



NORTHERN OHIO

Charitable Gift Planners

PLANNED GIVING 101-301

May 12, 2023

TODAY'S AGENDA

- **The Basics of a Planned Giving Program** *presented by Julie Weagraff, MNO, CFRE*
- **Metrics, Goal Setting, Prospecting, and Relationships** *presented by Diane Strachan, CFRE*
- **Nuts and Bolts of Planned Giving: Agreements, Policies, and Crediting/Receipting**, *presented by Amanda Steyer, JD*
- **Stewardship, Recognition, and the “Next Gift”** *presented by Karen Kannenberg, CFRE*
- 10:30-10:45 AM Break

Panel Discussion “Putting it All Together” Case Studies and Discussion *presented by*

- *Lia Jones, JD*
- *Michael Walczak, JD*
- *John Shelley, JD*

Moderator: Stacey McKinley, JD

PLANNED GIVING OVERVIEW Learning Objectives

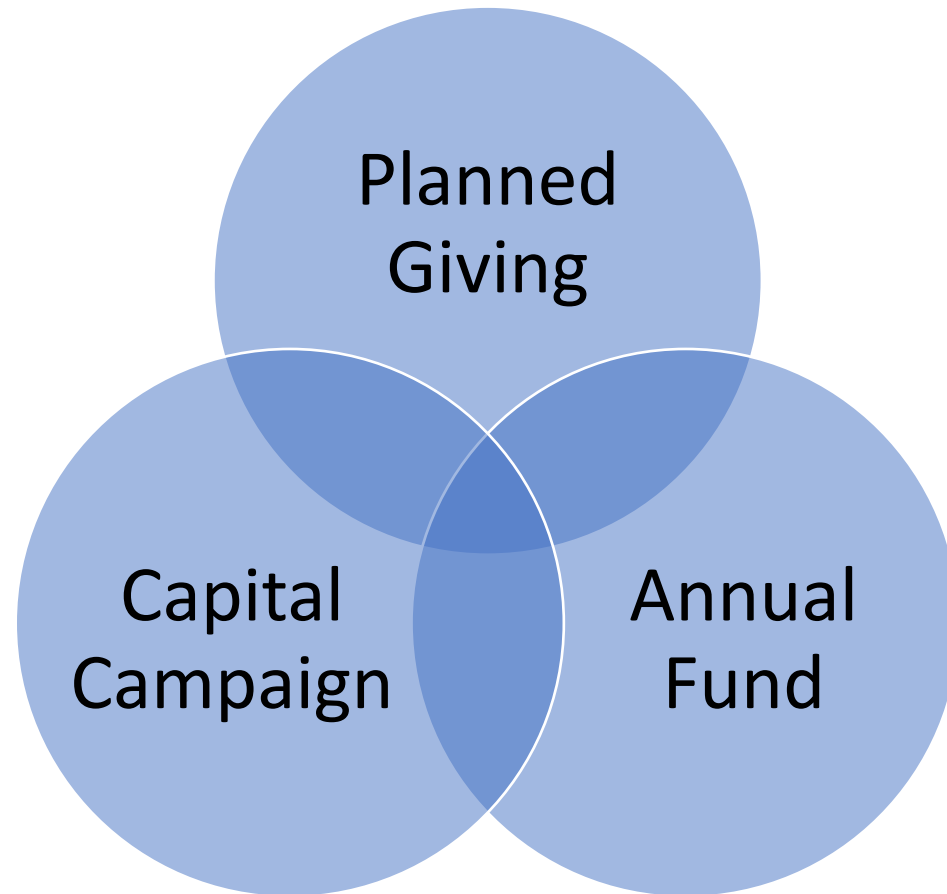
- Define what planned giving is
- Explain why it is important to have a planned giving program
- Be familiar with the infrastructure you need to establish a planned giving program
- Have the foundation to find planned giving prospects



WHAT IS PLANNED GIVING

- The process of cultivating, designing, facilitating, and stewarding gifts to charitable organizations
- Charitable gift planning:
 - uses a variety of financial **tools and techniques** for giving
 - requires the assistance of one or more qualified **specialists**
 - utilizes **tax incentives** that encourage charitable giving when appropriate
 - covers the full spectrum of generosity by individuals and institutions
 - is based on powerful traditions of giving in the United States

AN INTEGRATED DEVELOPMENT PLAN



WHY? WHAT ARE THE BENEFITS TO THE DONOR?



- Opportunity to contribute to the long-term health of an organization
- May provide additional income during a donor's lifetime
- May be tied to a donor's financial and estate planning needs
- Tax advantages (income, estate, capital gain)

WHY NOT? WHAT ARE THE BENEFITS TO THE ORGANIZATION?

- Stabilizes the organization's future
- Further cultivates the relationship between the **organization** and the donor
- Opens up additional donor opportunities



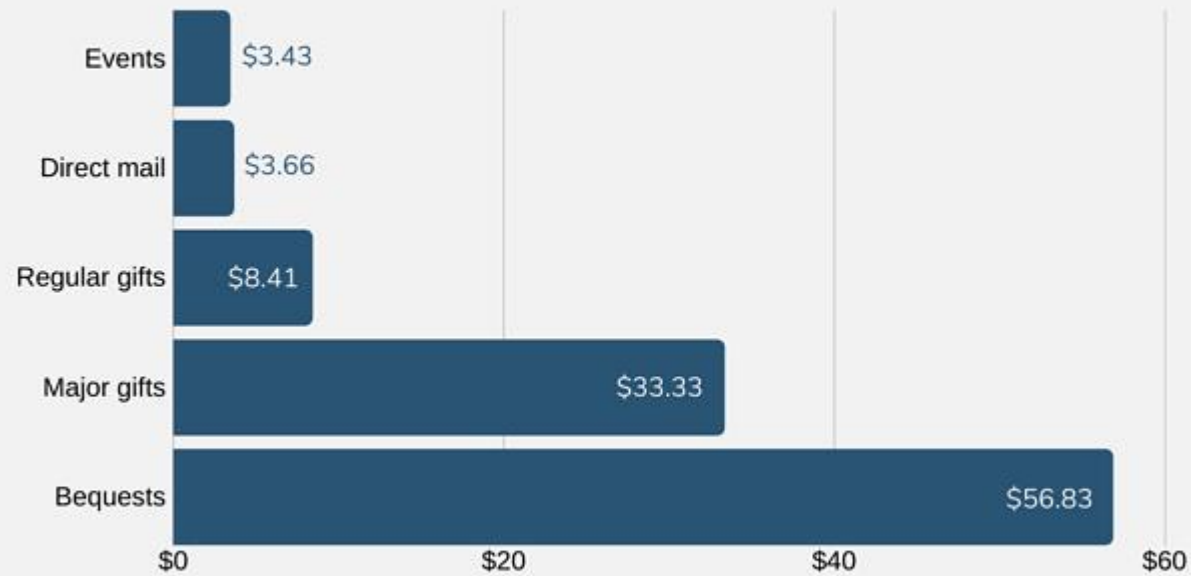
CASE FOR SUPPORT TO LEADERSHIP

- Giving USA Data
 - Total 2021 contributions: \$484.85 billion, +4% increase
 - 67% from individuals, \$326.87 billion, +4.9% increase
 - 19% from foundations, \$90.88 billion, +3.4% increase
 - 9% from bequests, \$46.01 billion, -7.3% decrease
 - 4% from corporations, \$21.08 billion, +23.8% increase

Source: Giving USA Foundation, Giving USA 2021

CASE FOR SUPPORT TO LEADERSHIP (BUY-IN)

Average ROI per \$1 spent on fundraising activities



Source: 2013 Research Study by AskRight

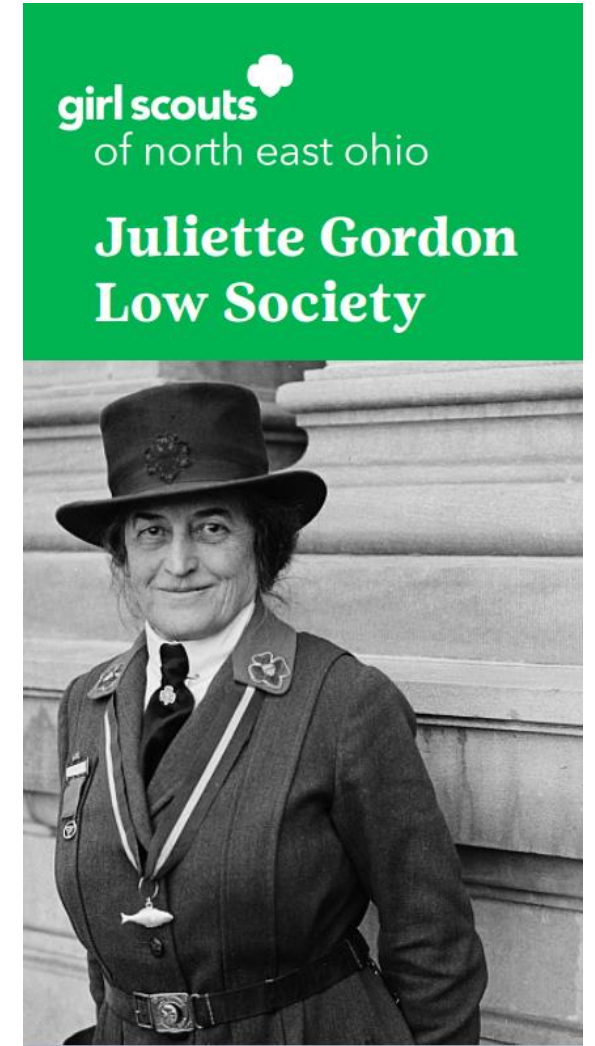
WHAT POLICIES SHOULD I HAVE IN PLACE?

- Gift Acceptance Policy
- Bequest Policy
- Recognition Policy
- Policy to count and credit
planned gifts



WHAT TOOLS SHOULD I HAVE IN PLACE?

- Case for Giving
- Marketing materials/firm
- Capacity to accept certain types of gifts
- Advisors
- Website
- Donor database



LEGACY SOCIETY AND RECOGNITION

- Name the group
- Establish benefits/activities
- Establish recognition
- Make sure to include deceased members/fulfilled commitments



IDENTIFYING PROSPECTS



General Characteristics

- Older (Ages 45-60+)
- Single (never married, divorced, or widowed)
 - Without children
 - Often female
- Past history of involvement with the organization
 - Have capacity (stock, real estate etc.)

YOUR PROSPECTS ARE IN FRONT OF YOU

- Start with your Board of Trustees
- Volunteers
- Data base scan
- Review past annual reports
- Marketing plan (response pieces and surveys)
- Lapsed Donors



SIX MYTHS OF PLANNED GIVING

1. People who make planned gifts are NOT planned giving donors
2. Planned Giving applies to only older people
3. Planned Giving prospects are usually wealthy
4. You can uncover Planned Giving prospects simply by looking at your leadership level of Annual Giving Program
5. Small donors at the \$100 and \$200 level are not Planned Giving prospects
6. Planned Giving hurts Annual Giving



USING VOLUNTEERS FOR PLANNED GIVING

- Current planned giving donors can help engage new planned giving donors
- Find those individuals who will be champions for planned giving and utilize them for special events
- Give testimonials about the impact of planned giving



QUESTIONS?



ASK ME

Julie Weagraff, MNO, CFRE

jweagraff@gsneo.org

330-983-0399



Metrics, Goal Setting, Prospecting and Relationships

Diane M. Strachan, CFRE

Cleveland Museum of Natural History

dstrachan@cmnh.org

Three Pillars of a Gift Planning Program

- **Marketing**-donors will self-identify through a consistent marketing program.
- **Gift Planning Strategy:**
 - Development and Implementation-After ID either via MGO or marketing a strategy must be developed, how to engage, respond and assist him/her in creating a thoughtful planned gift.
 - Strategy development = meetings w/non-gift planning staff of development team, program officers of the organization (curators, professors, deans, physicians, and the donor's financial and legal advisors)
 - Strategy implementation = face to face AND concept of "closed gifts"
- **Stewardship**
 - Planned Giving is a long-term relationship proposition
 - Donor creates a gift at age 69 and dies at age 89, that's a 20-year relationship
 - Average bequest donor writes final will within 5 years of death, changes could be made
 - Gift planning staff will likely turnover during that 20-year period, on-going, consistent stewardship is critical



Gift Planning Pipeline/Timeline

- **Typical length of time to finalize a planned gift: 36 months, maybe even 48-60 months**
 - Donor's mortality
 - Long-term care costs
 - Dividing assets, etc.
- **Gift Planning Pipeline=**
 - 1. Identification**
 - Development and Implementation-After ID either via MGO or marketing a strategy must be developed for how to engage, respond and assist him/her in creating a thoughtful planned gift.
 - Strategy development = meetings w/non-gift planning staff of development team, program officers of the organization (curators, professors, deans, physicians, and the donor's financial and legal advisors.
 - Strategy implementation = face to face AND concept of "closed gifts"
 - 2. Strategy Development Stage**
 - 3. Strategy Implementation Stage (Veritus Donor Engagement Plan)**
 - 4. Stewardship**

Gift Planning Officer vs. Major Gift Officer

Major Gift Call – lasts about one hour (most major gift donors are still working)

Gift Planning Call – lasts 2.5-3 hours (most planned gift donors are elderly, retired, and have nothing but time).

The numbers just don't work-

- **MGO 120 visits/year with four calls/day = 30 days**
- **PGO 120 visits/year with two calls/day = 60 days**

Leading vs. Trailing Indicators

- **Leading Indicators** are data that can reasonably predict the amount of successfully completed plans. Such as:
 - Number of proposals delivered
 - Number of visits scheduled
 - Number of new prospects from marketing program
- **Trailing Indicators** are data that can accurately measure accomplishments after that fact. Such as:
 - Number of face-to-face visits
 - Number of gifts completed
 - Number of new legacy society members

A Gift Planner's Metrics

- Number of proposals delivered
- Number of visits scheduled
- Number of new prospects from marketing program
- Number of face-to-face visits
- Number of gifts completed
- Number of new legacy society members
- Average size of realized bequests from Legacy Society members vs. those received from unknown bequest donors



My Metrics for FY23 (Major and Planned)

1. 100 substantive meetings
2. Secure 10-15 new legacy society members from marketing efforts and diligent portfolio performance
3. Strengthen portfolio by adding a minimum of 15 new planned giving prospects
4. Secure \$3,000,000 in campaign commitments with a stretch goal of \$4,000,000

*Incorporate planned giving asks into the metrics of your major gift officers, at least two legacy asks/year

Goal Setting

- Goal Setting for what?
 - Overall program performance – timeline?
 - Marketing campaign? What do you want to get out of it, what is your ROI?
- Program build-out?
 - Marketing firm/plan
 - Advisory Council
 - Documents
 - Policies
 - Procedures



A Few Words about Relationships

- Deep relationships are established in this work
- Knowing when to move on
- Knowing how much time to spend in stewardship after a donor's final commitment is made
- Sincerity, honesty, and integrity are imperative with donors, co-workers and advisors/attorneys

Let me know what's on your mind

Diane M. Strachan, CFRE

(216) 231-2060

dstrachan@cmnh.org

Planned Giving 301

Nuts and Bolts of Planned Giving: Policies, Agreements, Receipting, & Crediting

PG Policies

Gift Acceptance Policies

- Types of planned gifts offered
- Who can accept the gifts?
- Disclosure statements
- State regulation issues (gift annuities)
- Will your charity serve as trustee?

Recognition Policies

- Types of recognition offered for different gift vehicles
- Terms and duration of recognition (flexibility for the future)
- Morality clause

PG Policy Resources

- CGP - National Association of Charitable Gift Planners
- CASE Guidelines
 - The Council for Advancement and Support of Education (advancement profession)
 - Many organizations rely on guidance from the CASE Reporting Standards and Management Guidelines (CASE Guidelines) to ensure contributions are recorded with accuracy, completeness, clarity, and transparency.
- Guidelines are used industry-wide for campaign reporting and benchmarking

Gift Counting/Credit

- Crediting is institution-specific and represents the way each organization grants recognition to its donors. It is up to each institution to set its own standards and requirements for documenting commitments.
- For example, some organizations require written confirmation of a bequest provision while others rely solely on a donor's verbal commitment.

Gift Documentation

Various Gift Instruments

- Going beyond a verbal declaration or cocktail napkin...
- Agreements documents the mutual understanding between a donor and the charity in relation to the donor's charitable contribution. (Payment schedule, gift designation, funding restriction, recognition, charity reporting, etc.)
- Letter of Intent (various gifting sources, assets)
- Memorandum of Understanding (declare intent, agreement forthcoming)
- Estate Commitment Form
- **Disclaimer**: GP Office does not provide legal, financial, tax compliance or other professional advice to donors. Donors should seek the assistance of personal legal counsel or other professional advisors in matters relating to the legal, tax and estate planning consequences of the proposed gift.

Receipting in General

Tax-Exempt vs. Tax-Deductible

- Nonprofit organizations are created by incorporation through a Secretary of State's Office, but are not automatically tax-exempt
- U.S. Congress determines persons or organizations entitled to tax exemption
- Internal Revenue Service (IRS) only recognizes tax-exempt status upon application (Form 1023) and issuance of "Letter of Determination"
- Benefits of tax-exempt include exemption from federal income tax, FUTA (federal unemployment taxes) and, in some states, property and sales taxes.

Receipting in General

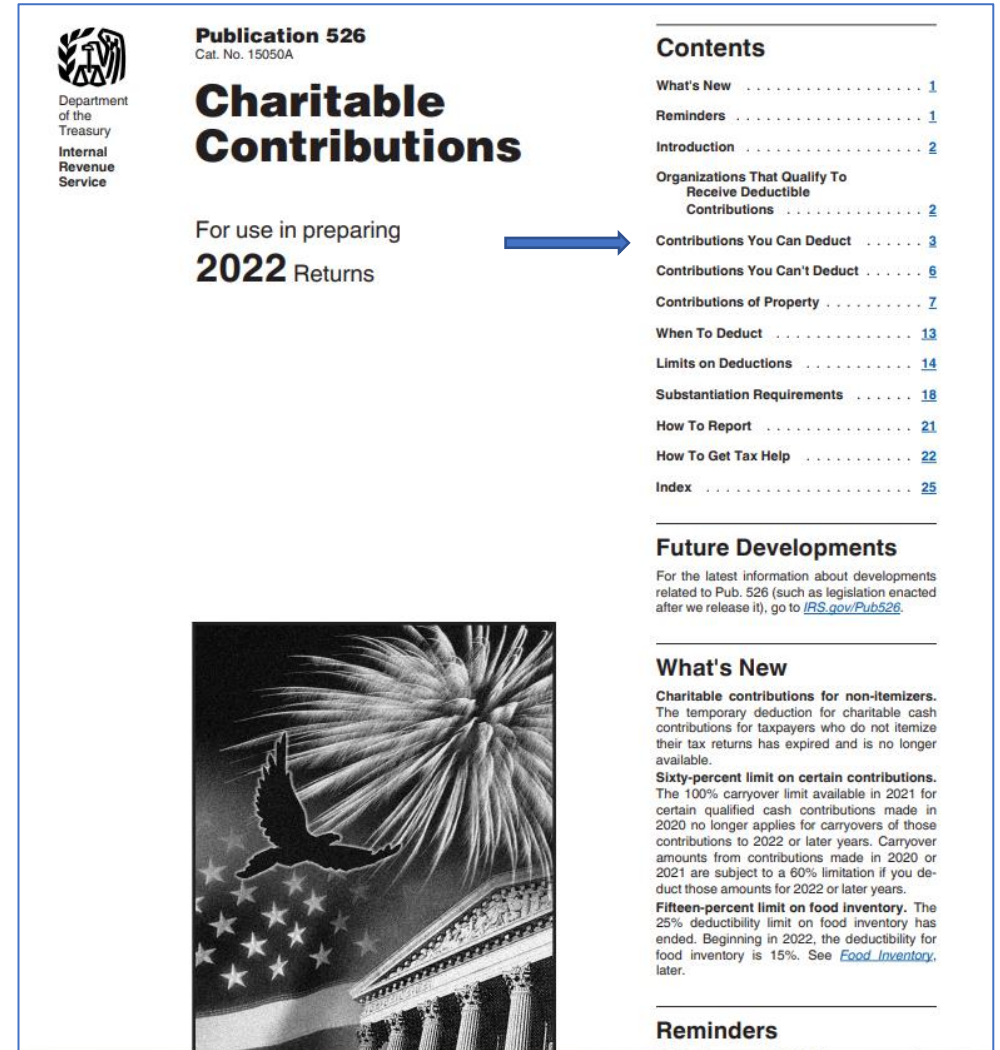
Tax-Exempt vs. Tax-Deductible (continued)

- There are more than 20 categories of tax-exempt organizations
- IRC Section 501(c)(3) – Donations **are** tax-deductible
 - Organizations that are organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, educational or other specified purposes.
- IRC Section 501(c)(?) – Donations **are not** tax-deductible
 - 501(c)(4) – Civic Leagues and Social Welfare Organizations. i.e., AARP, National Rifle Association
 - 501(c)(5) – Labor, Agricultural, and Horticultural Organizations
 - 501(c)(6) – Business Leagues. i.e., chambers of commerce
 - 501(c)(7) – Social and Recreational Club

Receipting Guidance

Internal Revenue Service Publications

- Publication 526 – Charitable Contributions
- Publication 561 – Determining the Value of Donated Property
- Publication 1771 – Substantiation & Disclosure



Publication 526
Cat. No. 15050A

Charitable Contributions

For use in preparing **2022** Returns

Department of the Treasury
Internal Revenue Service

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Future Developments

For the latest information about developments related to Pub. 526 (such as legislation enacted after we release it), go to [IRS.gov/Pub526](https://www.irs.gov/pub526).


What's New

Charitable contributions for non-itemizers. The temporary deduction for charitable cash contributions for taxpayers who do not itemize their tax returns has expired and is no longer available.

Sixty-percent limit on certain contributions. The 100% carryover limit available in 2021 for certain qualified cash contributions made in 2020 no longer applies for carryovers of those contributions to 2022 or later years. Carryover amounts from contributions made in 2020 or 2021 are subject to a 60% limitation if you deduct those amounts for 2022 or later years.

Fifteen-percent limit on food inventory. The 25% deductibility limit on food inventory has ended. Beginning in 2022, the deductibility for food inventory is 15%. See [Food Inventory](#), later.

Reminders



PG Receipting

Which Planned Gifts Get Receipts?

- Immediate transfer of assets
 - Alphabet soup: CGAs, CRTs, CLTs, RLEs
 - Reminder: 5-year carry over
- Realized bequests from estates
 - Watch automated generated receipts for appropriate language to the estate/trust

John D. Rockefeller
9500 Euclid Avenue
Cleveland, OH 44195

Dear Mr. Rockefeller,

On behalf of The Cleveland Clinic Foundation, I thank you for your very generous gift on May 11, 2023 of 150 shares of Apple stock. The proceeds from your gift will be used for heart disease research.

Our interpretation of the amount available to you as a charitable contribution for federal income tax purposes is \$22,518.50. This amount represents the difference between the value of the property described above and the value, calculated in accordance with IRS valuation tables, of the annuity payable under your gift annuity contract (\$27,481.50).

No other goods or services were provided in exchange for this contribution. Please consult with your tax advisor before claiming a charitable deduction for your gift. Full details regarding your gift appear on the enclosed gift summary sheet.

We could not be more grateful to you for your outstanding generosity to Cleveland Clinic.

Sincerely,

Amanda M. Steyer
Executive Director

Enclosure

PG Receipting

Which Planned Gifts Get Receipts?

Change of ownership on non-cash assets

- Real Estate, Artwork, Life Insurance, Vehicles

Substantiation for non-cash assets depends on the value of deduction:

1. Less than \$250 (receipt)
2. At least \$250 but not more than \$500 (ack)
3. Over \$500 but not more than \$5,000 (IRS Form 8283)
4. Over \$5,000 (qualified written appraisal)

c Is there a restriction limiting the donated property for a particular use?

Part III Taxpayer (Donor) Statement—List each item included in Section B, Part I above that the appraisal identifies as having a value of \$500 or less. See instructions.

I declare that the following item(s) included in Section B, Part I above has to the best of my knowledge and belief an appraised value of not more than \$500 (per item). Enter identifying letter from Section B, Part I and describe the specific item. See instructions.

Signature of taxpayer (donor) _____ Date _____

Part IV Declaration of Appraiser

I declare that I am not the donor, the donee, a party to the transaction in which the donor acquired the property, employed by, or related to any of the foregoing persons, or married to any person who is related to any of the foregoing persons. And, if regularly used by the donor, donee, or party to the transaction, I performed the majority of my appraisals during my tax year for other persons.

Also, I declare that I perform appraisals on a regular basis; and that because of my qualifications as described in the appraisal, I am qualified to make appraisals of the type of property being valued. I certify that the appraisal fees were not based on a percentage of the appraised property value. Furthermore, I understand that a false or fraudulent overstatement of the property value as described in the qualified appraisal or this Form 8283 may subject me to the penalty under section 6701(a) (aiding and abetting the understatement of tax liability). I understand that my appraisal will be used in connection with a return or claim for refund. I also understand that, if there is a substantial or gross valuation misstatement of the value of the property claimed on the return or claim for refund that is based on my appraisal, I may be subject to a penalty under section 6695A of the Internal Revenue Code, as well as other applicable penalties. I affirm that I have not been at any time in the three-year period ending on the date of the appraisal barred from presenting evidence or testimony before the Department of the Treasury or the Internal Revenue Service pursuant to 31 U.S.C. 330(c).

Sign Here

Appraiser signature	Date	
Appraiser name	Title	Identifying number

Business address (including room or suite no.) _____

City or town, state, and ZIP code _____

Part V Donee Acknowledgment

This charitable organization acknowledges that it is a qualified organization under section 170(c) and that it received the donated property as described in Section B, Part I, above on the following date _____

Furthermore, this organization affirms that in the event it sells, exchanges, or otherwise disposes of the property described in Section B, Part I (or any portion thereof) within 3 years after the date of receipt, it will file **Form 8282**, Donee Information Return, with the IRS and give the donor a copy of that form. This acknowledgment does not represent agreement with the claimed fair market value.

Does the organization intend to use the property for an unrelated use? Yes No

Name of charitable organization (donee)	Employer identification number	
Address (number, street, and room or suite no.)	City or town, state, and ZIP code	
Authorized signature	Title	Date

Form **8283** (Rev. 11-2022)

PG Receipting-Acknowledgments

Which Planned Gifts DON'T Get Receipts?

- Testamentary commitments
- IRA Rollovers/QCDs (tricky to identify)
- Distributions from DAFs

PG Don'ts...

- Turn down an invitation
- Wait for them to come to you
- Try to be a Lone Ranger Fundraiser
- Wait for a rainy day to spend \$\$
- Give up too early
- **Forget to show appreciation



Questions

Amanda (Mandy) Steyer, Esq.

Cleveland Clinic Gift Planning

steyera@ccf.org

216-444-5021



Stewardship, Recognition, and the “Next Gift”

Karen Kannenberg, CFRE

Cleveland Metroparks

kjk@clevelandmetroparks.com

Make a Plan!

- Recognition and stewardship most effective when planned and executed together
- Connect to organizational stewardship

Two Types of Planned Gifts to Recognize

- Realized Planned Gifts
- Non-Realized Planned Gifts/Commitments

Realized Planned Gifts

- Recognition
 1. Follow donor's wishes as documented
 2. Use organizational guidelines combined with donor intent as documented



Realized Planned Gifts

- Recognition
 3. Determine the best course of action following organizational guidelines



Realized Planned Gifts

- Stewardship
 - Submit legal forms and documents promptly
 - Contact family/executor
 - Thank the attorney
 - Provide updates as appropriate

Non-Realized Planned Gifts/Commitments

- Recognition
 1. Define name for planned gift donors
 2. Who do you include as planned gift donor?

Non-Realized Planned Gifts/Commitments

- Recognition

3. Acknowledgement at time of commitment and in the future

- Phone call, letter(s)
- Special gift?
- Listing online or in publications?
- Onsite recognition
 - Irrevocable gift
 - Revocable gift

Non-Realized Planned Gifts/Commitments

- Stewardship
 - Do not assume donor will not change their mind
 - Engagement events
 - Check-in/updates

Stewardship, Recognition and the “Next Gift”

When in doubt – follow the ‘Golden Rule!’