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Crossing the Finish Line: How to Bring Major Gifts Home, Part I

BY ROGER A. MEYER

The common answer from people when questioned why they did not give to charity is: "I was not asked."

One reason donors are not asked is because some leaders of charitable causes have a reluctance to make the request. Much has been written and investigated to determine why this reluctance exists. The reasons go from lack of sales initiative to a fear of rejection. The crux of the issue is found in a lack of relationships between the donor prospect and the charity which needs and seeks support.

Donor-Centered Fundraising

Donor-centered fundraising involves identifying quality donor prospects and nurturing those relationships so we understand what each donor is interested in and how we can help the donor establish a personal bond with the charity. Our goal is to see each donor develop personal ownership in the work of the charity.

This focus on donor-centered fundraising begins with the initial process of fundraising. It requires the charity to identify potential donors from those who use its services or who are in touch with its cause. These can be grateful patients and family members, volunteers, annual fund donors, or attendees at an event.

Once identified, donors are then qualified. This qualifying activity discovers the

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Identifying and Inspiring Donors: What Two Studies Teach Us

BY MICHAEL J. ROSEN

"For those who think the generational [wealth] transfer will automatically flood their organizations with resources, it's time to think again. Without putting in the hard work of generating these planned gifts, 90 percent of donor mortality will simply result in lost current giving," according to Russell N. James III, J.D., Ph.D., philanthropy researcher and assistant professor at the University of Georgia.

During these difficult economic times, it is clear that doing business as usual is insufficient. As has been the case during previous severe economic downturns, nonprofit organizations will rely even more on planned giving to rebuild endowments and make up for any shortfalls in current giving. Furthermore, to realize the full benefit of the intergenerational transfer of wealth, development professionals need to be innovative or they will be short-changing their organizations.

Put simply, traditional approaches will continue to yield traditional outcomes. Tough economic times and the intergenerational wealth transfer demand more of development professionals. While countless development professionals are certainly willing to put in the hard labor to enhance their planned giving programs, the challenges voiced by many are: Where do I begin? Who makes a good planned giving

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THIS MONTH

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Planned Giving Today serves the planned giving community as a practical resource for education, information, inspiration and professional linkage. It helps gift planners enable others to give generously and prudently.

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prospect? What will motivate our donors to make a planned gift?

Now, two recently completed research studies provide some of the answers. Legacy Leaders, a provider of cutting-edge planned gift marketing programs, funded these studies through the Association of Fundraising Professionals Research Council.

The James Study

Russell James, of the University of Georgia's Institute for Nonprofit Organizations, conducted a study of the behavior of older Americans (over the age of 50) from 1995 to 2006. This study was the first nationally representative, longitudinal analysis of charitable bequest behavior among older adults. Previous studies have been limited to reviews of post-mortem records or one-time surveys.

As a result of the longitudinal analysis of the behavior of 20,000 older adults, James discovered not only who is more likely to make a charitable bequest, he was also able to determine why those who take a charity out of their estate plan do so.

James asks that we consider this comparison: "Senior Adult 'A' makes substantial charitable gifts, volunteers regularly, and has grandchildren. Senior Adult 'B' does not give to charity, does not volunteer, and has no children. 'A' and 'B' are otherwise demographically and financially identical. Who is more likely to have a charitable estate plan?

"The answer: person 'B' — by a wide margin. In fact, even if 'A' had more income, or education, or assets, he is still less likely to leave a charitable estate gift than 'B'."

Among current donors over age 50 who had already completed a will or trust, only 9.8 percent of those with grandchildren included a charitable component. Among those with children, only 17.1 percent included a charitable component. For similar donors without any children, 50 percent had a charitable estate plan.

James found that, by far, the greatest predictor of charitable estate planning was the absence of children. While development professionals have long known that those without children are more likely to make a charitable bequest, this study reveals that having children has a dramatic impact on gift-planning behavior.

To a lesser degree than the offspring factor, other characteristics nevertheless indicate a greater likelihood of an individual making a charitable estate plan. Those with a graduate degree are 4.7 percent more likely than those with only a high school diploma. Those who give $500 or more a year to charity are 3.1 percent more likely to make a charitable estate plan.

Volunteers are 2.0 percent more likely. Income above $100,000 per year and net assets of more than $1 million have no significant impact on the propensity to make a charitable estate plan, although the size of the gifts might be greater.

While the James study reveals that men and women are equally likely to make a charitable estate plan in general, *Giving USA 2006* noted that women are more likely to make a charitable estate plan benefiting religious, health, human service, and environmental organizations. Men are more likely to make arrangements supporting organizations of public-society benefit and educational institutions. Men and women support the arts and international organizations at approximately the same rates.

"This strength of the relationship with childlessness may suggest a modification to standard strategies of targeting potential estate donors. Often fundraisers target their largest current donors first and work their way down according to annual giving level. While this strategy is still valid, it may be most effective if combined with a simultaneous strategy of identifying supporters without children," suggests James.

Dropping a charitable estate plan provision was most strongly associated with the donor becoming a grandparent or, to a somewhat lesser degree, becoming a parent for the first time. Another clue that the charitable estate plan would be dropped was cessation of current giving. A substantial drop in self-reported health also increased the likelihood that the charitable component of an estate plan would be dropped, according to James.

The greatest predictors of someone adding a charitable component to their estate plan are: 1) starting to make charitable gifts; 2) an improvement in self-reported health; and 3) a substantial increase in assets.

While a number of studies have found that younger donors (as young as 45) are very willing to make charitable estate plans, the James study focused on an older population. The reality is that securing planned gift commitments from older adults will result in revenue for nonprofit organizations sooner than securing similar commitments from younger people. Given the

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How to Terminate a CRT

BY MIKE PARHAM

There are three basic ways in which a charitable remainder trust can be terminated: total termination, in which the individual income beneficiary's interest is terminated and the trust assets are distributed to the remainder charitable beneficiary; partial termination, in which a portion of the trust is terminated, the assets of the terminated portion are distributed to the remainder charity and the non-terminated portion of the trust continues as before; and what I refer to as pro-rata distribution termination. This article will deal with pro-rata distribution termination.

Under this method, the trust is divided actuarially. The income beneficiaries keep the actuarial present value of the unitrust or annuity interest (both of which will be referred to as "income" interests), and the charitable beneficiary receives the actuarial present value of the remainder interest. For all practical purposes, the transaction is treated as a sale by the income beneficiaries of their income interest to the charity.

There are three basic issues that must be addressed in a pro-rata distribution termination. They are: valuation, taxation, and self-dealing.

Valuation

At this point, the valuation method for a "standard" payout unitrust differs from that for a NIMCRUT. The standard method of valuing the interests is found in private letter rulings such as PLR 200314021. It consists of a formula that utilizes the 7520 rate in effect on the date of termination in conjunction with the methodology under Section 1.664-4 of the income tax regulations for valuing interests in charitable remainder trusts.

The "methodology" referred to are the various tables in the regulations that are used to determine the present value of a charitable remainder trust based on the age of the income beneficiary and payout rate of the trust. The numbers in the tables are plugged into a formula with the relevant 7520 rate, and the result is the value of the remainder interest in the trust.

The calculation in a pro-rata distribution situation is the same for calculating the value of the remainder interest for income tax purposes at the time the trust is funded. The only difference is that you use the donor's age and the 7520 rate in effect at the time of termination.

Valuation for a pro-rata distribution of a NIMCRUT involves the use of a "special factor" as indicated in Section 1.7520-3 (b)(1)(ii) of the Regulations. The special factor is found by using the methodology stated in Section 1.664-4 for computing the factor for a remainder interest in a unitrust (same as the standard method), with the following modification: instead of using the percentage stated in the NIMCRUT document (e.g., 10 percent, 15 percent, etc.), the assumed payout would be based on the lesser of the trust's stated payout percentage or the Section 7520 rate for the month of termination. In other words, if the stated payout rate in the trust were 15 percent and the 7520 rate for the month of termination were 4.2 percent, 4.2 percent would be the percentage used.

If the standard valuation method were used for NIMCRUTs, the income beneficiaries could receive much larger payouts to the detriment of the remainder charities. For example, assume that the assets of NIMCRUT are $1 million, that the age of the income beneficiary is 70, that the stated payout in the trust document is 15 percent, and that the current 7520 rate is 5.6 percent.

Using the standard valuation method, the income beneficiary would receive $794,040 and the charity would receive $205,960. Using the NIMCRUT valuation method, the income beneficiary would receive $506,580 and the charity would receive $493,420.

Taxation

The Four-Tier method does not apply to a pro-rata distribution. The reason is that money and property received by the income beneficiary upon termination of a trust does not represent a distribution of an annual unitrust amount. Instead, the income beneficiary is disposing of his/her unitrust interest in exchange for money and property in a transaction that is governed by Code Section 1001 (capital gain).

For capital gain tax purposes, the gain from the sale is the excess of the amount realized over the adjusted basis. Section 1.1015-1(b) of the Regulations provides that property acquired by gift has a uniform basis. However, Code Section 1001(e)(1) states that in the case of a sale of a "term interest in property" (which includes an

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There are three basic issues that must be addressed.

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income interest in a trust), the uniform basis is disregarded.

The short answer is that the basis is going to be zero. Therefore, the entire value of the assets received will be taxed. If the holding period has been longer than one year, then the gain will be taxed as long-term capital gain.

Please note that there have been transactions in which the trustee sells appreciated trust assets, causing the trust to receive a stepped-up basis in the assets without having to pay capital gain tax because of the charitable character of the trust. The grantor and charity then sell their interests to a third party and claim that there is no capital gain tax because the assets had a stepped-up basis.

The IRS views this as a possible end run around the taxation method set forth above. In response, it has issued Notice 2008-99 which states that transactions of this type are considered "transactions of interest." If a transaction of this type is entered into, then the taxpayer is required to report it to the IRS by filing a Form 8886.

Self-Dealing

Charitable remainder trusts are subject to the same rules as private foundations. One of those rules is the one against "self-dealing." Before the IRS will allow a CRUT to be terminated early, they must receive a good answer to what it terms the "critical question."

The critical question is, "whether the early termination could be expected to result in a greater allocation of trust assets to the income beneficiary, to the detriment of the charitable beneficiary, than would a termination at the income beneficiary's death as provided in the trust agreement?"

In the case of a trust that is to make payments for the life of an income beneficiary, if the trust is terminated and the assets are distributed, and if the income beneficiary lives longer than his or her estimated life expectancy, the charity comes out ahead; if the beneficiary dies before his or her estimated life expectancy, the charity loses out. Early termination will not be allowed unless it can be shown that the early termination cannot be reasonably expected to cause the charity to receive less than it would have if the trust had remained in effect for the duration.

Although there's no way to answer this question definitely, the IRS has stated that the question can be answered in a positive manner if it can be shown that the income beneficiary has no knowledge of a medical condition or other circumstance likely to result in a shorter life expectancy than that set forth in Table V of Section 1.72-9 of the Regulations.

In order to prove that they don't have shorter-than-ordinary life expectancies, the income beneficiaries must sign affidavits, under penalties of perjury, that to the best of their knowledge and belief, they have no medical conditions that are expected to result in a shorter longevity than that set forth in the regulations for persons of their ages.

They must also present affidavits signed by their physicians in which the physicians stated that they have recently conducted physical examinations on the beneficiaries and that to the best of the physician's knowledge and belief, the beneficiary has no medical condition that could be expected to result in a shorter-than-expected life expectancy.

They must also present affidavits signed by their physicians.

Basically, the income beneficiary has to be in decent health. If the income beneficiary has, or has had, any condition that could be expected to shorter his or her life expectancy, then early termination with a pro-rata distribution will not be allowed.

The following factors must be present in order for a pro-rata distribution termination not to be considered an act of self-dealing: 1) State law allows early termination; 2) All beneficiaries (individual and charitable) favor early termination; 3) Trustees use correct formula to determine shares for income and remainder beneficiaries; and 4) Income beneficiaries' doctors examine them and state under penalties of perjury that they found no medical condition to shorten life.

Here is a list of private letter rulings that deal with pro-rata distribution: (standard valuation) — 200127023, 200314021, 200324035, 200403051, 200616035; (NIMCRUTs old valuation method) — 200208039, 200304025 (distribution of portion of trust with continuation of remainder), 200310024, 200408031, 200525014 (later revoked by PLR 200614032); (NIMCRUTs new valuation method) — 200725044, 200733014, 200817039, and 200833012.

In this economic environment, early termination of charitable remainder trusts can be beneficial for both the lifetime beneficiaries and the remainder charitable beneficiary. However, care must be taken to insure that the transaction is carried out properly. ◆

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How to Initiate Planned Gift Discussions, Part II

BY ALEXANDRA P. BROVEY AND PATRICIA L. ROENIGK

Last month, in Part I of this article, we considered five questions to use in cultivating donors through effective conversation. The second and final part of this article presents five additional questions to consider.

6. Where Does Giving to Charity Fit in Your Life?

Press releases often lead with the size of the gift and the good that will be accomplished. Less often do they explain the way in which the gift is structured. Readers are left believing that someone wrote a check for the full amount, something the donor might not have been in a position to do. By understanding where charitable giving fits into a donor's overall plan, we can often open the door to the exploration of a planned gift.

Prospects might seek income for themselves or others, an income or estate tax deduction, or a diversified portfolio without incurring capital gain taxes. The people you visit know what you do for a living and often preempt the discussion by letting you know that they would make a gift to your organization but . . . .

Your role then becomes one of listening for the objection and suggesting one or more solutions. "What if it was possible to make a gift and still . . .?" Promise to follow-up with ideas that show how a planned gift will allow them to make a gift and retain income, avoid capital gain tax, diversify their portfolio, or otherwise solve their problem.

This gives you a wonderful opportunity to ask additional probing questions. "I may be able to help you, but I need to know a little more about the nature of your investments, your income tax bracket or your real estate holdings."

One example of a clue relating to propensity to give is: "I am considering early retirement, but I don't think we can live on what we have put away so far." Your possible response: "That is a concern many of us share. There are some options that enable you to be philanthropic and gain a fixed income for your retirement years. Would you like to hear about these options?"

7. What Other Charitable Organizations Do You Support?

Our donors likely have multiple charitable interests. It is important to understand which interests they are willing to support financially and why. For example, a donor may support his or her graduate alma mater but not the undergraduate alma mater, due to additional attention, financial support, perceived need, lasting friendships, or professional opportunities.

If you have researchers on your staff, they can often glean giving information, particularly if the donor has an existing private foundation or by reviewing the published annual reports of other charities. Often a donor gives to an organization because he or she feels an obligation to the organization or to an individual associated with the organization.

If your prospect is philanthropic, your job of convincing him or her of the need to give is probably easier than with someone who never gave to charity before. If you uncover your prospects' passions, you are likely to secure larger transformational gifts.

Planned giving options that enable a prospect to give to multiple charitable organizations include bequests, charitable remainder trusts, charitable lead trusts, life insurance policies, and retirement plans. Charitable gift annuities and pooled income funds are used to give to one particular organization, but the donor may make this type of planned gift at multiple organizations since the minimum amounts are often low. Many prospective donors struggle to choose one charity, unaware that they can provide for all of their charitable interests.

Prospects often provide very direct clues regarding their support of charity. "I would love to create a trust with you, but the hospital and the church want me to do the same thing for them. I don't have the resources to satisfy everyone." You could answer by suggesting: "It's fabulous to hear that you are so philanthropic! You may be surprised to know that you might be able to achieve all of your philanthropic goals. There are several gift options you could consider. A bequest to each organization under your will is a common technique for giving to multiple organizations. A charitable remainder trust enables you to designate more than one charitable beneficiary, after you receive an income stream for your life and a tax deduction."

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The people you visit know what you do and often preempt the discussion.

Donor cultivation is a process . . . it is a marathon, not a sprint.

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8. Have You Ever Explored the Idea of a "Planned Gift"?

Planned gift discussions can begin with a phone call from a potential new donor, but more often are initiated during the cultivation stage. Whether the idea of a planned gift is something that has been suggested by the prospect's advisors or is something a prospect has read about in your marketing materials, it is important to understand how much the prospect knows about options other than giving cash.

Too often, prospects and development officers separate the idea of the "major" and "planned" gift, when in reality one often serves as the motivation and natural compliment to the other. The institutional goal is to leverage the largest possible gift — a gift that will be valuable to the institution and will help the donor to achieve his or her personal objectives.

It's often clear that a prospect has not explored a planned gift although a planned gift could offer a valuable solution. "I wish I could give, but I worry I will run out of money like my mother did."

This is your opportunity to introduce a solution. "Did you know you can give assets other than cash, and retain an income stream for life?" "Did you know that you could include a bequest in your will to [charity] so that you don't deprive yourself of assets during your lifetime?"

9. Do You Have a Will?

The answer to this question will determine to some extent the donor's sophistication and planning efforts, as well as readiness to move to the next level of planned giving discussion. The answer to this question can also directly lead to the next question if answered in the affirmative: "Did you include any charities — including our organization — as a beneficiary?"

Bequests are the lifeblood of any planned giving program. There is no software or special expertise needed. Donors and their advisors should have easy access to the necessary information. Staff throughout the development program should know how to properly identify the charity.

Consider developing a one-page document that details how to include the charity in the donor's will. Provide the taxpayer identification number for use in completing beneficiary designation forms for life insurance policies and retirement plans/IRAs that can easily be mailed, faxed, or emailed to a donor or advisor. Encourage the donor to share specifics on the bequest with you to ensure that the donor's purposes can be accomplished. Include information on your legacy society if you have one.

Many of our major gift colleagues have avoided asking whether a prospect has a will. More frustrating perhaps are major gift officers that fear talking to donors who have shared that they have included the organization in their estate plan. We suggest the following: "Have you done your estate planning, and would you consider including our organization as a beneficiary?"

Our colleagues should appreciate the usefulness of asking this question, particularly when and after the prospect responds "no" to a major gift ask with the stated reasons of lack of available or liquid funds.

If a donor responds that he or she has included your organization in his or her will, you should consider doing all of the following:

- ◆ thank the donor;
- ◆ tell the donor about your legacy society;
- ◆ request a copy of the relevant documentation for your files; and,
- ◆ discuss the allocation of the proceeds, if any (occasionally the donor cannot recall, so this is another reason why you should request the documentation).

Often, legacy society membership places a donor in an enhanced mail/contact category, and the donor will begin to receive more news about your organization and continue to feel connected.

10. Can We Get Together Again to Continue Our Discussion?

Donor cultivation is a process, not a single act; it is a marathon, not a sprint. Hopefully your initial visit will be the start of a beautiful relationship. The relationship should be deep and needs to have many touch points. Consider how to involve others — president or CEO, vice president, board members, and colleagues.

While it might be counter-intuitive, you probably shouldn't try to address every possible aspect of your organization in your first meeting. You should always have a reason to write to them or call them so that you can build the relationship. If you have asked the necessary questions and have listened attentively, there will generally be plenty of opportunities for follow-up.

Always remember that the objective is to build a relationship that leads to a gift for your charity. Develop a strategy for each prospect. Set tasks or next steps as well as

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limited marketing resources of charitable organizations, focusing on older adults will generate a quicker return on investment.

Indiana University Study

With a better understanding of who makes a good planned giving prospect, development professionals can bring their marketing efforts into sharper focus. A recently completed study will make those newly focused efforts more effective. Adrian Sargeant, the Robert F. Hartsook Professor of Fundraising at Indiana University, and Jen Shang, a researcher with the Center on Philanthropy at Indiana University, studied what motivates donors to make a charitable estate plan and made a number of practical suggestions for development professionals including:

1. Bequest messages should be ubiquitous since there is no way to establish when an individual will draft a will or change an existing will.

2. Potential bequest donors are likely to appear at every value level within the database. It is not only major donors who may be willing to make a charitable bequest commitment, even low value supporters who may be asset rich but cash poor can support a nonprofit in this way. Therefore, everyone is a potential planned gift supporter.

3. Individuals should be encouraged to give because of the real and tangible difference that they themselves can make.

4. Many people incorrectly believe they have insufficient assets to make a charitable bequest. They believe that only the wealthy make such gifts. As with annual giving, charities need to get the message across that every bequest they receive will have a real impact on the nature of their work. Organizations should celebrate both large and small donations.

5. Tax avoidance is not a motive for leaving a charitable bequest to a particular nonprofit. While tax considerations may lead donors to make charitable estate contributions in general, such considerations do not determine which charities an individual will support. Therefore, taxes can be a reason for opening a discussion with a donor, but it is not the optimal basis on which to propose the prospect make a gift to a particular organization or program.

6. In designing promotional messages, the use of language in keeping with the longer-term nature of the decision is important. Development professionals should convey the continuation of desirable organizational values that will result from such giving.

7. Bequest appeals should also be aspirational while based on the realistic future needs of the organization.

8. Bequest pledgers should be treated as a separate segment on the database. Given that only 25 percent of bequest pledgers report being treated differently by the organizations they support with a planned gift commitment, it would appear that organizations with a separate communications strategy will have a significant advantage. Individuals should be prompted to consider a bequest and subject to a differentiated standard of care when a positive response is engendered.

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Taxes can be a reason for opening a discussion with a donor.

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immediate and long-term goals. Follow the prospect's suggested time frame.

For instance, "I am hoping to retire by 60 and worry about income." Your possible response: "I wish you the best in reaching your goal. If you don't mind, how old are you? Or, how many years do you have to work before turning 60? Would you be interested in hearing about ways to combine philanthropy and retirement planning to create an additional income stream for your retirement years?"

Conclusion

There is no script to follow, and any questions that we have suggested are just that — suggestions. Your personality and individual style will dictate how these questions are asked and answered.

At the end of your first face-to-face meeting, you should be able to make an initial assessment. Is this someone that has the capacity to make a gift, and the affinity to your organization that you could cultivate toward a major and/or planned gift? Continue to cultivate this prospect by responding to any cues and clues your prospect shares. ◆

Note: This two-part article has been adapted by the authors from their presentation at the 2008 National Conference on Planned Giving.

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potential capability of the donor to make a gift and his or her inclination to do so. What are the donor's interests in the charity's purpose? Who are friends and associates of the potential donor who could help create a real and lasting relationship?

Once those discoveries are made, the process of nurturing the donor's relationship to the charity is more carefully planned. The nurturing process is on a continuum and begins when a potential major donor is identified. It continues through the lifetime of the donor. The crucial element of the donor-centered fundraising process is the solicitation.

Classic Solicitation Model

The classic solicitation model is set up with a well-nurtured donor and spouse being solicited with a team of solicitors from the charity. The charity's team should include an appropriate high-level leader from the charity. It could be a chief executive officer, doctor, nurse, or in my case a Sister from The Third Order of St. Francis. He or she should be able to express the need for the gift in terms of how it impacts the lives of the people the charity serves.

This person should not be too high in the organization as it may intimidate the donor, but rather at a level so the donor knows he or she is truly respected and given proper attention by the charity. It is important that the solicitation team consist of the appropriate people. However, be careful not to include so many representatives that you end up overpowering the donor.

The planned solicitation has already chosen a purpose for the donor's gift that is consistent with the donor's interest. The charitable team has agreed to a strategy to implement the solicitation. This strategy is usually planned by development personnel. It is honed by discussions with development leadership and is further refined by briefing the solicitation team on each person's role in the solicitation.

The planning process includes how to set the appointment and even scripting the participants so the presentation is smooth. Yet, it is important that it not to be too polished and rehearsed lest it lack a personal touch. You want the passion and emotion of the solicitation's purpose to be transferred to the donor.

The solicitation should include all decision makers on the donor's side.

The solicitation should include all of the decision makers on the donor's side. If the donor is married, the request should be done with both spouses present. This prevents one of the spouses having to solicit his or her spouse to complete the gift. If the donor is elderly and relies on children for decision support, consider including the child when the ask is made.

Making the Ask

The stage is set. The appointment with the donor has been made. The location of the appointment has been correctly chosen. It may be the donor's office or home. It may even be at the charity's offices or place

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Making bequest pledgers feel part of a unique "inner circle" of special supporters will help attract and retain these donors. It is important to remember that potential bequest donors are more concerned with the quality of service they receive than annual fund givers. They should receive a differentiated standard of care.

9. A particularly prevalent motive is the perceived need to give back to allow the organization to continue with its programs. Although some people see this as giving back for the benefits they had received, there appears to be a further dimension to bequest giving that concerns the need to be remembered as someone who had preserved the work for the benefit of future generations.

10. The decision in respect to whether to leave a legacy has traditionally been viewed as an intensely personal affair, with promotion built on that basis. Our findings suggest that for a significant number of people, legacies will be used to make a statement about themselves to their family and friends. It may be possible for charities to integrate this knowledge into promotional material and to trigger family discussion and the sharing of experiences and priorities.

Copies of the two reports discussed in this article, containing additional information and useful tips, can be downloaded free of charge by visiting www.legacyleaders.com and clicking on the "Research" button. This spring, a report from the Center on Philanthropy at Indiana University will also be posted. That report will examine the motivational differences between men and women when making charitable bequest decisions. ◆

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where its services are rendered. In any case, the donor should be at ease.

After appropriate introductory comments, the case for support usually comes next. It needs to be valid and real. It should be urgent and timely. It must require a gift to be made soon. And most importantly, it must be compelling. The donors need to be touched emotionally so they have a reason to give. Finally, when the case is shared, someone on the charitable team must make the ask.

The ask needs to be specific and clear. The amount should challenge and stretch the donor. Yet, it should not exceed the donor's capabilities. Proper qualifying of the donor as to net worth and types of assets can prevent miscalculations at this point. During the nurturing process, the donor may tell you about his or her assets if you listen closely. You can also make determinations by previous giving or gifts to other charities.

Some development sources suggest that you want to observe the "blanch effect." That is, when the ask is made, you want the donor to pale a bit. But you do not want them to pass out! A solicitation I know about occurred during lunch and when the amount was suggested, the donor fainted. Fortunately, one of the solicitation team members was a cardiologist and the donor was revived. While the "blanch effect" may have been overdone, the donor did make the requested gift.

An example of a classic solicitation involved the provost of a college, a volunteer who had already made a $1 million gift, and a development officer. The solicitation team met the donor at his office. The donor knew that the reason the team wanted to meet with him was to discuss his commitment to the campaign. After some introductory comments, the provost talked about the need for student support and specifically how rising costs were impacting students.

The need was placed into the priorities of the capital campaign of which the donor was considering a leadership position. As the purpose of the gift was discussed, the donor became personally engaged in the discussion. Following these comments, the volunteer member of the team, whose gift had been publicly announced, asked the donor to consider a gift of $150,000.

At that point, the plan was for the solicitation team to remain silent. The donor was a pipe smoker, and I believe he stuck the pipe in and out of the instep of his shoe at least 20 times. No one spoke, and we waited for the donor to respond. As tempting as it may be to step into the conversation vacuum, let the donor make the first response. The donor finally said he thought he could make a gift at that amount although it was more than he was planning.

After the Ask

After the solicitation has been made, the process continues to bring the gift to closure. This can be as simple as the donor writing a letter to pledge the gift. Many times a draft of this letter is provided by the development officer. If the gift is complex and involves recognition by naming a facility or space, it could involve a more extensive pledge agreement. The gift could also involve a life-income plan which would require legal documents to be prepared.

In addition, donor questions and possible hurdles could suggest special negotiations between the donor, the donor's legal and tax counsels, and the development leadership of the charity. These negotiations are all aimed to help the donor make a meaningful major gift consistent with his or her interests. They are meant to help the charitable cause as it treats patients, educates students, advances medical research, or serves the disadvantaged within the community.

Objections and Issues

If the donor does not immediately agree with the solicitation, the development team — usually the development officer — needs to discover the reason for the donor's reluctance. It is important to listen carefully and seek answers about why the donor is not proceeding. While in an ideal world we always have long-term, well-informed relationships with donor prospects, many times that is not the case. So the amount, the purpose, or the way a donor might give needs to be modified.

Some development officers I've worked with would return from a donor solicitation and tell me the donor said, "No." My first question to them would be, "Why?"

While still with the donor, ask probing questions if the response is negative. You could review the mission or purpose of the solicitation. Does the purpose need to be adjusted?

As a planned giving officer, you could discuss the attractiveness of receiving an income from the asset which might be used for the gift. Another option would be to

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You want the donor to pale a bit . . . but not pass out!

Trench Tales

◆ *I was having lunch at a restaurant with a donor, and she was bragging about her tomato garden. She informed me that she brought some tomatoes for me to take home to my family. Although I completely dislike tomatoes, I smiled and thanked the donor excessively for her polite gesture. I think she was uncertain if I was being sincere because she then asked me, "Don't you like tomatoes?" I reassured her that I do and I eat them often (not wanting to hurt her feelings, of course).*

A few moments later, our lunch arrived at our table and I realized what I had done. Sitting before me was a beautiful, fresh salad garnished with none other than 10 tomato slices! My donor quickly said, "Oh, look at the beautiful tomatoes — I bet they're going to be delicious!" I found the stomach to eat every slice, but I couldn't help but think that now I know what it's like to eat my own words!

◆ *I am a very professional, divorced woman in my fifties, an age where one doesn't usually worry about men making passes. But my presentation "wowed" this farmer more than I thought. He walked me out to my car, called me a "fine-looking woman" and then proceeded to chase me around the corral — literally. Thank goodness I can still run faster than a 93-year-old with a walker. Even though I outran him, I still got the gift, and a significant one at that. However, follow-up visits were made in the company of a male colleague.*

◆ *We received a reply card in response to one of our mailings. I called the lady to say I planned to be in her area the following week and would like to stop by. We made an appointment and I wrote a confirming letter. The morning of my scheduled visit, I called to reconfirm. She was very abrupt, even abrasive. She said she didn't ask for any such stuff and to leave her alone. So I did. When I got back to the office there was a message from her asking when "that guy" was going to come by.*

◆ *I went to visit a major donor for the first time in Indiana. I flew into Indianapolis, rented a car and drove to the donor's home, arriving 15 minutes early for the 9:00 a.m. appointment. I sat in the auto around the corner until precisely 9:00 and then went to the door and rang the bell. The donor answered in curlers, and I immediately realized I was an hour early, having overlooked the time zone difference. I attempted to hastily excuse myself to go "see the beautiful town for an hour," but the donor said, "Why? You've seen me now!"*

We went to the kitchen, made pancakes together and began a marvelous relationship which included gifts of almost $2 million dollars.

Anecdotes are supplied by readers of *Planned Giving Today*. Do you have an interesting or amusing story related to your work as a charitable gift planner? Jot it down and send it in so we can pass it on (roger@pgtoday.com). Names are withheld to protect the "guilty."

I found the stomach to eat every slice.

Finish Line

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invite the donor to explore alternative ways in which the gift could be completed.

Responding effectively to a "No" requires creative discussions and a lot of initiative on the part of the development officer. You could review what you thought were the donor's interests and confirm them as they are discussed. You can ask the donor to clarify some of the assumptions you made on things you thought the donor had indicated were his or her interests.

Be sure to discuss with the donor the amount requested. Ask if the gift amount is in the appropriate range. Sometimes this can be discovered by discussing ways you may seek to recognize their gift. Discussing minimum endowment levels can also be helpful. You might also find it helpful to discuss multi-year pledges instead of a single gift. Most importantly, keep communication lines open so you can further explore what the issues may be. Buying time in this way would also allow you to engage others to help determine how the gift can be secured.

A certain donor had hard-to-value real estate he wanted to transfer to charity as a life-income gift. The customary plan would involve a unitrust so that complications with the value of the gift asset could be avoided and payments could begin when a sale occurred.

The donor had a strong aversion to the indefinite value of the property and what the income would be. It took a while to determine that the donor had this concern. Ultimately, the gift plan was changed to a combination of part-gift to a charitable gift annuity and a small outright gift to the charity. Income to the donor was set and began immediately. The charity was protected by the cushion provided by the outright gift portion.

Next month, in the second and final part of this article, we will look further into potential obstacles and solutions for bringing major gifts to completion. Topics will include: modifying the purpose, agreeing to terms, selling the gift internally, monitoring the pledge payment schedule, and stewarding the gift. ◆

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Your Will, Your Won't

There is a reason why the main estate-planning document that is used to disburse one's assets at death is call a "will." This single word encases the wishes of the deceased. It expresses the intention, the goal, or the purpose of the one making the declaration. The document contains legal words of one's personal will. "I will that Mary receive my pearl necklace."

In this document, a person establishes the future owners of his or her assets. No one can change a person's will once death occurs. The will of the deceased continues until every part of it has been completed, every deed done.

In his or her will, the person directs the distribution of all earthly belongings. When the reading of the will occurs during probate, it is as though the grave suddenly opens and the deceased steps out for a few minutes to hand out each and every personal asset to a family member, a charity, or other entity.

When a person dies without a will, they go to the grave powerless to control the distributions of their worldly possessions. They abdicate their "will power."

A word we might apply to the absence of a will might be "won't." This invisible document declares that the descendent died intestate, or without a will. This non-will lets family members and others know that all the worldly possessions of the deceased will be distributed by the will of the state . . . and this will may vary vastly from what the decedent might have wished.

Do you have a valid, up-to-date will in place? Or have you settled for a "won't"? For the sake of your family and the charitable causes you support, we urge you to turn your "won't" into a will.

ABCharity has a helpful Will Information Kit we would like to send you free of charge. It includes a checklist for preparing your will, as well as important information about other facets of estate planning. To receive your copy, contact ABCharity's planned giving office by using the response form below, or by calling our toll-free number at (number). You may also contact us through our Web site at www.ABCharity.org.

PLEASE COMPLETE
AND MAIL THIS FORM

Dear Friends at ABCharity:

- ❑ Please send me a free Will Information Kit.
- ❑ Please send me information about the ABC Heritage Society.
- ❑ Please contact me by phone. The best time to call me is: ________________

Name(s):________________________________

Address:________________________________

City:____________________ State:____ Zip:_______

Phone Number:____________________________

Mail this form to:
ABCharity, 123 Main Street, Anytown

On My Way . . .

◆ **Writing Donor Stories.** There are at least two ways to write an article. One is to first organize your ideas into an outline. You pick a topic and do your research, laboring over the outline to make sure you cover the subject adequately and that you give equal time to the various sub points. This approach is methodical and often productive.

Writing by outline begins with an idea. Perhaps it was assigned or suggested by another. Maybe you identified the topic out of personal interest or a sense of responsibility. In any case, you begin with a blank screen and type in the title. Then you produce an initial summary statement to guide your outline efforts and research.

You next begin to build an outline. You keep working on it until you have main points, sub points, and maybe even sub-sub points. Your investment of time depends on the importance of the subject matter and the required length of the article.

While you are developing your outline, you tap into various resources to obtain details and examples. You might even create 3x5 cards with quotes. In your research, you will likely find information that will cause you to revise and expand your outline.

When the writing starts, you work from the outline. If your preparations have been thorough, the writing will be relatively easy.

Another kind of writing is what might be called "the creative approach." Like the outline method, you begin with a topic and type a working title onto a title page. Then you just start writing. You don't outline or try to figure which direction you are going to take in advance.

For example, consider your empty page a vast jungle. You can't see past the undergrowth, and there are no trails to follow. So you just start hacking your way deeper and deeper into the unknown, creating a trail behind you. As you travel, you find yourself heading this way and that, following ideas that feed off other ideas. You are never lost because you have created a location in relation to the starting point, as well as the little side trails you made.

Soon a map of the jungle emerges and you find yourself in known territory. The makings of an article emerge. You develop your thoughts as you write them.

Some of us left-brain people find writing from outlines most effective and satisfying. Others enjoy the thrill of the hunt — finding an article deep in the jungle of their minds.

I'm wondering whether the same two writing approaches can apply to our visits with donors. Some of us like to go with our mental clipboards full of questions and use the visitation time to gather the information we need. We know what we want to accomplish and wrap up the conversation when this particular chapter of our "donor article" is completed.

Others seem more suited to a creative approach, choosing to "go with the flow" of conversation. They follow up leads and clues during the conversation, working their way through the unknown. They focus on building a relationship and creating a bond between the donor-prospect and the organization.

This approach may take more time, but in the end they will have composed a story with a happy ending. These PGOs are skilled in using this approach, partly because they thrive on the creative process.

I have met both kinds of planned giving officers. And I have met some who seem adept at employing both kinds of approaches. They are the pros among us, and the donor stories they create are well worth reading.

However we capture the story, we all are in the business of writing philanthropic articles and books — non-fiction accounts to grace the "libraries" of our charitable organizations. We produce inspiring biographies to engage future readers who will themselves become biographic subjects.

In the world of writing, there is something known as "the critic within." This is a voice that passes judgment on the writing process. It stifles creativity and turns a productive activity into a grinding ordeal.

This malevolent voice says, "You can't write worth beans." "You are only a novice." "You have nothing worthwhile to say." "That's not the right word; that sentence is dumb; that paragraph stinks;" and so on.

When the critic calls, hang up. Don't let the voice worm its way into your thinking where it will stifle your work as a planned giving professional. Keep focused on your subject matter. Be the best writer you can. Overcome writer's block with sheer will power. You will improve with time.

Write like there's no tomorrow and you will find biographies flowing from your efforts that will change lives and lift your organization to higher financial heights. Write on! ◆

– GRS

NEXT MONTH

- **Measuring Success in Challenging Times**
- **The Fear of Calling**
- **Crossing the Finish Line: How to Bring Major Gifts Home, Part II**
- **And More . . .**