school, it is a very sad time because you had such an intense personal relationship with the person. But there is also that good feeling that you helped the person who has passed away make it possible for future generations of students to enjoy the benefits of school. Hopefully these students



"People these days have been involved with more organizations as volunteers so perhaps they are more informed about their giving than before."

—John Shafer

Gift Planner . . . *Continued from page 3*

“They do the giving. We are just providing the opportunity.”

will feel the same way about their school that this alum did.

Give & Take: I understand that your development office is quite small, with just you, a director of annual giving, and a director of alumni programs. What is it like to do the sophisticated gifts you complete working with a relatively small staff?

Shafer: Through the years we have had as few as two professionals working in the office, so I have had the opportunity to do all kinds of special events, annual giving programs, capital campaigns, planned giving, etc. Quite honestly, I really enjoy that. No two days in a row have ever been identical. I wonder if I would really enjoy it if I was just the director of major gifts, or just the director of planned giving. It has been really rewarding for me to be involved in all aspects of the program.

I’m always intrigued when I hear about larger development programs and the problems they often have communicating with one another about particular donors. We don’t have to worry about stepping on anyone’s toes here because the office is so small. We are all aware of what each other is doing.

Give & Take: What changes have you noticed in gift planning over the years?

Shafer: I think one of the biggest changes is just the incredible infusion of technology into the office. When I started we were keeping names and addresses on index cards. I can remember it used to take us literally two months to get ready for a phonathon. Now it takes a few hours.

I think the other thing that has changed as far as giving is concerned is how more people today want to designate how their gifts are used. Many people want to direct and earmark how their gifts are used and allocated, and that is fine. People these days have been involved with more organizations as volunteers so perhaps they are more informed about their giving than before. I think there is a real concern among some of these younger

donors that their gifts not be lumped into a general, unrestricted fund. I think they get more personal satisfaction from their gift if they direct where it goes.

Give & Take: What changes have you noticed in your tenure concerning bequest gifts to Wyoming Seminary?

Shafer: One of the first decisions that I made in the early ’80s was that we needed a resource to turn to for help in sharing planned giving information with our alumni and friends. We certainly didn’t have the staff to do it ourselves! I interviewed numerous companies and very quickly decided on the Sharpe company because I felt their literature was so easy to understand and not overly technical for the members of our constituency. We started sending a quarterly bequest brochure and over the years have moved to the point where we are now doing customized newsletters.

In the late ’80s and early ’90s we were very lucky to receive \$100,000 to \$200,000 a year in direct gifts from bequests. For the past five years we have averaged \$1.2 million and this year we have received the largest gift in our history—\$5.6 million—from a bequest from an alumnus who graduated in 1926. I clearly see gifts from bequests and other types of planned gifts as the future of fund raising.

Give & Take: What is your favorite part of your job?

Shafer: My favorite part of my job is hopefully making a difference at an institution that means a great deal to me. People often say to me, “How can you ask people for money?” And my response to that is, I really don’t ask them for money. I talk to them about the school I believe a great deal in, and that I think they believe a great deal in, and you just tell them about some of the opportunities that are available. They do the giving. We are just providing the opportunity. *GT*

Eye to Eye? . . . *Continued from page 1*

Problem: As we age, less light enters the eye because pupils become smaller.² In addition, older eyes are more sensitive to glare.

Solution: To cut down on glare and increase readability, make sure the paper you use for communications aimed at older readers has a non-glossy finish. Extremely glossy papers may be attractive to younger eyes, but older readers could have difficulty seeing “through” the glare to the text. Some papers that may be particularly appealing to older eyes because of their non-glare quality are linens, offsets, and matte papers.

Problem: Color perception is often distorted because the lens of the eye thickens and yellows with age.³ In addition, a loss of cells in the retina can make it harder for older readers to see the contrast between two colors.

Solution: Using color with strong contrast is key to readability for older eyes. In most situations, the high contrast of black text on white background will work best.

When you employ other colors, it is best to use them as an accent for headlines or subheads. In addition, if you use two colors other than black and white, make sure they contrast sharply both in hue and in lightness. For example, bright red text on a bright pink background may be very difficult for older readers to see because the colors are similar shades and the same brightness. A better alternative color scheme would be a deep violet text on a light yellow background.

The yellowing of the lens often affects color perception as well. This yellowing tends to make older eyes less able to distinguish between colors on the blue end of the spectrum, such as blue and green. Therefore it may be wise to avoid using similar

shades of blue and green close to one another as the two shades may be indistinguishable to an older reader.

It is also recommended to use high-contrast black and white photographs in printed materials for an aging population instead of or in addition to full-color photos. Why? Because when the lens become yellowish and color perception is impaired, readers may have difficulty distinguishing between the multiple colors in full color photos. “Older eyes are best able to see colors that come as close to total absorption of light (black) and total reflection of light (white) as possible,” says Dr. Herman Tacker, optometrist and former professor at Southern College of Optometry, Memphis. “Contrast is the key.” Therefore using high-contrast black and white photos will help ensure the clarity and sharpness that some full-color photos may lack.

Seeing things their own way

As the huge wave of baby boomers ages, this group of potential donors will likely be seeing things differently, both physically and psychologically. According to Mary Anne FitzGerald, research manager for the California market research firm Age Wave, “At every point in their lives, they’ve (baby boomers) changed history. Now they are going to reshape and influence how manufacturers are making their products. It’s a matter of looking at your packaging and advertising with a different eye.”⁴

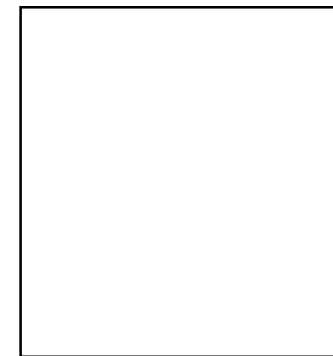
Since gift planners will be courting this group for years to come, addressing baby boomers’ needs as they age will become increasingly important. Making gift planning communications easily accessible through readable design principles may

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Please join us
for our annual
Legacy Society
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Elizabeth Smithers, senior editor with the Sharpe company, is editor of Give & Take.

Continued on page 6

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.

Giving in financially turbulent times


As stock markets fluctuate, unprecedented amounts of wealth continue to be created and lost on a daily basis. In this environment, many donors who are also investors may be unaware of special strategies that can help with their financial and gift planning, regardless of the direction the economy turns.

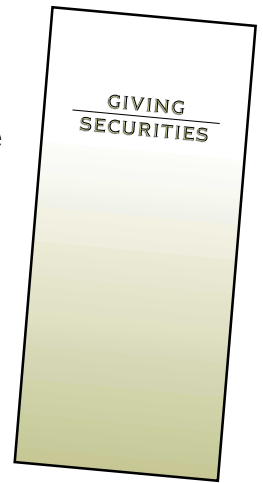
If you are interested in communicating with your donors about strategies they can use to make charitable gifts more effectively—especially during times of economic uncertainty—consider the booklet “Giving Securities.” This booklet is designed to provide more in-depth information to donors and friends who may have the means and the desire to make a real difference in your gift development efforts, but may feel frozen into inactivity because of fluctuating financial markets.

This booklet discusses in detail several strategies that could be invaluable to those with the capacity to make larger gifts


while maintaining their own financial security. Special sections focus on:

- Choosing the right asset to give
- How to give securities and still “keep” them with a new higher cost basis
- How to “balance” capital gains tax through charitable giving
- How to give out of the market and receive a life income
- And other special planning strategies.

If you would like more information or to place your order for “Giving Securities,” call 1-800-238-3253 or fax your order to (901) 761-4268. 



Eye to Eye . . . *Continued from page 5*

make a measurable difference in your fund development efforts. And, by making communications pieces more readable for your older donors, you will also enhance the reading experience of donors of all ages. 


¹ Patricia Braus, “Vision in an Aging America,” *American Demographics*, June 1995

² Linda Sanford, “The Importance of Lighting for the Elderly,” *Aging and Vision*, Vol. 11, No. 1 Spring 1999

³ Sanford

⁴ Braus

Planning Matters . . . *Continued from page 2*

tions can have a real impact on the results reported for planned gift development efforts. For this reason, some programs are now beginning to consider other means to evaluate their efforts that are less reliant on large swings in interest rates over relatively short time periods. This can lead to better reporting of program results and in more equity when dealing with donors who may be credited with very different amounts in the same twelve-month period for the same gift due to interest rate fluctuations. 

Training Update

Introduction to Planned Giving

For a comprehensive, in-depth training experience, consider attending Sharpe's new 3-day seminar, "Introduction to Planned Giving," to be held May 22-24 in Memphis.

NEW

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 charitable gift planning in the most efficient manner to 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 designed to be 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 - Options and Opportunities

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.

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. 

Seminar Training Dates

Introduction to Planned Giving

Memphis
May 22-24

Major Gift Planning I

New York
August 7-8
Washington, D.C.
October 2-3

Major Gift Planning II

Tampa
May 31 - June 1
Chicago
July 10-11

Planned Giving When That's Not All You Do

St. Louis
June 26
Washington, D.C.
July 13

**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.

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YOUR MOVE.



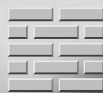
Leaders of America's nonprofits today face tough choices about how to meet current funding needs while building for a stable future. Every move counts.

Increase your awareness of gift planning opportunities available to you and your donors. Attend the new three-day workshop "Introduction to Planned Giving" in Memphis, May 22-24.

Experienced presenters will lead this comprehensive seminar focusing on the basics of charitable gift planning. If you are assuming responsibility for planned giving for the first time, or if planned giving is one of your many duties, this in-depth introduction to gift planning will examine practical ways to implement an effective gift planning program.

"Introduction to Planned Giving" will equip you to cost-effectively help donors better plan their gifts to help ensure your organization's future.

Enrollment is limited. Call 1-800-238-3253 ext. 5360 or visit our Web site at www.rfSCO.com for more information or to register.



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