

Revisiting the Wealth Transfer

by Barlow T. Mann

In 1999, near the peak of the economic growth of the 1990s, Boston College released a study projecting an intergenerational estate transfer of at least \$41 trillion, a figure four times as large as amounts previously projected by economists at Cornell University. In "Millionaires and the Millennium: New Estimates of the Forthcoming Wealth Transfer and the Prospects for a Golden Age of Philanthropy," John J. Havens and Paul G. Schervish predicted that at least \$41 trillion in personal wealth would be transferred from the final estates of the 1998 adult population through the year 2052. Because this study's projections far surpassed those of any previous study, both for- and nonprofit communities responded with great interest, and the popular press reported that baby boomers were eagerly awaiting their inheritance.

Projecting a bright spot for nonprofits

Although the \$41 trillion figure initially seemed excessive to some, researchers at Boston College documented its validity, pointing to conservative growth and savings rate assumptions. Other projections were included in the study that assumed higher growth and saving rates and resulted in even larger wealth transfer estimates.

According to the Havens/Schervish study, America's charitable sector could expect to receive a minimum of \$6 trillion in charitable bequests as the wealth transfer unfolded. The mid-range estimate for bequests was \$12 trillion, and under the most ambitious economic growth assumptions the bequest total was projected to be \$25 trillion.



Make plans now to join us for training in Chicago. See page 3 for details.

According to *Giving USA*, bequests have grown from \$5.2 billion in 1982 to some \$16.3 billion in 2001. This represents an average annual growth rate of 6.2% over that period. If the same growth rate continued from 2001 to the end of the transfer period in 2052, then charities would be assured of receiving just under \$6 trillion. In other words, the low end of the estimated charitable wealth transfer for charity can be achieved with no greater growth in charitable bequests than has already been experienced over the past 20 years.

This is good news since America's charitable community has greatly increased its efforts to encourage gifts via estates in recent years, and these efforts should serve to accelerate the rate of growth in this source of income. If the average growth rate increased to 8.25% per year, the mid-range projection of \$12 trillion in charitable bequests in the Boston College study could actually be reached. A 10.25% rate of growth would result in the full \$25 trillion being realized.

What a difference three years make?

Much has changed since 1999—in both political and economic climates. In 1999, there was no immediate threat of war, and the economy had not yet fallen into recession. As these contingencies became reality, increasing questions and challenges were raised concerning the continuing validity of the wealth transfer estimates.

In light of these concerns, John S. Havens and Paul G. Schervish recently published a reexamination of

Inside:

- Insights from a former alumni director p.2
- Gift planner profile: Bob Turner of Seattle University p.4

Integrating Gift Planning in Broader Communications



Sally Heinz

Editor's note: Sally Heinz was employed by the Sharpe company from 1988 to 1994, during which time she served in a number of capacities including editor, director of marketing, and director of national accounts. In 1994 she became director of alumni affairs at Rhodes College. Sally, a Phi Beta Kappa graduate of Rhodes, worked to help make the College's alumni relations program a model for others. Founded in 1848, Rhodes is a top-rated liberal arts college with a student body of 1,400 and 12,500 alumni. Sharpe is pleased to announce her return in mid-2002 as Vice President for Creative Services of the Sharpe company.

After working at the Sharpe company for six years, I had the opportunity to return to my alma mater as director of alumni. Knowing

I would benefit from hands-on experience in a successful advancement department, I thought this was the perfect move for me. I recently returned to Sharpe after some eight years in management of alumni affairs and advancement communications.

The alumni relations program I joined has long recognized that the more engaged alumni are in the life of an institution, the more generous they are likely to be. Therefore, endeavors to involve alumni in campus life through volunteer opportunities and special events were an integral part of my role.

Though in the past many alumni programs have focused to a large extent on older, established alumni, in recent years alumni affairs professionals have begun placing more emphasis on involving younger alums. This has proven to be a wise strategy, as the increased mobility of recent graduates makes it a challenge to involve them in on-campus events. I followed suit and spent a large percentage of time building an online alumni presence and creating community service and career counseling opportunities that would appeal to this younger group.

Should old acquaintance be forgot

However, my prior experience at Sharpe taught me not to forget the older alumni who had long been faithful volunteers and donors, particularly those who might for various reasons be making smaller annual gifts than they had in past years. In most cases their love of the College had not diminished—just their level of disposable income. It was important to continue to look for new ways to reach out to our older graduates. Fortunately, the other members of the development staff and I saw this as a challenge we could meet together.

Reunion campaigns were nothing new at the College, but the way we began to approach them certainly was. As the year 2000 was drawing near, it was a natural time to highlight the class of 1950, which was about to enjoy its fiftieth reunion. Previously, fiftieth reunion campaigns had been managed solely by the annual fund staff, as are all other class campaigns. That year, however, we combined the efforts of the alumni staff with those of the directors of the annual fund, planned giving, and major giving.

This new collaboration proved immensely successful. The Class of 1950, with a combination of outright gifts of cash and securities and deferred gifts of bequests, life insurance, and trusts, presented the College with a check for \$2.2 million at Homecoming—the largest class gift ever. We supported this effort by continuing to offer more traditional alumni programs, such as travel, estate planning seminars, and fifty-fifth and sixtieth reunion celebrations, which allowed older alumni to stay connected with the College and with each other.

Reconnecting with the past

Perhaps the most meaningful project with which I was involved during my time in management of alumni affairs was the College oral history program. In 1998, the College celebrated its sesquicentennial. As we planned for this historic event, I realized we were quickly losing one of our most precious resources for stories and information about earlier days at the College—our alumni from the late 1920s and 1930s. In an attempt to capture their memories, we recruited the help of a professor in the

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.sharpenet.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.

© 2003 Robert F. Sharpe and Co., Inc.

Editor:
Elaine Gumbert

Design:
Kelley Carter

Training Update

An Introduction to Planned Giving

For a comprehensive, in-depth training experience, consider attending Sharpe's 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 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.

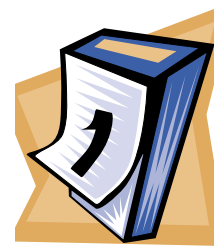
Also included is an exploration of various ways to work most effectively with donors' advisors to help complete planned gifts.

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," this one and one-half day session follows that seminar in selected cities. Special tuition rates are available for concurrent attendance or for prior attendees of "An Introduction to Planned Giving."

G&T



Seminar Training Dates

An Introduction to Planned Giving

Cleveland
May 19-20
Washington, D.C.
September 4-5
Orlando
November 17-18

Managing Planned Giving Relationships

Cleveland
May 21-22
Orlando
November 19-20

Major Gift Planning I

Chicago/Oak Brook
April 23-24
Boston
May 15-16
New York
August 14-15
Phoenix
September 8-9

Major Gift Planning II

Boston
June 23-24

Gift Planner Shares Unique Perspective



Bob Turner

Bob Turner has served as Director of Planned Giving at Seattle University for nine years. Prior to his current position, Mr. Turner gained experience at a variety of institutions, including healthcare, educational, and religious organizations. In this month's Gift Planner Profile, Bob shares with Give & Take the insights he has gained over his long and varied career.

Give & Take: What is your current role at Seattle University?

Bob Turner: I am the Director of Planned Giving, and I'm also the *only* person doing planned giving at the University.

Seattle University is the largest private university in the Pacific Northwest and is one of 28 Jesuit colleges and universities in the United States. Providing excellence in education to people who might not otherwise be able to afford it is one of the priorities of the Jesuit system. This requires a strong financial aid program. Much of the fundraising that my colleagues and I do is directed toward strengthening the scholarship program.

Give & Take: How did you get into planned giving work?

Turner: I was a pastor in the United Presbyterian Church and then worked as a campaign fundraiser for its national mission programs. After that I began doing planned giving work for the church and later moved to the National Office and became the Manager of Gift Administration for the United Presbyterian Church Foundation, then located in New York City.

This was at the time when the Presbyterian Church was resolving the split in the church that had occurred during the American Civil War. At the end of the reunification that resulted in the Presbyterian Church (U.S.A.), I had the chance to become the Associate Director of Planned Giving at Princeton University. I was anxious to start dealing more directly with donors again, and this job change afforded me just such an opportunity. I was there for four years.

As part of working with Princeton's alumni, I traveled a good bit to the Pacific Northwest and fell in love with it. In 1991, an opportunity arose to work at St. Vincent Medical Center in Portland, Oregon, and I made the move. After about three years I was encouraged to apply for my current position at Seattle University, and I've been here ever since.

Give & Take: As someone who has been involved in planned giving at a variety of organizations—healthcare, religion, education—what are some of the differences or similarities that you have noticed?

Turner: A university has alumni, a built-in group of people who have a long tradition of appreciation for the university. They may or may not have been donors before. In fact, some of our best planned giving donors are people who never responded to annual fund appeals but wanted to express their appreciation for the education they received.

Give & Take: It sounds as if they may have felt unable to make gifts of any magnitude during their lifetimes but were motivated enough to leave a bequest.

Turner: I suspect that's the case, but nobody tells me that directly! I have observed that some come from families where there was no tradition of charitable giving. Yet these are people that have real affection for what's going on at the University, and planned giving is an opportunity for some of those people to show their appreciation through making a difference in the lives of others.

Give & Take: What about hospital settings?

Turner: In the hospital setting, a totally different group of people responded to appeals for funds. Some of them were former patients, but a lot of them were people living in the area who wanted to make sure there was an excellent medical facility nearby in the event they ever needed it.

Healthcare work provides less of an organized constituency. I mailed newsletters to former patients and also sent mailings to certain zip codes—affluent neighborhoods and areas surrounding the hospital. I tried to appeal to people who appreciated the hospital's presence and vital role in the community.

At a university I don't reach out to the general public in the same way. This fall, however, I had some success with gift annuity ads placed in the local Catholic newspaper. The resulting gift and positive comments enabled us to forge a better connection to our major non-alumni connection, which is the Catholic Church.

Continued on page 5

Unique Perspective...Continued from page 4

Give & Take: What other communications with your donor base are successful for you?

Turner: Sharpe helps us create planned giving newsletters that we furnish our donors, and I also send out a couple of other mailings each year to a special group of more affluent alumni and friends.

Give & Take: The December 2002 Center on Philanthropy survey reveals that confidence and optimism in the development world are at record lows. As someone who has seen—and survived—downturns in the economy before, perhaps you can share your perspective.

Turner: The stock market downturn, now three years old, is depressing to all of us. But this will not go on forever.

Seattle University has been fortunate because we recently received a large bequest from one of the University's major donors. Although we're enjoying the benefits of this gift now, it is a result of careful stewardship of a relationship that had gone on for at least 40 years.

That underscores the fact that the current economy does not necessarily dominate what's happening in the planned giving office. Planned giving takes time and can thus be somewhat immune to current market fluctuations. As a planned giving officer, you have to

be ready to respond to people on their terms and timetables—when they decide to sell the family farm or that a certain stock is no longer one they want to own.

Some of those things happen at a time when we never expect it. That's why planned giving is so important—because careful, long-term stewardship of relationships can help an organization withstand weak economic times.

Give & Take: Do you have any tips for someone just starting out in the planned giving field?

Turner: Planned giving is a matter of both mastering technical knowledge and caring for people's well-being. That is something that is always emphasized in Sharpe seminars. I've attended a number of training sessions over the years. In fact, when two programs were recently offered here in Seattle we sent the Vice President for University Advancement, the Director of Development, and two of our Major Gift officers.

It is not our expectation that any of these people will become planned giving experts. As a result of this training, however, we believe they will now be more comfortable with their natural role in conversations about bequests and other planned giving arrangements and will consider directing donors who cannot make an outright gift toward a planned gift. We are all convinced that planned giving is one of the great growth areas of the University's future. [G&T](#)

Integrating Gift Planning...Continued from page 2

history department, who agreed to ask his students to help in recording the oral histories of alumni from this period.

Soon, the professor became so intrigued that he transformed the project into a course on oral history. Alumni in the local area were invited to visit the class and relive their college days by sharing their memories. Students also arranged to interview out-of-town alumni returning for Homecoming.

These conversations between older alumni and current students were wonderful to witness. After all, who doesn't want to reminisce about college? Current students enjoyed making comparisons with their own experiences, and the experience undoubtedly increased the students' bond with the College.

This project is now being developed into a book on the history of the College, and the history professor has turned out to be a wonderful fundraiser. In fact, two of his own oral history visits resulted in very nice gifts for the College. All staff involved in this project would be very surprised if these efforts did not ultimately lead to increased levels of alumni commitment in terms of bequests and other planned gifts.

Achieving style and substance

After five years in the alumni office I moved within the advancement department to the communications office, first as director of publications and finally as acting director of communications. Our office was responsible for all externally focused publications of the College—

Continued on page 6

Wealth Transfer...Continued from page 1

their 1999 report. In “Why the \$41 Trillion Wealth Transfer Estimate Is Still Valid,” Havens and Schervish reaffirm their original projections.

Because the low end of their estimates was originally based on conservative assumptions, the authors believe that their projection will not be affected by short-term fluctuations caused by periodic recessions and investment market losses. They also conclude that spending habits after retirement will not significantly affect their estimates since the asset value of wealthy Americans continues to grow after age 70. Any possible impact of longer life expectancies is offset by the trend toward later retirement, increased part-time employment, and the continued growth in wealth among the elderly wealthy.

Havens and Schervish further conclude that trends in annuitized retirement income will not negatively affect their estimates. They also reexamine the distribution of the wealth transfer among baby boomers and other heirs.

A windfall for charities?

The 2003 report does not address the possible impact of scheduled estate tax reductions on charitable bequests. However, the original report hints that no change would be expected: “The recent shift in the proportions allocated, especially by the super wealthy, away from heirs and toward philanthropy has occurred in the absence of any changes in estate taxes. Apparently something more profound than tax aversion and tax incentives is generating a greater predilection for philanthropy.” Other studies by Schervish have indi-



Barlow T. Mann is an attorney and chief operating officer of the Sharpe company. He designs planned giving programs for a number of America's nonprofits, presents seminars, and authors many articles on gift planning.

Wealth Transfer Projection 1998-2052*

Number of Estates	87,839,311
Value of Estates	\$40.6
Estate Fees	\$1.6
Estate Taxes	\$8.5
Bequest to Charity	\$6.0
Bequest to Heirs	\$24.6

*Estimates based on assumption of a 2% secular real growth in wealth. All dollar values are in trillions of 1998 dollars.

Source: Boston College Social Welfare Research Institute

cated that reductions in estate taxes may, in fact, lead to increases in estate giving by the very wealthy. See page 1 of the May 2001 issue of *Give & Take* (www.sharpenet.com/gt) and the article “Charitable Giving and the Great American Wealth Transfer,” published in the June 2001 issue of *Trusts & Estates* and available at www.sharpenet.com/current.

Whatever occurs, the wealth transfer will not be evenly distributed. A small minority of charitable and non-charitable beneficiaries will receive relatively large sums, while many will receive little or nothing.

With no windfall assured, charities with sound plans to reach older, long-term donors, members, and friends will increase their chances of receiving a significant portion.

For more information on the 2003 and 1999 reports, visit the Boston College Web site at www.bc.edu/swri. [G&T](#)

Integrating Gift Planning...Continued from page 5

fund-raising appeals, the alumni magazine, and admissions materials—as well as all public relations and a variety of special events.

Some development executives may now be facing pressure from their marketing or communications office to adhere to a family look or “branding” standards in their publications—quite a challenge when your audience may range from 16 to 99 years of age as it does at a college. It can seem impossible for publications to have the same colors and font sizes and types and yet still appeal to

diverse elements of your constituency—a challenge most communications offices and graphic designers acknowledge.

If your school or other organization has adopted specific design guidelines and you are responsible for communicating with older persons, for example, try to work within guidelines while also remembering your audience. In most cases, communications offices are happy to help you accomplish your goals as long as you work with them and not around them.

Continued on page 7

Footnotes

BOOKLET OF THE MONTH

“Better Estate Planning”

Sometimes the hardest part of estate planning is just getting started. Even though everyone knows the importance of having updated financial and estate plans, many people prefer to postpone the process, fearing the paperwork, costs, and decisions involved.

Chances are, a number of your donors have either no estate plan in place, or one that is so out of date that it may do more harm than good. The risks of passing away before they complete their plans are real. What can you do to help them get started?

Sharpe’s “Better Estate Planning” breaks down what can be a daunting process into easy, manageable steps. First, it acknowledges the fears your donors are likely facing—dying too soon, living too long, emergencies, and mental or physical disability—and then shows how an estate plan can alleviate these fears.

By focusing on the four essential elements of any estate plan—people, property, plans, and planners—this 20-page booklet shows your donors how to save time and money by completing parts of their planning before they even contact an attorney. It then explores the highlights of the most popular estate planning tools and gives donors a glimpse of possibilities beyond a will.



The booklet proceeds to address the charitable dimension of estate planning. By highlighting the benefits of charitable gifts—including income, asset management, and tax savings—this booklet shows donors how charitable gifts can benefit both the causes they care about and themselves or their loved ones. “Better Estate

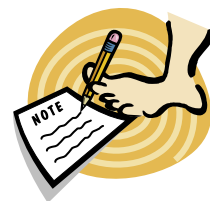
Planning” then provides concrete examples of how to use charitable planning to solve estate planning dilemmas while leaving a legacy for the future.

The booklet also features a technical advisory section intended to be helpful to professional advisors.

“Better Estate Planning” is designed to serve as a helpful resource in a number of ways. Consider sending it to a broad group of donors. As your donors read through the booklet and contemplate their estate plans, they will have your organization on the top of their minds if they decide to act to update their plans. This booklet also makes an ideal leave-behind piece after donor visits and for use as the centerpiece of special communica-

tions to those who have already indicated they have made charitable provisions in their will or other plans.

For more information about “Better Estate Planning” or any of Sharpe’s gift planning materials, please visit our Web site at www.sharpenet.com or call 1-800-238-3252 to speak with a Sharpe representative. [G&T](#)



• • • • •
News and ideas
about Robert
F. Sharpe and
Company’s
services.

Integrating Gift Planning...Continued from page 6

Though our office served as the “logo police,” we stayed away from most other design guidelines. We decided it was more important for College publications to stand out because of their high quality and market-appropriate design rather than strictly adhere to rigid design guidelines regardless of the target audience.

Full circle

I stayed in touch with the staff at Sharpe all the years I was at the College. I was extremely

fortunate to have access to this resource during that time and to approach my role in a manner that was designed to enhance giving from alumni of all age and wealth ranges.

Now, eight years after I left RFSCo, I am happy to rejoin the Sharpe team. The experience I gained working in the field has given me an insight into the challenges and rewards of the work of those we serve. [G&T](#)

The Missing Piece

Looking for the perfect way to complete your gift planning efforts? Whether you're just starting out in development or simply feel that the time has come for a refresher course, there is a Sharpe seminar designed to fit your needs.

Sharpe seminars offer innovative ideas to help you make the most of your fund-raising opportunities. See page 3 for a detailed explanation of each seminar. For more information or to reserve your place, visit www.sharpenet.com or call 1-800-238-3253 to speak with a customer service representative.

An Introduction to Planned Giving

Cleveland
May 19-20

Washington, D.C.
September 4-5

Orlando
November 17-18

Managing Planned Giving Relationships

Cleveland
May 21-22

Orlando
November 19-20

Major Gift Planning I

Chicago/Oak Brook
April 23-24

Boston
May 15-16

New York
August 14-15

Phoenix
September 8-9

St. Petersburg, FL
December 4-5

Major Gift Planning II

Boston
June 23-24



Robert F. Sharpe & Company, Inc.

6410 Poplar Avenue • Memphis, TN 38119
1-800-238-3253 • Fax: (901)761-4268 • www.sharpenet.com