

# Give & Take

News and Ideas for Development Executives of Nonprofit Organizations

## Death Takes a Holiday

One hundred years ago, the average life expectancy in the United States was less than 50 years of age. In fact, government figures from 1900 report a life expectancy of only 47.3 years. Today's U.S. life expectancy exceeds 77.6 years of age—an increase of over 30 years.

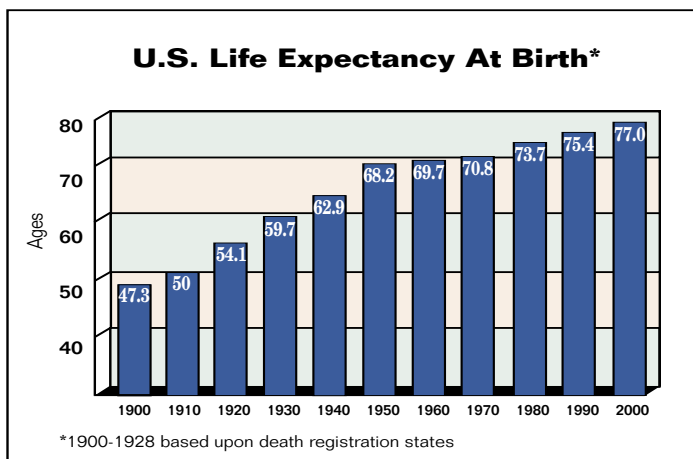
In light of these advances in longevity and quality of life, fundraisers may wish to consider the impact of longer life expectancies and other factors on the much-anticipated wealth transfer.

However, over the past century the percentage of deaths of those under 65 has fallen dramatically. In 1910, 75% of those who died were under 65 with only 25% among those 65 and older. By 1990, over two-thirds of the deaths were among the 65-plus population and fewer than one-third among those under 65. At the dawn of the twenty-first century, death is even less common among younger and middle-aged persons.

### Growth of planned gifts

Since most charitable bequests come from persons over the age of 65, this means that the number of planned giving prospects and donors relative to the number of persons born in earlier years has grown steadily in recent years. Additionally, economic factors such as the advent of Social Security and broader coverage by pensions have enabled more persons to leave substantial estates. The advent of defined contribution retirement plans, continued economic expansion, and increasing real estate and securities values have also helped to fuel the growth of planned giving over the past few decades.

According to *Giving USA* figures, charitable bequests more than doubled between 1964 and 1969, from \$950 million to \$2 billion. It was not until 1984 that another doubling occurred—to the \$4 billion level. Since then, charitable bequests have grown almost five-fold, but they have hovered around the \$20 billion mark for the past five years.



Source: U.S. Census

### Life expectancy increases

In the early part of the twentieth century, infant mortality was a much greater factor in determining life expectancy. There was approximately a 25% chance that newborn babies would not live to celebrate their first birthdays. Thereafter, many succumbed to common illnesses like the flu and measles or fell victim to industrial and agricultural accidents.

Year	2000	2001	2002	2003	2004
Bequests (Billions)	\$19.88	\$19.80	\$20.90	\$18.13	\$19.80

Source: *Giving USA* 2005

### Death takes a holiday

For many of us, these have been five very long years. We have experienced the aftermath of “irrational exuberance” in the nation’s investment markets; gift, estate, income, and capital gains tax

### Inside:

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- Good news: Retirees give generously p.4
- Helping donors give in later years p.6

## In the news



Philanthropy in  
the news

### *Katrina Tax Act passed*

On September 23, President Bush signed the Katrina Emergency Tax Relief Act of 2005 (KETRA). In this bill, Congress enacted measures designed to increase charitable giving during this time of extraordinary need. Provisions affecting charitable giving include:

- Enhanced deductions for donations of food and books by businesses for relief efforts
- A suspension of the 10% of taxable income limit for charitable gifts by corporations for gifts made to organizations aiding Katrina victims
  - A suspension of the 50% of AGI limit on gifts by individuals for cash gifts to qualified charities
  - An exclusion of qualified charitable gifts from the rule that requires itemized deductions to be reduced by 3% of the amount by which AGI exceeds statutory thresholds
  - Other incentives for individuals such as generous mileage reimbursements

A “qualified gift” is defined as a gift of cash to any charitable entity that is allowed to receive tax-deductible contributions other than donor advised funds, supporting organizations, and certain other entities.

### *A window of opportunity*

The suspension of the 50% of AGI limit creates a three-month window of opportunity for larger gifts by donors that could otherwise cause them to exceed the amount they could normally deduct.

A welcome additional benefit of KETRA is the possibility for donors over the age of 59½ to fund larger gifts with funds withdrawn from IRAs and many other types of retirement accounts. While such gifts cannot be contributed directly to life income gifts as would be the case under the much-awaited CARE Act, the net effect is to make outright gifts from IRAs and other retirement accounts possible on a relatively tax-free basis for those over the age of 59½. The CARE Act would restrict such gifts to those over the age of 70½.

For an overview of the bill and the opportunities it affords for additional giving this fall along with information to share with donors, see [www.sharpenet.com/ketra](http://www.sharpenet.com/ketra).

### *Hurricane Katrina fund raising reaches record levels*

The pace of charitable donations in the wake of Hurricane Katrina has far outstripped those of both the September 11 terrorist attacks and the Asian tsunami last December, *The Chronicle of Philanthropy* reports. Within the first 10 days after the disaster, Americans donated almost three times the amount raised in the first 10 days after the 2001 terrorist attacks and more than four times the amount donated in the first 9 days after the tsunami. So far, the American Red Cross has received around three-quarters of charitable contributions to aid the devastated Gulf Coast region.

### *High-profile donations to Katrina relief*

While gifts from average Americans continue to flood in and form the bulk of hurricane relief donations, a number of celebrities and well-known organizations and corporations have also made generous gifts. Notable donations of cash and other services include:

- Gifts totaling \$32 million from Wal-Mart and its related foundation.
- Two gifts of \$10 million each from the Lily Foundation.
- Over \$6 million in cash and \$10 million in equipment from the General Electric Company.
- \$5 million from author John Grisham and his wife, who maintain a home in Mississippi.
- \$5 million from the Michael and Susan Dell Foundation.
- Gifts of \$5 million and countless beverages from The Coca-Cola Company.
- Two separate gifts from the Bill and Melinda Gates Foundation totaling \$2.25 million.
- \$1 million gift from the Muscular Dystrophy Association.
- A combined gift of \$1 million from The American Heart Association, American Cancer Society, and American Diabetes Association.
- Gifts of \$1 million or more from entertainers such as George Clooney, Oprah Winfrey, Nicolas Cage, Celine Dion, and Steven Spielberg.
- \$1 million donation and extensive transportation services donated by Memphis-based FedEx Corporation. **G&T**

## Give & Take:

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# Sharpe Seminar Series

## Featured Seminar: Major Gift Planning

One of the more popular seminars in the Sharpe seminar series, Major Gift Planning will be offered in Washington, D.C., in November.

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. [G&T](#)



Join us for Major Gift Planning in Washington in November.



## Upcoming Seminar Training Dates

### Philanthropy in Times of Change

Memphis  
October 6-7

### An Introduction to Planned Giving

Tampa  
November 14-15

### Major Gift Planning

Washington, D.C.  
November 7-8

## On the Agenda for 'Major Gift Planning'

### Day One

- The Role of Effective Gift Planning in a Comprehensive Fund Development Program
- An Overview of Current and Deferred Gift Planning Techniques
- The Role of Tax and Other Financial Considerations in Planning Major Gifts
- Understanding the Gift Potential in Properties Donors Own
- Maximizing Income From Bequests, Life Insurance, and Retirement Plans
- Integrating Charitable Gifts Into the Overall Estate Plan

### Day Two

- Examining the Role of Deferred Gifts in Capital Campaigns
- Case Studies: How Gift Plans Can Help Donors Meet Personal Planning Obligations
- Deferred Gifts With Near-Term Benefits
- Understanding Planned Gift Marketing Regulation
- A Targeted Approach to Communicating Benefits of Gift Planning to Donors
- How to Work Successfully With Donors' Professional Advisors

See [www.sharpenet.com/seminars](http://www.sharpenet.com/seminars) for a complete agenda and dates for this and other Sharpe seminars.

## What Attendees Are Saying About 'Major Gift Planning'

*"I always learn something new."*

—Marty Matula, Morton Plant Mease, Clearwater, FL

*"Demanding, thorough, well-organized, and stimulating. These two days will directly affect my job performance."*

—Susan Cleverdon, Beloit College, Beloit, WI

*"One of the best seminars I have ever attended. Thanks so much!"*

—Robiaun Charles, University of Evansville, Evansville, IN

*"It was a great 'refresher' course that will help us rethink our approach."*

—Fred Stecker, Muscular Dystrophy Association, Tucson, AZ

Multiple registration discounts are available. For more information or to register, please contact The Sharpe Group.  
Phone 1-800-238-3253, ext. 5360  
Fax 901-761-4268  
Web site: [www.sharpenet.com](http://www.sharpenet.com)  
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# Study Reveals Generosity Among Retirees

Even though retired households often enjoy significantly less income than working households, they tend to give more generously, according to preliminary results of a study being conducted by the Center on Wealth and Philanthropy at Boston College.

Highlights about retired households include:

- They earn 35% less than non-retired households
- They own 58% more wealth
- They contribute 69% more to charity

The study finds that one in five households, or 21.5 million, is considered “retired.” On average, the heads of these households are older than those of the non-retired household, at 73 versus 43 years of age respectively. They are also less likely to be married and more likely to be widowed. The retired households have an average income of \$47,000 versus an average of \$72,000 for non-retired households. Their average net worth of \$561,000 is substantially higher than the \$354,000 for non-retired households. Retiree charitable gifts average \$2,700 per year while the non-retired households give an average of \$1,594. Overall, the average contribution for all households is \$1,817.

Although retired households represent only 20% of those surveyed, own 29% of accumulated wealth, and earn just 14% of the total household income, their charitable contributions comprise 30% of the total.

While 55% of the heads of retired households are married, 29% are unmarried women and 16% are unmarried men. Married retirees seem to enjoy the highest standard of living. Retired married households enjoy an average annual income of \$63,000 and an average net worth of \$793,000. In sharp contrast, unmarried female heads of households average \$22,000 in annual income and \$197,000 in net worth. According to the study, unmarried men fare better than their female counterparts, with an average household income of \$41,000 and an average net worth of \$428,000 per household.

These figures are based on data from the 2001 Summary of Consumer Finances, which is sponsored by the Federal Reserve Board. The study’s findings confirm earlier studies that have shown that retirees give more generously than the general population. This may be a function of the fact that, even though household income falls after retirement, discretionary income remains relatively high. The 43-year-old non-retiree may have a newer automobile, higher mortgage, more taxes, more dependents, and generally higher expenses. The 73-year-old retiree may


drive an older vehicle, may have paid off his mortgage, may pay less in taxes, may have fewer dependents, and may enjoy generally lower fixed expenses. Additionally, retirees may have more time to contemplate and pursue their charitable giving and volunteer interests.

	Retired Households	Non-Retired Households
Number of Households (Millions)	21.5	85.0
Percentage of Households	20.2%	79.8%
Average Age (Years)	72.8	42.9
Percentage Married	55.0%	61.7%
Percentage Widowed	29.0%	4.1%
Average Household Income	\$47,385	\$72,230
Average Household Net Worth	\$560,896	\$353,955
Average Household Contribution	\$2,700	\$1,594

Source: Center for Wealth and Philanthropy

This retired group also represents the typical planned giving donor that might make a charitable bequest or be interested in a charitable gift annuity or other life income gift. The post-retirement group of average means and assets provides the solid core of many planned giving programs’ donors. Those average retirees with no or fewer children and those who have lost a spouse or were never married make up the bulk of planned giving maturities for most programs.

The next time you see someone asking for a senior citizen discount, recognize that you are probably looking at the backbone of American philanthropy and a possible planned giving prospect. Understanding their values and issues specific to their stage of life can help those in fund raising better serve this segment of their constituency.

To learn more about this study, visit the Center on Wealth and Philanthropy’s Web site at [www.bc.edu/research/swri/](http://www.bc.edu/research/swri/). 

# Death Takes a Holiday...Continued from page 1

cuts; increased competition; and a more uncertain world in general. Additionally, it appears that “Death” has indeed been taking a holiday. In general, as the population grows, so too do the number of deaths. However, in the most recent years for which figures are available, there has actually been a decline in the number of deaths in the United States. After a period of very slow growth, the number of deaths has been decreasing since 2002 (see chart below).

portant than quantity of life. Evidence of this development can be seen in the growth in popularity of “living wills,” durable healthcare powers of attorney, and “Do Not Resuscitate” medical orders.

Deaths in America		
Year	Number	+Increase/ -Decrease
1999	2,391,399	
2000	2,403,351	+11,952
2001	2,416,425	+13,074
2002	2,443,387	+26,962
2003	2,423,000	-20,387
2004	2,393,000	-30,000

Source: Centers for Disease Control and Prevention

U.S. Life Expectancy Over Age 50			
Age	Total	Male	Female
50	30.3	28.3	32.2
55	26.1	24.1	27.7
60	22.0	20.2	23.5
65	18.2	16.6	19.5
70	14.7	13.2	15.8
75	11.5	10.3	12.4
80	8.8	7.8	9.4
85	6.5	5.7	6.9
90	4.8	4.2	5.0
95	3.6	3.2	3.7
100	2.7	2.5	2.8

Source: National Vital Statistics Report

## What this may mean

The decline in the number of deaths may result in slower growth or even a temporary decline in charitable bequests and other maturities. The amount of planned giving revenue is dependent on both the number of deaths and the amount of wealth held by the decedents. With more people living longer than ever before, there will be increased spending pressure on their savings, investments, and income.

According to recent National Vital Statistics Reports, Americans currently have more than a 75% chance of surviving to age 70. Over half of the total United States population will live to see 80. Those with minimal or average savings may be forced to deplete those funds during a lengthy retirement period. Increasingly, seniors are choosing higher-paying commercial annuities to maximize cash flow while ensuring an income stream that cannot be outlived. In the case of the affluent elderly, charities may find that access will be limited by a growing number of gatekeepers, including friends, family, advisors, and others.

## Be careful what you wish for

With increased longevity, many among the ranks of seniors are now combating the chronic effects of old age, the fear of running out of money, the loss of loved ones and friends, financial schemes that prey on the elderly, and a general sense of diminished control of their lives. Quality of life issues may become more im-

## Off to a slow start

Because of the factors outlined above, it may not be wise to count on the intergenerational wealth transfer to generate large amounts of funds in the short term. While an unprecedented amount of wealth is now being transferred through estates—with charities among the recipients—there are indicators that the wealth transfer is off to a slow start. In addition to the 55-year projections from 1998 to 2052, there were also 20-year projections for the period from 1998 to 2017. During this 20-year period, a transfer of at least \$1.7 trillion was projected for charitable purposes. Now seven years into the wealth transfer, less than \$130 billion has been received in charitable bequests. In other words, at 35% of the way through the 20-year projection, we have reached less than 8% of the anticipated results. Even if we could double the level of charitable bequests for the next seven years and double them again for the remaining six years, charitable bequests for the 20-year period would still reach only about half of the total originally projected.

While this may initially be perceived as bad news by some fundraisers, remember that despite various impediments, the level of charitable bequests has doubled during the past 10 years. The key to success may be to reevaluate your expectations for the next few years and recognize the increased importance of careful gift planning in light of the estate tax phaseout,

# How to Help Donors Enjoy Their Longevity

Life expectancy for males born today is over 74 years. Females can expect to reach the age of 80. Because the longer one lives, the longer one is expected to live (actuarially), today's 70-year-old can look forward to 15 or more years of retirement.

Most of us appreciate that living conditions and medical science have made a longer life possible. However, if we even suspect that money will run out over that longer period, worry may replace gratitude. Many people fear outliving their resources or having their funds consumed by high medical costs.

As a development officer, you can often help curb the fear of outliving one's financial resources. If you even have a hint that such a concern is hindering the actions of a donor with whom you are working, you could suggest strategies that may make the person feel more comfortable with his or her decision to give.

**1. Gift plans that preserve the donor's access to his or her money.** Charitable bequests by will, for example, are rarely diminished, but the ease with which they can be arranged and the fact that they can be revoked may make them more desirable to some people. The possibility of change also makes giving through revocable living trusts, beneficiary designations of life insurance and retirement plans, and similar gifts attractive options for some.

**2. Gift plans that make payments available to donors as long as they live** can be comforting to anyone who fears outliving expectancy. Charitable gift annuities, pooled income funds, and charitable remainder trusts are examples.

While access to the funds initially given for the gift plans is not possible, the beneficiary does receive payments for life that do not end until that person's death. Put another way, although one can no longer access the amount donated through an irrevocable life income gift, no one else can invade those funds either.

Such plans can also include provisions for spouses or other loved ones who may survive the donor.

Both features make these gift plans helpful in retirement planning as well as giving.

**3. Gift plans that feature return of principal to the donor at the end of 15, 20, or another number of years.** Charitable lead trusts are typically created to pass assets to members of a younger generation, but they can also be structured to instead return funds to the donor later in life, if desired. Access to principal is thus preserved while the donor makes what may be a very substantial gift at a younger age.

In all cases, your role as a facilitator of giving puts you in a position to free donors from their concerns so they can give more to your organization or institution. To that end, a development officer needs



to be knowledgeable about the more common objections to making larger gifts that are rooted in legitimate financial concerns and planning opportunities that can help overcome them.

To learn more about why donors give, why sometimes they do not, and how you can make the most of every encounter with your donors, attend one of Sharpe's popular seminars. See page 3 for more information about upcoming seminar dates. [G&T](#)

## Holiday...Continued from page 5

lower death rates, longer life expectancies, and other factors. While death may have taken a holiday, it is sure to return and the passing of a growing number of Baby Boomers and their older siblings (the Silent Generation) will cause the number of deaths in the U.S. to grow in the future. In the meantime, it is more important than ever that America's nonprofit community be prepared to help older donors make their gifts in ways that help them meet multiple financial objectives while still making what may be the largest gifts of their lifetime. [G&T](#)

## Footnotes

### *Katrina Tax Act brochure*

Enclosed with this issue of *Give & Take* is Sharpe's new brochure, "Giving in 2005...A Special Window of Opportunity." This six-panel brochure explains the basics of the *Katrina Emergency Tax Relief Act of 2005* (KETRA) with special emphasis on the three-month window in which donors can make gifts that are not subject to normal limitations (see page 2 and [www.sharpenet.com/ketra](http://www.sharpenet.com/ketra)). This brochure

is designed for use with donors of any age who are deemed capable of making larger gifts of cash from income or other sources. Significant donors over age 59½ may also find the information on making gifts from retirement plan assets of special interest.

In addition to donors, this brochure may be useful for advisors, key volunteers, and others who may be influential with donors.

"Giving in 2005...A Special Window of Opportunity" may be used without personalization or can feature your logo and contact information.

Other personalization options are available if desired. For more information, call 1-800-238-3253 to speak to a Sharpe representative.

### *Booklet of the month: Personal Financial Affairs Record*

The end of one year and the beginning of another are traditionally times when thoughtful persons reflect on the past and plan for the future. Part of such planning includes making certain that one's personal and financial affairs are in order. This year-end, wouldn't your best donors appreciate receiving a compact and thorough guide to help them record their most important plans and documents?

Sharpe offers just such a guide—the "Personal Financial Affairs Record." This 24-page booklet helps its owner document the types and locations of essential plans and paperwork. With plenty of room to record their property and related thoughts, your donors will feel comfortable detailing important information about their family, property, investments, estate plan, charitable intentions, and other financial affairs. Their family and

friends, in turn, will appreciate having this resource to help them quickly locate important documents and discover their loved one's personal wishes.

"Personal Financial Affairs Record" may be personalized with your logo and contact information and is available in a standard booklet size and a larger, specialty edition.

Your best donors spend much of their time and assets supporting you. Isn't it time to return the favor?

For more information about how you can use "Personal Financial Affairs Record" to thank your best donors for their support, call 1-800-238-3253 to speak to a Sharpe representative.

### *Other year-end giving publications*

For a broader range of donors for whom the provisions of KETRA may not be as applicable, Sharpe offers a full range of traditional year-end giving brochures depicted below. For the sake of completeness, each has been augmented with a brief mention of KETRA provisions. For more information, see [www.sharpenet.com](http://www.sharpenet.com). [G&T](#)



News and ideas about The Sharpe Group's services.





# Learning the Basics?

## An Introduction to Planned Giving

This information-packed seminar offers an in-depth introduction to the process of charitable gift planning in today's environment. It is designed for those who are assuming responsibility for planned giving for the first time, as well as those who have multiple duties and are looking for guidance in the best ways to spend what may be limited time and budgetary resources on planned giving.

Beginning with an overview of various types of fund development efforts and the role of gift planning in achieving greater success, this seminar examines the personal priorities of donors at different stages in life and explains how gift planning vehicles can help remove obstacles to larger gifts from donors of all ages and wealth levels.

Special attention is given to the impact of investment market fluctuations in recent years and how that can affect the timing of larger gifts and the properties that donors choose to fund them.

Practical guidance on planning, budgeting, marketing, and other aspects of effective implementation of gift planning efforts is included, along with guidelines for developing gift acceptance and valuation policies. Presenters will also address ways to better integrate planned giving efforts with other funding programs.



Plan today to attend this upcoming presentation of "An Introduction to Planned Giving."

Tampa — November 14-15

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*"Excellent. Worth the money! Want to attend other Sharpe seminars."*

—Jovanna Little, Dir. of Donor Relations, Stony Brook, NY

*"The Marketing Matrix presentations will be very helpful to me. A great time. Thank you!"*

—R. Peter Kilburn, University of Virginia Health System, Charlottesville, VA

*"This is the most worthwhile professional conference I can remember attending."*

—Mr. Chandler Battaile, Association for the Preservation of Virginia Antiquities, Richmond, VA

*"Very important information presented in a way that was basic yet not overwhelming to the beginner. Thank you!"*

—Kristine Jones, Sears Methodist Retirement System, Abilene, TX