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# Give & Take

News and Ideas for Development Executives of Nonprofit Organizations

## “People Give to People”: An Interview With Frank Wendt

*Before his retirement in 1988, Frank P. Wendt served as chairman of John Nuveen & Company, one of the world’s largest creators of tax-free investment opportunities. As a current trustee of a number of charitable organizations, Mr. Wendt, who currently resides with his wife in Southport, Connecticut, brings his for-profit experience to the nonprofit world. Here he shares with Give & Take a board member’s perspective on ways to improve relationships between the board and development officers, the current state of the economy, and effective fund-raising techniques.*

**Give & Take:** During and after your successful career in the for-profit world, you made the time to be actively involved in a number of nonprofit organizations. What originally drew you to volunteer service with nonprofits?

**Frank Wendt:** As a trustee I have been associated with some excellent development professionals and am impressed with their dedication to the missions of their institutions. I feel compelled to do as much as possible on behalf of the institutions in which I am personally interested and involved.

Nonprofits offer personal satisfactions of a type not available in the business community. Not better—just different. It is rewarding to use my business experience to help resolve problems in the nonprofit world.

**Give & Take:** What do you think inspires people to make contributions of time and other resources to nonprofit groups? Do you believe most are motivated by altruism, religion, political beliefs, emotions, self-interest, or some combination of these motivators?

### Inside:

- Bequests, legacies, expectancies: Are they all the same? p. 2
- New CAE report reveals record year for bequest income p. 4



*Spend August in New York with Sharpe. See page 3 for more information on upcoming Sharpe seminars.*

**Wendt:** Each donor is motivated in a different way, depending upon the organization and how it has attracted his or her interest. Some or all of the motivators you mention undoubtedly underlie a decision to respond favorably to a request for funds. However, I feel that the old slogan “people give to people” is the primary reason people part with their “treasure.” Whether it be an organization’s president, executive director, faculty member, staff member, board member, or a dedicated volunteer, one person can and does make a difference.

**Give & Take:** Much has changed since we last spoke some five years ago, most notably on the political and economic fronts. What are some of the primary challenges facing development officers today? How would you suggest they be addressed?

**Wendt:** The stock market boom and bust of the late 1990s, followed by three years of economic malaise, have affected our entire society, from first-time job seekers to retirees. Development officers must first and foremost empathize with their donors and understand that the current climate can dictate reduced expectations in many cases.

Of course, their institutions’ financial needs remain insatiable, and those working in other aspects of the institution may continue to expect the same level of

*Continued on page 5*



Making sense  
of bequests

## Planning Matters

Gift planners often use the terms “bequest,” “legacy,” “expectancy,” and “deferred gift” interchangeably in efforts to describe a broad range of planned gift activity. Popular usage among fundraisers and others has broadened the meaning of these terms considerably beyond their original legal definitions.

### When is a “bequest” a “bequest”?

Technically, a *bequest* or *legacy* refers to a testamentary gift of cash or personal property. A *devise* is a testamentary gift of real property.

Bequests can be further broken down into several categories: general, specific, and demonstrative. A *general* legacy is paid from the general assets of the estate, while a *specific* legacy describes a gift of specified property. Another type of bequest, a *demonstrative* legacy, provides for a gift of a certain amount of money or other property payable from a particular fund or asset.

Such gifts may be *restricted* or *nonrestricted*, though most charitable gifts via estates are of a nonrestricted nature. If a donor wishes to restrict a gift for a particular use, he or she should first ensure that the restrictions are acceptable to the charity, or perhaps provide for an alternative disposition of the gift if the charity is unable or unwilling to accept the gift as specified.

Understanding these technical nuances can be helpful in dealing with a donor’s legal advisors, but in general terms most persons perceive a “charitable bequest” or “legacy gift” as a gift designed to benefit a charity after the donor’s death. These gifts would also include life insurance or retirement plan benefits and “transfer on death” or “pay on death” provisions for brokerage or bank accounts, where the arrangement may be changed, altered, or amended as the donor wishes. In these cases, there is no completed gift until the donor dies. Such gifts are sometimes referred to by charities as “expectancies” because the charity expects to receive a gift in the future.

### Expecting the best

Charitable remainder annuity trusts, unitrusts, gift annuities, pooled income fund gifts, life estate gifts, and other so-called “split interest” gifts have traditionally been referred to as “deferred gifts.” In these cases, a gift is completed in the sense that a donor has irrevocably transferred assets to the ownership of another entity, but the enjoyment by the ultimate charitable recipient is “deferred” for a period of time. In many cases, from the perspective of a charity, these gifts are increasingly no more certain than bequests by will or living trusts and, while it is true they are irrevocable deferred gifts, they remain in the “expectancy” category. Most charitable remainder trusts created by donors on their own with the help of their advisors include provisions that allow the donor to remove or change the charitable beneficiary at any time. The eventual benefits to the charity of other life income gifts are dependent upon investment returns and expenses during the intervening time, so it may be appropriate to consider these gifts as “expectancies” when projecting long-term funding.

### Beyond vocabulary

Perhaps the ultimate lesson is that there are many ways donors can make gifts through their estates that are ultimately enjoyed at death or the expiration of a certain time period. The field of activity broadly known as “planned giving” or “gift planning” encompasses all of these means of giving as well as affording assistance to donors in structuring larger current gifts.

Gift and estate tax law changes, which were begun over 20 years ago and continue today, seem to have had little impact on gifts that are completed at death. Ongoing reductions in estate taxes may mean, however, that more donors take advantage of current tax benefits available through irrevocable deferred gifts.

If your funding programs already include efforts to encourage gifts via wills and living trusts, don’t stop there. Make sure your program includes activities designed to educate donors on other ways to give, and identify those persons who may wisely choose to give in ways that offer additional benefits during their lifetimes. G&T

## Give & Take:

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# 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 other presenters combine their experience to guide participants through the basics of charitable gift planning, from 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 planning to specialize in planned giving or have multiple responsibilities that include 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." <sup>G&T</sup>

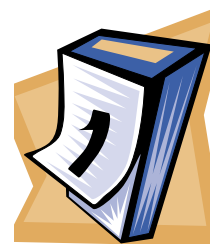
Multiple registration discounts are available. For more information or to register, please contact the Sharpe company.

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E-mail: [seminars@rfsco.com](mailto:seminars@rfsco.com)



## 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**

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

# Planned Gifts Provide Sought-After Stability

During times of rapid change, both donors and the charities they support are searching for certainty. Despite Benjamin Franklin's assurance that "in this world, nothing is certain but death and taxes," planned gifts can provide a degree of much needed certainty for an organization's fund-raising programs. While current events may or may not have impact on the success of an annual appeal, a special event, a capital campaign, or a major gift solicitation, planned gifts tend to proceed on their own path, relatively undisturbed by current conditions.

In today's environment gift annuities, life estate agreements, charitable lead trusts, charitable bequests, and many other gift plans continue to appeal to a growing number of donors. For mature fund-raising programs, such gifts can provide a stable source of funding, even in trying economic times.

## *The bedrock of fund-raising programs*

Bequests have historically provided a reliable and growing source of income for America's nonprofit community. An examination of federal estate tax returns, *Giving USA* estimates, and the Council for Aid to Education (CAE) reports confirms this.

Over the most recently reported 20-year period from 1982 through 2001, after adjusting for inflation, *Giving USA* reported that bequests grew at an average rate of 5.7% per year, a rate some 57% higher than the inflation-adjusted growth of gifts from living individuals.

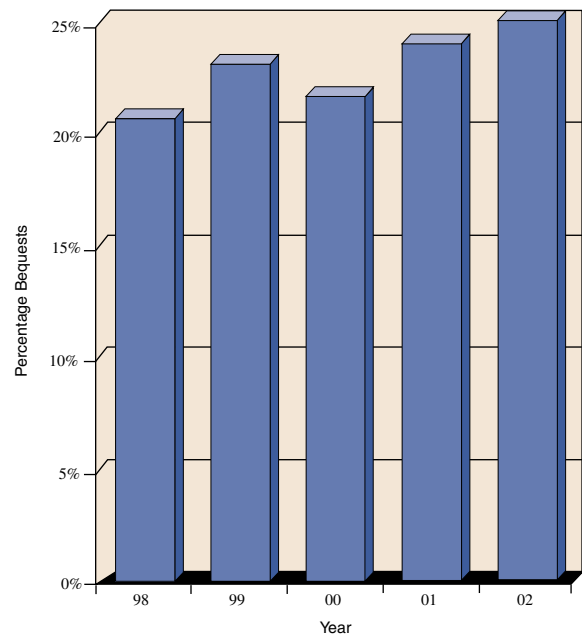
Federal estate tax returns reveal a steady increase in the total number and value of charitable deductions reported. An average of 18% of taxable estates left gifts to charity that grew in amount each year an average of 16% between 1995 and 2000.

### Estate Tax Returns 1995-2000

Year	Total Number of Returns	Charitable Returns	Amount in Billions
1995	69,755	13,039	\$8.70
1996	79,321	14,233	\$10.21
1997	90,006	15,575	\$14.27
1998	97,856	17,587	\$10.86
1999	103,979	17,554	\$14.58
2000	108,322	18,011	\$16.09

Newly released figures from the CAE/Rand Foundation confirm the consistent growth of charitable bequests to higher education over time. The annual report, "Voluntary Support of Education," indicates that in the 2001-2002 fiscal year, approximately 25% of giving by individuals to America's colleges and universities come in the form of gifts received via charitable bequests, the largest percentage in a number of years.

**Bequest Income to Higher Education as Percentage of Individual Gifts 1998-2002**



When the value of assets contributed to gift annuities, charitable remainder trusts, and other irrevocable deferred gifts is included, the total donated to higher education in the form of planned gifts approaches 40% of individual gifts.

As donors and charities continue to cope with ongoing economic uncertainty along with reductions in estate and gift tax rates, planned gifts that offer income and tax advantages are likely to appeal to an even broader group.

Charitable entities that are equipped to recognize, acknowledge, understand, and accommodate the varied concerns that compete with donors' desire to give will continue to be successful, even in the most challenging of times. [G&T](#)

## People Give to People...Continued from page 1

funds that have been raised in the past. That is why it is crucial for development officers to periodically share with governing boards the reasons that ever increasing goals may not be realistic at present. Fundraisers should, however, also be prepared to discuss their plans to capture the unprecedented opportunities in today's environment to build endowments for the future.

Longtime donors want to know how they can continue to provide meaningful support to their charitable interests despite reductions in their disposable incomes. Donors often make their largest contributions in their wills and other long-range plans, so this is an ideal time to focus on a deferred gift program. Also, gift annuity rates are extremely attractive for the charitably minded who are experiencing reductions in dividends and interest. The opportunity to make a gift and receive generous payments for life (and tax benefits as well) will be of great interest to many donors.

Development officers should also cultivate relationships with financial advisors; many are unfamiliar with deferred gift vehicles and will value a greater understanding of them when working with their clients.

Fundraisers should of course stay with the traditional development tools that have served them well in the past. However, they should brainstorm with development associates and volunteers about new and creative ways donors can satisfy their desire to support an organization.

**Give & Take: In times of economic challenge, do you believe those who reduce giving do it on a “pro rata” basis, or do they decide to eliminate some charities entirely while perhaps even increasing their commitments to others?**

**Wendt:** In difficult economic times, I believe most donors will continue to strive to support organizations in which they are genuinely interested on a pro rata basis. But I also believe today's donors will be ever more selective in the future even when economic and political conditions are more favorable.

Donors are now being deluged with direct mail and telemarketing solicitations. This can have a “numbing” effect that results in unsolicited gift requests being ignored—unless they are from organizations where the cause holds genuine appeal as a result of personal involvement or other knowledge of the worth of the cause to society.

For the largest gifts, however, personal involvement will continue to be the most important element in the decision process.

**Give & Take: How should fundraisers communicate with retired donors versus younger persons who are still actively employed?**

**Wendt:** Abandon the “one solicitation fits all” approach! Different life circumstances require approaches that are tailored to specific age groups.

Obviously, efforts designed to encourage estate gifts will be of limited interest to a young person with a growing family who is still in the process of slowly building an estate. Conversely, mature individuals must make decisions based upon life expectancy, the possibility of outliving assets, health-care concerns, and other things specific to their age group.

Prepare yourself with solutions to perceived (or real) problems. For example, a gift annuity might be a welcome alternative to supplement long-term healthcare insurance to help pay for assisted living.

An estate plan that includes gifts to nonprofits can save substantial amounts that would otherwise be paid in taxes while still enabling the donor to leave a legacy to relatives and/or friends.

**Give & Take: What suggestions do you have for development executives who would like to build successful relationships with members of their board?**

**Wendt:** First, let your organization's principal executive know that it is important for you to meet with, inform, and educate board members on a continuing basis. Use these opportunities to subtly remind them of their financial responsibilities to the institution. Your fund raising will only be as successful as your leadership's financial participation (ideally 100%) and involvement in the development process. Help board members succeed in their personal solicitations by giving them a working knowledge of available gift planning opportunities that offer viable alternatives to current cash contributions where appropriate. Board members need assistance from the development office to help raise funds effectively, so don't hesitate to share research on potential donors and their interests, as well as opportunities for trustees to be “centers of influence” on behalf of the nonprofits they serve.

**Give & Take: As a former and current board member, donor, and fund-raising volunteer, you receive a number of solicitations for gifts. What makes a gift solicitation work?**

**Wendt:** I look for a well-considered appeal for funds within my areas of interest. A general appeal is not nearly as effective as a request to support a specific program. I also like “Wish Lists” that include a pot-pourri of “needs” that are beyond the reach of normal budgets.



Frank Wendt

# Footnotes



## BOOKLET OF THE MONTH

### *“How to Make a Will That Works”*

Most fundraisers would agree that bequest gifts form the cornerstone of successful planned giving programs. As a number of studies have shown, bequests are consistently among the most popular and reliable forms of charitable giving (see page 4).

Yet fewer than half of all Americans leave a valid will to guide loved ones in the ultimate disposition of their property. Many donors may overlook the fact that despite their most noble intentions, no charitable gift will be made from their estate unless provisions are specifically stated in their will, living trust, or other estate plans. Imagine the potential for increased gifts if more persons took the time to effectively plan their estates.

#### *Why don't people plan?*

Many are intimidated by the seemingly overwhelming task of creating a will. Still others believe they have adequate plans, but in reality they are so outdated they may actually cause more harm than good.

How can you help your donors secure their families' futures, leave a legacy, and achieve the peace of mind that a valid will can bring?

“How to Make a Will That Works” includes just what your donors need to help them collect their thoughts and create a preliminary plan before contacting their attorney and making or updating a valid will.

This 20-page booklet shows your donors how to take the first steps toward creating or updating their wills by concentrating on the four Ps—people, property, plans, and planners. It then provides answers to 38 of the most frequently asked questions about wills and helps to take much of the guesswork out of estate planning. Subtle references to charitable giving are inserted throughout the text.

A technical advisory section at the back of the booklet is filled with helpful tax information for professional advisors.

“How to Make a Will That Works” may be appropriate for use with a broad group among your constituency, from younger donors who may be creating their first will to long-term friends who may feel the need to review their plans in light of changes in their family and personal financial circumstances.

Consider using this booklet as a follow-up piece to a bequest awareness mailing. This booklet also makes an effective communication when accompanied by a cover letter from someone with whom your donors can identify. You may also want to have extra copies of “How to Make a Will That Works” on hand to share with those who inquire on about leaving a legacy to your organization.

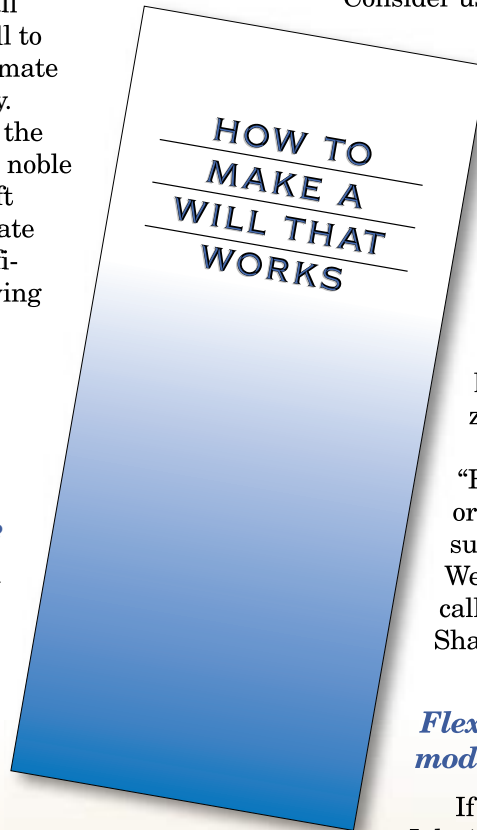
For more information about “How to Make a Will That Works” or any of Sharpe’s gift planning support materials, please visit our Web site at [www.sharpenet.com](http://www.sharpenet.com) or call 1-800-238-3252 to speak with a Sharpe representative.

#### *Flexible billing options accommodate budgetary needs*

If your new fiscal year begins July 1, you may be in the process of winding down your budget for this fiscal year before you begin the next. The Sharpe company understands the challenges this can bring and offers a variety of flexible billing choices. Sharpe’s billing options allow you to:

- Divide billing over two budget years.
- Prepay for services when budget funds are available.
- Postpone billing until a new fiscal year begins and budgeted funds become available.

Flexible billing options can help you make a smooth transition from one fiscal year to the next. More information is available upon request. [G&T](#)



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

## People Give to People...Continued from page 5

Most important of all (and what I look for before reading the solicitation) is the signature of the sender. If I know and respect the person and value his or her opinions, I am compelled to read the message. People give to people.

### **Give & Take: What advice would you give to someone just starting out who is charged with raising large amounts of funds, whether current or deferred?**

**Wendt:** Learn everything you possibly can about your organization and its mission, its history, and the contributions it has made to the local, national, and/or international community. If you cannot be personally enthusiastic, look for a position elsewhere!

If the organization passes your “personal enthusiasm” test, as soon as possible seek out long-term donors

and ask them to tell you why they have lent their continued support over time. Their stories will buttress your own understanding of the value of your nonprofit to society and will build confidence and add to the reasons you should be willing to devote your personal talents to the development effort.

Lastly, when you have done your research and are meeting with a well-qualified donor prospect, don’t forget to *ask* for the gift! Too many gifts are lost because of reticence on the part of the presenter to ask for the order!

And when you receive the gift, your work isn’t finished. It has just begun. Don’t make the mistake of ignoring your donor until “the same time next year.” Remember, donors are being cultivated, solicited, entertained, and educated by any number of nonprofits. You can’t thank donors too many times for their gift or, importantly, tell them how their gift has made a *difference*. **G&T**

## 5 Years Ago in Give & Take

*Frank Wendt last shared his expertise with Give & Take readers in 1998, during the height of the economic boom of the 1990s. Despite the many changes since then, Mr. Wendt’s observations still hold true today. Read below for more advice from Frank Wendt, published originally in the May 1998 issue of Give & Take.*

### **Sharpe: Given that most of us have been taught to save money, how do you go about asking people to give away large sums?**

**Wendt:** First you have to ask yourself, “What is going to prompt the donor to respond favorably to my case?” Then immediately ask yourself if you are doing things that almost undercut the goodwill your mission has established. Let me explain what I mean.

One day I received a letter from a nonprofit that said, in effect, “We’re delighted to have had your support, but please note that we’ve changed our giving level categories. The Patron level is now \$1,500 rather than \$1,000.” Why did the organization do this? Was there any additional value to me, the donor? Or did the organization simply need more funding? It is understandable that an organization’s focus will most likely be on their immediate needs, but such actions can stand in the way of creating strong relationships with donors. My wife, Barbara, and I continue to support this organization in spite of their development efforts—not because of them!

I think it is important that you establish a rapport with the donor, something that cannot be done easily or quickly. A gift planner needs to learn as much as possible about a donor’s business and family background, not just giving record. You must form a friendship, and that is best done through listening. A good friend listens carefully and really cares about what you have to say.

Listening is critical in fund raising, both for the gift planner and the donor. One of the challenges that fundraisers face is making the donor want to listen to their organization’s story, to engage themselves intellectually in a project, to envision themselves as having the capacity to do something positive, to make a difference.

And it is crucial that the friendships you establish begin long before the next capital campaign. It takes time and cannot be rushed to meet your deadline. **G&T**

# *Your Move*

In today's complex environment, leaders of America's nonprofits must make vital decisions about how to meet current needs while building for a stable future. Every move counts.

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

**Boston, May 15-16**  
**New York, August 14-15**  
**Phoenix, September 8-9**  
**St. Petersburg, December 4-5**

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

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

Enrollment is limited. Call 1-800-238-3253, ext. 5360, or visit [www.sharpenet.com](http://www.sharpenet.com) for more information or to reserve your place.



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