

 **PLANNED GIVING DAYS 2018**
LEARNING & NETWORKING FOR PHILANTHROPIC PLANNING PROFESSIONALS

**Planned Giving Donors:
 Who Are These Wonderful People And What Do They Do?**



Serving Those Who Serve Society

Atlanta | Chicago | Memphis | Nashville | San Francisco | Washington

 www.SHARPE.net www.rnewkirk.com 

Objectives

- Who Makes Planned Gifts
- What Are PG Donor Characteristics
- When Key Decisions Are Made
- How to Raise the Topic
- Identify Timeframe Involved

 2 

John Jensen Experience

- Sharpe Group Senior VP & Consultant
- 30+ Years in Planned Giving
 - Gift Planning Consultant
 - Certified Financial Planner
- Focus:
 - Groups Creating Own Constituency
 - Mostly National & Direct Mail Based Charities

 3 

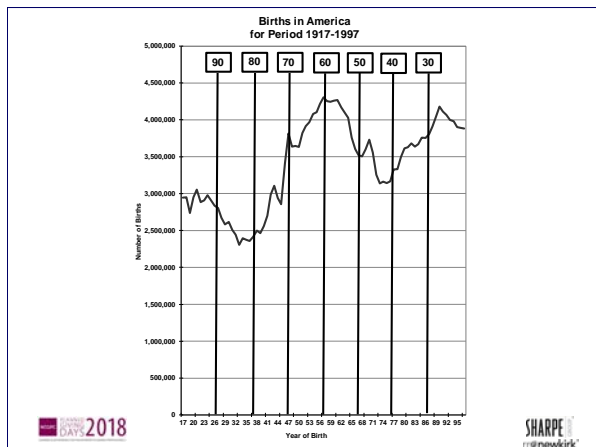
Sources of Information

- 50 Years of Sharpe Proprietary Studies & Pragmatic Experience
 - Planned Giving Audits & Assessments
 - Review of Tens of Thousands of Estates
- American Council on Gift Annuities
- Dr. Russell James, Texas Tech U
- Health & Retirement Study 2006

SHARPE GROUP DAYS 2018

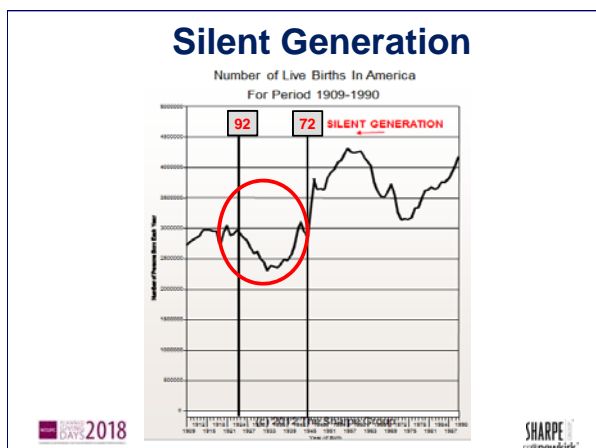
4

SHARPE GROUP NETWORK



SHARPE GROUP DAYS 2018

SHARPE GROUP NETWORK



SHARPE GROUP DAYS 2018

SHARPE GROUP NETWORK

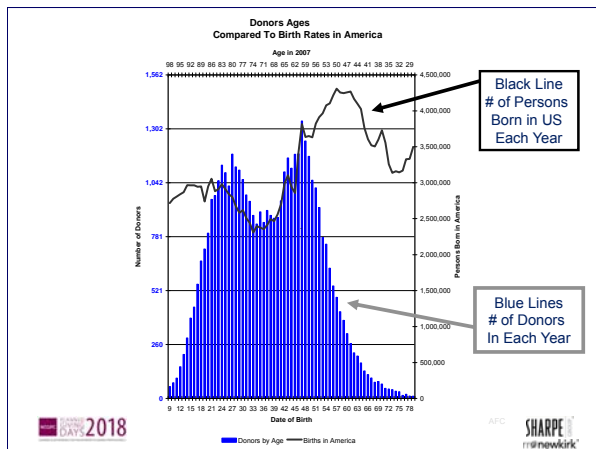
Baby Boomers?

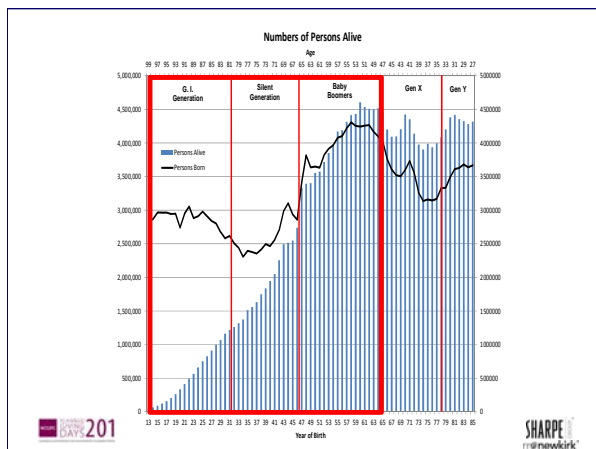
- Most Not Yet a Key Target for Bequests
- Currently Age 54-72
- Oldest At Edge of Estate Planning Phase
- Won't Start Dying in Significant Numbers for 14-15 Years
- Most Not Right For Testamentary Gifts

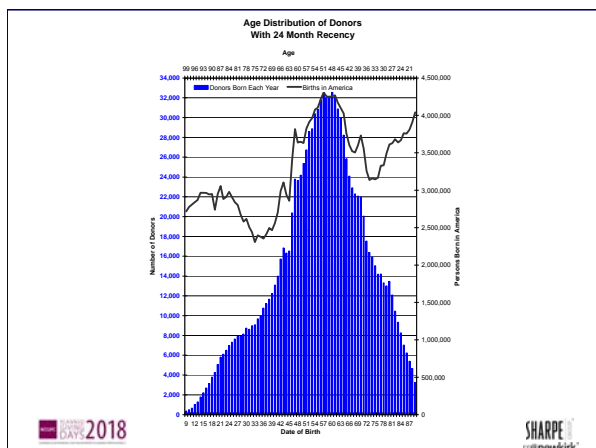
ESTATE PLANNING DAYS 2018

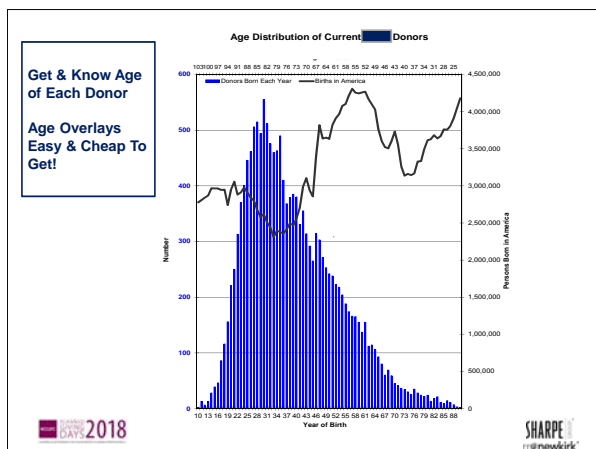
7

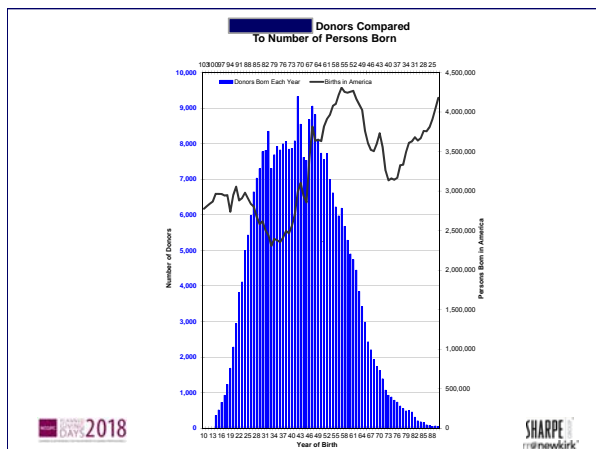
SHARPE
r | w | n | e | w | k | i | r | k

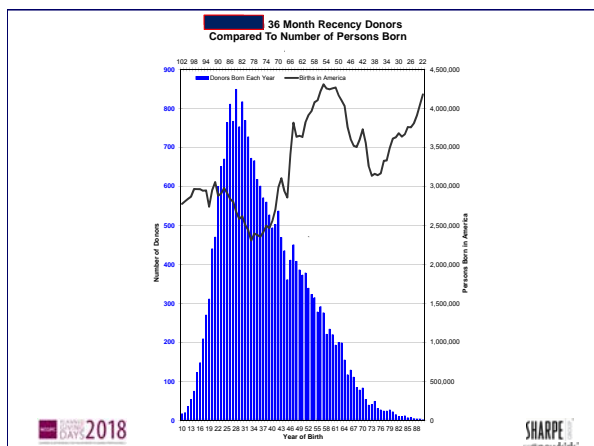










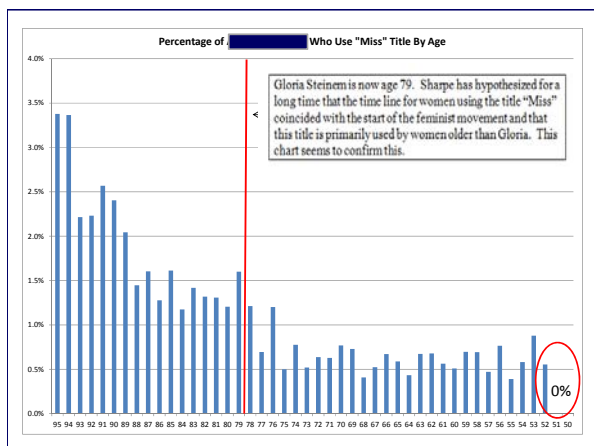


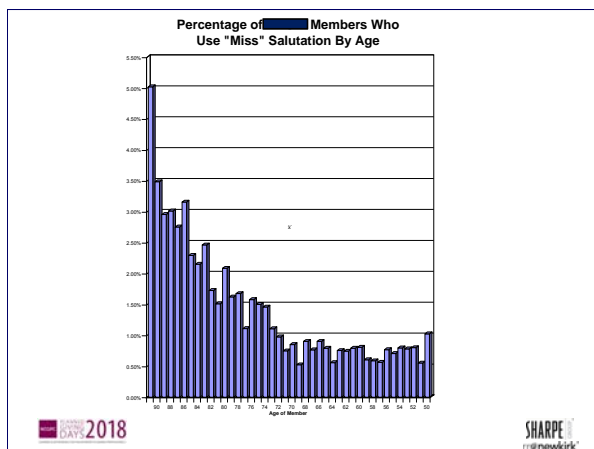
How Do You Compare?

- Planned Gifts: 10-12% of Total Giving
 - Can Be 25-40% for Many w/ Older Files
 - 40-60% of **NET** Revenue Not Uncommon
 - For National, Direct Mail-Based Charities
- Bequests 80% of Planned Gifts
 - For Most Charities
 - Lower For Universities, High End Groups

Who Makes Bequests?

- 6-9% Of Adults Make Charitable Bequests
- 70-75% From Women
 - Why?
 - For Now....But Studies Suggest This Is Changing
 - Adults Age 65: Women Outlive Men By 2.2 Years
- Most From Smaller Donors





Interesting Tidbits

- 90% Of Bequest Expectancies Will **NOT** Tell You Prior to Death
- Fewer Still Share Expected Gift Size
- Bequest Donors Live Longer
 - Sharpe Studies
- Most Make Estate Gifts to 5-7 Charities
 - Direct-Mail-Based Charities: 9-20 Gifts
 - Why? No Personal Contact?

Interesting Tidbits

- 80%+ of Bequest \$\$\$ From Age 80+
- Trust Gifts Larger Than Gifts By Will
 - More Apt to Come Through
- Residuary Gifts 7-15x Larger
- Average Specific Amount Bequest:
 - \$11-\$12,000
 - Example

SHARPE GROUP GIVING DAYS 2018

22

SHARPE GROUP GIVING DAYS 2018

Longevity & Frequency

- Longer Term Donors: Great Prospects
- Frequent Donors: Great Prospects
 - Lifetime Gift Frequency Strong Indicator
- Must Be In Right Age Range

SHARPE GROUP GIVING DAYS 2018

23

SHARPE GROUP GIVING DAYS 2018

Bequests From “Non-Donors”

- Common
- 20% Of Bequests From Non-Donors Common
- Little Lifetime Giving...
- But Big Gifts at Death
 - Some Choose a Charity New to Them

SHARPE GROUP GIVING DAYS 2018

24

SHARPE GROUP GIVING DAYS 2018

Timing of Final Decisions?

- Most Adults Have No Will
 - Serious Estate Planning Not Done Early
- Target Younger Donors?
- Few Bequest Gifts Prior to Age 65-70
 - Gift Decisions By Seniors Far More Apt To Stick
 - Best Commitments: Age 80+

SHARPE GROUP
ESTATE PLANNING DAYS 2018

25

SHARPE
r | network

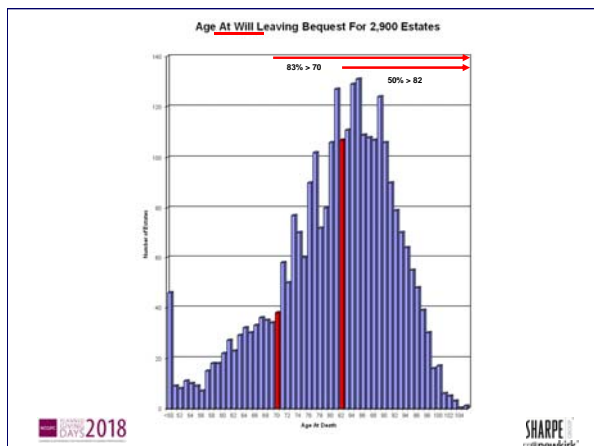
Timing of Final Decisions?

- Usually Made Within 5 Yrs. of Death
- Donors 90+
 - More Apt To Make A Bequest
 - Far Higher Probability of Gift Occurring
- Half Of Bequests: No Gifts in Previous Wills/Trusts
 - Russell James Study

SHARPE GROUP
ESTATE PLANNING DAYS 2018

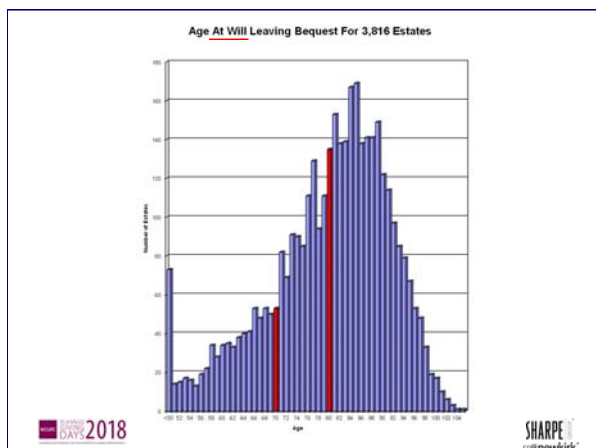
26

SHARPE
r | network



SHARPE GROUP
ESTATE PLANNING DAYS 2018

SHARPE
r | network

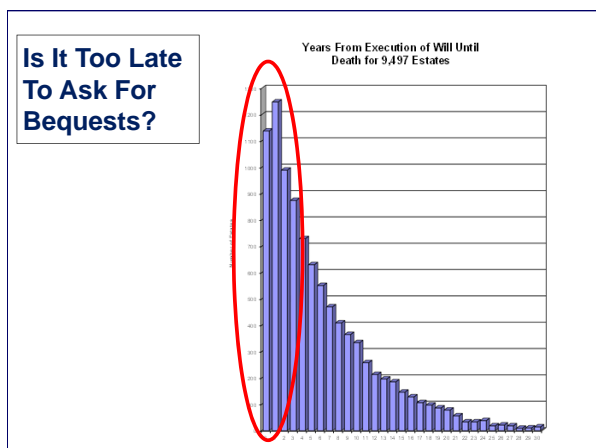


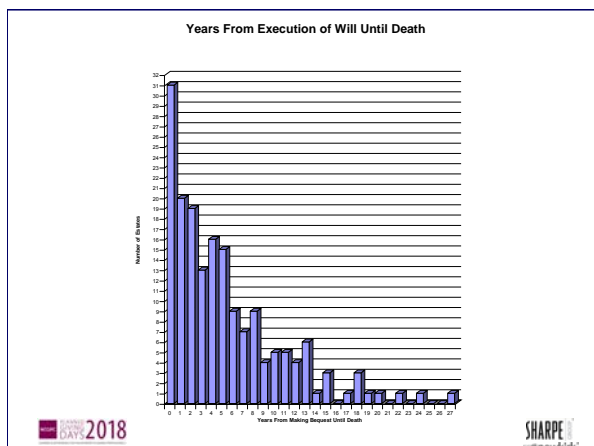
Time From Final & Operative Will to Death

SHARPE renewal

ESTATE PLANNING DAYS 2018

29



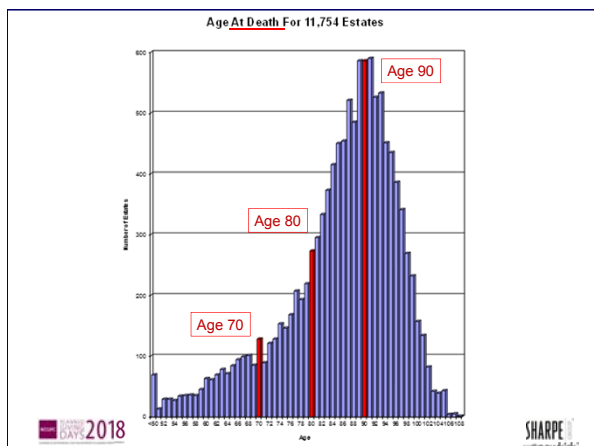


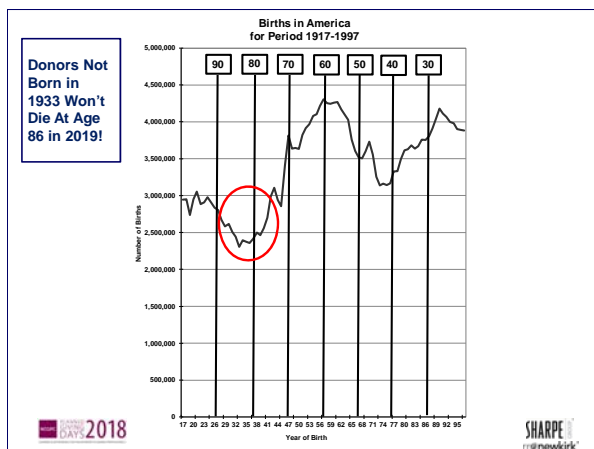


Donor Age at Death?

- Age 83-85 Has Been Typical
 - Getting Older
 - Average Age Now 86-87
 - Seeing More Final Wills Signed After 85
 - 50%+ At Some Groups
- Most Common Age of Death: Early 90s
- More Bequest Donors Die in 90s Than in 70s

SHARPE ri:network





**Bequest Donor Age Death
Charity X**

90+	795	36%
80-89	849	39%
70-79	344	16%
Under 70	213	10%
Total	2,201	100%



Demographic Boost

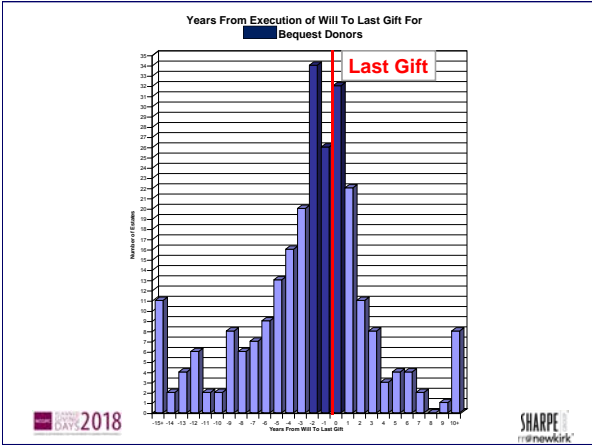
- Estimated 10,000 Baby Boomers Passing Age 70 Every Day For Next 16 Years
- But Only Oldest Boomers Are Yet Serious About Estate Planning

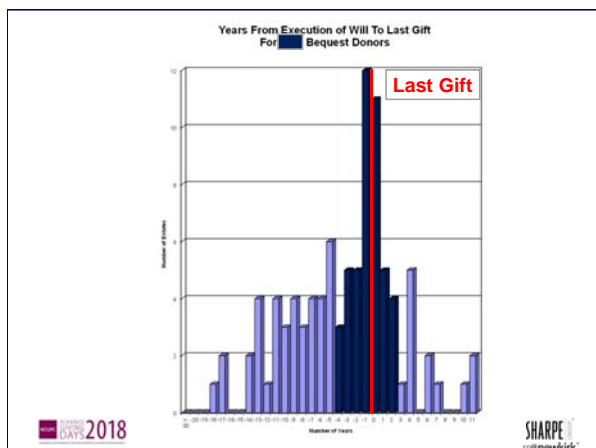

40

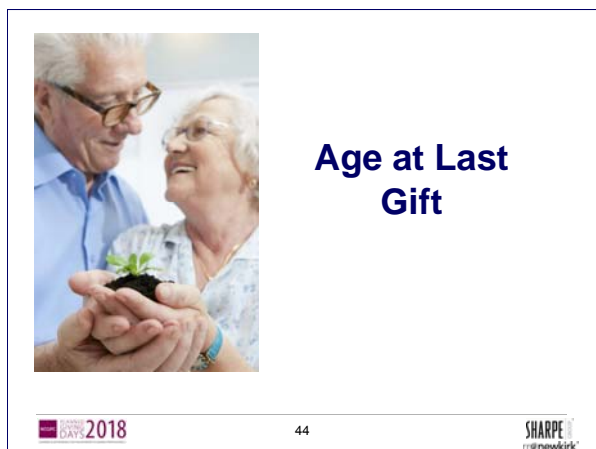

Time From Will to Last Gift

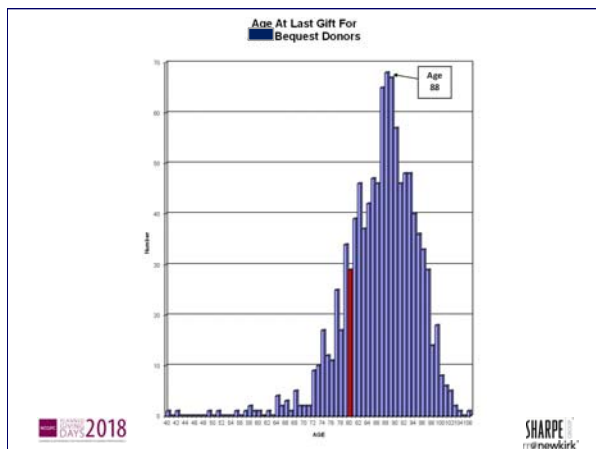
- Do Bequest Donors Stop Giving After Signing Their Final Will?
- Is It Either/Or?
 - Either A Bequest or Annual Gift?


41










Impact of Estate Tax Changes Prior to 2017

- No Federal Estate Tax Savings for Bequests for Over 99%
- Most Live in States With No Inheritance Tax (CA, FL, TX, etc.)

SHARPE GROUP
DAYS 2018

46

SHARPE
r | newkirk

What Does This Mean?

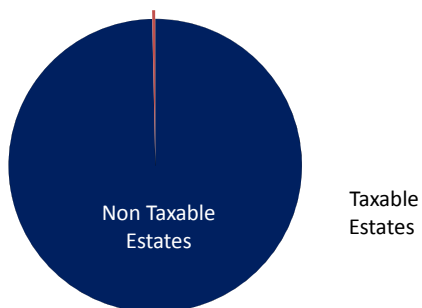
- 2.7 Million Deaths in 2015
- 11,915 Had Estates of \$5.43 Million
 - Previous Estate Tax Exemption
 - 99.6% Died Were Exempt
- 2018: \$11 Million Estate Tax Exemption
 - 2,600/Yr. Subject To Estate Tax Now

SHARPE GROUP
DAYS 2018

47

SHARPE
r | newkirk

Comparison of Taxable to Non Taxable Estates Under Federal Estate Tax in 2012



Impact of Estate Tax Laws

- 11,915 Taxable Estates in 2015
- 2,636 Left Charitable Bequests
- 22% of Taxable Estates

SHARPE GROUP DAYS 2018

49

SHARPE ryannewkirk



Who Is Most Appropriate for What Type of Gift?

SHARPE GROUP DAYS 2018

50

SHARPE ryannewkirk

Sharpe Gift Planning Matrix[®]

	YOUNGER	MIDDLE-AGED	OLDER
WEALTHY	A1 Gifts of Cash Appreciated Property Charitable Lead Trusts Term of Years Trusts Life Income Gifts for Others	B1 Gifts of Cash Appreciated Property Charitable Lead Trusts Term of Years Trusts Life Income Gifts for Others	C1 Gifts of Cash & Property Charitable Lead Trusts Term of Years Trusts Life Income Gifts for Others Charitable Trusts for Life Bequests Gift Annuities Life Insurance Beneficiary Retirement Plan Beneficiary
MODERATE MEANS	A2 Gifts of Cash	B2 Gifts of Cash Appreciated Property Term of Years Trusts Charitable Trusts for Life Pooled Income Fund	C2 Gifts of Cash & Property Bequests Charitable Trusts for Life Term of Years Trusts Pooled Income Funds Gift Annuities Life Insurance Beneficiary Retirement Plan Beneficiary
LIMITED MEANS	A3 Gifts of Cash	B3 Gifts of Cash	C3 Gifts of Cash Bequests Gift Annuities Life Insurance Beneficiary Retirement Plan Beneficiary
	X & Y	Boomer	Silent G.I.

SHARPE GROUP DAYS 2018

51

SHARPE ryannewkirk

Bequest, Will Decision Points

- Birth (Particularly of Grandchild)
- Death
- Marriage/Remarriage
- Divorce
- Move From One State to Another
- Prior to "Significant" Trip
- Donor Medical Diagnosis
- Medical Diagnosis of Someone Close

SHARPE GROUP 2018

52

SHARPE GROUP newmark

Charitable Gift Annuities

THE FIRST PLANNED GIFT?

(Copied from a memorial plaque in Winchester Cathedral, Winchester, England)

In 1321, Sir William de Lillebone surrendered lands at Bransbury, Barton Stacey, to the Prior and monks, and in return received a corrody, or annuity, worth about 10 pounds yearly.

In addition he gave a reliquary chest to the church of St. Swithun illustrating both him and his wife -- the monks agreed in turn to say masses for his soul.

SHARPE GROUP 2018

53

SHARPE GROUP newmark

Charitable Gift Annuities

- Typical Donor Does 1st CGA At Age 79
 - Lives 7-9 Years
 - Same Life Expectancy As Bequest Donor
- Sweet Spot: 75-90
 - Unusual Under Age 70
 - Under 70: Financially Marginal For Charity
- 20-30% Should Do Repeat CGAs

SHARPE GROUP 2018

54

SHARPE GROUP newmark

Best CGA Prospects

- “Miss” Donors of Right Age
 - Overall: 57% Women, 43% Men
- Those **Who Have Done Other CGAs**
 - Median: 50% From Previous CGA Donors
 - ACGA Survey 2017
- Past CGA Inquiry?
 - Most CGAs Come After 3rd Inquiry

SHARPE GROUP 2018

55



Charitable Gift Annuities

- Primarily Funded With Cash
 - Most From \$\$ In Bank CD
- Minimum CGA Gift size: \$10-24,999
- Dirty Little Secret?
 - Most Donors Don't Need the Payments
 - Concern: Outliving Income, Not Inflation
- Security of Payments Key

SHARPE GROUP 2018

56



Do CGA Donors Also Make Bequests?

- 3-5% Also Make Bequests
 - 95-97% Will Not
- From Multiple Sharpe Studies
 - Sharpe Has Studied This In Detail
 - Other Survey Reports Suspect
- CGAs Can Be Bequest Substitutes

SHARPE GROUP 2018

57



Planned Giving Timeframe

- 4-5 Years From Investment to Significant Amount of Spendable Cash
 - May Happen Sooner, But Can't Predict With Any Certainty
 - **NEVER** Tell Management To Expect \$\$ Sooner!
- Assuming Appropriate Constituency
 - And Appropriate Marketing, Program

SHARPE GROUP
DAYS 2018

58

SHARPE
r | newmark

How to Raise the Topic

- Don't Talk About Death
 - Talk About Making a Difference
 - Talk About What "Mary" Did
 - What Does Donor Say When Making Smaller Gift?
- Model Positive Behavior
 - Reinforce What Other Donors Are Doing
- Encourage Inquires
- Use Estate Planning Education Focus

SHARPE GROUP
DAYS 2018

59

SHARPE
r | newmark

Marketing: What Works?

- Print vs Electronic
- Dedicated Planned Giving Newsletters
 - Primary Focus on Estate Planning Education
 - Soft Sell Best, Hard Sell Almost Never Works
- Steady, Consistent Effort
 - "Drip Marketing"
- "Remember ABC Charity in Your Will"

SHARPE GROUP
DAYS 2018

60

SHARPE
r | newmark

Share Stories

- Stories Make Donors Come Alive!
 - About Living Bequest Expectancies
 - Include Photos
 - “Join Me” Letters
- Use Easy to Understand Terms
 - Avoid the Technical, Avoid Jargon
 - Charitable Lead Annuity Trust
 - vs “Temporary Foundation”



62

The McNeils Truly Value Community

married on August 1, 1943. When Charles returned home from the war, he began a successful career in the life insurance business. He and Evelyn raised four wonderful children who



Marketing Responses

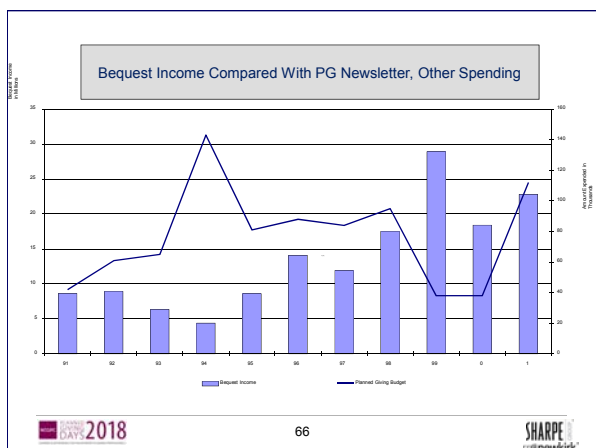
- Responses Modest
- 90% of Gifts Unknown Prior to Death
 - Major Exception: Universities
- Average Bequest: \$45,000
 - \$35-\$75,000 Typical Range
 - Religious Groups Low
 - Direct Mail Groups Higher End
- Gifts Known Pre-Death: 2-4 Times Larger


64


Planned Giving NOT a “Campaign”

- Short-Term Efforts Have Little Impact
 - Largely Wasteful
 - Erratic Programs Don't Work!
- Key: Be Consistent for 4-5-Year Period
- Donors Plan Estate on Their Schedule
 - Not on Your Schedule
 - Unlike Other Kinds of Fundraising


65




Marketing Efforts That Don't Work

- Electronic Efforts—if Primary Approach
 - Seniors Are Last Adaptors—For Nearly Everything!
 - Less Apt to Be Online As They Age
 - Less Comfortable in This Space
 - Probability Drops Close to Final Will

SHARPE GROUP 2018

68

SHARPE GROUP

Marketing Efforts That Don't Work

- Hard Asks
- Pressure Tactics
- Focusing on Younger Donors
 - Younger Donors Are Not Ready

SHARPE GROUP 2018

69

SHARPE GROUP

Summary

- Obtain & Know Your Donor Ages
- Focus on Older Donors
- Watch for Childless Donors
- Gift Decisions Made Late in Life Stick
- Size of Lifetime Gifts Not Important
- Bequests Don't Hurt Current Giving

SHARPE GROUP 2018

70

SHARPE GROUP

Summary

- Marketing Must Be Senior Friendly
- Low Pressure Marketing Works Best
- Never Too Late to Ask
- PG Is a Process, Not a Campaign
- Plan on a 5-Year Timeframe

SHARPE GROUP 2018

71

SHARPE rrnewkirk

SHARPE GROUP

rrnewkirk

John W. Jensen, CFP

Senior VP & Consultant

5509 N. 10th Street
Arlington, VA 22205

703-534-4363 Office
703-407-2996 Cell

john.jensen@sharpenet.com

www.sharpenet.com

© Copyright 2018 by Sharpe Group
All Rights Reserved
www.SHARPEnet.com www.rrnewkirk.com

SHARPE GROUP

rrnewkirk

Follow us

www.SHARPEnet.com

www.rrnewkirk.com

Subscribe to Our Blog

www.SHARPEnet.com/blog

Read our monthly Give & Take

www.SHARPEnet.com/give-take