2023 EDITION
Nineteenth Printing

NEW

PLANNED GIVING Pocket Guide for *Professional Gift Planners*

- Handy
- Authoritative
- Up to Date

PlannedGiving.com

GIFT PLANS COVERED IN THIS BOOKLET ARE AVAILABLE IN VIDEO. CALL FOR PRICING.

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ABOUT THE PUBLISHER

PlannedGiving.com is your first and last stop for all your planned giving marketing needs. There's something here for everyone.

More about our services on pages 48 – 52.

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INTRODUCTION

This is the insiders' guide to what planned gifts can do for donors and for your organization. This is *not* another ways-to-give brochure.

Keep it open beside you the next time you phone a potential donor who has requested gift information. Carry it on your next road trip.

It will keep you up to speed on what gift plans work for which prospects, so you'll be ready to move on to Plan B if your first recommendation doesn't fly.

Each gift description features a helpful visual illustration, a quick summary, and a straightforward discussion of the most important benefits and challenges. And each description comes with its own **elevator pitch!***

Our goal with this publication is to make planned gifts clear and accessible. Outright gift? Estate plan? Life income? Each has its benefits and challenges, and your job is to find the one that best matches your donor's objectives while helping your organization address its priorities.

Whether you're a volunteer or professional fundraiser, this *Pocket Guide* delivers fast facts and insightful overviews to help you close *more and larger gifts faster*.

WHAT IS AN ELEVATOR PITCH?*

An “elevator pitch” is a conversation starter. It’s a concise, carefully planned, and well-practiced description of your product or service that anyone will be able to understand within the time it takes to ride up in an elevator.

It is not a monologue, and it is not a sales pitch. Don’t get caught up in using the entire pitch to sell the prospect on the tool or gift structure. Your prospect is “buying” you and your mission, not the gift plan. So, don’t blab on about the details of a remainder trust. Tell the prospect about the impact and outcomes created through your work.

The language we use for each elevator pitch is informal because it’s a quick summary of the gift’s selling points. Say it in your own words, as if you were talking to your favorite aunt.

***YOUR ELEVATOR PITCH**

“When the time comes to transfer or sell your business, there are tax and practical reasons for including a charity in the plan.”

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GIFTS OF CASH

Why Gifts of Cash in a planned giving handbook?

Although only about 5% of the nation's wealth is in cash, too many charities and fundraisers spend the majority of their time chasing this asset. Why? Immediate gratification.

For the donor, cash is often the most "obvious" kind of gift, and for the fundraiser it means money in your hand right away. *In fact, it's not clear that cash really qualifies as a "planned gift."* So we're covering cash gifts first to get them out of the way.

Keep this in mind: While no one should overlook gifts of cash, you shouldn't spend all your time chasing them to the exclusion of other — perhaps better — ways of giving.

Your best prospects for any type of planned gift are the people who support your organization with regular donations. Pay attention to the donors who have made fifteen or more gifts to your organization (or whatever qualifies them as loyal donors with your nonprofit).

The *consistency* of giving matters more than the *size* of the gifts. Find special ways to thank these people and encourage them to make larger gifts through the planned giving techniques under these three main categories:

1 **Gifts Anyone Can Make** (page 8)

2 **Gifts That Pay Income** (page 28)

3 **Gifts That Protect Assets** (page 41)

CASH

QUICK SUMMARY

- Donors can send you a check, wire funds to your account, or contribute online using a credit card if your office or website offers that service.

BENEFITS/CHALLENGES

- Cash is the easiest donation and provides immediate benefits to you.
- The IRS allows donors of direct cash gifts to claim a deduction for their gift up to 60% of their adjusted gross income (AGI). For charitable gifts of appreciated assets, like securities, donors may claim a deduction of up to only 30 percent of AGI in any one year. (A donor can claim the deduction for either type of gift in the year it is made, plus up to five carry-forward years for any unused balance.) Individuals can donate equipment and supplies to nonprofits and be eligible for a charitable income tax deduction. This is also called an in-kind donation. Depending on the type of property donated, the deduction is limited to 20% or 30% of AGI.
- You will want to follow up with donors who regularly use cash to make large annual gifts. Are they receiving multiple dividends from an extensive stock portfolio? Are they earning a high taxable income? They could be good prospects for a planned gift. At the very least, they may appreciate your pointing out the tax advantages of gifts of appreciated securities.

YOUR ELEVATOR PITCH

Cash is the easiest gift and provides the maximum deduction.

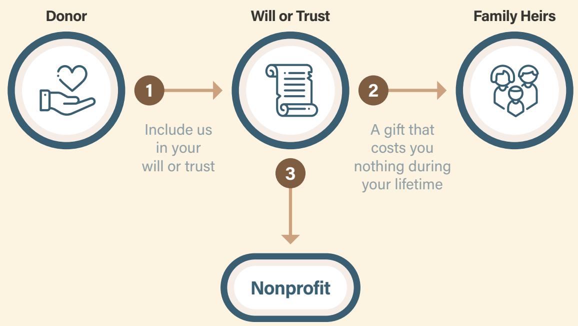
1 Gifts Anyone Can Make

Donors can support your organization with gifts that don't impact the way they live. They can designate your nonprofit as the recipient of estate assets in the future, or they can make immediate gifts to your organization of assets that are "out of sight and out of mind." We call these "**Gifts Anyone Can Make**" because donors can make them now without affecting their cash flow, lifestyle, or family security.

A donor can take advantage of a gift that costs nothing during their lifetime by naming your organization as a beneficiary of a will or trust (page 9) or a life insurance policy (page 15). A donor can also access special tax benefits by naming your organization as a beneficiary of a retirement plan (page 24).

A donor may also make a gift from current "out of sight, out of mind" assets that will produce an immediate benefit to you. By donating unused real estate (page 20), tangible personal property (page 18), stock or appreciated securities that are paying little or no income (page 11), a life insurance policy (page 13), or business interests (page 16), your donor may enjoy current tax benefits while providing immediate assets to you. These gifts carry special tax savings for the donor, which means that the donor's real cost of making a gift is usually much less than the benefit to your organization.

BEQUESTS



QUICK SUMMARY

- Charitable bequests are made through a will, a legal document specifying how an individual's property is to be distributed after death. Some donors use a revocable (or "living") trust as their estate document instead of a will. A distribution from a revocable trust works the same as a bequest under a will to deliver a gift to you, and it produces the same tax consequences for the donor.
- A bequest can give your organization a specific dollar amount or asset (a specific bequest) or a percentage of the donor's net estate. It can also be payable to your organization if, for example, a spouse or child predeceases the donor.
- If your organization's commonly used name is different from its legal name or similar to that of another organization, provide the legal name and sample bequest wording to your donors to avoid confusion.
- A bequest might not be received or used by your organization until many years have passed. Encourage donors to confer with you before they finalize bequests restricted for a particular program that may terminate or for a purpose that is not feasible when the bequest is received. Restricted bequests may have appeal for your donor, but bequests designated for your general purposes give you the most flexibility.

- As an alternative to naming your organization in their will or trust, many donors prefer the simplicity of completing a Change of Beneficiary Form to name your charity as a beneficiary of a part or all of their bank account, brokerage account, or life insurance policy.
- A donor can also name your organization as a beneficiary a percentage or all of his/her traditional IRA or other retirement plan. Distributions at death to charity are tax-free, but they will be subject to income tax and possibly estate tax when left to a spouse, child, or other loved one. See Retirement Plan — Estate Distributions (page 24) for more details.

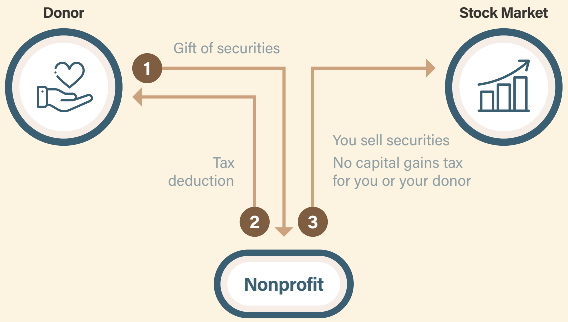
BENEFITS/CHALLENGES

- Bequests are revocable and are not payable until death. Donors have the comfort of knowing that they can amend or revoke a charitable bequest if their circumstances or family needs change. You can promote bequests as *the gift that costs a donor nothing during their lifetime*.
- More beneficial for your organization, bequests can be combined with lifetime gifts for immediate impact, or made "irrevocable" by signing a binding pledge if, for example, the donor wants name recognition now.

YOUR ELEVATOR PITCH

It just takes a simple designation in your will and won't affect your cash flow during your lifetime. It's easy to revoke if your situation changes.

STOCK AND APPRECIATED SECURITIES



QUICK SUMMARY

- Instead of cash, donors can use appreciated stocks, bonds, and/or mutual fund shares they've held "long-term" (more than one year) to make their gift. They will be able to claim a federal income tax charitable deduction for the full, appreciated value of the securities (not the lesser amount they originally paid for them). In addition, they will pay no capital gains tax on the transaction. *This means the after-tax cost is less than a gift of cash.*

- Most donors do not have physical possession of the security certificates issued in their name. Rather, they hold the securities in a brokerage account. Securities in these accounts can be transferred electronically into yours. The donor's broker simply calls your office for instructions. If the donor physically holds the certificates, he mails the unsigned certificates to you and mails a signed Stock Power form in a separate envelope. Occasionally, some donors must contact the corporation to transfer ownership on its books. This can be time consuming, and it can be difficult to control the legal date of the gift when ownership is put in your organization's name, especially at year end.

- To value a gift of stocks or bonds, use the average of the high and low prices for the security on the date it reached your account electronically, or on the postmark date on the envelope if it was mailed to you. The value of a mutual fund is its public redemption price on the day it reached your account or was reissued in your organization's name.

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