Nuts and Bolts: The Fundamentals of Planned Giving

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Donor Characteristics of Bequest Intentions

- Completed higher levels of academic degree
- Occupy homes that are likely to be older
- A stronger inclination of making a bequest tends to be correlated with mid-to-upper middle value
- Moderate incomes also show a likelihood of making a bequest
- Steady annual gifts, most bequest donors won’t be major donors prior to their bequest commitment

Strategies

- Approach bequest prospects as they enter their forties
- Consider an annual giving strategy that stresses loyalty, limit solicitations to max of 4 per year
- Use donor friendly surveys for BI prospects to gain knowledge of interests and opinions

Tips

Anticipate objections that prospect/donor may have

- Touchy on the subject of death
- Embarrassed about not planning ahead
- Guarded about discussing estate plans
- Afraid of being asked for more
- Reluctant to be counted upon/credited
- Obligated to take care of loved ones
- Unconvinced of university basic need for planned gifts
- Doubtful a modest bequest will make any difference
- More interest in other, “needier” charities

Identify positive talking points of interest for donors/prospects

- Deeply indebted to the university and/or mentors
- Really dedicated to the university and/or programs
- Interested in being associated with the university
- Wish they’d been able to give more over the years
- Hopeful of making as large a gift as possible
- Inclined to think of bequests as special, lasting gift
- Desirous of being part of the university “Planned Giving Society”
- Determined to avoid unnecessary taxes

Keep it simple

- Underscore that bequests are revocable
- Explain that a gift can remain anonymous
- Remind donors that professional staff (Planned Giving Office) are available to help them directly
Launching the Subject of Bequest Intentions

Identifying Bequest Prospects

• **Love for University** – Alumni often have a consistent pattern of giving and deep feelings for their school. Long-term donors are excellent planned giving prospects. In such cases, the fundraiser should simply say, “Knowing how fondly you remember your school, have you thought of remembering us in your estate plans?”

• **Age** – Generally a bequest prospect will be at least 50. If the prospect has children, he or she may have some sense of how well those children will be able to provide for themselves at this point, and thus be ready to consider supporting the university after taking care of loved ones. However, don’t ignore younger alumni. For example, someone with no children and no family can name the university as a beneficiary of their IRA or other assets designated in their will or trust.

• **Work status** – Very often a prospect is retired or thinking about retirement. A number of issues, including revising one’s estate plan and minimizing taxes on undistributed retirement funds, are of concern to these prospects.

• **Family circumstances** – Most bequests come from childless donors. It is especially important to raise the topic of including the university in an estate with those who have no children or already have provided for their children.

• **Financial status** – Often there has been a “big financial event” in the prospect’s life. Perhaps the prospect has a vacation home that is no longer used, a high value stock from a company that just went public, other investments that should be diversified, or plans to move from a big family home into a retirement community. Such events often trigger the subject of reducing taxes.

• **Large IRA or retirement plans** – Because of the significant taxes on retirement plans – up to 70 percent in combined income and estate taxes if left to heirs at death – the prospect may decide to leave those assets to charity undiminished by tax, and leave other assets to heirs.

• **Respect for you** – It is not uncommon for a donor to want to honor a volunteer or staff member. The relationship you build with a prospect, generally over many years, may be a key element in his or her decision to leave a bequest to the university.
When and How to Launch the Subject of Bequest Intentions?

When a prospect declines your request for a gift

• **Your prospect declines, but you still have not taken “no” for an answer.** Suggest that the prospect may want to consider a simple bequest. This is an opportunity for the prospect to say something positive, such as: “Well, yes I guess I could consider that.” And it does not preclude you from going back to the prospect.

• **Your prospect says the time is not quite right for a major gift.** Explain that donors who wish to provide support for the university can do so even when they do not have currently available funds. A bequest costs nothing now, and it can be changed later if the donor so desires.

• **Your prospect’s spouse is fearful of jeopardizing the family’s security.** Occasionally, one spouse will say the other is concerned that a large outright gift might threaten the family’s security if something should suddenly happen to the donor. A bequest is a particularly appropriate way to address this concern.

• **Your prospect is not interested in the projects you have mentioned.** Explain that a bequest can be designated broadly now (possibly even as an endowed gift in honor of a family member or favorite professor) and given a narrower focus in the future.

• **Your prospect is over-committed financially.** Again, remind the prospect that a bequest costs nothing now, but will mean a great deal to the university later.

• **Your prospect is resistant to giving, for reasons that are private.** Respect the prospect’s privacy and explain that a bequest can be arranged without even notifying the university.

When a prospect mentions a subject relevant to planned giving

• **Your prospect mentions having a “very complicated estate plan.”** Anyone who has lots of assets with corresponding tax complications may benefit from a conversation with their attorney and consulting with planned giving.

• **Your prospect is worried about “the high taxes on a retirement plan.”** This is one of the most dramatic and promising opportunities for prospects to make significant gifts through their estates. Funds in IRAs, 401(k)s and other retirement plans left to children may be taxed up to about 70 percent!

• **Your prospect is concerned about estate planning – providing for children and philanthropy.** Remember, the Central Office of Planned Giving is a service. They are happy to talk to the prospect (and his or her professional advisor), if the prospect is considering including the university in the estate.

• **Your prospect simply “hates paying taxes” and would rather make a planned gift to charity than an unplanned gift to Uncle Sam.** Again, the Central Office of Planned Giving is happy to talk to the prospect, perhaps mentioning alternatives that the prospect’s advisors may not have thought to suggest.

• **Your prospect wants to be remembered or pay tribute to a family member, a former professor, or physician in a way that might be beyond the prospect’s present means.** Very often, a bequest is the most significant way for a donor to provide a permanent fund to honor someone. In addition, such a gift honors the donor.
• **Your prospect mentions the necessity of getting his or her affairs in order.** Often people know they need to revise their estate plans, but they put it off. Mention that you know estate taxes can be very high (up to 48 percent), and explain that it is important to have a plan in place to make sure one’s wishes are carried out and unnecessary taxes are avoided.

**When a prospect does not provide an opening, but you know they truly care about the university**

• **For annual fund donors:** “I know you have been a loyal donor over the years. Would you consider leaving a bequest to endow your annual gifts?” Many donors like the idea of building on the investment they have made over the years, and making it possible for their gift to the university to live on in their memories.

• **For annual fund donors:** “A number of your classmates have made bequests and other planned gifts. Could I send you some information on those kinds of gifts?” This is a particularly strong motivation for older alumni who may be moved to give out of class spirit.

• **For all dedicated long-term donors:** “Have I ever told you about our Planned Giving Society?” “The Planned Giving Society,” which is open to all bequest intentions and life income donors, offers a number of special programs, including a luncheon each spring.

• **For all donors:** “I recently learned that retirement fund assets are heavily taxed at death. If you are including charity in your estate plans, did you know that retirement plans are often the best way to go?” Retirement plan funds are the best assets to leave to the university. Often, assets left to heirs are taxed up to 70 percent!

• **For donors with estate planning advisors:** “Are you pleased with your estate planning attorney or tax advisor? Would you be open to speaking with and/or receiving information from the estate and charitable gift attorney within our Office of Planned Giving?”

**Additional Resources**

If the prospect is receptive to including the university in his or her estate plans, explain that you would like to ask someone in the Central Office of Planned Giving to send a brief letter noting the advantages of bequests. Assure the prospect that this is informational and you will not press the issue.

Inform the Planned Giving Office of your conversation with the prospect and pass along any pertinent information. If the prospect says he or she has already included the university, find out as much as you can – including the purpose of the gift, the approximate size if possible, and whether or not it is a contingency gift – then fill out a “New Bequest Intentions” form and forward this information to the Office of Planned Giving.