

Looking for Gifts in All the Right Places:

Helpful hints for identifying planned giving prospects and turning “NO” into “YES”

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A Planned Giving Myth



Who makes planned gifts?

- Most people who make planned gifts are wealthy.

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Reality

The very wealthy tend to give more through outright lifetime gifts and less in deferred gifts at death.

- ✓ People who are concerned about personal and family needs tend to make the largest gifts at death.

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What stops people from making lifetime gifts?

Common Concerns (fears)

- Dying too soon
- Living too long
- Illness or other economic emergency
- Physical or mental disability

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The Case of the Sad Supporter

Sheila, a retired educator, tells you that she can't make her usual annual gift this year because she depends on the assets remaining in her retirement account to generate income, and both the account itself and the amount of income she receives from it are declining.

She feels badly that she can't support her favorite charities any longer.

- ***How do you respond?***

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LEGACY | JOHN KOTEN

THE UNUSUAL TALE OF OSEOLA McCARTY

Obscure washerwoman moved many when she left a fortune for Mississippi college fund.

EIGHTEEN YEARS AGO, a small-town banker named Paul Laughlin faced a thorny problem: how to help a frail, 87-year-old woman with a fifth-grade education plan her estate. The woman had never been married and had no children to assist her. The solution Laughlin came up with was a novel one. First, he handed the woman 10 dimes, each representing 10 percent of her assets. He then gave her five slips of paper with beneficiaries' names she had selected and asked her to divide up the coins. The elderly woman slowly deposited one dime for her church and one each for three cousins. Then, after a pause, she put the remaining six dimes on the slip designated for the University of Southern Mississippi.

With that, Oseola McCarty began a legacy that would inspire others and bring fame to an obscure washerwoman in Hattiesburg, Miss., who had lived so frugally that she was able to save more than \$250,000 during a life of toil and loneliness. News of her \$150,000 bequest for student scholarships at the university, the largest ever by an African-American, made the front page in 1995 and created an outpouring of affection. She was invited to the White House, asked to carry the Olympic torch and given an honorary doctorate by Harvard University. Ted Turner was so moved by McCarty's generosity that he pledged to give \$1 billion of his fortune to the United Nations.

Oseola McCarty died of cancer at the age of 91 in 1999, but her story is often repeated in Sunday sermons and fundraising speeches, and it has had a lasting impact on the university she named as her beneficiary. "I can tell you for certain that it has made a significant difference in giving," says Aubrey K. Lucas, who was president of the university at the time of gift. He says he's been asked to tell the story in places as far away as Zimbabwe.

Soon after the school announced the bequest, more than 600 people contributed a total of \$330,000 so the college could immediately start awarding McCarty grants. Since then, with the



help of funds from McCarty's estate and through prudent investments, the endowment has grown to nearly \$700,000. This year, the university awarded four of the scholarships. The only stipulation from McCarty was that the money go to African-American students from southern Mississippi who couldn't otherwise afford to attend college.

To date, 44 students have received the scholarships and have gone on to a number of different careers. Carletta Barnes-Ekumwe, one of the first recipients, graduated magna cum laude from Southern Miss about 15 years ago, attended medical school and returned to Hattiesburg to run a family dentistry not far from the modest frame house where McCarty took in bundles of laundry that she boiled in a high-back kettle over a hand-built fire.

Another early recipient, Dacia Haralson, graduated in 2000 and currently teaches at a college in Atlanta while she completes her Ph.D. in psychology. She hopes to open her own private practice and says that whenever she thinks about the woman who was her benefactor she feels humbled. "I am forever grateful," says Haralson.

Stephanie Ferguson, the first McCarty scholar, currently works as a quality-assurance analyst at Accenture, the consulting company, where she's been for 13 years. She's 36 and lives in a house in Austell, Ga., with her husband, Lamar, who she met in college. When I spoke to her, she was at home on maternity leave following the birth of the couple's third child, and she talked about getting to know McCarty herself. "Miss Ola believed in simple things like hard work, saving money and in the value of the education she always wanted but never had," Ferguson says. She hopes to one day pass along the gift by contributing to the scholarship fund.

Today, when a Southern Miss alumnus names the school in a will, he or she is inducted into the McCarty Legacy Society. Its logo is a tree with six dimes at the end of its branches.

Wall Street Journal/Money

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Another Planned Giving Myth



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Emphasize communication with younger people about bequests because:

- U.S. residents are making wills at an increasingly younger age (under 50).
- Once a nonprofit is included in a will, it is rarely dropped.

Reality – Part 1

- ✓ People make wills at different ages.
- ✓ Most people make several wills during their lifetimes.
- ✓ Most people make their final (operative) wills within 5 years of their death.

Reality – Part 2

- ✓ On average, 50% of wills with charitable bequests are completed within 4 years of death.
- ✓ According to Dr. Russell James, half of next-to-last wills contain NO charitable gifts.
- ✓ Bequests are often made by the second spouse to die.

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Reality – Part 3

- ✓ The longer the life expectancy the longer you have to wait for the gift.
- ✓ A lot can happen in 40 years.

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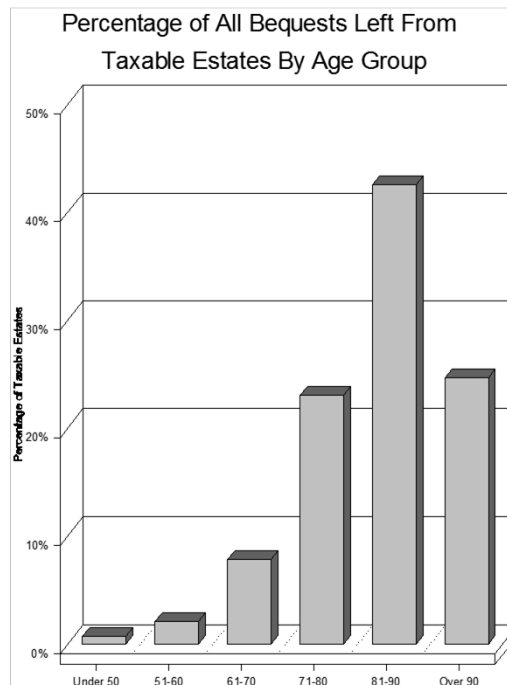
Who are the best planned gift prospects?

Pay attention to donor demographics

- Age
- Family status

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Life Expectancy

Age	Single	Joint
35	48	55
40	44	50
45	39	45
50	34	40
55	30	36
60	25	31
65	21	26
70	17	22
75	13	18
80	10	14
85	8	11
90	6	8
95	4	6
100	3	4

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The age factor

- ✓ The average age of gift annuitants is 79.
 - More than 80 percent are over 75.
(see <http://www.acga-web.org/about-gift-annuities-top/gift-annuity-best-practices>)
- ✓ According to Dr. Russell James, 80 percent of bequest donors are over age 75 when they execute a will that includes a bequest.

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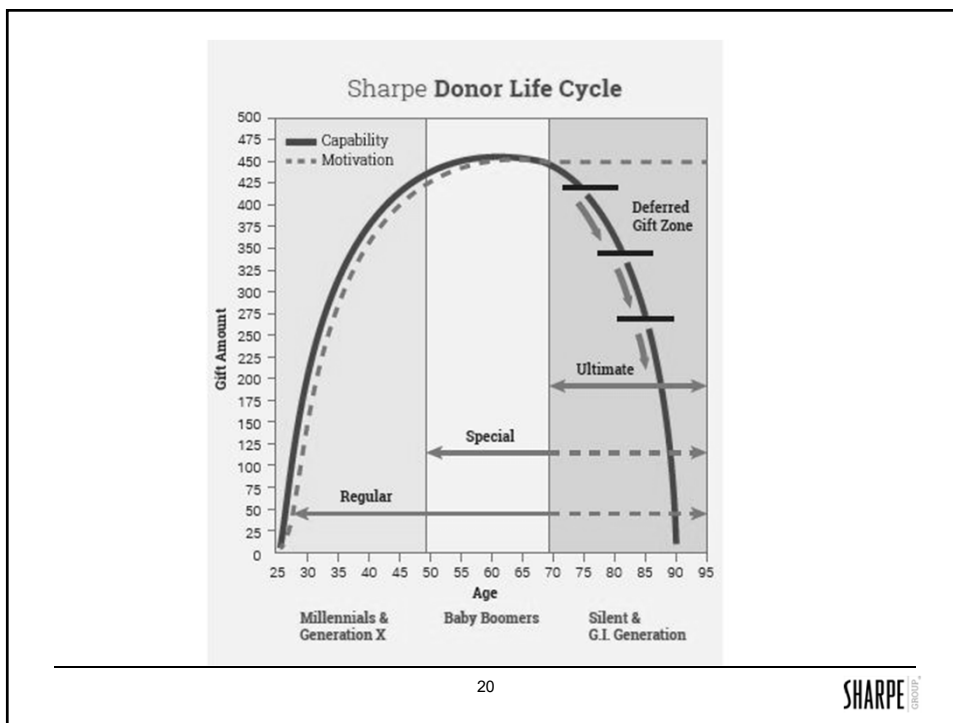
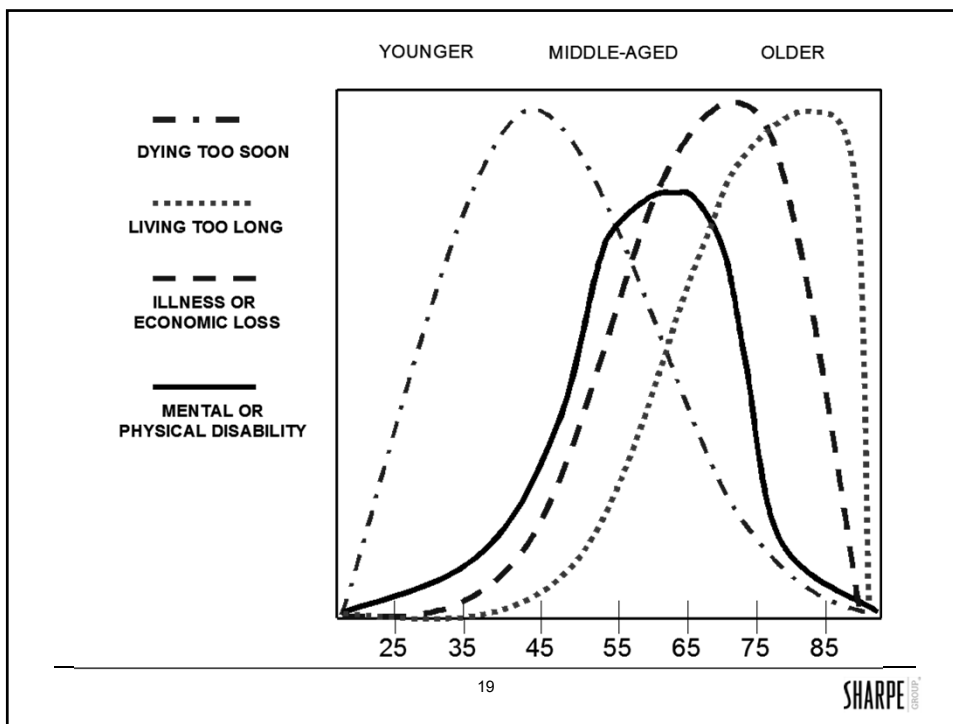
Review:

What stops people from making lifetime gifts?

Common Concerns (fears)

- Dying too soon
- Living too long
- Illness or other economic emergency
- Physical or mental disability

The category of a donor's concerns usually correlates to age.



What planned giving is about

- ✓ A way to make a gift and meet a personal need
- ✓ A gift that makes sense given the donor's stage of life, wealth level and personal situation

The perfect toolkit

Beneficiary Designation Gifts

- Retirement plans
- Life insurance products
- Pay on death (POD) accounts

Life Income Gifts

What does “NO” sound like?

- “I’ve given enough.”
- “I’m not interested.”
- “I have other priorities.”
- “I can’t because...”

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When does “NO” mean “Help me give”?

- “I can’t because...”
- “I’d like to, but...”
- [“I have other priorities.”]
- “I wish it could be more...”

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Finding a hidden “YES”

- Ask questions
 “Tell me more...”
- Practice recognizing “clues”
 “I have a problem...”
- Offer a possibility:
 “What if there were a way you could do both?”

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10 (+) Clues That You’re Talking to a Planned Giving Prospect

I'd like to give, but...

I wish it could be more, but...

1. "I just don't have the money."
"I need to conserve assets for my retirement."
2. "I'm receiving so little interest on my savings, and I rely on that to live on."
3. "I'm helping my children (or grandchildren) pay for their education."
"I have to help a parent (financially)."

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4. "My company is being bought out (or going public) and I'll make a gift afterwards."
5. "I don't want to deprive my children/grandchildren of an inheritance."
6. "We are planning to move into a retirement community soon and will need the money from selling our home for those expenses."

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In the course of conversation a donor says...

7. "I am concerned about leaving too much to my heirs."
8. "I'm taking good care of my heirs. They will receive a lot of money from my retirement plan."
9. "We no longer want to build a retirement home on the lot we purchased years ago."
10. "I want to do something for my sister, but I don't want her husband to inherit my money if he survives her."

The Case of the Erring Heir

Ozzie and Harriet tell you they would love to leave a legacy to their favorite organization but cannot because they have to provide for their son, Wally, who seems unable to support himself.

They are not comfortable giving Wally access to a large sum of money, and are investigating various ways of providing for him. So far they are not happy with any of the alternatives.

- ***How do you respond?***

The Case of the Dutiful Daughter

Ali tells you she is unable to make a gift because she is providing financial assistance to her parents.

She adds that her parents are very uncomfortable about the situation. Ali is also worried about how they would manage if something happened to her.

- ***How do you respond?***

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The Case of the Reluctant Landlord

Nina tells you that she is planning to leave the duplex she purchased about 50 years ago to your organization.

She has been renting the duplex for a long time, and she confides that at age 81 she is very tired of tenants and plumbers and mowing the lawn herself. Nina would love to get rid of this headache, but is reluctant to sell because she does not want to pay capital gains tax on the very substantial appreciation.

She is also concerned about a reduction in the income she receives from rent.

- ***What do you suggest?***

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A word about stewardship

- !! Steward/cultivate long-term donors
 - Lapsed donors

- **Keep the Gifts You Get**
 - Record-keeping
 - Legacy Societies

Summing up

Finding planned giving prospects:

- ✓ What or how much someone owns is not as important as how much they care about an organization or cause.
- ✓ Demographics affect the realization of planned gifts.

- ✓ Sometimes “NO” means “help me give.”

Summing up

Turning “NO” into “YES”:

- ✓ Ask questions
- ✓ Understand planned giving options and opportunities
- ✓ Offer ideas
- ✓ Don't worry about the details!



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