

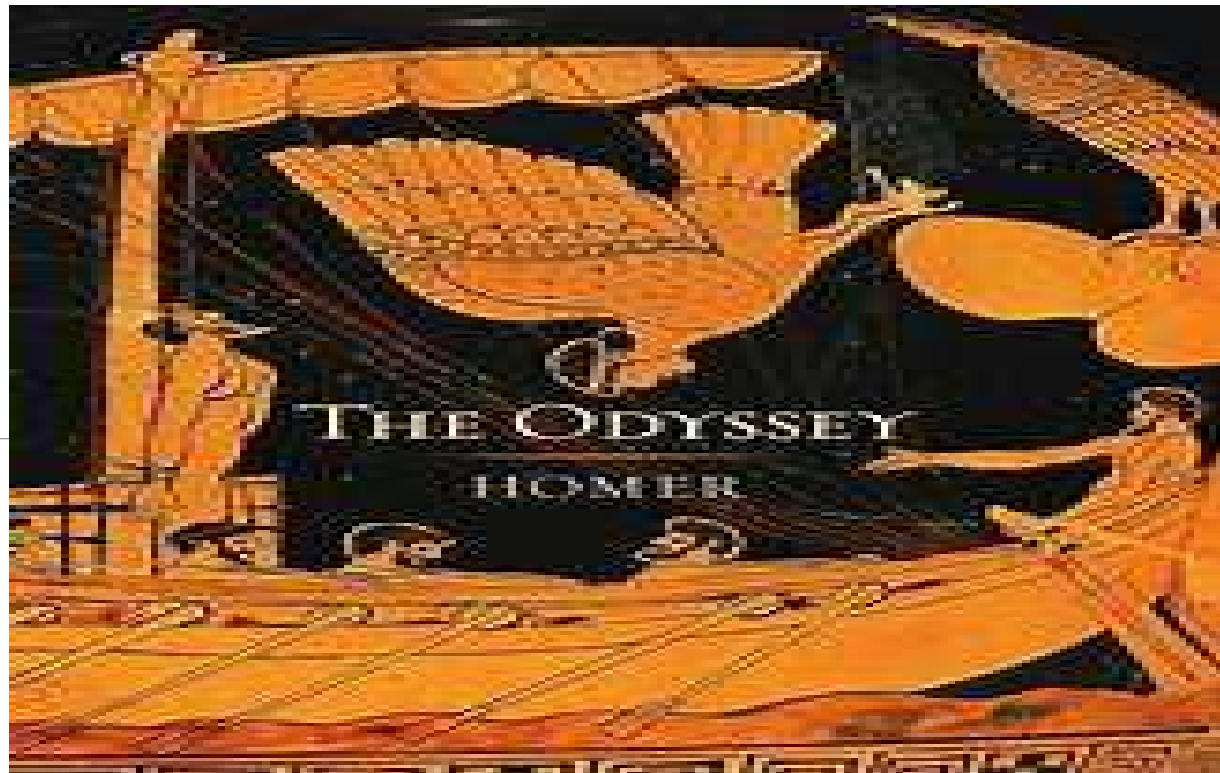
Integrating the Donor Story in Proposals

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Gift Planning is an Epic Story



The Donor's *Odyssey* ...



Is a Gift Planner's *Muse* ...



Record the Donor Story

- Listen
- Archive



Listen

- ❑ Practice the art of listening
- ❑ Ask strategic questions to draw discussion
- ❑ Listen for cues and clues
- ❑ Don't let note-taking distract the donor



Archive

- ❖ Record robust notes in CRM following meetings
- ❖ Consider recording or videoing the donor story with permission
- ❖ Photographs – current or historic – with permission
- ❖ Use confidential intention form for donor to accept recognition, and permit use of story with or without name
- ❖ Create index of archive for later referral and use

Create Donor Story Profile

Document Key Aspects of the Donor Story

Customer Profile



Professional Overview
Explain why your donor is worthy of our support.

- Industry
- Role
- Years of Experience
- Responsibilities

Benefits of Product Use
What benefits does your customer get out of using your product/service/cause awareness?

- Product Benefit
- Product Benefit
- Product Benefit
- Product Benefit

Challenges
What does this person struggle with in their work that your product solves?

- Challenge
- Challenge
- Challenge

Restrictions of Product Use
What might your customer not be able to do when using your product?

- Product Restrict
- Product Restrict
- Product Restrict
- Product Restrict

Product Use
What products/service/cause are the customer using?

- Product/Service
- Product/Service
- Product/Service
- Product/Service
- Product/Service
- Product/Service

Summary
Put the bullet points above into summary form. What are your customer's needs and how you can help?

Summary of Customer Profile:

Create Donor Story Profile

Create the profile with use of:

- Conversation notes
- Correspondence (emails, letters)
- Prospect research
- Questionnaires or informational planning brochures used for charitable estate planning proposals

Donor Story Profile: Biography

Personal Biographic Background:

- Birthdate and Place, Parents, Other Influences
- Standout Youth Experiences, High School
- College/Military/Other Experiences, Degrees/Awards
- Career, Positions, Accomplishments, Awards
- Family: Spouse/Significant Other, Children, Grandchildren, Other

Donor Story Profile: Income/Assets

Income:

- ✓ Salary
- ✓ Investments, Retirement

Assets:

- ✓ Real Estate: Residence/s, Farms, Commercial, Investments
- ✓ Intangible Property: Stock, Retirement Plan, Life Insurance, Business
- ✓ Tangible Property: Art, Inventory, Other Collections

Donor Story Profile: Debt and Tax Concerns

Debts:

- ✓ Mortgage
- ✓ Business Debts
- ✓ Other
- ✓ Debts of Children or Other Dependents

Taxes (State and Federal):

- Income Tax
- Capital Gains Tax
- Gift and Estate Tax
- Generation Skipping Tax

Donor Story Profile: Family Legacy

Priorities:

1. Care for Self/Spouse
2. Needs of Surviving Family and/or Friends
3. Concern for Special Needs Loved Ones

Donor Story Profile: Charitable Legacy

Charitable Priorities:

- ❖ One or more organizations
- ❖ Use(s) by organizations
- ❖ Charitable purposes without identification of organization(s)

Include in Written Proposal

- **Cover letter from key influencer (You, CEO, Board Chair, Other)**
- **Draft biography that may be used with permission in award presentations, testimonial articles, and remain in the archive.**
- **Summary of Income/Assets, Family Legacy, Charitable Legacy**
- **Identification of Key Charitable Planning Themes**
- **Planning Details of Proposal(s) to Address Themes**
- **Offer of Donor Recognition (Confidential Acceptance Form)**

Charitable Planning Themes

- Trust
- Maximizing Philanthropy
- Save Taxes
- Retirement Concerns
- Care for Family
- Maintain Options
- Sacrifice
- Participation
- Entrepreneur
- Cash Poor/Asset Rich

Planning Details of Proposals

- ❑ **Sample Pledge Letter for Blended Outright and Deferred Gifts**
- ❑ **Sample Bequest Language for Will or Trust: Unrestricted, Purpose Restricted, Endowment Restricted**
- ❑ **Sample Language for Beneficiary Designations with Sample Purpose or Endowment Restriction Letter**
- ❑ **Sample Endowment Agreement or Pass-Through Gift Agreement**
- ❑ **Calculation of Tax Benefits/Crescendo Illustration**

Framing the Proposal

If I can show you a way to ___ Address the Theme(s) ___ ...Would you be interested?

OR

I would like to show you a way to ___ Address the Theme(s) ...

Themes of a Donor's Story (Cues and Clues)



Theme: Building Trust

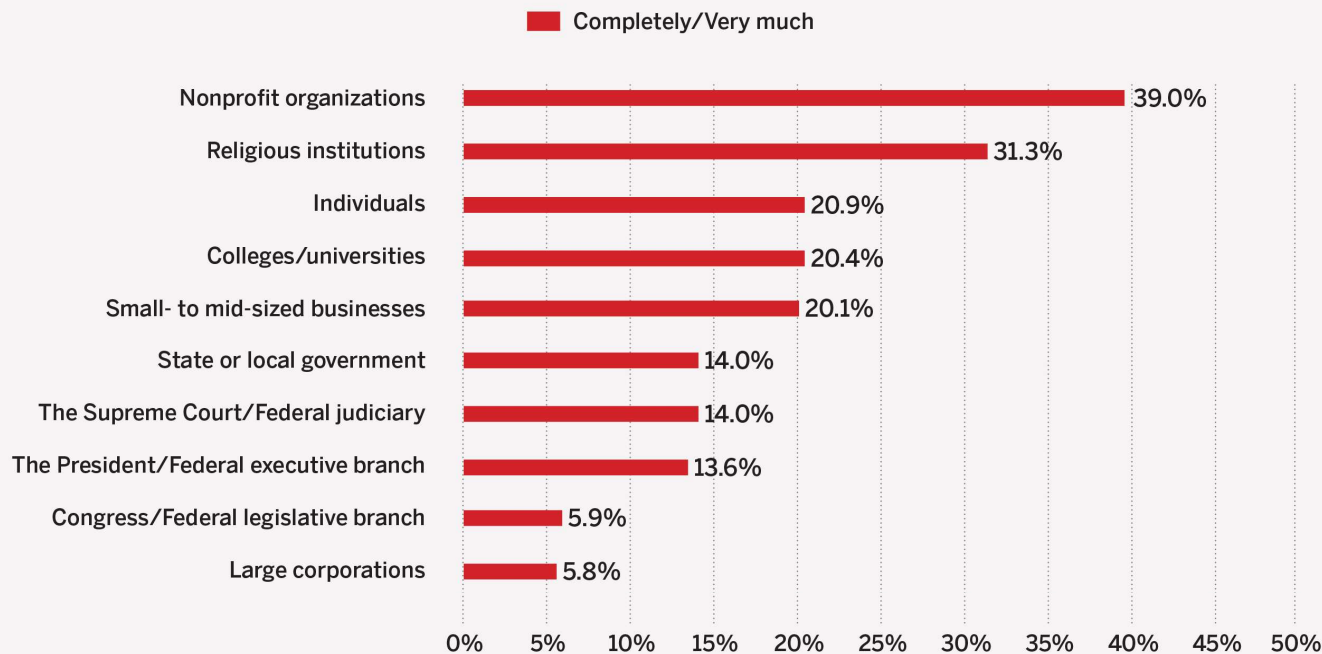


“I love you, but I don’t trust you ...”



Americans trust nonprofits more than government or business, but levels of trust in all three sectors of society are low

How much do you trust the following entities to generally do what is right?



Most trusted =
Religious charitable
organizations

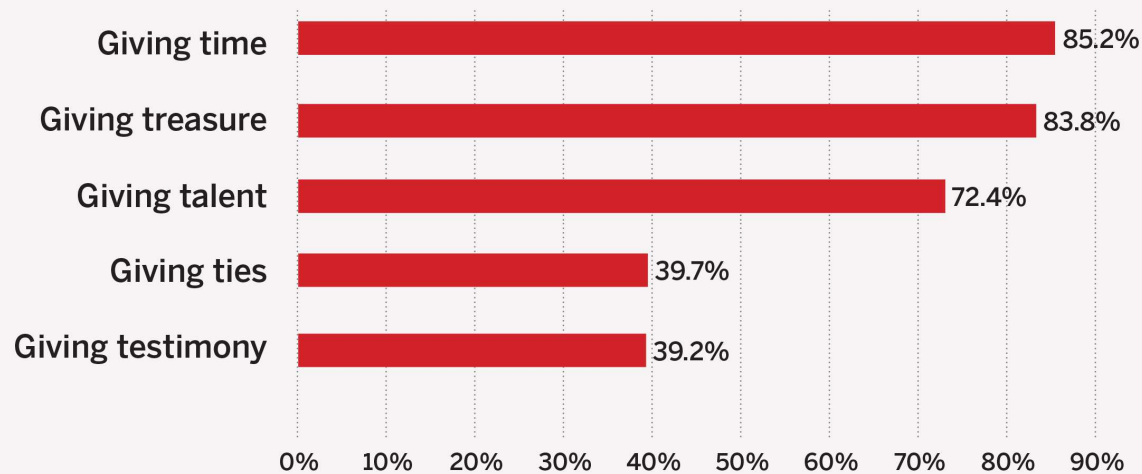
Least trusted =
Giving by corporations

Among those willing to express an opinion, majority thought nonprofit/philanthropic sector “off on the wrong track”



Americans generally define philanthropy as the giving of time and/or money to nonprofit organizations

Which of the following activities do you consider to be forms of philanthropy?



60.6%
GAVE TO CHARITY
(DONORS)

30.4%
VOLUNTEERED

ONLY
20.6%
CONSIDERED
THEMSELVES TO BE
A PHILANTHROPIST

Building Trust

- **Prioritize continued annual giving and volunteering**
- **Consider fulfillment of annual pledging from:**
 - ✓ **donor advised funds,**
 - ✓ **charitable lead trusts, and**
 - ✓ **payments from charitable gift annuities or charitable remainder trusts**

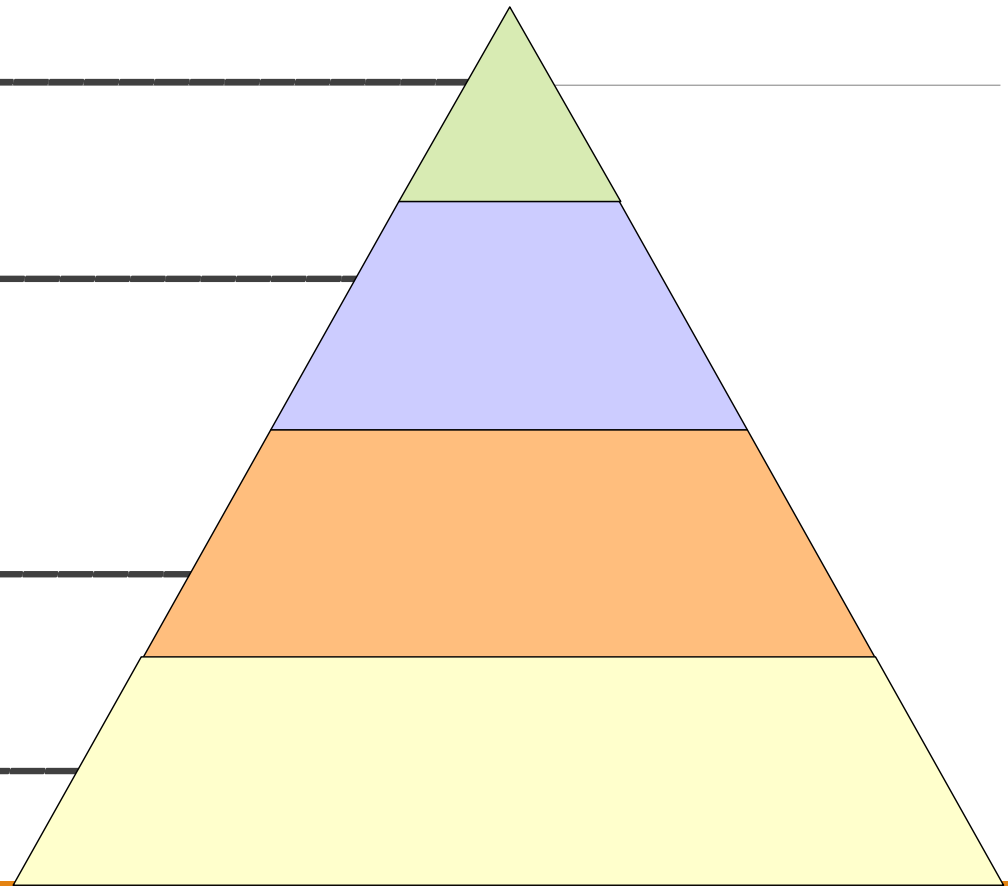
Fundraising Pyramid

Planned Gifts

Major Gifts

*Repeat/Increased
Annual Gifts*

First Time Gifts



Secrets of the Pyramid

- High correlation of loyal annual giving and planned giving.
- Major givers are invested – and may consider a planned gift to enhance endowment, assist established program, maintain building, etc.
- Note: For many planned gift donors, it will be their largest gift.

Stewardship

- Planned gift recognition
 - Charter membership
 - No dollar amount required
- Regular communications:
 - Birthday, Anniversary, Holiday cards
 - Updates, visits
- Invitations to events
- Annual stewardship report
- Director of Planned Gift Stewardship



Theme: Maximize Philanthropy



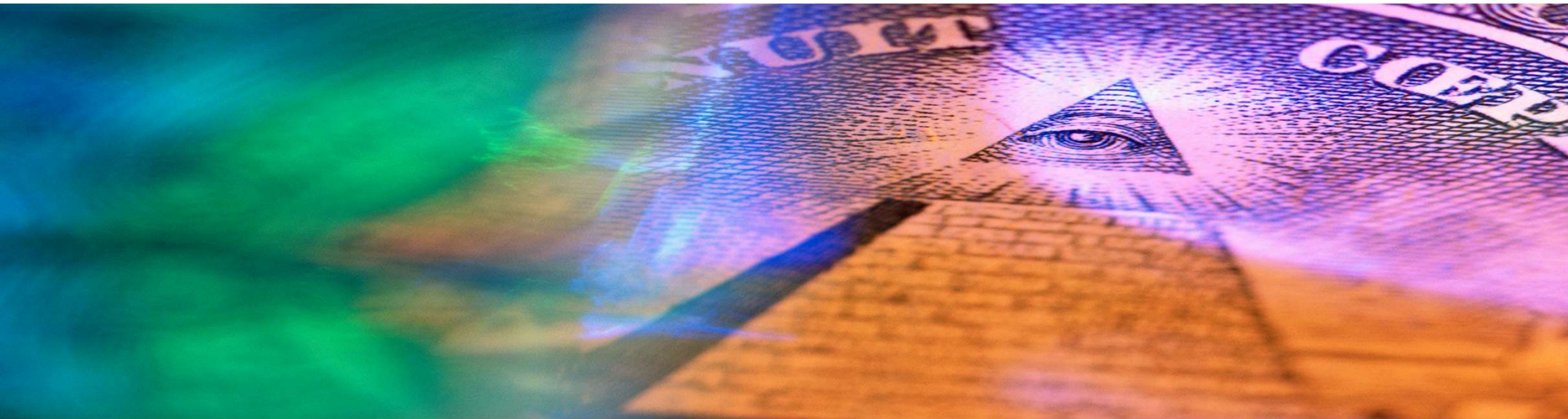
“I am committed to doing as much as I can!”

Maximize Philanthropy

- **Blended Gift Proposals**
- **Endowment Fundraising**



Blending the Power of the Pyramid



Blending Proposals

The “single ask” :

1. Annual Gift

The “double ask”:

1. Annual Gift or Multi-Year Pledge
2. Major Gift

The “triple ask”:

1. Annual Gift or Multi-Year Pledge
2. Major Gift/Pledge in addition to Annual
3. Planned Gift (Documentation required)

Blending Proposals

The “quadruple ask”:

1. Annual Gift/Pledge
2. Major Gift/Pledge
3. Revocable Deferred Gift
4. Irrevocable Planned Gift (Life Income Plan)



Example #1

- ✓ Major gift pledge for building, equipment purchase, establish endowment, etc.
- ✓ Any pledge due and owing at death to be satisfied from deferred planned gift (e.g., bequest in will or trust, beneficiary designation of retirement plan, etc.).
- ✓ Assures naming opportunity.

Example #2

- ✓ **IRA Charitable Rollover to fulfill Pledge**
- ✓ **Beneficiary Designation of Retirement Plan Residual**
- ✓ **Use IRA Rollover to Pay Premium on donated Life Insurance Contract**

Example #3

- ✓ **Gift Annuity or Charitable Remainder Trust**
- ✓ **Donation of all or portion of annual income to fulfill pledge for period of years – retaining later income for personal use**

Example #4

- % of Charitable Lead Trust (CLT) payments or Donor Advised Fund (DAF) grants for annual support. Note: Pledges can be paid from DAF.
- % of CLT or DAF payments to grow endowment until minimum is reached.
- Ultimately endowment supports program
- Bequest from deferred gift (e.g., will, beneficiary of retirement plan or life insurance) adds to endowment as inflation hedge.

Example #5

- ❖ **VIRTUAL ENDOWMENT:** Donor pledges annual gifts to cover annual spending of an endowment. A planned gift is made to fully fund the endowment.
- ❖ **PHILANTHROPIC MORTGAGE:** Donor's annual gift commitment covers the endowed program expense but includes additional money to gradually build an endowment until it's fully established.
- ❖ **STEP-UP GIFT:** Donor establishes an endowment with current gift at a starting level, then adds with a planned gift.

Theme: Save Taxes



“I am tapped out on taxes!”

Income Tax Deduction Limits

With 5 Years to Carry-Over Excess Deduction

Gifts to Public Charities:

- **Cash Gifts: 60% of Adjusted Gross Income (AGI). Expires 12/31/2025.**
Note: 100% in 2020 and 2021 only.
- **Note: 60% sunsets to 50% on January 1, 2026 if no change.**
- **Long-Term Noncash Gifts: 30% of AGI for fair market value (FMV) or 50% for cost basis.**
- **Short-Term Noncash Gifts: 50% for lesser of FMV or cost basis.**
- **Ordinary Income/Tangible Property for Unrelated Use: 50% for lesser of FMV or cost basis.**

Income Tax Deduction Planning

- High income years (sale of business, Roth IRA conversion)
- Qualified Charitable Distribution saves income tax on transfer
- Deduction now – grants later:
 - ✓ Donor Advised Fund
 - ✓ Bunching Gifts
 - ✓ Qualified Grantor Lead Trust

2024 Standard Deduction

- **Single taxpayers and married individuals filing separately: \$14,600**
- **Married couples filing jointly: \$29,200**
- **Married filing separately: \$14,600**
- **Heads of households: \$21,900**

Standard Deduction Reduces Gifts

- Standard deduction of the Tax Cuts and Jobs Act of 2017 decreased charitable giving by about \$20 billion annually.
- Indiana University Lilly School of Philanthropy at:
<https://scholarworks.indianapolis.iu.edu/items/a9826402-7406-4152-b848-d4c5996b2c32>

Universal Deduction for Non-Itemizers

- \$300 for single or joint files in 2020
- \$300/single or \$600 joint filers in 2021
- Expired in 2022
- New Charitable Act proposal in 2023 to allow taxpayers who do not itemize on their tax returns to additionally deduct up to one-third of the standard deduction, so approximately \$4,500 as individuals or about \$9,000 if filing jointly for charitable deductions.

Capital Gains Tax

- Save capital gains tax on donation of appreciated property outright, to CRT, or CGA (portion of capital gain spread over life expectancy and taxed)
- Avoid pre-arranged sale – legally binding commitment on charity to sale donated property to third party
- Avoid gifts of depreciated property – leverage the “double deduction” instead!

Estate Tax

- **Unlimited Estate Tax Charitable Deduction**
- **Deferred Gifts**
- **Qualified Nongrantor Charitable Lead Trust**
- **Zero-Out the Tax**
- **Qualified Conservation Easement**

Estate Tax

Annual Gift Tax Exclusion of \$18,000 (2024) annually per person*

Calendar Year	Estate Tax Transfer Exemption and Generations Skipping Exemption (single person – double for married couple)	Gift Tax Exemption	Highest Estate And Gift Tax Rate
2017	\$5.5 million single/\$11 million married couple (unified with gift tax)*	\$5.5 million single/\$11 million married couple*	40%
2020	\$11.58 million single/\$23.16 million married couple (unified with gift tax)*	\$11.58million single/\$23.16million married couple*	40%
2024	\$13.61 million single/\$27.22 million married couple (unified with gift tax)*	\$ 13.61 million single/\$27.22 million married couple*	40%
2025	Reverts to 2017 levels unless reinstated	Reverts to 2017 levels unless reinstated	

Gift Tax

- Life income of CRT for non-spouse
- ✓ Consider annual exclusion
- ✓ Consider unified credit
- Life income of CGA for non-spouse
- ✓ Retain right to revoke to avoid current gift tax
- ✓ Consider annual exclusion or unified credit

Theme: Retirement Concerns



***“Will my retirement years be
‘golden’?”***

Maslow's Pyramid



Retirement Concerns: Life Income

- Charitable Remainder Unitrust: Inflation Adjustment
 - Standard Unitrust with 5% payout
 - Personalized portfolio: invest for growth then income
- Immediate or Deferred Payment Gift Annuities
 - Fixed payments avoid market fluctuation
 - Laddered annuities to increase income over time

Retirement Concerns: Life Income

- New Qualified Charitable Distribution for CGA/CRT:
 - \$50,000 maximum – and all must be used in one year
 - Only for spouses - \$50,000 each
 - All ordinary income – no tax free or capital gain income
 - No mixing of other assets into CGA or CRT
 - Tax free transfer – no deduction – but must otherwise qualify for deduction (pass 10% test)

Theme: Care for Family



“The needs of my family are a priority”

Care for Family

- ❑ **Assets for children: Step-up in basis to save capital gains tax**
- ❑ **Retirement plan (or other income in respect of decedent assets) for charity: Save income tax**
- ❑ **Stretch income for children beyond 10 years by testamentary designation of CRT or CGA to pay income to family**
- ❑ **Special Needs Trust with charitable residual**

Theme: Maintain Options



“I want to keep my options open as long as possible.”

Maintain Options

Percentage Designations:

- Revocable Will or Trust
- Retirement Plan Beneficiary Designation
- Life Insurance Beneficiary Designation
- Payment on Death of Bank or Stock Account
- Transfer on Death of Real Estate
- Residual Designation of Donor Advised Fund

Maintain Options

Key Recommendations:

- ✓ Provide sample language (unrestricted, restricted, endowment)
- ✓ Incorporate separate agreements (purpose and/or endowment) by reference
- ✓ Correct legal name and tax ID number
- ✓ Copies for file and future stewardship
- ✓ Beware delay of IRA distributions! See: <https://charitablegiftplanners.org/block/rift-project>

Theme: Sacrifice



***“Service to the those in need
is my passion.”***

Sacrifice

- Service to the Poor
- Naming Opportunities
- ✓ Naming Policies
- ✓ Recognition
- ✓ Endowments
- Disaster Relief
- ✓ Employer DAFs
- ✓ Private Foundations
- Scholarships
- Economic Development
- International Granting
- ✓ Expenditure Responsibility
- ✓ Equivalency Determination
- ✓ Use of Intermediaries
(Friends Of, Community Foundations)

Theme: Participation



***“I give most to those who I
serve most.”***

Participation

- **Hallmark of the Boomer Generation – The Time is Now!**
- **Matching Gift Programs**
- **Donor Advised Funds**
- **Scholarships with Advising**
- **Private Foundations**
- **Giving Circles, Venture Philanthropy, Social Entrepreneurship**
- **Charitable Lead Trusts**

Participation

- Beware restrictions over time
- UPMIFA procedures for changes:
 - ✓ Consent of donor
 - ✓ Approval by judge with Attorney General notice for changes to purpose or “mechanics”
 - ✓ Small/old funds with Attorney General notice

Participation

Donor Advised Funds:

- Pledges can be fulfilled
- No quid pro quo (no sponsorships)
- Consider residual designations

Program Related Investments:

- Grant like investments for community development
- Return on investment is not required

Theme: Entrepreneur



***“I value strategy, creativity,
and impact!”***

Entrepreneur

- **Benefit Corporations with new standard of care for board of directors**
- **B Corp Certification leverages angel investments**
- **“Newman’s Own” Private Foundation Rule allows (no excess business violation) if 100% investment of private foundation in business so long as all net income made to foundation.**
- **Patagonia Use of 501(c)(4) and Trust to continue political and lobbying activity and reduce estate tax**

Entrepreneur: Leveraging

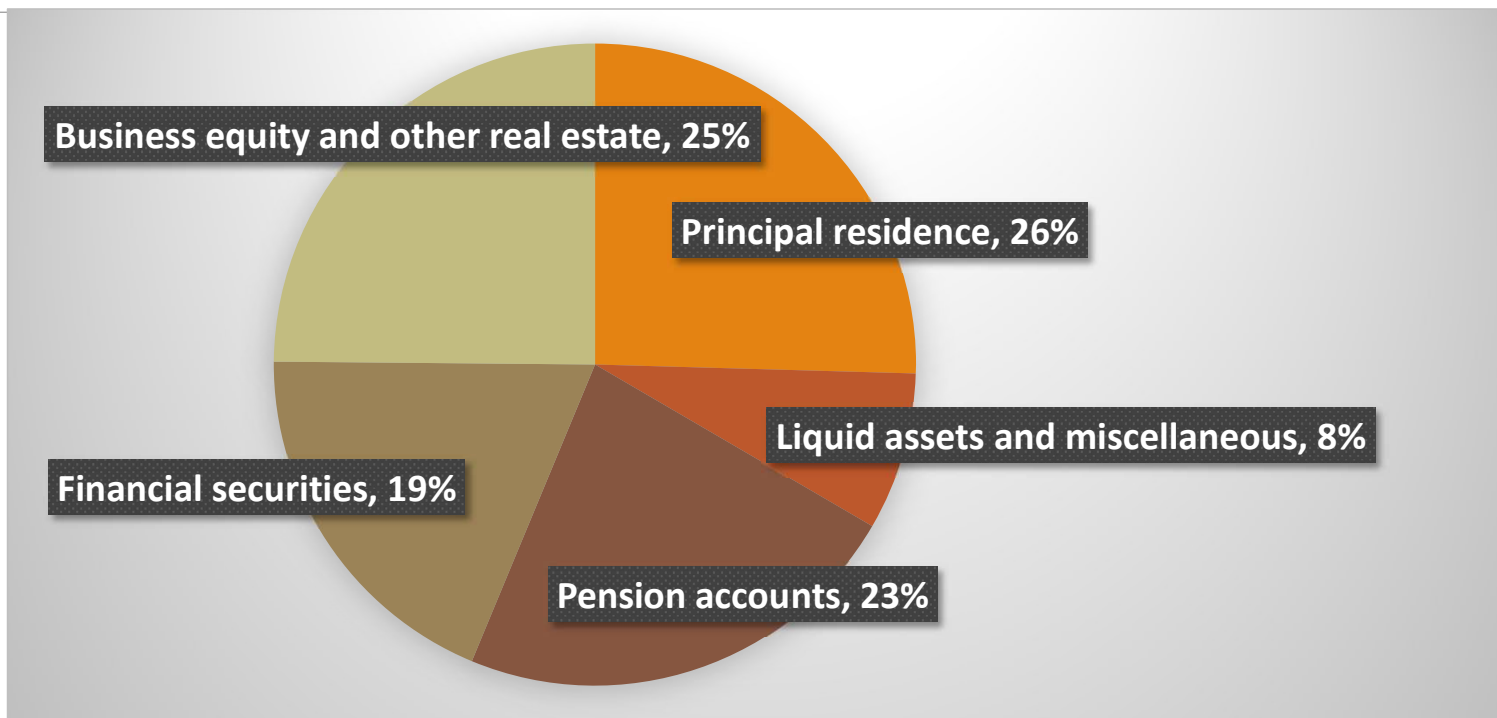
- Pledge Challenge Matches:
 - ✓ Match outright and/or planned gifts
 - ✓ Strategic plan driven
- Impact Investing:
 - Program Related Investments
 - Loan Programs

Theme: Cash Poor, Asset Rich



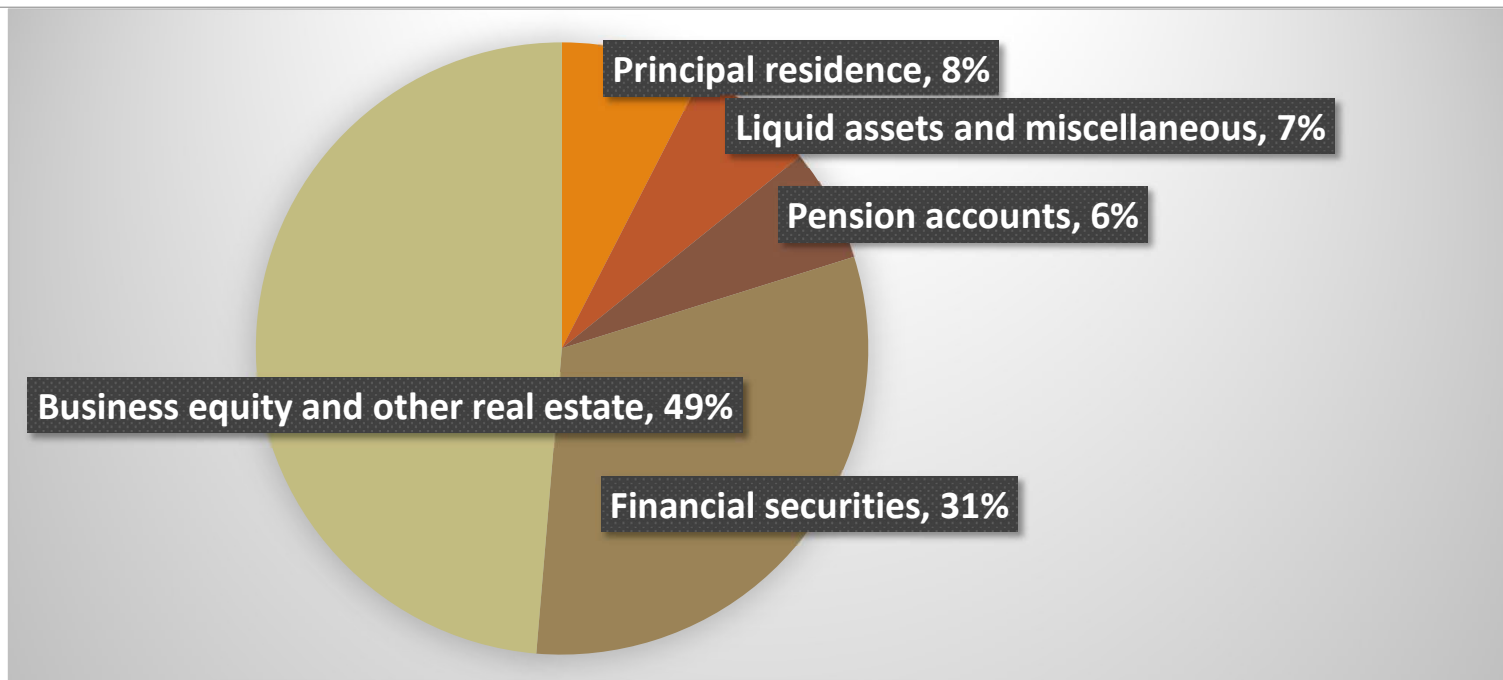
***“My income is committed –
but I have invested in assets.”***

Portfolios of the Wealthy (Top 20%) Median Net Worth of \$746,950



Wolff, E. N. National Bureau of Economic Research.

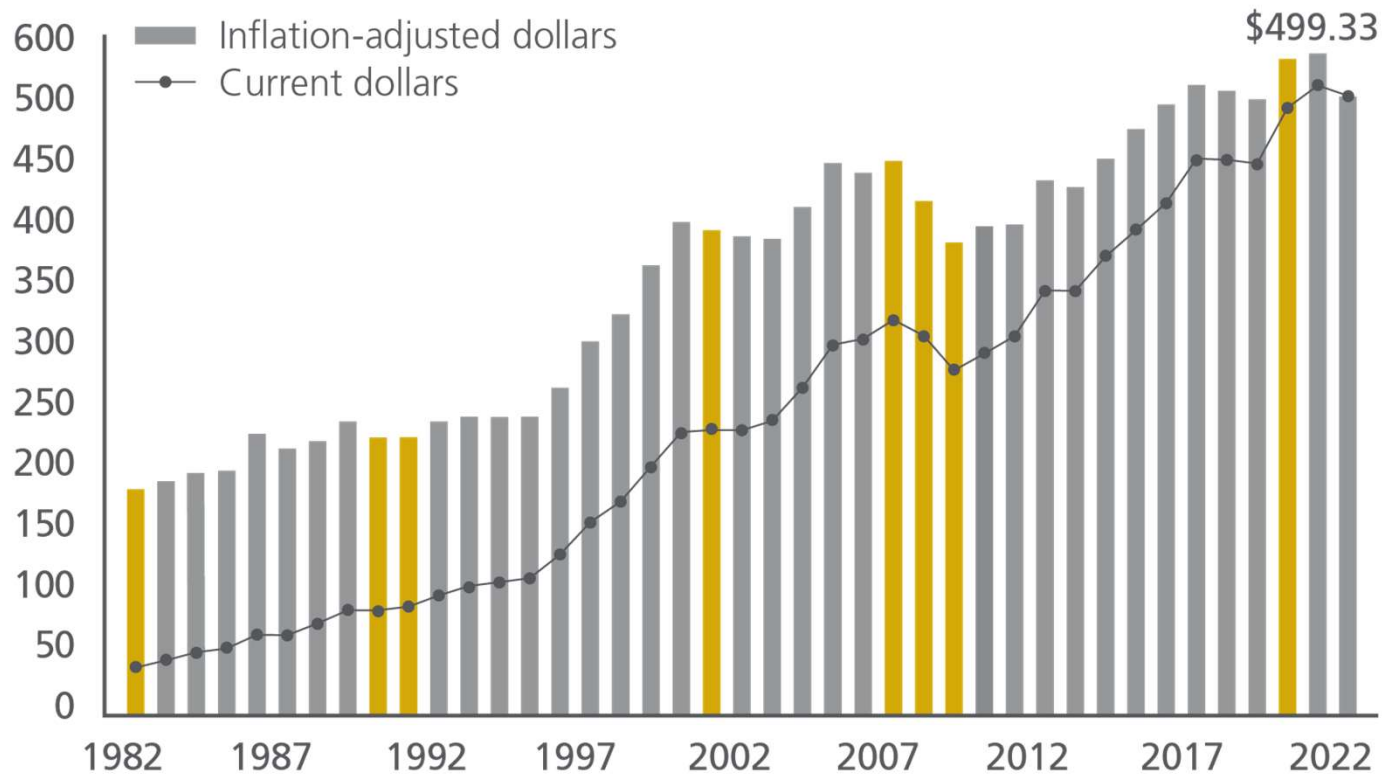
Portfolios of the Wealthy (Top 1%) Median Net Worth of \$10,700,000



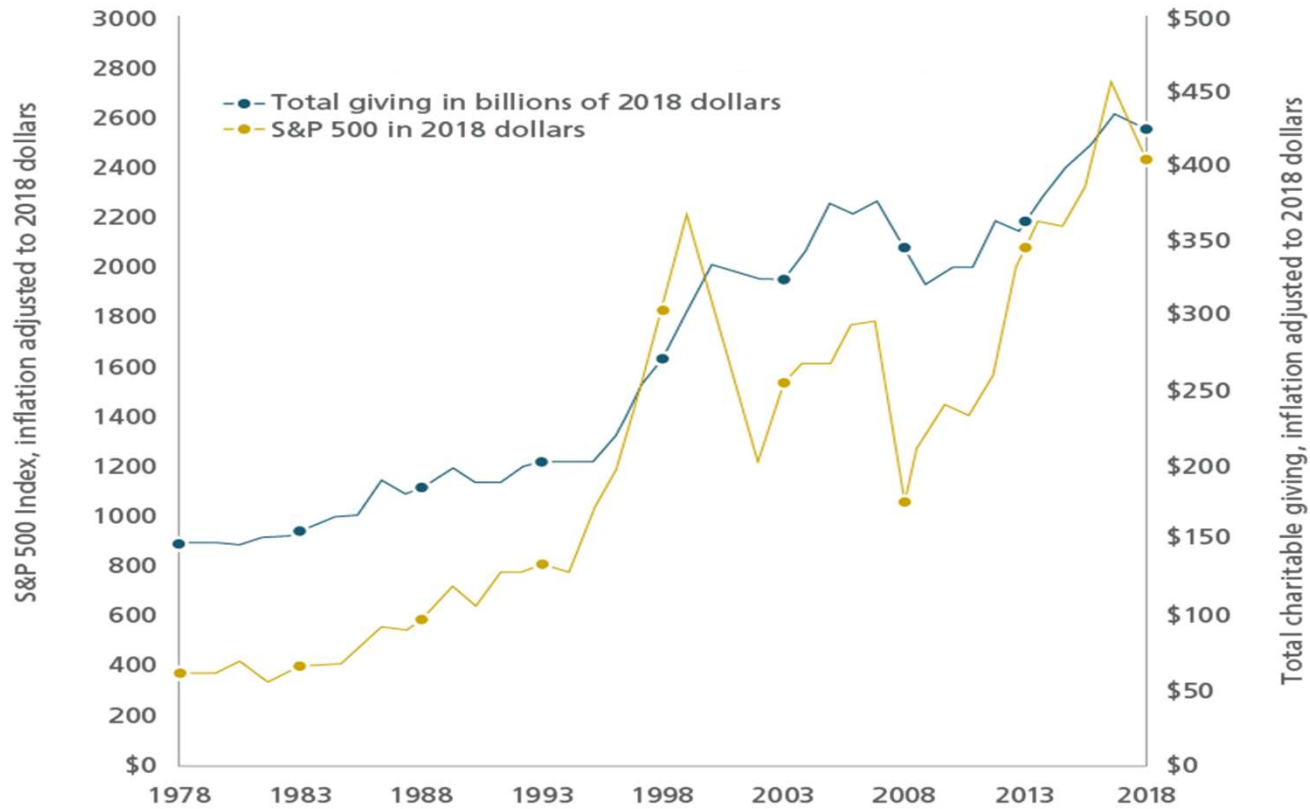
Wolff, E. N. National Bureau of Economic Research.

Total giving, 1982-2022

(in billions of dollars)



Total charitable giving graphed with the Standard & Poor's 500 Index, 1978-2018 (in billions of inflation-adjusted dollars, 2018 = \$100)



Giving Correlates to Economy

- **Research has found a statistically significant correlation between changes in total giving and changes in Standard & Poor's 500 Index (S&P 500) values.**
- **Since the stock market is an indicator of financial and economic security, households and corporations are more likely to give when the stock market is up.**

Giving Correlates to Economy

- **The S&P 500 generally sees more dramatic changes from year to year compared with total giving.**
- **The direction of change and robustness of growth in total giving generally lags slightly behind the S&P 500.**
- **However, policy changes that affect charitable giving can mediate the connection between giving and stock values.**

Asset Rich

Intangible Property

- ✓ Publicly Traded Stock and Privately Held Stock
- ✓ Life insurance, Intellectual Property, Mineral Rights, Other

Tangible Personal Property

- ✓ Gifts of grain, Livestock, Inventory
- ✓ Artwork, Collections, Other

Real Estate – Residences, Farmland, Commercial, Investment

Asset Rich

- ✓ Qualified Charitable Distribution
- \$100,000 indexed annually for inflation
- Tax-free (no deduction)
- No quid pro quo (no sponsorship payments)
- QCD for life income plans

Asset Rich

- ❖ **IRS Form 8283 (Noncash Gifts)**
- ❖ **IRS Form 8282 (Donee Information Return)**
- ❖ **IRS Publication 1771 (Gift Receipts)**
- ❖ **IRS Publication 561 (Valuation of Donated Property)**

Share the Donor Story to Inspire Others



The Power of Testimony

- **Draft story using the Donor Profile Information**
- **With permission include in marketing materials (newsletters, target mailings, stewardship reports, websites, emails, videos, etc.) with or without names and photos as permitted**
- **With permission include in proposals for others with or without names**

Key Ingredients for Testimony

- **50% - Tell the Donor Story**
- **40% - Answer the Question – WHY?**
- **10% - Answer the Question – HOW?**
 - Explain it was easy
 - Share that advisors and staff were helpful
 - Highlight the basic vehicles used
- **Incorporate other articles, side bars, sample language, etc. to explain the planned gift vehicles**

Helpful Resources

- ***Donor Stories in Planned Giving Marketing—To Use or Not to Use?*** by Claudine Donikian
- ***Storytelling: The Secret Sauce of Fundraising Success*** by Lynn Malzone Ierardi
- ***How Your Donor Stories Lead to Big Gifts*** by Dr. Russell James
- **How to Write Donor Stories That Make Prospects Take Action** by Nathan Stelter

The Donor's Odyssey is a Gift Planner's Muse ...



***“Sing in me, Muse, and
through me tell the story...”***

Homer, the Odyssey

