



# **Launching a Planned Giving Program is Easier Than You Think!**

2019 NCPGC Planned Giving Conference

*Presented by William Strickland*

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# What is CCF?

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The California Community Foundation (“CCF”) is one of the oldest and largest community foundations in the nation.

- Established in 1915 –100<sup>th</sup>
- 3<sup>rd</sup> oldest community foundation in the nation, 1<sup>st</sup> community foundation established in California
- Three lines of business – fundraiser, steward and grantmaker
- Specializes in gifts of complex assets and the administration of planned gifts
- Stewarding approximately \$1.4 billion in assets for 1,600 donors, families, corporations and non-profits
- Local Community Foundations include: San Francisco Foundation, East Bay Community Foundation, Marin Community Foundation and the Silicon Valley Community Foundation

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# Planned Giving: Why and Why Not?

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- Planned gifts are essential
  - Sustain organizations with future revenue streams
  - Enable donors to make meaningful gifts
  - Create legacies for both donors and the organization
  
- Excuses for *not* using Planned Giving
  - It's not worth my time
  - We don't know rich people
  - It's too complicated
  - It's too expensive
  - I don't know how to talk about death

# What is Planned Giving, Anyway?

## PLANNED GIVING BASICS

### What is it?

Gifts of assets that require more planning

Gifts of assets that generate income for donors

Gifts created in perpetuity

### Why is it important?

Gives your donors a unique way of supporting your organization

Provides potential tax income benefits for your donors

Takes advantage of current market trends

# What's Your Excuse?

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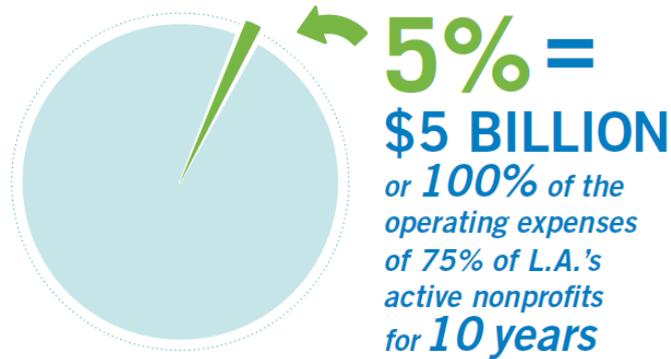
*“It's not worth my time...”*

Actually, billions of dollars will change hands among Angelenos over the next few years. Just a small piece of that can sustain your organization.



## CCF Forecasts of Wealth Transfer

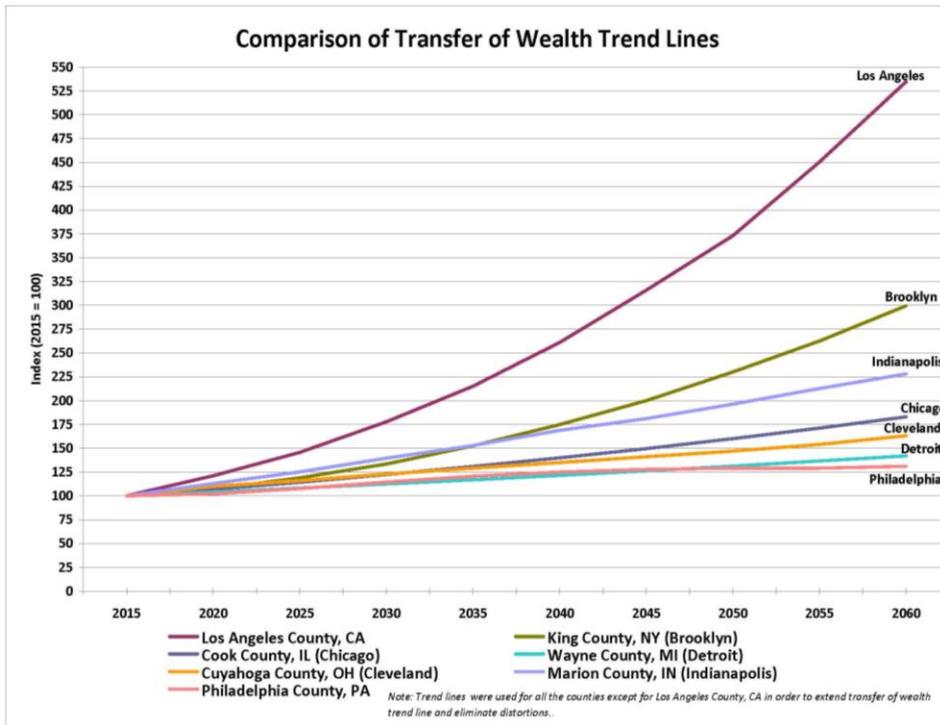
- L.A. Co.'s Net Worth in 2010: \$ 1.3 trillion
- 10-year Transfer of Wealth: \$114 billion
- 50-year Transfer of Wealth: \$ 1.4 trillion



Overall Transfer of Wealth from 2010-2020  
 (\$113.53 BILLION TOTAL)

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# Comparison of L.A. vs. Other Cities



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# What is Driving this Growth?

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- L.A. is Entrepreneurial
  - Los Angeles has the highest level of entrepreneurial activity among America's 15 largest cities.
- Entrepreneurship Leads to Growth
  - In 2010, the average Current Net Worth for self-employed households was \$2 million, 6X higher than non-entrepreneurs.
- Immigrants are Entrepreneurs
  - As a safe harbor community, L.A. receives immigrants of higher net worth, entrepreneurial households.

# Community Assessment: Metro L.A.

WHAT IF

\$4.29 billion was invested in medical, dental and eye care for every child up to age 18?

SPA 4



## Metro L.A.

This area, known as metro or downtown L.A., is characterized by:

- Land use that ranges from commercial and industrial to public and residential
- Significant redevelopment, particularly around L.A. Live
- A wide range of households, ranging from struggling students to high net worth urban core dwellers
- Low on average current net worth per household at \$198,800, a deceiving number given its growing concentration of higher net worth households
- A quick-developing central core, meaning that current estimates for TOW could prove conservative

Estimated net worth of this community: **\$84.11 billion** (6<sup>th</sup> of 8 SPAs)

Estimated TOW opportunity in 10 years: **\$7.18 billion**

If five percent were given to local nonprofits: **\$359 million**

Estimated TOW opportunity in 50 years: **\$85.82 billion**

If five percent were given to local nonprofits: **\$4.29 billion**

**Conclusion:** The metro region is a dynamic, diverse area whose concentration of wealth and potential for transfer may change significantly in coming years.

# What's Your Excuse?

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*“ We don't know rich people...”*

You don't need to. Planned gifts are appropriate for donors of all means.



# Metro L.A.

Figure 11 – SPA 4: Metro L.A.		U.S.	California	Los Angeles County	SPA 4
<b>Results</b>	Current Net Worth (in Billions)	\$48,907.00	\$6,015.15	\$1,283.57	\$84.11
	Per Household (in Thousands)	\$435.10	\$475.03	\$389.84	\$198.00
	10 Year Transfer of Wealth (in Billions)	\$6,162.74	\$490.27	\$113.53	\$7.18
	Per Household (in Thousands)	\$51.50	\$38.70	\$34.50	\$16.80
	50 Year Transfer of Wealth (in Billions)	\$75,089.08	\$6,562.14	\$1,383.96	\$85.82
	Per Household (in Thousands)	\$628.00	\$518.20	\$420.30	\$200.80
<b>CNW Indicators (2010)</b>	2010 Average Household Income	\$70,173	\$82,070	\$74,879	\$57,287
	2010 Median Household Income	\$54,442	\$60,992	\$54,755	\$37,311
	2010 Average Value: Owner Housing Unit	\$220,131	\$398,345	\$452,158	\$501,018
	2010 Median Value: Owner Housing Unit	\$157,913	\$311,251	\$361,987	\$390,615
	Percent of Households with \$200k Income	3.5	5.6	4.8	3.5
	Percent of Households with \$500k Income	0.4	0.7	0.6	0.5
<b>Key Characteristics (2010)</b>	2010 Total Population	311,212,863	37,983,948	10,240,505	1,189,324
	2010 Total Households	116,761,140	12,662,806	3,292,577	424,773
	2010 Median Age	37	34.4	32.8	32.6
	Percent of Education Attainment for Pop 25+				
	Less than Associate Degree	64.2	62.4	64.6	67.1
	Associate Degree	7.7	7.7	6.8	5.1
	Bachelor's Degree	17.7	19.1	18.8	19.1
	Graduate Degree	10.4	10.8	9.8	8.7

## Who is Unprepared for Wealth Transfer?

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- **Nonprofits**

A scan of CCF grantees shows that...

- 74% don't have a planned giving program
- 76% don't accept complex gifts
- 83% don't have a Legacy Society

- **HNW Households**

According to a 2010 Bank of America study of HNW individuals...

- 79% have no established charitable vehicle
- 53% have no philanthropic provisions in their estates
- 72% of children not involved in philanthropic decisions

- **Businesses**

- Only 5% of the top 100 companies with L.A. HQs have foundations

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# Wealth Transfer Recommendations

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1. Deliver this report to the community
2. Start an L.A. Giving Pledge
- 3. Build the planned giving capability of nonprofits**
4. Understand the Emerging Wealth of L.A. Co.

# The Generosity Gap Report

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- 2<sup>nd</sup> Installment of a two-year research project by UCLA Center for Civil Society at UCLA School of Public Affairs to explore individual giving in Los Angeles County
- In 2014, the first Installment, “The State of Donations” found that individual giving in Los Angeles lagged behind the region’s recovery from the recession.
- Some Key Findings of this Report:
  - Los Angeles County Donors are donating less to charitable causes than they did 10 years ago
  - Median nonprofit revenues continue to decline in Los Angeles County even as total overall revenues to the sector are on the rise
  - Planned giving is strongly connected with support for locally focused charitable causes through bequests and current contributions, especially among donors under 40

## Correlation Between Planned & Current Gifts

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Planned giving donors whose wills provide for locally-focused causes are much more likely to have made **current-year donations** than were those planned giving donors whose wills do not provide for locally focused causes.

## You Don't Have to Be an Expert, Just Know One

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- Community Foundation
  - Public charities that serve as nonprofit resources for local communities to encourage and benefit from philanthropy
  - Assist local nonprofits with administration of different types of planned gifts
  - Generally do not charge fees with start-up or disbursement of fund
  - Usually charge small fee of 1-2% of assets annually to manage the fund
- Volunteer Professional
  - Attorney/CPA willing to donate time on pro bono basis
  - Add an estate-planning attorney/financial advisor to your board

# Sample Community Foundation Partnership



COMMUNITY FOUNDATION		
1. Introductions	2. Gift Acceptance	2. Gift Management
Consults with you and donor	Finalizes gift agreement	If applicable, invests proceeds from asset sale
Evaluates your donor's goals	Ensures due diligence is performed, such as appraisals, title transfers, necessary inspections and other issues involving gift	Makes annual distributions from gift to your organization and other beneficiaries
Prepares gift proposal	Liquidates assets depending on gift type, provides gift acknowledgement record	Provides ongoing philanthropic consultation to you and your donor (if requested)
No cost to organization	No cost to organization	Approximately 1% of gift

# You Need a Gift Acceptance Policy

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- Reasons why include:
  1. All gifts are not equal in value or impact
  2. Some gifts may be inappropriate for the organization
  3. Policies ensure consistency, standards and discipline
  4. Policies protect you and keep it professional
  5. Policies can help donors and advisors avoid mistakes
- Drafted, approved and reviewed annually by the board
- Policies should include:
  - Types of gifts
  - Restrictions on gifts
  - Legal review
  - Donor conflict of interest

# Legacy Society

A Legacy Society is a group of individuals who convey their values by pledging a future gift to a nonprofit.

- Costs nothing to establish and requires no legal paperwork
- Deepens existing relationships
- Honors future donors
- Focuses on giving that begins now and leaves a lasting legacy



## 1. Create

Creating a legacy society is as easy as saying you have one. You can give it a specific name or not. No legal documents need be established.



## 2. Honor

Determine what benefits you can offer legacy society members now; where you can post names, host an annual luncheon, etc.



## 3. Recruit

Make donors who have already pledged a planned gift founding members; use the templates to reach out to donors with whom you have existing relationships.



## 4. Integrate

Integrate information about the new legacy society into all your materials using the templates. Share information with members about planned giving options that they may not even know exist.



## 5. Identify

Establish a Board Member as the chairperson or champion of the legacy society to build awareness among donors and ensure board support.



## 6. Work

Work with a community foundation or other resources to set up specific gifts: life income gifts, charitable gift annuities, charitable reminder trust, or a retained life estate.



## Philanthropic Conversations – With Whom?

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- Long-time, Loyal Donors
- Legacy Society
- Qualified Leads
- Newly acquired
- Mid-level/High Dollar
- Monthly Givers
- Volunteers
- Current & Former Board
- People with Affinity (grateful patients, alumni, staff)

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# What's Your Excuse?

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“ I don't know how to talk about death...”

Sustainability, cultural heritage conservation, and personal legacies are all positive ways to frame the conversation.



## Don't Want to Talk About Death? Don't.

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Focus on the present while talking about the future.  
For example,

- **Sustainability**

“The needs of this community (hunger, homelessness, etc.) are ongoing. A legacy gift ensures that our organization will be around years from now to fulfill those needs.”

- **Next Generation**

“Legacy gifts ensure the well-being of future generations and serve as an inspiration to others to do the same.”

- **Heritage**

“You understand the importance of preserving our rich heritage and cultural identity. Legacy gifts provide donors a meaningful way to ensure this lasts decades into the future.”

- **Personal Legacy**

“Becoming a member of our Legacy Society ensures that the issues you care about and the values you cherish will be long remembered.”

## Address Unspoken Donor Concerns

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Focus on the concerns that many donors may not bring up on their own:

For example:

- For bequests gifts, you can always change your mind.
- You can support your loved ones and our organization too.
- No amount is too small; there are no minimum for bequest gifts.
- You retain full control of assets while you need them.
- Many legacy gifts don't require a will or a visit to your lawyer.
- You may remain anonymous if that is your preference.

## Provide Donors with Legal Language

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For example:

If you wish to name Organization X in your estate plan, we should be named as:

- *Organization X, a nonprofit corporation, organized and existing under the laws of the State of California, with principal business address of 234 Howard Street, San Francisco, CA.*
- (Tax identification number: 53-0242652; Date of incorporation: March 12, 1972)

# What's Your Objective?

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- Building and Strengthening
- ***Individual*** FUNDRAISING

# What's Your Message?

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**Live a Legacy.  
Leave a Legacy.**

# A Toolkit for Nonprofits

## PLANNED GIVING TOOLKIT\*



**\*IT'S EASIER THAN YOU THINK**



## CCF's Planned Giving Tool Kit — Benefits

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- **CCF's Planned Giving Kit will help you...**
  - Start your planned giving program for no cost
  - Engage your Board of Directors
  - Deepen relationships with donors and make the “ask” easy
  - Gain the confidence and language you need to start conversations with donors and follow through
  - Set up planned giving information for websites, annual reports, etc.
  - Customize a brochure that you can hand directly to donors

# What's Included?

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- Customizable One-sheet for Donors
- Planned Giving Overview
- Strategies for Talking to Donors
- Planned Giving Resources
- Sample Legacy Society Letters
- Sample Letter to Current Donors
- Sample Planned Gift Confirmation Letter
- Sample Language Template

# Customize for Your Organization

## WHAT IS PLANNED GIVING?

Planned giving is a win-win approach to philanthropic donations that supports Keiro Senior HealthCare and can benefit you now or in the future. Have you ever made a vehicle donation to benefit Keiro? If you have, you know that transferring assets is easy and it can provide tax benefits as well. Simply put, "planned giving" is the transfer of assets to Keiro during a lifetime or as part of an estate plan. This forward-thinking approach to giving is "planned" because often these assets are not liquid, have tax consequences, and are generally transferred via a will or other written means.



### It's easy.

Planned giving is easy to do and you don't have to be wealthy to do it. Whether it is naming your favorite charity in your will or trust for a modest amount, or a gift of house and property, there is an easy option that is right for you.

### It can involve assets you might never think of.

A life insurance policy. Real estate. Stocks. Business holdings. A checking or savings account. These are all assets that can be leveraged in planned gifts.

### It can generate an income stream.

In return for the donation of real estate, stocks or other assets, donors can receive a series of regular payments.

### It can provide generous tax benefits.

Depending upon the type of gift, short-term and/or long-term tax benefits may apply. Donors at a variety of income levels can benefit. Be sure to consult with your financial or estate planner for more specifics.

### It can work in tandem with other family priorities.

Planned giving is not an "all or nothing" option. Gifts can exist side-by-side with other beneficiaries and personal priorities.

### It is long remembered.

Designating a planned gift automatically makes you a member of the Keiro's Legacy Circle. Legacy Circle members receive recognition in Keiro's lobby with other members of the Legacy Circle, an invitation to Legacy Circle events, periodic updates from Keiro's CEO, priority notification and registration for future estate planning seminars, updates and analysis of the latest trends in estate planning, and recognition in Keiro's annual report.

In addition to the satisfaction of making a meaningful gift, most planned gifts have immediate and/or long-term tax benefits. The chart below can help you find the type of gift that is right for you. Consult with your financial advisor or estate planner and join Keiro's Legacy Circle today.

GIFTS AT A GLANCE			
Donor Profile	How It Works	Benefits to Donors	Suggested Gift Type
Donors of any age or income level	Gift of any amount through a will, trust, life insurance policy or IRA	Estate tax benefits	Bequest
Donors of any age, most often middle-aged Good for complex or appreciated assets	A gift of cash in return for <b>variable</b> payments (% of gift) Upon passing, remainder is distributed to the charity	Annual income that can adjust over time, act as hedge against inflation May avoid capital gains taxes on appreciated assets Income tax charitable deduction in year of gift	Charitable Remainder Trust
Older donors who want to help a charity, have liquid assets (such as stocks, CDs, savings accounts) Middle-age donors who want to provide income for their parents or others	A gift of cash or stock in return for <b>fixed</b> payments to the donor for life Upon passing, remainder is distributed to the charity	Security of a fixed income for life Knowledge it is guaranteed by organization Income tax charitable deduction in year of gift	Charitable Gift Annuity
Older donors who own their own homes	A gift of primary residence, vacation home or other property	Donor can continue to live in or use property Income tax charitable deduction in year of gift	Retained Life Estate

Content provided by the California Community Foundation.

Anyone considering a planned gift should consult a tax and/or legal advisors to determine the consequences of making a gift.



## What Now?

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Download your own  
Planned Giving Toolkit  
and  
Planned Giving Presentation:  
<http://www.pgtoolkit.org>

# Useful Information (1)

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The Generosity Gap: Donating Less: Post-Recession Los Angeles County (2016)

<http://calfund.org/wp-content/uploads/ucla-ccf-report-may2016-rev5-WEB.pdf>

## **Transfer of Wealth Studies**

[Rural Policy and Research Institute (RUPRI) / RUPRI Center for Rural Entrepreneurship]

The Future of Philanthropy in Los Angeles: A Wealth of Opportunity (2011)

[http://calfund.org/wp-content/uploads/CCF-TOW\\_final.pdf](http://calfund.org/wp-content/uploads/CCF-TOW_final.pdf)

Transfer of Wealth in Kern County (2011)

[http://www.kernfoundation.org/documents/Transfer\\_of\\_Wealth\\_in\\_Kern\\_County\\_Summary.pdf](http://www.kernfoundation.org/documents/Transfer_of_Wealth_in_Kern_County_Summary.pdf)

Investing in the Quality of Life of our County: The Transfer of Wealth in San Luis Obispo County over the next 50 Years (2011)

[http://www.slocf.org/images/cms/files/AdvRes\\_TransferOfWealthStudy2011.pdf](http://www.slocf.org/images/cms/files/AdvRes_TransferOfWealthStudy2011.pdf)

Our Region's Future Funding: The Transfer of Wealth in San Diego County Over the Next 25 Years (2009)

<http://www.sdfoundation.org/Portals/0/Newsroom/PDF/Reports/SanDiegoTOWLR.pdf>

## Useful Information (2)

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### **Study of High Net Worth Philanthropy**

[Center on Philanthropy at Indiana University]

2010 Bank of America Merrill Lynch Study of High Net Worth Philanthropy

[http://www.philanthropy.iupui.edu/files/research/2010baml\\_highnetworthphilanthropy.pdf](http://www.philanthropy.iupui.edu/files/research/2010baml_highnetworthphilanthropy.pdf)

### **Information Regarding Charitable Gift Annuity (CGA) Programs**

[American Council on Gift Annuities]

Fundamentals of a CGA Program

<http://www.acga-web.org/about-gift-annuities-top/the-fundamentals-of-a-cga-program>

Regulation of Charitable Gift Annuities – California

[http://www.acga-web.org/index.php?option=com\\_content&view=article&id=86:california&catid=28&Itemid=134](http://www.acga-web.org/index.php?option=com_content&view=article&id=86:california&catid=28&Itemid=134)

### **Council of Nonprofits—Gift Acceptance Policies**

<https://www.councilofnonprofits.org/tools-resources/gift-acceptance-policies>