



CAP
Chartered Advisor in Philanthropy™

**PERSONALIZED PHILANTHROPY:
CHARITABLE PLANNING FROM YOUR
SEAT AT THE PLANNING TABLE**

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The American College of Financial Services
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AGENDA

- What highest capacity donors want
- Conversation starters
- Chris Tall: Case Study
- Our roles across our disciplines

**WHAT HIGH CAPACITY
CLIENTS AND DONORS WANT**

FROM ADVISORS AND NONPROFIT GIFT PLANNERS

WEALTHY DONOR PERSPECTIVE

- “Donors do not want to feel sold, solicited, handled, or managed” – H. Peter Karoff

We are all equal....

4 schools, total life time giving.
Data from Peter Wylie 2013 at
Cooldata.wordpress.com

- Top 10% give 96%
- Top 1% give 81%
- Top 10% of the 1% give 61%
- Top 1% of the 1% give 42%

A REVOLUTION IN GIVING

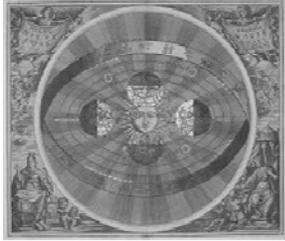


Charles Bronfman and Jeffrey Solomon in *The Art of Giving*, 2010

- “...donors used to support nonprofits to help them achieve their mission. Now we support nonprofits to help *us* achieve *our* personal mission.”

COPERNICAN REVOLUTION

"In the realm of nonprofits, it's a transformation as dramatic as the one that Copernicus created in society when he discovered that the sun did not revolve around the earth, but the reverse." *The Art of Giving*



HIGH CAPACITY DONOR PERSPECTIVE

- *I don't have any idea of what all this jargon (major gift, planned gift, ultimate gift) means!*
- *And I don't care.*
- *I am the focus, my family and I, and our vision.*
- *You are one of many causes we support.*
- *Ask me, listen to me, serve me.*

HIGH CAPACITY DONOR PERSPECTIVE

- *How can I use some combination of strategies now, later, at death, and beyond death to get the results I want?*
- *For me? My family? For the nonprofits I care about? And through the nonprofit, for the community?*
- *What makes your organization the best investment of my scarce resources?*

Chris Tall



- C level exec. with Fortune 50 firm
- Age 48, widowed, with children in high school
- Ivy League MBA
- Board member of several nonprofits

HOW BEST APPROACH YOU?

- *"Interesting challenge! I would start by clarifying HOW I would like to interact with a philanthropic advisor. Specifically, that I am looking for someone who could be a mentor and philosophical advisor to me with respect to my philanthropy."*

HOW BEST APPROACH YOU?

- *"I do not want to be sold products, causes or someone else's vision of what is important. I also want someone who is interested in learning a bit about my family and loved ones so they can better understand what I want for them and what I worry about. Finally, I want someone who could help me to translate what I'd like to accomplish into specific causes or organizations that might share my vision."*

CONVERSATION STARTERS

THE PLANNING HORIZON

Why?

How?

Adapted from Scott and Todd Fithian, [The Right Side of the Table](#)

MICHAEL SHAUGHNESSY



- What kind of person do you want to be?
- In what kind of world?

Teaches ethics at St. Ignatius College Prep School in San Francisco

CHARITABLE PHILOSOPHY



- Do you recognize any element of luck, blessing, or grace in your success?

- Via Steenhuysen, "Philanthropy Planning," 2012 National Conference of PPP

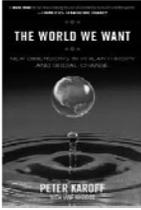
OBLIGATIONS UNMET



- Do have any obligations you have not yet fulfilled?

H. King McGlaughon, JD, M.Div., Former Wallace Chair in Philanthropy at the American College, CEO Foundation Source

THE WORLD WE WANT




H. Peter Karoff, MFA Founder of The Philanthropic Initiative

PETER'S QUESTIONS

- What is your vision of a better world?
- What conditions are needed to realize it?
- What are the obstacles?
- What parts of the vision are realistic and what ideas, strategies and plans can make it so?



INSPIRED PHILANTHROPY



TRACY GARY'S QUESTIONS

- What would you like to change or preserve in the world?
- Has past giving reflected your hopes?
- What are the causes behind the issues?
- What might change the situation?
- Who joins you in this work?
- How will you experiment and revise?



ROCKEFELLER PHILANTHROPY ADVISORS

- Why are you giving?
- What do you want to achieve?
- How do you think change will happen?
- How will you assess progress?
- Who will join you?

- "Your Philanthropic Roadmap"



CONVERSATION STARTERS



Joe Breitenicher,
The late President
of TPI

- If your family had a crest what would be the motto?
- What keeps you awake at night?



ESSENTIAL QUESTIONS



Charles Collier,
M. Div. Senior
Philanthropic
Consultant, Harvard

- "What principles have guided your legacy planning to date?"
- "What are you up against with your children?"
- "How wealthy do you want your children to be?"



CONVERSATION STARTERS



- Jill, when you were younger, were there things you wanted to accomplish in life that you have not yet done?
- How might you get back to that while you still have time?

25

CONVERSATION STARTERS

- Beyond self and family, is there anything else in the world on which you would like to have a positive impact?

RABBI MORDECHAI LIEBLING

- Your last will and testament is your final teaching.
- What do you want it to say?



CHRIS TALL: REALIZING A DREAM

9/2/2015

His Situation



- Raised in middle class family
- Both parents were teachers
- Attributes his success to education
- Wife has died unexpectedly of a heart attack
- Two children are in high school

WHOSE DONOR IS HE?

Undergrad where he met his wife

- \$2,000 annually

Business school

- \$2,000 annually

University where he serves on the board

- \$25,000 two years ago for capital campaign

9/2/2015

HIGH CAPACITY

- Portfolio of public securities: \$15 million (basis of \$8 million)
- Qualified plan interests: \$5 million
- Deferred compensation plan: \$10 million
- Life insurance on his life: \$25 million
- Commercial real estate: \$7 million with basis of \$2 million
- Checkbook cash: \$25,000

HIS PHILOSOPHY

- Give while living.
- Life is short.
- Set example for children.
- Get specific impact
- Where possible maintain control
- Do something in his wife's name

HIS DREAM

- A chair named for his wife
- To study heart disease?

QUOTE

- “Between the dream and the execution falls th shadow.....”

QUOTE

- “I don't like slippage, and I see way too much of it.”

GARTH BROOKS

- “A wave of unwelcome publicity has engulfed a nonprofit hospital in Yukon, Okla., hometown of the country music singer Garth Brooks, after a jury last month ordered it to return a \$500,000 gift from the star—and pay him another \$500,000 in damages.”
 - *Chronicle of Philanthropy*, Holly Hall, “Hospital Loses to Garth Brooks in Lawsuit Over \$500,000 Donation,” Feb.6., 2012

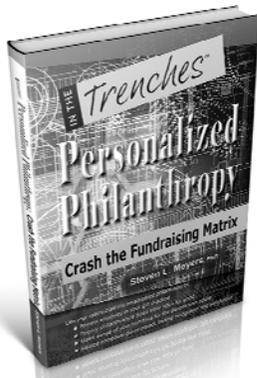
GARTH BROOKS

- “The hospital’s \$1million loss contains a lesson for fundraisers about how easily things can go wrong with a big gift. Mr. Brooks sued Integris Canadian Valley Regional Hospital after he said it failed to honor a promise to establish a women’s health center named for his mother.....”

FROM GIFTS TO OUTCOMES

“THE THREE KILLER APPS”

PERSONALIZED PHILANTHROPY



Dr. Steven Myers
VP of Personalized Philanthropy
The American Committee for
The Weizmann Institute of
Science

TRADITIONALLY: FOR A \$5 MIL. CHAIR

- Donor gives the \$5 million to an endowment at the charity
- Endowment spins off a spend rate of 5%
- The \$250,000 supports the Chair

Three Ways to FINANCE...

1. **Virtual Endowment:** Give the spend rate, then lump sum later
2. **Equity Building:** Give more than the spend and pay down the balance gradually
3. **Step Up:** Pay for a basic charitable program or project now, while expecting later to “step up” to a bigger gift for a bigger opportunity.

VIRTUAL ENDOWMENT

- Chair requires \$250,000 per year cash flow
- Give the spend for now
- Receive the joy of it now
- *Then* can later endow via:
 - Money from the sale of an asset
 - Insurance
 - Bequests
 - IRA proceeds

BUILDING PHILANTHROPIC EQUITY

- If the cash flow needed is \$250,000:
 - give more either each year
 - or in “lump sums”
 - (like paying off a mortgage amount)

STEP-UP GIFT

- Example:
 - The Chair goes for \$5 million and a Visiting Fellow goes for \$1 million.
 - Give the spend on the \$1 million, (\$50,000 a year) and get the Fellow now.
 - Then (when possible) raise the annual contribution to \$250,000 & get the Chair.
 - Endow at death (or when possible).

STEP UP

- *Or* fund a fellowship *now* for \$1,000,000
- Enjoy for now
- *Then* add another \$4,000,000 at death & get the Chair

UMBRELLA GIFT AGREEMENTS

TO BE NEGOTIATED

UMBRELLA AGREEMENT

The diagram consists of three overlapping arrows pointing to the right. The top arrow is labeled 'How much?' and 'Annual'. The middle arrow is labeled 'How much, when, & on what terms?' and 'Major'. The bottom arrow is labeled 'How much as ultimate gift?' and 'Planned'.

Who holds the money?

- I am not Garth Brooks
- How about I hold in a fund I can direct or advise?
- How about my attorney writes the gift agreement?
- How about the University reports annually as to activity and results?

FUNDING STRATEGIES

DONOR ADVISED FUND?

- Give appreciated stock or commercial real estate to DAF and pledge the spend
 - Question: Will a DAF do a pledge?
- Endow at death with life insurance? Or bequest? Or qualified plan interest?

FLIP-CRUT?

- Use DAF for current spend
- Endow at death with CRT remainder?
- Or, use a term of years CRT and pay off early?
- Fund with appreciated assets?

FAMILY FOUNDATION?

- Not good for any appreciated capital gain asset other than qualified appreciated *stock*.
- Qualified plan interests paid into it?
- Start now with appreciated stock and use to mentor children?

BARGAIN SALE?

- Cash flow the spend, from a DAF?
- At some future date give the real estate to the school, or use a bargain sale?

BENEFICIARY DESIGNATIONS

- Life insurance or qualified plan interest to charity at death to pay off the principle amount?

VIA BEQUEST?

- Assets through the will at death to pay off the principle amount?

NUANCES

- Capital gain assets to children at death?
- Ordinary income assets to charity?
- Limits on gift deduction based on income
- Phase-outs of itemized deductions

OUR ROLES

COLLABORATIVE TEAM

- Nonprofit gift planner to negotiate the agreement and the project.
- Investment advisor to manage the “charitable fund”
- Tax, legal, ad accounting experts
- Life insurance professional
- Financial planner to run the numbers



Client Advisor
Gift Planner

Whom will the donor trust and rely on?

PERSONALIZED PHILANTHROPY

- “Meshes the compelling interests of donors with compelling needs of organization.”
 - – Steven Meyers
- “...while integrating the gift into the client’s well-considered financial and estate plans.”
 - – Phil

YOUR PLACE

