

Initiating & Reacting to Planned Giving Situations

**What you might say and definitely should
not say when the opportunity arises.**



What is Planned Giving?

- Integration of Donor's
 - Business Goals
 - Financial Goals
 - Estate Planning Goals
 - Charitable Goals
- Creates an opportunity for giving when otherwise not possible.
- Bridges the gap between inspiration & application



Ask for gifts from Wealth

Donors Give
More When
They Feel
Wealthy

* Most People
Feel Cash Poor
and Asset Rich *

Gifts to a
Nonprofit

**15%
Assets**

**85%
Cash
Gifts**

Average person's
Wealth

**95%
Assets**

<5% Cash

Tax Burdened
Assets

- Capital Gains
- Depreciation Recapture
- Income Tax
- Estate Tax
- Net Investment Income Tax
- IRD Tax (Income in Respect to Decedent)

Why ask for cash gifts when most donors feel cash poor?



Who is the Right Major Gift Donor?

- While shortcuts exist, they often don't yield the best results. Effective conversations (with engaging questions), yield information.
- Many focus on net-worth or giving capacity, but that's not the most telling factor
- The most important trait: PROPENSITY!
 - Would rather have someone with a propensity to give than someone who has the ability to do so
 - If you can find both a **propensity & an ability** to give, so much the better!
- Research can reveal someone's financial capacity to give, but only conversations uncover a donor's true intent to support your organization



Effective Pre-Visit Planning Elements

Guage Propensity

“To what degree or at what stage of interest is prospect?”

- **Tarnside Score** and **Donor Motivation/Type**
- **Donor's Concept:** “What is it they wish to fix, accomplish, and or avoid?”
- Who are their “**Gifting Influences**” and their **Most Trusted Advisor**?

Joint-Venture Mindset

“What do we both expect from this meeting?”

- My individual **Trust Equation** score (read *The Trusted Advisor*™)
- **Valid Business Reason:** succinct enough that I could leave it as a voice message
- **Best Action Commitment?**

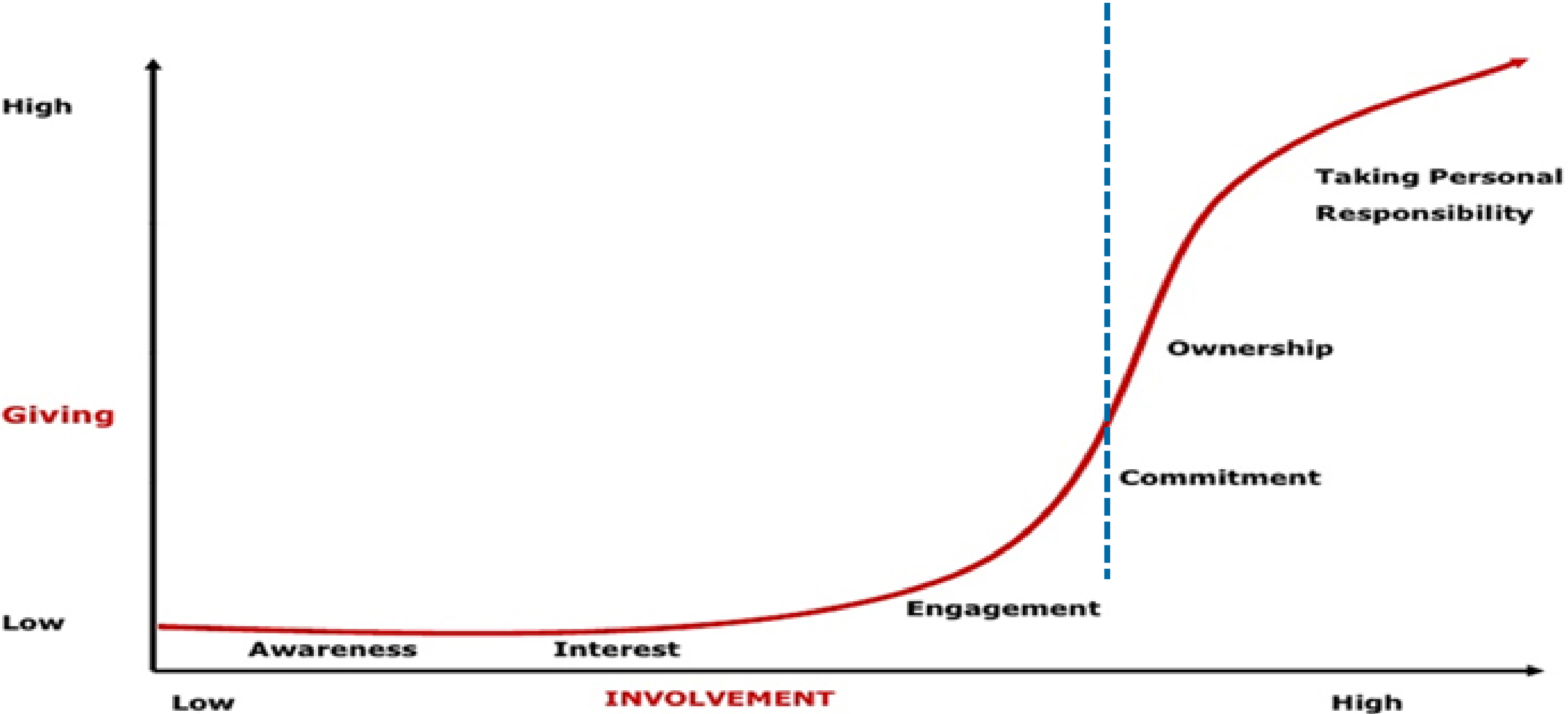
Prepare Questions

“What questions will help move us forward or save me time and effort?”

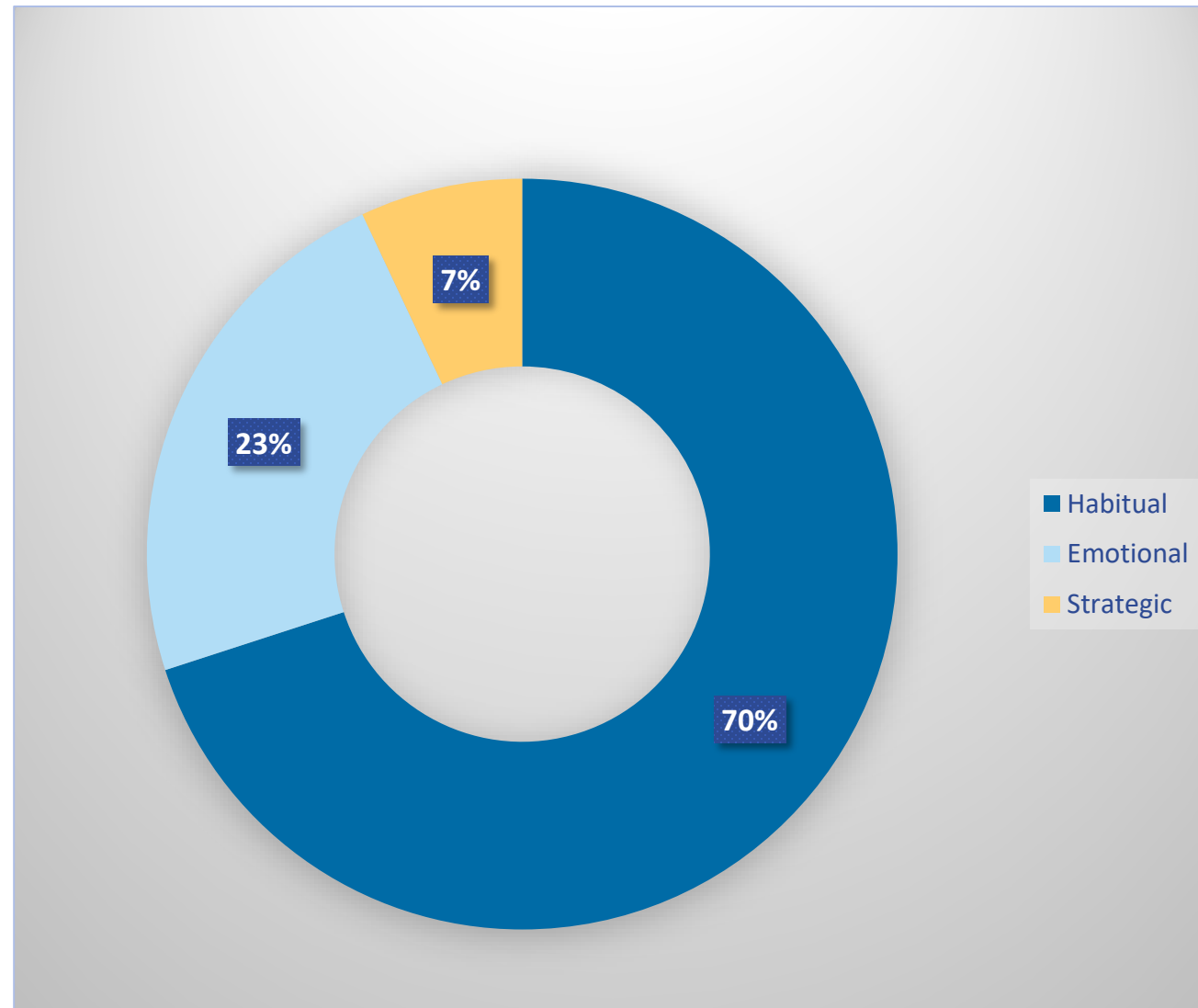
- Confirmation, New Information, Attitudinal, or Basic Issues (read *Conceptual Selling*™)
- My personal favorite conversational model



The Tarnside Curve of Involvement : Measuring Propensity to Give



3 Types of Donors



HABITUAL

- 70% give out of habit



EMOTIONAL

- 23% give based on emotion



STRATEGIC

- 7% are strategic donors



CONCEPT: What does my prospect want to...”



Fix?



Accomplish?



Avoid?

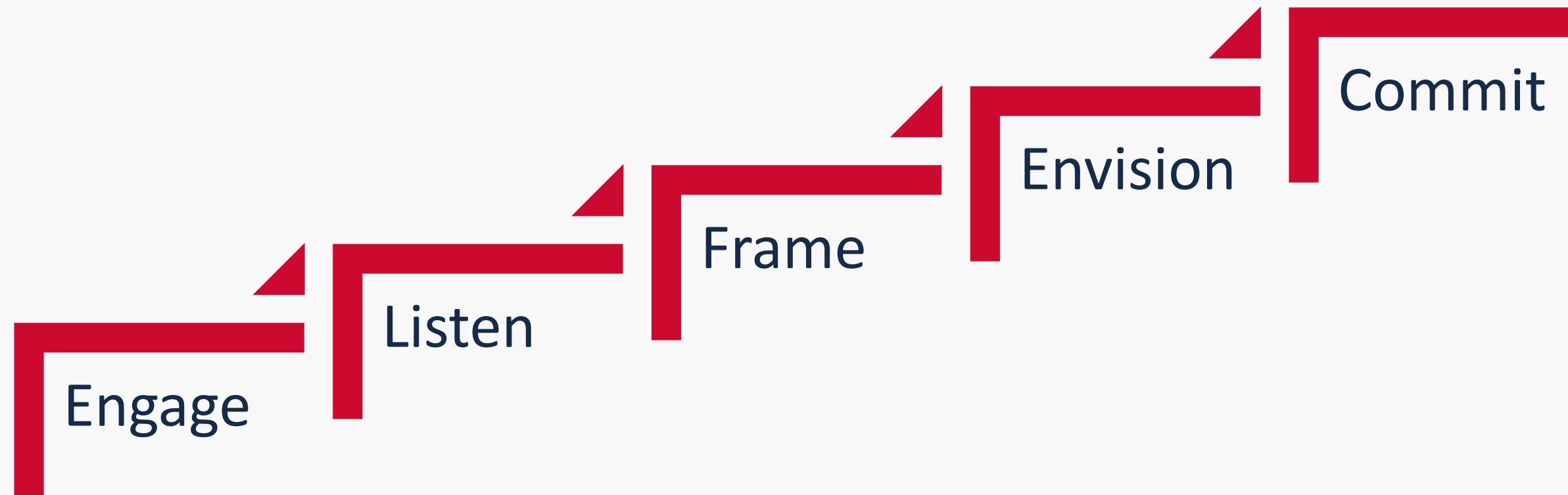
The E.L.F.E.C. Conversation Model: Major Gift

VBR: “As I mentioned on the phone the other day, I wanted to revisit our last conversation about ways you might help us get the XYZ Project underway next year, and of course, hear your thoughts or ideas along those lines. Sound good?”

“Actually, you’d be surprised how few advisors know you can do that. Even our dean of the business school didn’t know...”

5. Commit: Can I arrange an **exploratory conversation** in the coming week before you next chat with your advisors, just to hear some options you might then share with them?”

The E.L.F.E.C. Conversation Model: Estate



5: Commit: “I’d like to suggest having an **exploratory conversation** along those lines with myself and one of my colleagues, because I know enough to be dangerous, to see how this can be done. Would that be agreeable if I circled back with you later next week?”

“Well, we already have a great estate attorney.”

“I (love the place so much that I) have included you in my will.”

Celia, I
love you.



You know what? I'm
hungry. Let's get
something to eat.



via KramersApartment.com



Other ways to confound a donor:

- “Just how do you figure that?”
- “That’s great! Mind if I post what you said on Facebook?”
- “Would you please say that in writing so I have some tangible proof?”
- “Sounds like you should meet with a mental health professional, George. I know a good one you could talk to.”
- “How much money do you make again?”

“Do you know for what purpose?”

“That’s great! Would you like to be in our legacy society?”

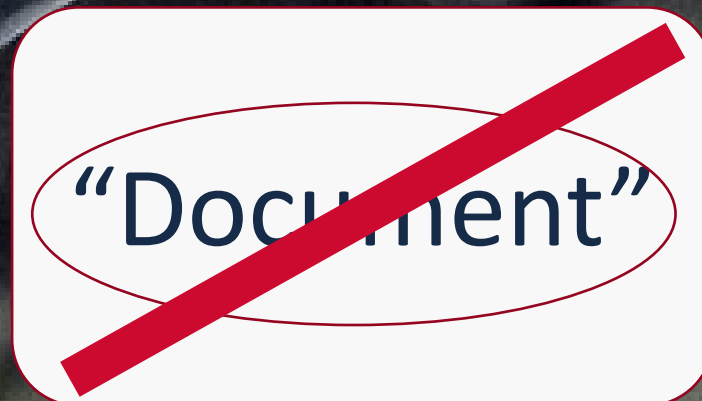
“Have you documented it with us yet?”

“Can I arrange a visit with our PG team? They’re tops in helping you plan your will?”

“How much is the gift?”

Slam Dunk!

- “Wow, Regina, you just made my day telling me that!
- I’m so pleased and excited to learn you hold our work in such regard as to effectively make us one of your heirs!
- Please, as I don’t get to meet enough people like you, tell me how that came about? Was it your decision before you went to your attorney to do so, or their idea?
- Did you know that less than 11% of people with a will have done what you and George have done and for people like you with children, the numbers plummet to less than 2%. This is so special to hear!”



Exploratory Conversation

Questions to ask at that future meeting, after they've agreed to "explore" possibilities with you.



Family & Priorities

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1

Goal: What matters?

- “Who are the people in your life who have influenced you to make you the person you are today?”
- “What charitable organizations or causes do you support that reflect those values?”



The “Smile/Frown” Question

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2

Goal: Gauge their philanthropic identity and motivation

- “Thinking back over the last decade or so, what particular charitable gift has given you the most satisfaction?”
- “...the least, such that it was disappointing?”



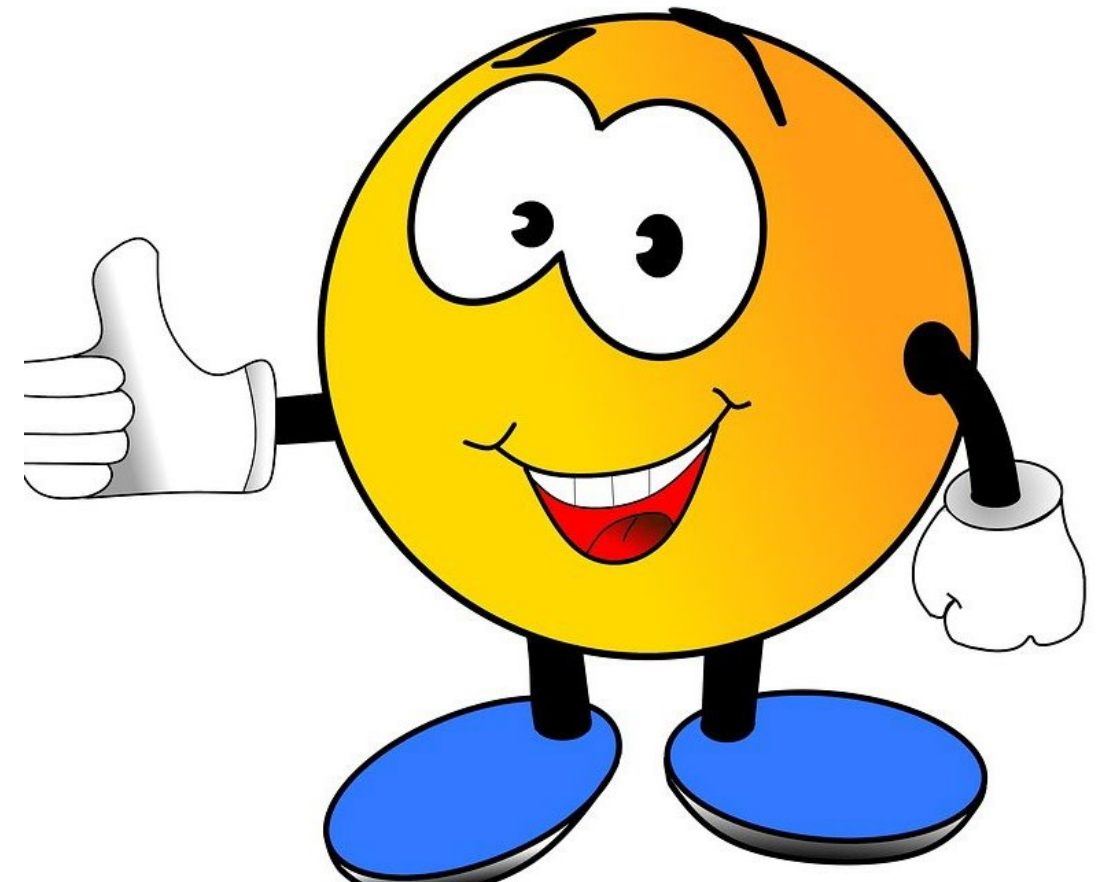
The “What’s Right” Question

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3

Goal: Establish a foundation of what works and shouldn't change.

- “What gives you the most satisfaction about your existing plan (or the estate gifts you’ve already planned to charities)?”
- “What makes it ‘right’ or ‘good’ for you?”



The “Snow Tire” Question

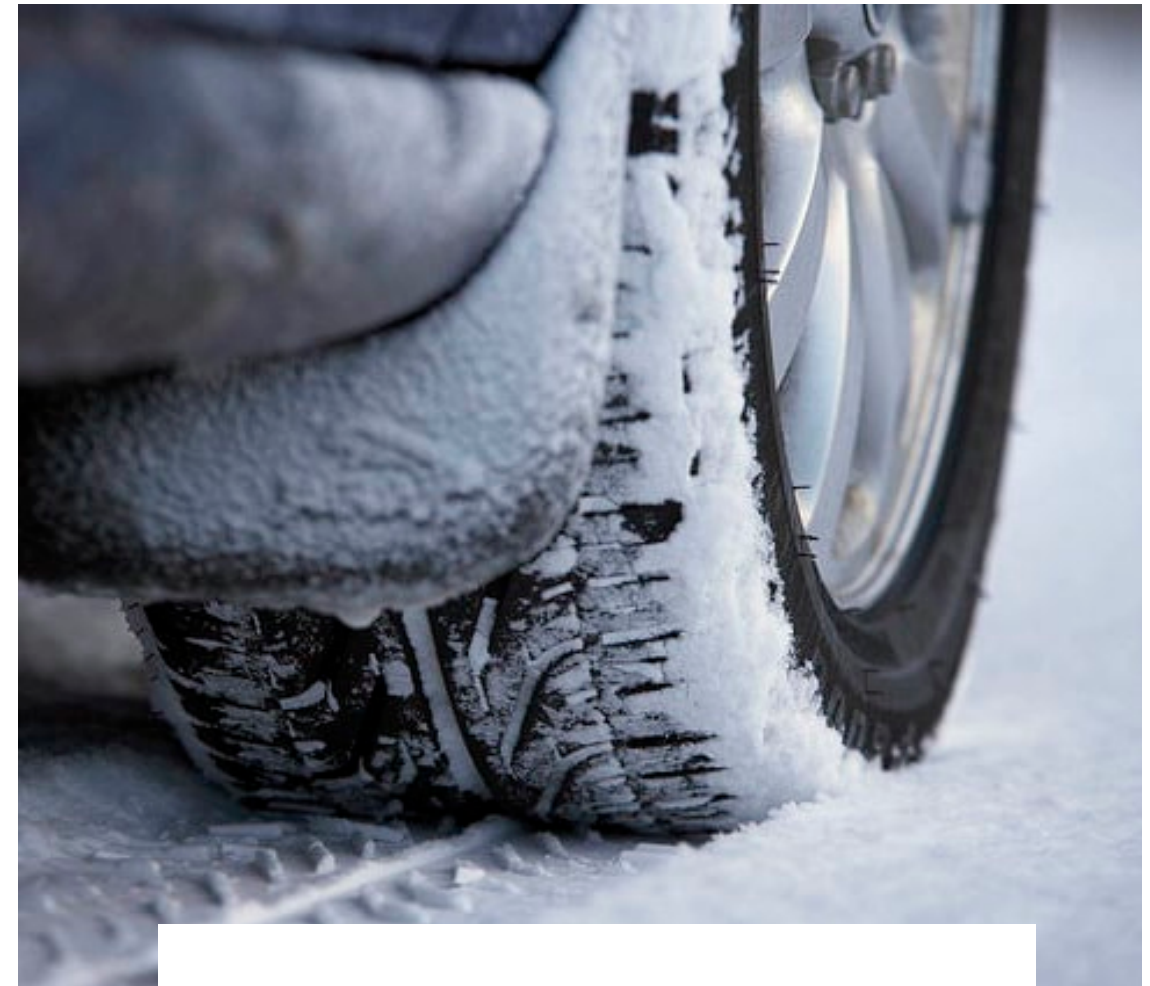
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4

Goal: Expose a Gap in paradigm about purpose of an estate plan and/or existing planned gift.

“Tell me, what excites you the most...”

- “about your existing estate plan’s outcomes?”
- “about those charitable bequests you’ve already planned; say, to the YMCA for instance?”



The “Missing Piece” Question

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5

Goal: Widen the exposed gap to identify what differentiates a good from an ideal plan.

- “Tell me, how was the topic of giving philanthropically as opposed to giving charitably discussed when you visited with your attorney – or was it?”
- “Was it a Driving factor, or more of a Day-Two topic?”



The “Jimmy Stewart” Question

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6

Goal: Envision “Amazing”

“Imagine, like from that famous Christmas movie It’s a Wonderful Life, that we were in an alternative universe. You had no children or other extended family, so your only option was to plan an estate to entirely benefit others philanthropically. If all you had... what would you want to see fixed, changed, enhanced, preserved, cured, etc.?”



The “Focusing” Question

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7

Goal: Gain a Commitment to integrate you/us next time.

“If a way could be found to (per #6 & 7), without compromising a penny for your heirs, would you agree to meet with me before you next revisit your estate plans?”



Putting it Together

Bob & Mary Smith

“You and your colleague Dave have been focusing the last six months “Tarnsiding” Bob & Mary. You know Bob plans to sell his company soon and Dave, perhaps prematurely, has suggested a charitable trust. What should you do/ask?”



Next Steps with Bob and Mary Smith



Internal: Pre-Planning

- Review with Dave what their “Concept” for selling the business might be (and why he suggested a solution so soon).
- Gauge their propensity (Tarnside Rating) and capacity.
- Review your trust/credibility with them – Joint Venture?

Possible Questions

- “If you sold the company without having to pay taxes... how would you divide the profits?”
- “If a way could be found to sell the company effectively tax-free and do those things, would you be interested in learning how?”



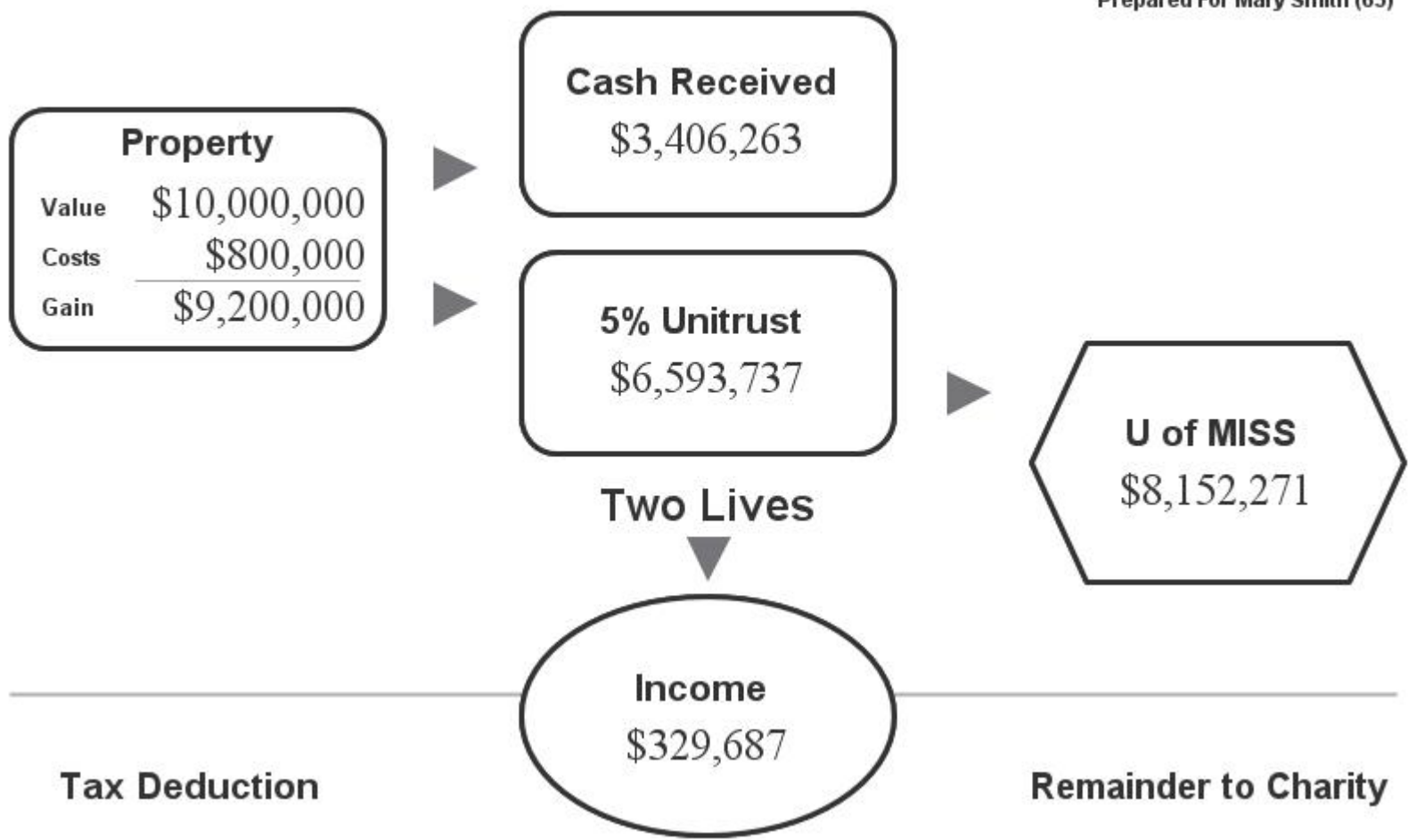
Prepared For Bob Smith (65)
Prepared For Mary Smith (63)

Bob and Mary's Answer: Scenario "A"

We'd divide things as follows:

- 65% invest for retirement
- 10% we'd give to the kids
- 10% give to charity
- 15% spend on ourselves

Charitable Solution Unitrust and Sale





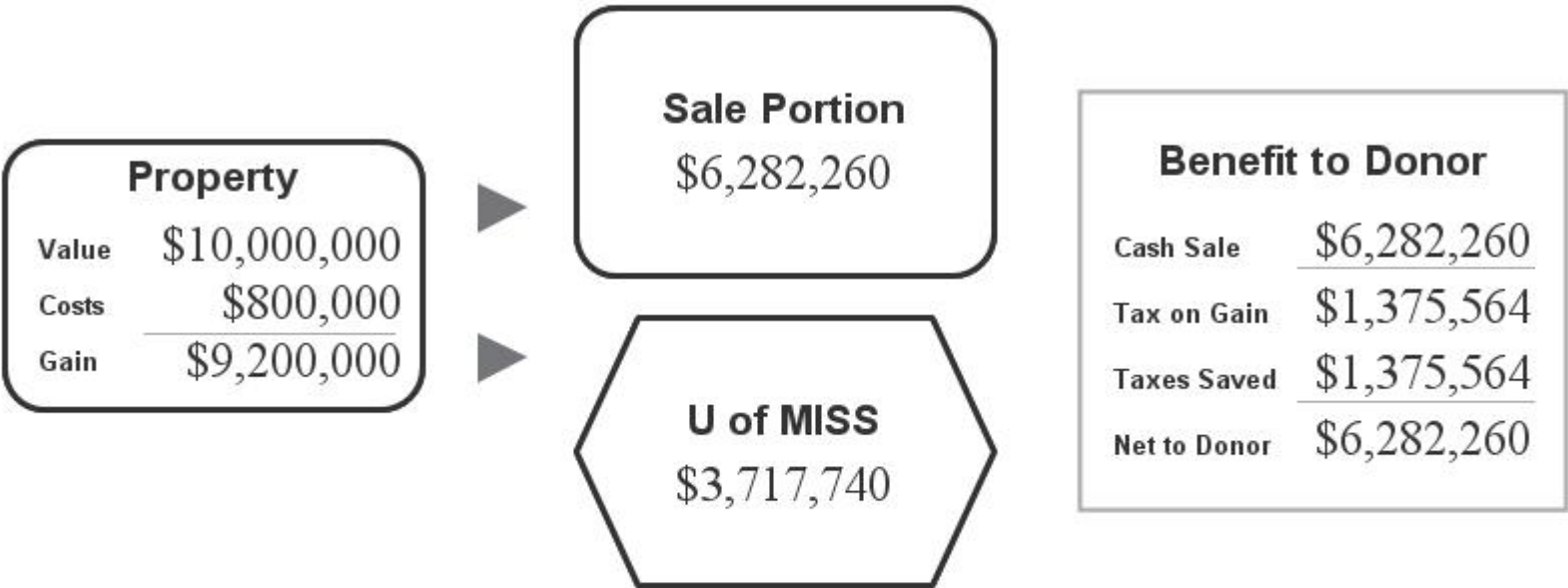
Prepared For Bob and Mary Smith

Bob and Mary’s Answer: Scenario “B”

We’d divide things as follows:

- 30% we’d gift to family
- 40% we’d spend on ourselves
 - Long trip around the world
 - New home in Florida w/furniture
- 30% we’d give to charity

Charitable Solution Gift/Sale of Asset



Bypass Part of Gain
Income Tax Deduction

Gain on Sale
Offset by Gift

Cash Plus Net Taxes



Running the Bases with Legacy Society Donors

Marc C. Littlecott, CAP[®], CGPP
University of Mississippi Development



Why Concentrate on Your Legacy Society Donors?

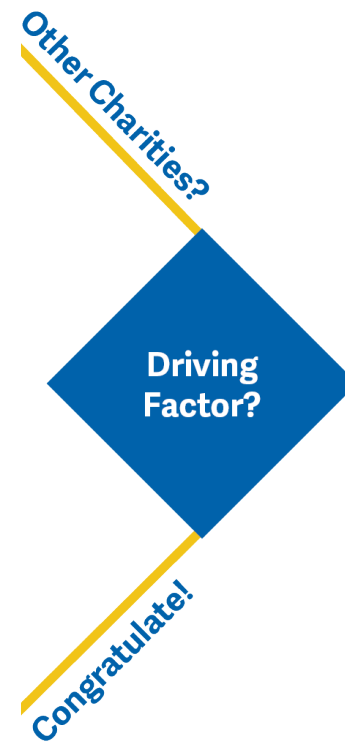
- Until they reach “philanthropic maturity”, they should be treated as PG Prospects
- It’s harder to find new prospects than to grow the size/scope of PG’s from prior ones
- Neglecting cultivation of “logged” or “documented” PG Donors risks unwinding all previous efforts
- “Normative” estate, planned-gifts are the most likely to be revoked
- Just good to know how/why the bequest was made
- Position PGO as key resource in the next will revision

The background of the slide features a close-up, slightly blurred image of a baseball with its characteristic white leather and red stitching. The stitching forms a curved pattern across the frame, with some parts in sharp focus and others fading into the background.

Setting-Up the Visit – The Batter’s Box

“Hi Bob, this is Dave Kern with the hospital foundation. I’m just starting here and my supervisor suggested that before I begin engaging potential donors about making an estate gift, I should talk to folks like you and Joyce to learn how their own plans came together. This would help me get a better feel for this kind of work and hopefully make me more successful raising funds to sustain the cause. I’d like to meet with you...”

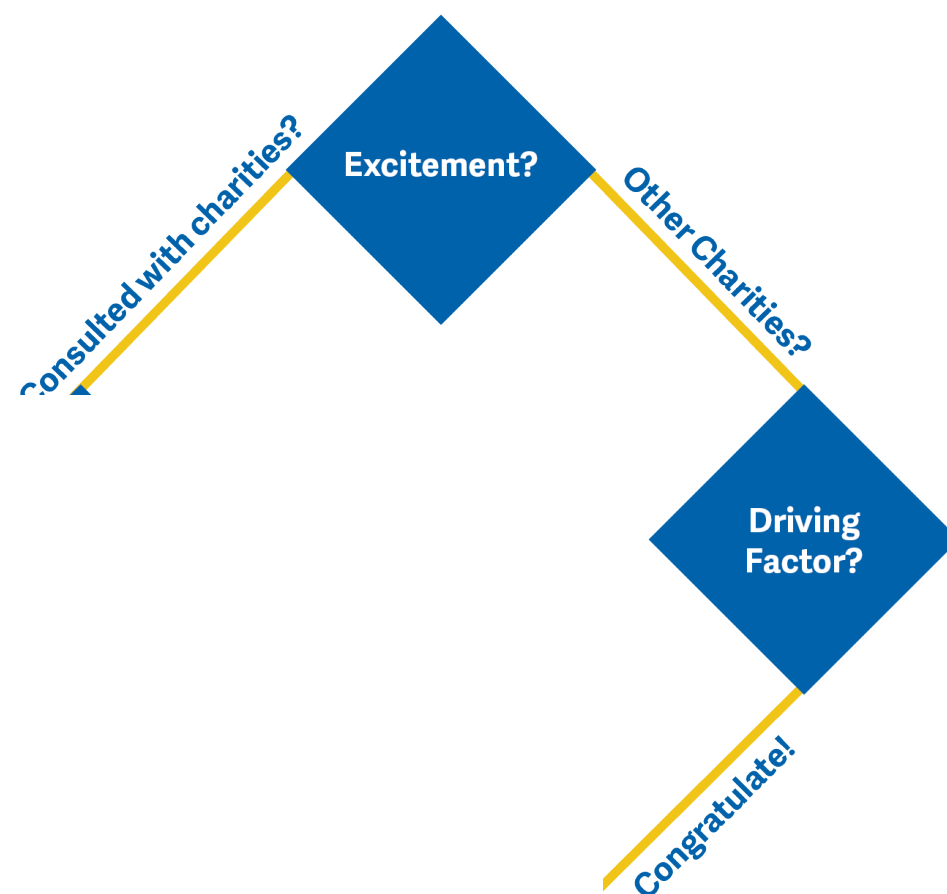
First Base



- **D:** “Was philanthropy a **driving factor** in the planning, or day-two subject?”

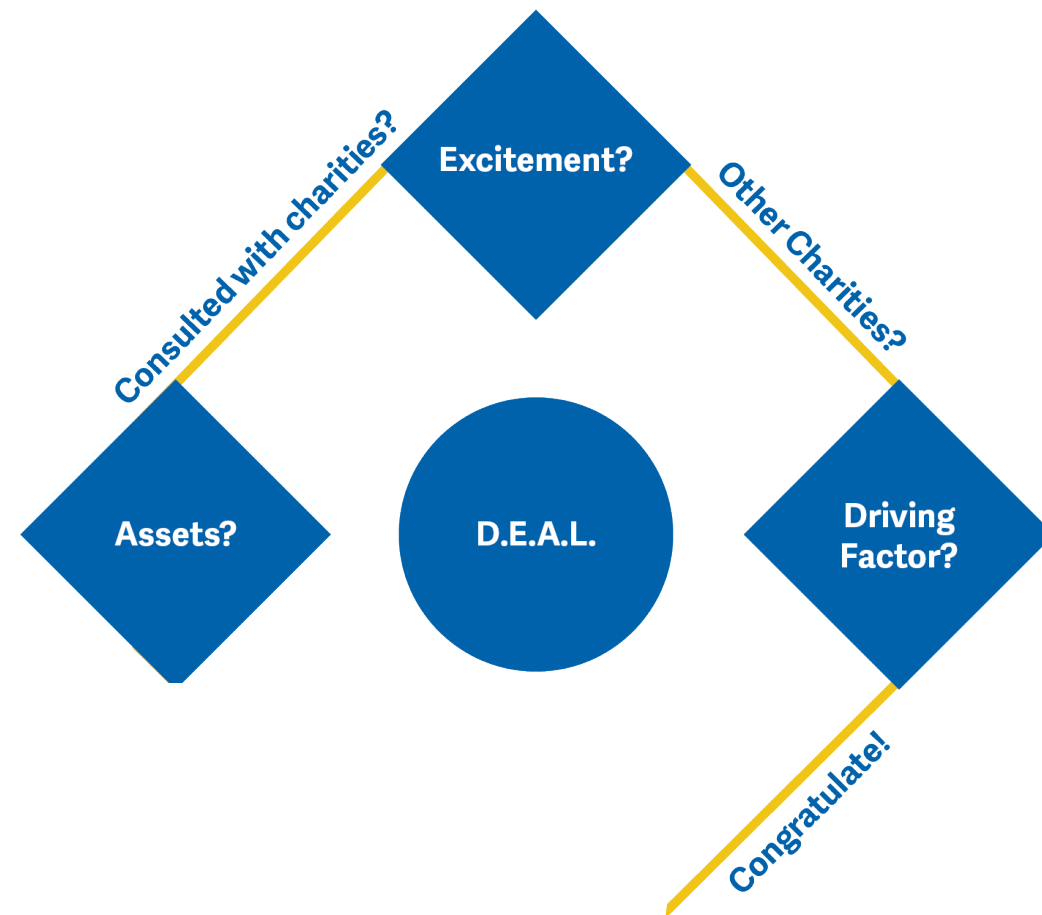


Rounding Second, Headed to Third...



- **D:** “Was philanthropy a driving factor in the planning, or day-two subject?”
- **E:** “What **excites** you the most about those/that planned gift you just mentioned?”

Third Base



- **D:** “Was philanthropy a driving factor in the planning, or day-two subject?”
- **E:** “What excites you the most about those/that planned gift you just mentioned?”
- **A:** “Does your plan prioritize gifting from taxable (bad) **assets** to the various charities?”

“Running the Bases to ‘Make a D.E.A.L.’”



- **D:** “Was philanthropy a **driving factor** in the planning, or day-two subject?”
- **E:** “What **excites** you the most about those/that planned gift you just mentioned?”
- **A:** “Does your plan prioritize gifting from taxable (bad) **assets** to the various charities?”
- **L:** “Before you revise your will again or get too far down the road... might we first **link-up**...?”