THE FIRST MONDAY REPORT

Thoughts on Fund Raising for Campus Ministry

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PLANNING FOR PLANNED GIVING

Over the past several months the First Monday Report has given a lot of attention to the annual fund (often called the sustaining fund) and larger capital and endowment campaigns. Often the various facets of fund raising are compared to the proverbial three-legged stool, emphasizing that in order for the stool to balance, it must have at least three strong, equal legs. One leg is the sustaining fund that subsidizes your general budget. A second leg represents the larger set of requests that fund major projects like buildings, staff expansion or endowments. However, in our strategic planning for raising funds, it's the third leg of the stool that usually gets neglected. That is the one that focuses on planned giving (wills, estate planning, insurance, stock, deferred gifts, etc.). This particular emphasis invites your donors and supporters to consider planning for a gift that may be given toward the end of one's life, although earlier is certainly appropriate and possible, as in the case of annuity. The emphasis here is on *planning*, since the donor has to give considerable thought to making this kind of gift. It does not come from readily available resources. It takes planning to consider the benefits to both the donor and to the recipient.

The Need for Planned Giving

In 2000, Independent Sector estimated that 89 percent of households nationwide contribute to charity each year. This extraordinary generosity, however, is not being expressed in terms of bequest giving.

Planned Giving in the United States: a Survey of Donors, a study sponsored by the National Committee on Planned Giving (2000), 42 percent of respondents (in a sample representing the general U.S. population) reported that they had already made a will, and eight percent reported that they had made a charitable bequest. Although this number has increased from 5.6 percent in 1992, it is still relatively small, and bequests count for relatively few dollars. *Giving USA* (2002) reports that bequests accounted for $18.10 billion, or 7.5 percent of total giving nationwide. This number has risen from $7.64 billion in 1990, and there has been a steady rise from year to year due to demographic changes. However, when adjusted for inflation, bequest giving has remained relatively constant since 1987.

There are more than 260 million Americans, of whom approximately 2 million die each year. In 1996, 79,346 estate tax forms were filed with the Federal government. Eighteen percent of the forms listed a charitable gift. In other words, 82 percent of the nation's wealthiest individuals left nothing to charity. In addition, the IRS tells us that charity is getting a decreasing share of the money in these wealthy estates, from 21.8 percent in 1976 to 6.3 percent in 1992.

If only 20 percent of Americans left a charitable bequest, the current number of charitable bequests would more than double. Imagine what the impact to charitable organizations would be if the 89 percent of Americans who give during their lifetime also made a charitable gift through their estate plans!

Wealth Transfer

In 1999, Boston College researchers Paul Schervish and John Havens published an econometric study on the transfer of wealth from the World War II generation to its heirs (including charity). In *Millionaires and the Millennium: New Estimates of the Forthcoming Wealth Transfer and the Prospects for a Golden Age of Philanthropy*, they predicted that over the 55-year period from 1998 to 2052, the **wealth transfer will be $41 trillion**, and may well reach double or triple that amount. The study's most conservative estimate is that $6 trillion will be transferred to charity through bequests during the 55-year period, an average of about $120 billion a year.[1]

Finding Planned Giving Prospects

The best prospects for making a planned gift to your ministry are those who are already your best supporters. They know you and love you more deeply than most. They get excited when they mention your ministry to their friends. They are good interpreters and ambassadors. They may once have served in campus ministry themselves and now want to leave a legacy so that this vital ministry of the church continues. They want you to succeed and continue well into the future.

Ellen Estes, LL.B., provides some characteristics of planned giving prospects:[2]

- The first group consists of long-term, consistent donors, even of small amounts. This giving pattern shows an abiding interest in your ministry. They are your *loyalists*, who will most likely consider your ministry in their wills and estate plans if they are asked.
- Another group involves current and former board members. They know your ministry from the inside out and have helped you get where you are today. Certainly they want to help you get to tomorrow.
- A third group represents people who are unmarried, married without children, or persons whose adult children are already well provided for. They may not have to worry about leaving an estate to family members and can consider your ministry as part of their larger family.
- Fourth, consider people who have been served or affected by your ministry, such as former students, who were active in earlier times and who want to pass along to the next generation some of what they received—the legacy thing again.
- A fifth group is generically those 55 or older, who often have more disposable income that they can designate to charitable causes. They may need a tax break and they are in the financial/estate phases of their lives. They spend time thinking about how they can make a difference.
- Volunteers make up another group. They have given time and energy over the years. They may now be in a place to leave a planned gift.

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[1] Information from the Web site: www.leavealegacy.org

[2] Ellen Estes, "The Planned Giving Clinic," *Contributions*, May-June, 2002, pp. 20f. She is the author of the *Practical Guide to Planned Giving*, published by the Taft Group.

- Since women outlive their husbands on the average of 7 to 9 years, they are often the ones who make final decisions about wills and estate planning. They need to be involved in your ministry, however, so find ways to invite them to know you and help you out, as they are able.

Once you have spent some time defining your list of planned giving prospects, here are some additional things you must do.

1. In your database, code this group of names to receive special attention. You may write to them more frequently, invite them to certain programs, or plan special events just for them—a workshop on financial planning, for example.
2. Segment your list, if it is a large one, into sections based on the projected assets each person may have. You are not looking for income, per se, but what a person may have available to make as a planned gift. Decide how you are going to invite each "segment" to consider a gift. You may be able to call on those within a 50-mile radius, while those living at some distance will need phone calls or letters.
3. Talk with each person individually, if possible, or have trained volunteers make visits. If you send a special mailing inviting them to consider a planned gift, have someone follow up by phone to see if you can set a meeting time for more conversation.
4. Make the mailing special. Don't tag on the request to the annual fund letter, for example. Let your donors know that this is a special request for special consideration. In the mailing you can include a brochure about planned giving that will define some of the possibilities.
5. Develop good working relationships with ELCA Foundation staff, financial planners, attorneys, or Thrivent representatives in your area. They can be very helpful in processing your gifts or writing annuities. If you want to hold a program on estate planning, they can provide much of the expertise.
6. Respond quickly to persons who have indicated an interest in making a planned gift. Thank them for their interest and set up a date to meet with them.

Setting Up a Planned Giving Program

At a conference sponsored by Minnesota Planned Giving Council, Susan Dunlop of *Leave a Legacy Minnesota* offered some essential information about setting up a planned giving program.

First, she indicates that your board must pass a resolution containing the following information:

- Confidential information: States that all names and gift amounts are strictly confidential unless permission is given by the donor to release them.
- Authorization: States who is authorized to negotiate on behalf of the board.
- Avoidance of Coercion: States the practice of avoiding high-pressure techniques and undue persuasion. The task is to assist the donor in fulfilling her/his philanthropic wishes. It also states that all personnel employed to administer planned gifts shall be paid a salary or hourly wage and not receive commissions.
- Investment of Funds: States how funds are to be invested, including specific agreements with the ELCA Foundation, if applicable.
- Interval of Payment: Donor may request either quarterly, semi-annual, or annual payments from gift annuities and life income contracts.

- Final Disposition of Gifts: States what is to happen on the demise of the last included beneficiary of the planned gift, such as transfer of the remaining value to the endowment fund.

Second, she says that the board should develop a "Model Standards of Practice" document that describes in some detail the points mentioned above. In addition to serving as an ethical statement, it defines the work of the organization in the area of planned giving solicitation. A copy of Model Standards is available online from the National Committee on Planned Giving at www.ncpg.org/ethics_standards/model_stds.asp

Third, Dunlop offers some wording for newsletters, response cards, and wills that invites donors to consider planned gifts. Here are some samples:

"In recent years, donors have informed us of their intention to include a gift to [your organization] in their wills. These gifts will provide an estate tax deduction and have a tremendous impact on our ability to [state purpose]. If you would like information about how to include [your organization] in your will, please contact us. [name, address, phone, email]"

"There is yet another way for you to express your commitment to the goals of [your organization] through a planned gift. Once you have provided for your loved ones in your will, you may want to include a gift of cash, stock, or property to [your organization]. Your gift will be a lasting tribute to your concern for the [mission], while guaranteeing [organization's] long-term future. For further information on how to include the [organization] in your charitable giving plans, please contact [name, address, phone, email]."

"In March [organization] received a $100,000 gift from the estate of an individual who passed away late in 2002 and who had stipulated in her/his estate that [organization] was to receive the remainder of their estate. Not only is this gift significant in size, but it also marks the first time that [organization] has received a gift through a donor's estate. To find out how you can include your charitable concerns in your estate plan, please contact [name, address, phone, email]."

"There are several ways you can name [organization] as a beneficiary in your will or trust. You may choose to give specific assets, a portion or your estate, or you residual estate after payment of other bequests. You can state how you would like your gift to be used.

- State for a specific purpose or program
- Designate 'whatever need is greatest' so that [organization] can choose to use your gift to fulfill our mission.
- Direct the gift to the annual fund.
- Direct the gift to the endowment fund."

Response Card:

- I/we have included [organization] in our will or trust.
- I/we am (are) interested in including [organization] in our will or trust.
- Please send me/us more information on leaving a gift in my/our will to [organization].

Sample Bequest Language for Wills:

- “I give to [organization], located in [address, state], the rest and residue {or percent or exact amount} of my estate to be used by [organization] wherever the need is greatest.”
- “I give to [organization], located at [address, state], all of my right, title and interest in the following described real estate [insert legal description of property], to be used by [organization] wherever the need is greatest.”

Sample Cover Letter:

Dear John and Alice,

Thank you for your interest in including [organization] in your will. Enclosed please find a listing of the alternative ways to name [organization] as a beneficiary in your will. Our legal name is [state legal name]. It is important that you and/or your attorney have our tax-exempt number for your records. Your gift will make a better future possible.

Planned giving specialists suggest it is better to specify a percentage of your estate for an organization, rather than a specific sum. This allows your charitable giving goals to adjust with your changing life circumstances. It would be helpful for our organization to have a copy of your will once it is finished (or at least the section pertaining to us) and the name and number of your attorney if you are using one to prepare your will. This information would naturally be kept in confidence.

Thank you once again for your interest in and support of [organization]. If you have any questions or need of further information, please do not hesitate to contact us.

More Resources

You may want to check out the following Web sites as a way of gathering more information about planned gifts and terminology related to specific gifts such as charitable gift annuities, charitable annuity trusts, and donor advised funds.

http://www.newtithing.org/
http://www.leavealegacy.org/
www.women-philanthropy.org
www.pgtoday.com

The ELCA Foundation web site offers information and directory assistance to locate Foundation staff across the country. The address is www.elca.org/fo Campus ministry agencies are encouraged to contact the ELCA Foundation for any assistance needed in securing planned gifts. Contact them at 773-380-2970.

Once you have built a focus on planned giving into your fund raising strategy, you will find yourself thinking and talking about these kinds of opportunities with more regularity in your newsletters and personal conversations. Your donors need to know that you are interested in and capable of receiving their bequests and estate gifts. Your ministry may be able to provide the way for them to leave a legacy for the church in the next generation. Open a door, invite some planned gifts, and see what happens.