

Putting the Donor First

Eleven years ago, in July 1991, Give & Take featured Marty Matula, then Associate Director of Planned Giving at Morton Plant Mease Foundation in Clearwater, Florida. In this issue of Give & Take, Ms. Matula, now Executive Vice President of the Foundation and Dean of the Planned Giving Track at the AHP Institute for Healthcare Philanthropy, shares her reflections on how her program and the field of gift planning in general have evolved since we last spoke.

Give & Take: How has your gift planning program changed since we last spoke to you?

Matula: We've grown a great deal. Our expectancy list of irrevocable and revocable gifts has really grown as well. It currently stands at around \$90 million. As a result, we've been able to commit \$50 million to our hospitals' plans for renovation over the next 10 years. That's in addition to what we raise for programs and services. All of those years of work and documenting and booking and caring for people have paid off in the form of the major impact we are now having on this hospital and our community.

One thing that has not changed since we last talked is our commitment to earning the donor's trust. I feel that this can best be achieved if the donor feels a familiarity with not just the person running the planned giving program but with all of those within the Foundation. For this reason it is very important for development executives to stay with their programs, to get to know the people, and to do the things that keep them out in front of donors all the time.



Make plans now to join us for gift planning training in Chicago this September. See page 7 for details.

Give & Take: Tell me more about how you communicate with your constituents.

Matula: I've always known that direct mail and publications have been a huge part of our success. We have a gift planning newsletter, *Legacy*, in which we highlight donors that have given through their estates. The awareness that creates—and the consequent marketing of planned gifts—is a very important way of keeping in touch with the donor. We also highlight donors in our Foundation publication, *The Circle*. That's a way to give feedback and make certain our donors see what their dollars are doing for the community.

In addition, we have a variety of different programs, services, and activities that keep our donors happy and involved with the hospitals and the Foundation.

Give & Take: How do you keep your program fresh and up to date?

Matula: Every year we look at our program and decide which planned gifts we're going to promote. In the post-September 11 economy, we've found that certain types of trusts have not been as attractive as they have been in the past. Our donors now seem to be more interested in the charitable gift annuity. As a result, this year we've focused on the annuity in all of our publications. We're also seeing more interest

Inside:

- Cash, stocks, bonds, real estate: When is the gift complete? p.2
- Gift planner profile: Ken File of Delta Tau Delta Educational Foundation p.3



Planning Matters

• • • • •
The importance
of timing
year-end gifts

Imagine this scenario: An elderly individual tells you of her intention to make a gift to your organization on Thursday, December 26, 2002, and calls a courier service to pick up her check and deliver it to you. The courier service picks up the check that afternoon and attempts to deliver it on Friday, December 27. However, as your office is closed for the New Year's holiday the courier does not actually deliver the check until Thursday, January 2, 2003. When was the gift completed for tax purposes? The answer to this and similar questions can have important ramifications during the busy year-end giving season.

In general, gifts are deemed to be complete for tax purposes on the date they are actually delivered to the charity. However, the rules vary depending upon the asset and type of transfer involved.

- **Cash gifts:** Gifts of cash or checks may be considered complete upon delivery to the charity or its representative. They are also complete for tax purposes on the date mailed, even if the check or cash is not received until the following calendar year. The so-called "mailbox rule" for completing gifts applies to the U.S. mail, delivered in the due course of mail. This rule does not, however, apply to delivery via couriers or non-governmental mail and package delivery services. Such services are deemed to be agents of the donor and the gift could theoretically be "recalled" at any time prior to actual delivery. For that reason, in the example above, the donor would have been better advised to mail her check rather than take the risk it would not be delivered by her courier before the end of the year.

- **Gifts of credit:** Charitable contributions made by credit card are also deductible as an itemized deduction in the year the credit charge is made, even if it is not paid until the next year. That is because the donor has incurred a legal obligation to make the payment in the year the gift is made.

Pledges, on the other hand, are only deductible when actually paid. This is the case even if the donor supplies an IOU or promissory note. Certain types of "letters of credit," which may be drawn upon at any time, are completed gifts on the date they are mailed or delivered to the charity. Check with appropriate counsel for more details.

- **Gifts of real estate:** Such gifts are completed at the time a properly executed deed is delivered to the charity. As a practical matter, the deed should be recorded as soon as possible.

- **Gifts of personal property:** Generally, gifts of personal property are complete upon delivery, but you may also wish to obtain a "letter of deed or gift" from the donor to document the transfer.

- **Gifts of securities:** The time of completion of a gift of securities varies depending on the form in which the stock or bond is held. If the donor has physical possession of the security, the gift is complete upon the delivery of a properly endorsed certificate to the charity or its agent. Most charities prefer to have an unendorsed stock certificate and a properly completed stock power. For security purposes, these documents should be mailed separately. Such a gift may be completed by mail and is complete on the date of the postmark of the later envelope.

If the stock is held in "street name" in a brokerage account, the gift is completed upon the transfer from the donor's account to that of the charity. The securities should not be sold in the donor's account with the proceeds then transferred to charity because the donor could as a result incur capital gains tax consequences.

If the certificate is delivered to the corporation or to a brokerage account to be reissued in the charity's name, the gift is not complete until the stock is actually transferred on the corporation's ledger.

Try to allow extra time for gifts of mutual funds as the details of transfer vary from fund to fund.

When contemplating any gift of securities, be sure to obtain the assistance of your financial services advisor.

Remember too that gifts other than cash or publicly traded securities greater than \$5,000 (\$10,000 in the case of closely held stock) must be substantiated by obtaining a qualified appraisal and fully completing a form 8283. The value of a gift of publicly traded stock is the average between the high and low on the date of the gift. This value may be obtained from your broker or numerous Web sites, such as www.wsj.com.

Now may be an excellent time to review your policies and procedures for handling gifts to make sure your year-end giving season runs smoothly this December. Planning gifts can take some time, so it's never too early to start making sure your donors are properly informed. G&T

Give & Take:

A client service publication published monthly since 1968 by Robert F. Sharpe and Company, 6410 Poplar Avenue, Suite 700, Memphis, TN 38119, (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.

© 2002 Robert F. Sharpe and Co., Inc.

Editor:
Elaine Gumbert

Art Director:
Kelley Carter

Strategic Planning Is the Key

In this month's gift planner profile, Give & Take talks with Ken File of the Delta Tau Delta Educational Foundation. Mr. File has been involved with the Foundation for the past six years as a major gift officer and as Director of Planned Giving. He currently serves as President.

Give & Take: What led you to a career in the nonprofit world?

File: I started right out of college as a member of the fraternity staff traveling the country, and I have worked continuously for Delta Tau Delta since 1981. I've found the involvement with both the nonprofit sector and with young people through education to be a very fulfilling career. That's why I've stayed involved in nonprofit work for 22 years, with the past 6 spent in development work.

Give & Take: Have you noticed any recent trends in the types of gifts received in light of the uncertain future of the economy?

File: Based on my experience, people are narrowing their giving to organizations that have had a direct impact on their lives. Consequently, from our perspective, our core donor base is becoming more generous because many seem to no longer be giving to as wide a variety of charities.

Another trend we have seen is increases in gifts of assets, primarily in the form of stock gifts. Even though the future of the economy may be uncertain and stocks may have lost

some value, stocks held long-term still have considerable appreciation, and we see donors continuing to give them.

Give & Take: As a fraternal organization, you have a natural constituency, but what are some of the best ways you have found to transition them from members to donors?

File: Direct mail is still our principal method of communication. Since 1971 we have been sending out a newsletter four times a year that gives an insider's view of what's going on within the organization. Four years ago we added our planned giving newsletter, *Horizons*. It helps fulfill a big need, which is telling donors how they might continue to benefit our organization through more effective estate and financial planning.

Last year was the first time we tried a year-end mailing. That was our primary response to September 11—doing an additional mailing at year-end. We included a Sharpe brochure on giving stock and other assets at the end of the year, and it was particularly useful. Last year we saw our annual fund increase by close to 11%, and we credit part of the increase directly to that mailing.

Give & Take: That's interesting that you saw an increase in giving after September 11.

File: I think it speaks to some of what I said earlier about people narrowing the breadth of their charitable giving to charities they feel directly impacted them as individuals or society as a whole in ways that are important to them. Also, our donors see us as part of a solution to a need in society—the development of a good set of values in young people.

Give & Take: What do you think is the most common mistake that gift planners make?

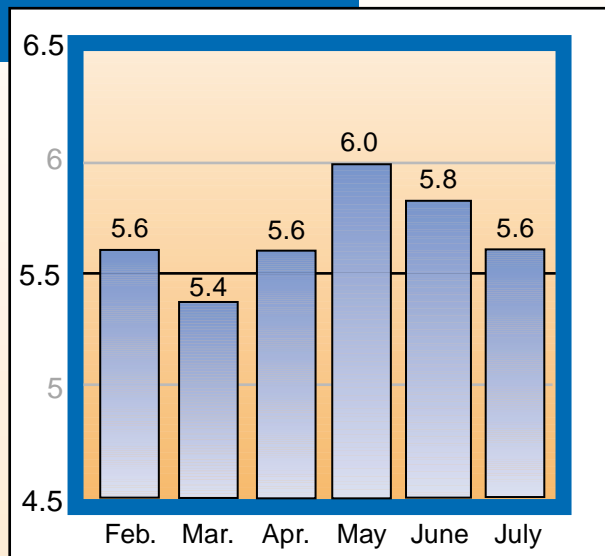
File: The most common mistake is failing to plan. Too many development officers neglect to set very specific goals in the areas of major gifts, planned gifts, and annual fund for any given budget year. They may instead brush off last year's plan, add 5%, and consider that to be next year's goal. Instead, they should be constantly trying to look for new horizons.

The second common mistake is forgetting to ask for the gift. Too many gift planners feel that if they talk about all the good work that they're doing that potential donors will make the natu-



Ken File

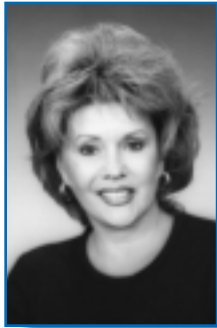
Discount Rates



Trend in applicable federal mid-term rates (AFMR's), which are used in calculating tax benefits of planned gifts.

Putting the Donor First...Continued from page 1

in the deferred gift annuity. Over the years, it seems that when the investment markets are flat or down, the charitable gift annuity is more popular, and when people are more bullish on the markets, charitable trusts hold more attraction. And, of course, bequests are almost always the bread and butter of a planned giving program. For that reason, it's important to maintain relationships with people who have told you that they've included you in their will or trust. You don't just say thank you and never talk to them again. These people are very important. We include them in our Heritage Club, which we named the Adler Guild Society after William and Elizabeth Adler, whose bequest to Morton Plant is the largest to date. We send them cards and flowers, and we just keep thanking them, loving them, caring for them, and we find they never change their minds unless there are unforeseen circumstances beyond their control.



Marty Matula,
CFP, CFRE

Give & Take: As someone who has obviously had great success in building relationships with your donors, what do you think is the most common mistake gift planners make?

Matula: Going in and talking to a person about all the technicalities of a planned gift before first building the base of a relationship through nurturing and shepherding them. You have to focus first and foremost on the donor's needs.

Another mistake, especially in the case of a community-based organization, is not to also focus attention on the professional advisors in much the same way you do your donors. If you gain their trust, their respect, and preserve their dignity, gifts will be more likely to come from those in the community that are both your donors and their clients.

One of the keys to our success is our effort to build good relationships with professional advisors in our community. At the time we last talked to you, we had relationships with around 40, and that number has now grown to 170. It's become a really important part of our program and has made a huge impact on our community.

Another common mistake is to lose patience and focus energies elsewhere. And as I mentioned before, if you're starting a program, you need to stick with it. I've been with the Foundation for 16 years now, and most of our staff has been here for at least 10 years. I think a lot of our success can be attributed to efforts to minimize staff turnover and the relationships we've been able to build over time as a result. Our board members have also been key to our success, not just as donors themselves but as advocates of the Foundation. They know and understand planned giving and have seen firsthand what it has done to build the hospital. They support it, they back it, and they participate in it. We're very fortunate to have them and, again, they have been a valuable key to our success in planned giving.

Give & Take: What advice would you give to someone just starting out in development?

Matula: This may sound obvious, but it is important to have a deep understanding of what they are raising money for. Every cause is different and as a result different planning tools may be more appropriate in some cases than others. Possessing a thorough knowledge of special programs and projects allows development executives to confidently share that information with donors and professional advisors. The better informed they are, the more they will be able to help.

I think it's important for every development executive to take at least a basic course in the tax and other financial aspects of gift planning. If they plan to make a career of charitable gift planning, I would urge them to go as far as they can in obtaining information that will be useful in working with donors and advisors. I became a certified financial planner in 1993, and I attend the National Committee on Planned Giving national conference every year. Everyone has to find his or her own comfort level with the more technical aspects of gift planning, but over the years I have found the more knowledge I have as a gift planner, the more helpful I can be to our donors. G&T

Strategic Planning Is the Key...Continued from page 3

ral connection that they should give. They forget to “close the loop” and invite them to be a part of that success in a very specific way.

Give & Take: What is some of the best advice that you have received in your career?

File: The best advice came from a major gift officer that I met on my first day on the job as a development officer. It was something like this: “Remember that the main thing is to keep the main thing as the main thing.” That’s good advice regardless of what job you may have—to determine what is the most important thing you should be doing right now and to guard against all of the minutiae in the development business getting in the way. There are so many administrative distractions in development work that can keep you from actually doing what’s going to move your organization forward—talking to donors.

Give & Take: That goes back to what you were saying earlier about failure to plan being one of the most common mistakes gift planners make.

File: For me, it’s all about strategic planning and leverage. The Sharpe company gives me leverage by providing professional, well-designed materials that I can leave with a donor that speak for me when I’m not there. The leverage is that I don’t have to create them. It’s a great fit for us. It’s the relationship that counts, not how much time I spend designing a nice brochure. You have to have excellent, high-quality communications pieces. I’m always comfortable knowing that if I’m buying them from Sharpe, the information is correct, it’s well footnoted, and it’s got all the right disclosures so I don’t have to worry that I may be saying something that isn’t correct and/or advisable under current tax and securities laws.

Give & Take: Do you spend much of your time personally visiting your donors?

File: That’s pretty much all of my time. I probably spend about 30% of the year on the road. My goal is to make 120 personal, face-to-face calls a year. It’s part of the plan. That’s the level of calls I need to make to get the results we want in our major and planned gift work. Even though I have a core group of about 75 donors that I work with, I’m always trying to identify new people that we should be getting to know better.

Give & Take: As a fraternal organization, your donor base is automatically male. Do you attempt to interest spouses in your organization as well?

File: In my work, a relationship with a married couple is sometimes more enjoyable than working with just a single alumnus. When I make a call, I try to include the spouse as much as possible. It can be fun for them—something they enjoy doing. Philanthropy should be fun and enjoyable for both the charitable organization and the donor.

Give & Take: Since all of your constituents also have ties to a college or university, what sort of special challenges or opportunities does that provide for you in your development efforts?

File: I view it as an opportunity. If they were Greek, most of the loyalty that these alumni feel for their host institutions was created while they were members of our organization. I don’t see us in competition because the needs of a college or university are so great that our gifts are probably a smaller function of what the donors are already giving to the college or university. We try to work together with the institution as much as possible. There’s more than enough to go around for everyone. [G&T](#)

Giving USA Annual Report

The AAFRC Trust for Philanthropy’s recently released report on charitable giving reveals that Americans gave an estimated \$212 billion to charity in 2001. This total denotes an increase in donations of .5% over 2000 figures and is the largest recorded amount given in a single year.

Copies of the report may be ordered from the AAFRC Web site, www.aafrc.org.

Footnotes



Bubbling Up Major Gifts

Most organizations would like to increase the number of major gifts they receive during the critical year-end giving season. Often, face-to-face visits or telephone solicitations are targeted to a few known major donors and prospects at the exclusion of other potential major donors that may be hidden in the file. The trick is to develop tactics and strategies to get these potential major donors to bubble up to the surface.

Robert F. Sharpe and Company's 2002 year-end giving brochures are designed to encourage the most popular forms of giving in a service-oriented informational approach. These brochures can effectively be used either to complement an existing appeal or to enhance a special one.

News and ideas about Robert F. Sharpe and Company's services.



Each brochure highlights the various advantages of gifts of cash and other appropriate assets and offers a variety of strategies to maximize the impact of gifts now and in the future. The brochures are

designed for use with the broadest possible pool of donor prospects. Consistent marketing of year-end giving strategies will build your list of major donors over time, as donors with the ability to make these gifts often repeat them over time.

This group in turn may be further developed through the use of more extensive educational approaches that would not be appropriate for the mass of regular contributors. For



example, they might qualify for membership in a major gift club or society. You may also wish to send them a copy of one of our latest booklets, "A Guide to Year-End Giving 2002" or "Your Guide to Effective Giving in 2002."

An effective way to use these booklets is to send them to all \$500+ donors or the top 10-20% of your donor file, a group that often generates 80-90% of the gift revenues. Another strategy is to include these materials in kits for volunteer training or for use at special events.

This year, informing and educating your donors may be more important than ever. The ability to bubble up new major gift prospects from your pool of contributors may be essential to replace existing givers that are getting ready to lapse.

For more information on these publications, please visit www.rfSCO.com/donor or call 1-800-238-3253 to speak with a Sharpe representative. G&T

Training Update

An Introduction to Planned Giving

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

Presenters Timothy Sharpe, Barlow Mann, and Phillip Adcock combine their experience to 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 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 planned giving 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.

Managing Planned Giving Relationships


Someone has asked for information about a planned gift. What is the next step? How do you use the telephone, written correspondence, personal visits, and other communications in ways that are appropriate, tasteful, and effective?

These and other topics will be explored in a new seminar devoted to the process of developing and managing effective planned gift relationships. Beginning with how to handle initial requests for information, this seminar will also focus on what to do before, during, and after a personal visit.

Also included is an exploration of various ways to work most effectively with donors' advisors to help complete planned gifts.

Special attention will also be given to the process of building and maintaining relationships with the heirs of benefactors after a legacy has been received.

Presenters with decades of combined experience will share their insights regarding ways to build meaningful relationships, including helpful case studies and demonstrations of successful techniques.

Designed to complement "An Introduction to Planned Giving" and "Major Gift Planning I," this one and one-half day session follows those seminars in selected cities. Special tuition rates are available for concurrent or previous attendees of Sharpe seminars. 

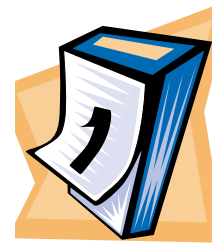
Multiple registration discounts are available. For more information or to register, please contact the Sharpe company.

Phone 1-800-238-3253, ext. 5360

Fax 901-761-4268

Web site: www.rfSCO.com

E-mail: seminars@rfSCO.com



Seminar Training Dates

An Introduction to Planned Giving

New York

August 19-21

Chicago

September 9-11

Washington, D.C.

December 9-11

Managing Planned Giving Relationships

New York

August 21-22

Chicago

September 11-12

Washington, D.C.

December 11-12

Major Gift Planning I

Phoenix

September 5-6

St. Petersburg, FL

October 21-22

Memphis

December 9-10