Practical Development for "Smaller Shops"

COASTAL BEND COMMUNITY FOUNDATION

2017 Nonprofit Workshop
July 25, 2017
Corpus Christi Country Club

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Thompson & Associates
on course for tomorrow

PLANNED GIVING TODAY
CHARITABLE ESTATE PLANNING INSTITUTE
Speaker Biography & Contact Information

Thomas W. Cullinan, J.D., FCEP is senior vice president and regional manager at Thompson & Associates where he facilitates the creation of charitable estate plans. Exclusively through its nonprofit clients, Thompson & Associates provides expertise, focusing on the design of comprehensive estate plans and working confidentially with donors to these nonprofits. The firm guides individuals to establish/update plans that benefit family members and favorite nonprofits consistent with their personal values and financial objectives. At no cost to them, planning clients receive objective recommendations from an expert team, allowing them to entrust their plans to their own legal and financial advisers for implementation.

He is editor of Planned Giving Today, which serves the charitable community and is a practical resource for education, inspiration, and professional linkage. Published monthly and read internationally by nonprofit executives and for-profit practitioners, Planned Giving Today helps gift planners enable others to give generously and prudently.

Cullinan was dean of the 2017 Charitable Estate Planning Institute, an advanced course in charitable planning techniques. It offers an annual opportunity for professionals to hear current estate-planning ideas, strategies, and trends. Participants also earn the Fellow in Charitable Estate Planning designation and continuing education credits.

He was previously a charitable giving adviser who served nonprofit organizations and donors through his company Schola Donum Inc. According to a national survey of 30,000 nonprofit executives, Schola Donum ranked among the top charity consulting firms in client satisfaction, and was one of only nine firms recommended based on the likelihood of being referred by its clients.

In the past 25 years, he has been responsible for facilitating charitable gifts with a combined value of nearly $1.2 billion.

He served on the national board of the National Association of Charitable Gift Planners and on the boards of its local councils in Houston, Nebraska, and Washington D.C. In 2011, he was selected for the NACGP’s Leadership Institute through a peer review process, one of only 31 charitable gift planners in that inaugural group. He is also a member of the Estate Planning Council of Corpus Christi and Planned Giving Council of Houston.

Cullinan has delivered continuing legal education programs in 15 states and presented on the topic of professional ethics at three national conferences. He instructed professionals and charity executives as director of the National Planned Giving Institute at the College of William & Mary. He was also an adjunct professor for three years, teaching MBA candidates at Creighton University’s Heider College of Business.

He is a frequent speaker at conferences and meetings, including the NACGP and its local councils, the American Council on Gift Annuities, and estate planning councils.

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9:30 a.m. Part One: Our Aspirations

Development Philosophy of Highly Successful Professionals

Essential educational elements for this session
- Review how “smaller shop” development professionals become successful
- Consider the priorities and perspectives of donors and prospects

1 The scope of this work

1.1 Gifts that arrive later — particularly by beneficiary designations
1.2 Gifts that arrive now — often involving non-cash assets such as real property, contractual rights, and especially securities
1.3 Split-interest gifts (which can have tax advantages) designed to balance currently and future financial or personal objectives, or both
  1.3.a May be driven toward avoidance of income tax and/or gift and estate tax
  1.3.b May want to leverage the effect of such taxes for the benefit of heirs, charity, or both
1.4 Job One for each of us
  1.4.a For a gift planner employed by a charity
    1 Locate a defined group of mission-committed individuals
    2 Establish and extend a relationship with each one on a personal level
    3 Educate them about giving opportunities to which they may relate and respond
    4 Lead, motivate, or inspire each one to consider how charitable giving fits into their lifetime and end-of-life plans
  1.4.b For the generalist, especially one working for a “smaller” nonprofit
    1 Locate a defined group of mission-committed individuals
    2 Establish and extend a relationship with each one on a personal level
    3 Educate them about giving opportunities to which they may relate and respond
    4 Lead, motivate, or inspire each one to consider how charitable giving fits into their lifetime and end-of-life plans
  1.4.c How we approach the work — and fulfill our potential — may differ in different settings, yet our work does not

1.5 Successful gift planners do their work focused on the perspective of the donor/client
  1.5.a Those with a “product” orientation struggle and often fail
  1.5.b Failure in this field is likely if your success is primarily measured by ...
    1 Dollars raised this fiscal year
    2 Solicitations that resulted in major gifts this fiscal year
3 Number of charitable remainder trusts and gift annuities on the books

1.5.c The best people working in development today are facilitators
1 Bring prospects to the intersection of an individual’s charitable objectives and the nonprofit’s financial needs
2 Oriented to serving their prospective donors and clients
3 Understand that the larger and most impactful gifts take time to construct and gain approval, and gifts can only be deemed to be “good” after many years

1.5.d Productivity rules-of-thumb (Hint: Mix process activities and tangible results here)
[See “Accountability and Performance: How to Measure Success” Appendix p. 30]
1 Dollars-per-year raised
2 Times Salary-plus-benefits
3 Return on Investment (Cost Per Dollar Raised)
4 Out-of-the-office Half-of-the-time
5 Annual/Monthly/Weekly Prospect Meetings
6 Call Reports and Contact Management Software
7 Moves
8 Cold Calls
9 Months to Become Effective

2 Find a mentor or coach (or be one, if you are “seasoned”)

2.1 Have one candid relationship (or more) with someone who can guide you

2.1.a Mine was Bob Sharpe, Sr., the man who coined the term “planned giving” and developed his philosophy of development over a 41-year career in this field
1 “All people have a built-in need to give.”
2 “Giving is the way we perpetuate values.”
3 “Giving is an external action based on the personal need to express our joy, satisfaction, appreciation, or gratitude.”
4 “People don’t respond to grasping.”

2.1.b Major gift donors rarely give because it is intellectually stimulating or rational
2.1.c Major gift donors give for emotional reasons
2.1.d One’s technical skills, while important, are decidedly secondary
1 Teachers versus lawyers
2 Stockbrokers versus investment advisors

2.2 What that mentor will help you do

2.2.a Show people how to give more at the same cost
2.2.b Show people how to give at a lower cost
2.2.c Uncover hidden gifts and assets and discover gifts that were out of view
2.2.d Work more on large — even transformational — gifts
2.2.e Develop a reputation that causes prospective donors and clients to seek you out

3 Prospecting for maximum results

3.1 Donors make charitable gifts in three distinct ways: Annual, capital, and planned

3.2 The three types of donors (“Designs for Fund-raising” Si Seymour 1966)

3.2.a Habitual
   1 Give regularly, often at the same time of year and in the same amount
   2 70 percent of donors

3.2.b Emotional
   1 Gifts triggered by an emotional response to a particular problem (crisis)
   2 23 percent of donors

3.2.c Strategic
   1 Gifts offered strategically in response to a particular problem (non-crisis)
   2 7 percent of donors

3.3 Where we look for gifts

3.3.a Discretionary income (year by year)
3.3.b Net worth (accumulated assets)
3.3.c The average development officer is with donors just 15 percent of his/her time
   1 You can’t cultivate or solicit when you are in a staff meeting
   2 Maximize your “out of the office” and “on the phone” times
   3 Minimize the administrative tropisms (donors are the light to which you turn, not your deskwork)

3.4 Strategic versus tactical givers: Both are essential and important

3.4.a Vision for the future vs. appeal to avert a crisis
3.4.b Oriented to the future vs. dealing with foreseeable obstacles
3.4.c Residual impact (measurable return on investment) vs. temporary gratification
3.4.d Strategic gifts are always much, much larger

3.5 Your donors are accumulators, yet notice that the two very different types

3.5.a Terminal
   1 Self-interested
   2 Motivated by a “need” to give, or out of obligation
   3 “He who dies with the most toys wins”
3.5.b Instrumental
1  Interested in helping others
2  Motivated by a “want” to give, or out of sacrifice for a greater good

3.6 Our prime directive
3.6.a Don’t go hopefully into the places where you think you smell wealth; instead, go purposefully toward the people who actually demonstrate passion
1  Every individual wants to be a worthwhile member of a worthwhile group
2  Find those who believe in your mission (or who can be made into believers)
3  These people will give to you now, over the years, and also at death
4  They genuinely want the nonprofit to succeed (and you, too)

3.6.b Saving income tax, avoiding capital gains tax, or saving gift and estate tax may be nice
1  These are secondary motivators at best
2  Definitely not a benefit to promote heavily
3  Instead, assume that federal tax reform will lead to a flat/fair tax (no charitable deduction) and build your promotions from that

3.6.c Understand each donor’s personal motivations [See Part Four]
1  This may be discovered only through personal contact after establishing trust
2  Identify opportunities to show ideas based on a donor’s net worth, not income

3.6.d Listen for an opening to explain
1  How a donor can make her annual gift long after she’s passed away
2  Give a “child’s share” of the estate
3  Name a fund for a loved one
4  Establish a family legacy

Encouraging South Texans to Give

Essential educational elements for this session
Ø Discuss the role of tax incentives
Ø Review how certain issues influence or motivate donors

1  The effect of tax and financial incentives
1.1  Charitable giving has proven to be generally influenced more by affluence than by tax incentives over the past 60-plus years
1.2  A sharp reduction in income tax rates has many times been unsuccessfully argued to be the death knell for current and irrevocable deferred gifts
1.3 Both current and deferred giving have increased rather steadily since the Tax Reform Act of 1986
1.3.a In absolute and inflation-adjusted dollars
1.3.b As a percentage of Gross Domestic Product

1.4 Income tax and combined gift and estate tax incentives
1.4.a Through the charitable deduction they ...
   1 Lower the net cost of a gift
   2 Provide leverage for giving more to charity
   3 By substituting charitable gifts for estate taxes, may provide heirs with equivalent amounts

1.4.b A tax incentive “plusses” the concept of giving as an American cultural trait while it encourages giving as part of public policy on every level

1.4.c Yet remember that only about 25 percent of all taxpayers itemize their deductions, so the income tax incentive is irrelevant for 75 percent of Americans (and perhaps two-thirds of donors) each year

1.5 Donor’s primary motivations for any planning
1.5.a Self-preservation is often the first obligation and priority
1.5.b Taking care of loved ones and personal obligations comes next
1.5.c Charitable interests generally follow

∅ A charity that is included in someone’s estate can rightly claim it has been elevated to the status of the donor’s family

1.5.d My clients’ experience on how people are filling their “3 Buckets”

"3 Buckets" Before

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<td>Charity</td>
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"3 Buckets" After

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<td>Heirs</td>
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1 Newly documented charitable gifts have been increased 143 percent overall, and 453 percent for the sponsoring nonprofit
2 Newly documented charitable gifts of $38.1 million, with $61.4 million pending
3 “Average” value of estate to charity increased from 4.65 percent to 11.31 percent
4 Taxes were reduced by 70 percent ($27.9 million)
1.6 These are the four fears that face everyone who does estate and financial planning
1.6.a Dying too soon — before I’ve had the opportunity to fulfill my purpose
1.6.b Living too long — outliving my resources and becoming a burden to others
1.6.c Economic emergency — often caused by bad investments, uninsured illness, etc.
1.6.d Physical and mental disability — diminishing my control over events and assets

1.7 The larger questions are typically well beyond mere tax incentives
1.7.a Is there a mark I wish to leave on my community?
1.7.b Can I make things better for future generations?
1.7.c Can I leave a legacy that instructs my children, family, and friends?
1.7.d Can I give without undermining my personal freedom and financial security?

2 Comments from prospective donors (and the ways to give related to them)

2.1 “I like tax-free income.”
2.1.a Municipal bonds in a charitable remainder trust
2.1.b Gift annuity and deferred payment gift annuity

2.2 “I like a fixed income, so I know what I have to spend.”
2.2.a Gift annuity or charitable remainder annuity trust
2.2.b Beneficiary designation in a retirement plan or will

2.3 “I’d give more if I weren’t concerned about inflation.”
2.3.a Beneficiary designation in a will, life insurance policy, or retirement plan
2.3.b Charitable remainder unitrust, pooled income fund, or deferred payment gift annuity

2.4 “I’d give more, but if I need to sell some investments the capital gains bite is terrible.”
2.4.a Appreciated securities or real estate funding a charitable trust
2.4.b Current gifts of appreciated property

2.5 “I don’t care about the deductions because I have to save for my old age.”
2.5 Beneficiary designation in a will, life insurance policy, or retirement plan

2.6 “The kids are doing better than I expected. I think they will be OK.”
2.6.a Lifetime and testamentary charitable remainder trusts, gift of residence with retained life estate
2.6.b Current gifts of appreciated property, charitable non-grantor lead trust, private foundation, supporting organization, or donor advised fund

2.7 “I never expected to be in the position to be a philanthropist.”
Any of the plans mentioned above may be applicable

"I can actually make money by giving."

Irrevocable deferred gifts (but be cautious in evaluating the objectives)

[See “Tips for Warming Cold Feet” Appendix p. 41]

3 The after-tax cost of a charitable gift

3.1 For a cash gift and a taxpayer who itemizes

3.1.a Depends on their income tax bracket (combined federal, state, and local taxes) and savings attributable to the deduction

1 Combined tax rate of 45 percent: net cost to give $1.00 is $0.55 ... or the donor can give 82 percent more than expected due to the tax savings

2 Combined tax rate of 38 percent: net cost to give $1.00 is $0.62 ... or the donor can give 61 percent more than expected due to the tax savings

3 Combined tax rate of 20 percent: net cost to give $1.00 is $0.80 ... or the donor can give 25 percent more than expected due to the tax savings

3.2 For a cash gift and a Texas resident in the top bracket (39.6 percent federal income tax and 3.8 percent Medicare Tax) who itemizes

Combined tax rate of 43.4 percent: net cost to give $1.00 is $0.566 ... or the donor can give 77 percent more than expected due to the tax savings

3.3 For a gift of appreciated property held long-term (like securities) and a taxpayer who itemizes

3.2.a Depends on the savings attributable to both the deduction and capital gains tax avoidance

The lowest net cost occurs when the donor’s cost basis in the property is nearest zero and when their income tax and capital gains tax rates are highest

3.2.b Assume for every $1.00 of gift the donor has $0.50 in basis

1 Combined rate of 45% and capital gains rate of 15%, net cost to give $1.00 is $0.40... or the donor can give 150% more than expected due to the tax savings

2 Combined rate of 38% and capital gains rate of 15%, net cost to give $1.00 is $0.47... or the donor can give 113% more than expected due to the tax savings

3 Combined rate of 20% and capital gains rate of 5%, net cost to give $1.00 is $0.75... or the donor can give 33% more than expected due to the tax savings

3.4 For a gift of appreciated property held long-term that has doubled in value and a Texas taxpayer who itemizes

Combined rate of 43.4 percent and capital gains rate of 15% percent net cost to give $1.00 is $0.491... or the donor can give 204% more than expected due to the tax savings

[See “Securities Gifts (Yes, Even Now) Using the Disposition Effect” Appendix p. 38]
3.5 Costs that are effectively shifted to charity
   3.5.a Commissions and fees related to resale for real property gifts and stock gifts
   3.5.b Investment management fees, commissions, and administrative costs related to life
       income gifts where the charity is trustee or administrator
       1 Investment costs can vary widely in the range from 60 to 250 basis points
           annually
       2 Administrative fees generally fall within 25 to 75 basis points annually
       3 In-house (nonprofit) costs may be significantly lower or higher

3.6 Costs not shifted to charity
   3.6.a Appraisal of hard-to-value property to substantiate donor’s deduction
   3.6.b Advice of legal counsel, tax accountant, and financial services professionals

4 Proper sources of tax and financial information
   4.1 Always: Donor’s own tax and financial advisors
   4.2 Never: Charity’s development officer or gift-planning specialist
   4.3 Special situations that can be promoted to target audiences
       4.3.a Owners of commercial real estate, farm, or ranch land
       4.3.b Entrepreneurs and business owners
       4.3.c Women
       4.3.d Baby boomers still in the squeeze years
       4.3.e Significant local employers
       4.3.f Widely held stocks in South Texas (for example, consider Valero Energy Corp.)
       4.3.g Owners of mineral interests

10:30 a.m. Break

10:45 a.m. Part Two: What We Do

Ground Rules for Charities and Donors

Essential educational elements for this session
   ☑ Set out that which may be given as a charitable gift
   ☑ Consider various types of givable property

1 What constitutes a charitable gift?
   1.1 U.S. Supreme Court reaffirms a Tax Court requirement of “detached and disinterested
       generosity” as evidence of donative intent and a fact to be found
1.1.a Commissioner v. Duberstein (1960) concerned the alleged gift of a Cadillac to a business associate
1.1.b Donor treated value of Cadillac as a business expense; donee did not treat it as income
1.1.c The same principle guides cases involving charitable giving
1.1.d Query whether any major gift has anything to do with “detached and disinterested generosity” (see section 1.5, pp. 3-4)

1.2 U.S. Supreme Court determined that payments to a religious organization are deductible if no consideration is expected or received
1.2.a Hernandez v. Commissioner (1989) extended the principle to a contribution to other kinds of charities
1.2.b Involved set fees for training by the Church of Scientology
   A differing result than the IRS’ position concerning charitable transfers related to certain dues, building fund assessments, and pew rents which are deductible

1.3 U.S. Court of Claims established the test for deductibility under IRC §170
1.3.a Singer v. U.S. (1972) found benefits received or expected to be received exceed those received by the general public for charitable gifts (i.e., incidental benefits)
1.3.b Transferor has received a quid pro quo and has a non-deductible transfer (not a partial offset)

1.4 Time and talent are not deductible contributions
1.4.a They have great value to a charitable organization, though have been subject to valuation abuse and this principle prevents doubling tax benefits
1.4.b The disallowance of charitable deductions for gifts of services has been applied to:
   Donations of blood to charity
   Public service announcements and ad space in broadcast and print media
   Volunteer teaching to a federal program
   Carpentry services building observation posts for civil defense
1.4.c American history of voluntarism
1.4.d Tangible contributions have been allowed when the gift went beyond services, though the contribution value will be reduced to the donor’s tax basis (often zero or close to it):
   Economist’s gift of manuscripts was a gift of artistic property
   Gift of tape recordings of an operatic performance given to universities was not a gift of services performed in making the recording
   Television film given to charity was a gift of tangible property
2.1 Issues related to giving and fundraising

2.1. Events
2.1.a Admission fees for an athletic event, fair, show, banquet, auction, or gala are presumed to be the fair market value consideration
2.1.b Donor obligated to show that all or a substantial portion of the fee is a gift
2.1.c Unused ticket doesn’t permit a larger deduction as it was still available to donor
2.1.d Test is not whether charity will use all of payment for mission activity
2.1.e Donor allocates part of payment to gift and part to purchase (charity’s receipt may be helpful in substantiating)
2.1.f Quid pro quo donations of more than $75 require charity to make a good faith estimate of the goods and/or services furnished (in either the solicitation or receipt)

2.2 Memberships
2.2.a Rev. Rul. 68-432 sets the standard for a charitable deduction based on member benefits or privileges
2.2.b If value received is reasonably commensurate with the payment, no deduction
2.2.c Same quid pro quo disclosure requirements

2.3 Purchases
2.3.a Raffles: Buying a ticket for a chance at a prize is not a charitable gift for income tax purposes, even if solicited or designated as a contribution and/or given with charitable intent
2.3.b Auctions and bazaars: Purchase of an item deemed to be at fair market value and not a charitable gift, even if item acquired by charity at no cost and all proceeds used in mission and/or purchased with charitable intent
1. Treas. Reg. 1.170A-1(h)(5) offers a four-part test to convert a purchase into a deductible charitable gift
2. Taxpayer buying at a charity auction must (1) intend to make a gift, (2) rely on the charity’s estimate of value that must be made in good faith, (3) charity’s estimate must meet the written disclosure requirements under IRC § 6115(a), and (4) must be published in advance of the auction.
3. Root of the problem: In charity auctions, raffles, and gambling, the enticement is separate from the impulse of donative intent
4. Donors may wonder: How weak must that charity’s mission be when its leadership and managers resort to seductive tactics like these
2.3.c Preferred athletics seating: Not deductible related to the quid pro quo value, and IRC §170(I) allows an 80 percent deduction

2.4 Token benefit rules

2.4.a When goods/services are obtained in return for a charitable contribution, only the excess of contribution over the fair market value of the goods/services received is deductible

2.4.b If contribution is $75+, charity required to provide a written statement to donor with a good faith estimate of value of the goods/services (IRC §6115)

1 Rev. Proc. 90-12 set “safe harbor” rules for token benefits

2 For 2017, gifts of $53.50 or more the token items (key chains, bookmarks, etc. with logo) can cost charity up to $10.70

3 For 2017, gifts up to $107.00 and the token benefit does not exceed 2 percent of the gift

4 For 2017, charity gives free, unordered items to donors that cost the charity $10.70 or less

3 Valuing various types of property for charitable gifts

3.1 General rules

3.1.a The standard of fair market value (FMV) governs the charitable deduction for all types of contributed property (See IRS Publication 561 “Valuation of Donated Property’’)

3.1.b Proof of value is the obligation of the person claiming the deduction and the tax rules are fairly specific

3.1.c Appraisals are required for hard-to-value property (non-cash and securities not traded on public markets) in excess of $5,000 ($10,000 for non-publicly traded stock)

3.2 Publicly traded securities: Mean of the high and low selling prices on the date of gift

3.2.a Issues can include no sales on gift date, blockage discounts, and restricted stocks

3.2.b Generally look to reasonable practices or other valuation methods

3.3 Privately held stock: Considerations include the nature of the company business, economy, book value, earnings and dividends, goodwill, buy-sell agreements, and recent sale prices

3.4 Shares of a mutual fund: Bid/redemption price quoted by the investment company on the date of gift

3.5 Contracts for life insurance and annuities: The lower of fair market value or the donor’s tax basis in the policy, defined as the amount of premiums paid less any dividends earned and outstanding loans on the contract

3.5.a This is because life insurance is ordinary income property and not a capital asset

3.5.b Single premium contract: Contract cost when transferred to charity immediately
3.5.c Paid-up policy: Replacement cost to issue an identical policy on the date of transfer
3.5.d Contracts with payments due: Interpolated terminal reserve (approximated by the cash surrender value)

3.6 Real property
3.6.a Unique characteristics of all real estate makes FMV a difficult determination
3.6.b Methodology includes comparable sales, income production, etc.

3.7 Tangible personal property
3.7.a Includes, art objects, books and manuscripts, equipment and appliances, collectibles
3.7.b If it is appreciated property, FMV is deductible for income tax purposes if substantiated and the property will be put to a related use by the charity

3.8 Intangible personal property
3.8.a Includes copyrights, patents, contractual obligations, partnerships, etc.
3.8.b Earnings potential tends to be the standard for FMV and expert appraisal is typically necessary

Ethics for Financial Development Professionals

Essential educational elements for this session
Ø Discuss issues and cases related to ethics
Ø Examine reasonable standards in the field of development

1 The effect of organizational culture

1.1 79 percent of corporate America has written ethics standards
1.1.a Employees seeing something wrong must come forward for it to work
1.1.b “Skepticism is a critical business skill”
1.1.c Provides checks and balances in the economic sense
1.1.d Employees see through managers’ manipulation of stated policies

1.2 Ethics is perceived and filtered at the personal level
1.2.a Do we view the world as revolving around us?
1.2.b If so, all our ethical decisions are transformed
    1 They become mere risk/reward assessments
    2 This is the absence of ethics

1.3 Our work is not about contracts, deals, dollars, or prospective donors
1.3.a It is all about trust
1.3.b Trust is a simple concept, though it is built through a complex process
Based on constancy, which can only result from faithful adherence to fixed ethical standards
Not subjective or changing

1.4 Ethics defined
1.4.a Doing right, and having proper conduct in our daily lives
1.4.b Does not prescribe the right action for every situation
   1 Ethics is proactive, not reactive
   2 Ethical people do not rely on society, work, or money for guidance
1.4.c Character, personal integrity
   1 Doing things that are right, not the most expedient or profitable
   2 Set standards and live to them, especially when no one is around to notice

2 Specific cases and examples
2.1 “Malpractice”
2.1.a Consider the Know Your Customer rule in the investment business
   1 Giving advice without knowing all the facts: Objective discovery
   2 Trivializes the transaction
2.1.b If the first gift arrangement doesn’t fit, there will never be a second one
2.1.c Set aside your hunches and lack of time: Take time for careful consideration

2.2 Unlicensed practice of law and other advice
2.2.a Development staff never need to state legal conclusions
   1 Leave that to the donor’s attorney
   2 Even if the development officer is an attorney, he/she can advise only the charity in the context of his/her employment
   3 Better to make suggestions and have a referral list handy

2.3 Paying for a donor’s appraisals
2.3.a Always the donor’s responsibilities according to the regulations
2.3.b Charity-paid appraisal will be set aside under scrutiny, and it violates substantiation rules dating to 1994
2.3.c Donor loses opportunity to claim two deductions
   1 Charitable deduction for the unsubstantiated gift
   2 Miscellaneous deduction for the expense of the appraisal in connection with the determination of tax liability
2.3.d Only other option is for the charity to issue a Form 1099 to the donor for the appraisal value — the donor is taxed on that amount
2.4 Independent legal and financial counsel
   2.4.a Sometimes an advisor will attempt to shift costs from client to charity
   2.4.b Query which client is getting the advice
   2.4.c Charity is probably preventing donor from independent advice
       1. Looks like overreaching to disgruntled heirs
       2. Primacy of philanthropic motivation

2.5 Other ethical limits of which to be aware
   2.5.a If approached by an ethically unsound gift, simply decline
       1. Enlist legal counsel if necessary
       2. Inform colleagues about your reservations so they don’t get blindsided
   2.5.b Charity employees may not be compensated by others
       Ø Conflict of interest likely to offend the employer
   2.5.c Compliance with the law is not enough
       1. Avoid the slightest appearance of impropriety
       2. Use the front page and parent tests
   2.5.d Use good judgment with confidentiality and making records
   2.5.e Avoid even the appearance of conflict
       1. Don’t refer a donor only to one professional or who also sits on your board
       2. Don’t start a romance with a prospective donor

3 Reducing ethical conflict

3.1 We tend to look at top performers and not those at the bottom of the barrel

3.2 Watch out for rationalizations
   3.2.a “Just doing my job”
   3.2.b “They owe me”
   3.2.c “It’s legal, so I’m okay”
   3.2.d “I gained nothing”
   3.2.e “They’re all doing it”

3.3 Some say ethical compromise is a necessary evil in business, something inevitable in an imperfect world in order to not lose a competitive edge
   3.3.a This is plainly false
   3.3.b Compromise in ethics announces failure

3.4 Focus on the behavior instead of the personalities of the actors

3.5 Good relationships are grounded in good ethics
   3.5.a Development officer trying to extract a maximum gift
3.5.b Attorney or insurance agent who fails to return calls to the charity officer because he’s over-controlling of the client

3.6 Leadership is not what you do, it is **who you are**

3.6.a Put the value of a good name ahead of financial success

3.6.b “Success always occurs in private; failure happens in full view”

11:45 a.m. Networking Lunch

12:45 p.m. Part Three: Keys to Succeeding

**Gift Acceptance Policies Guide Your Success**

Essential educational elements for this session

- Consider the opportunities and pitfalls within institutional policy
- Begin with a comprehensive set of model policies

1 Why have gift acceptance policies?

1.1 Provide for due diligence

1.1.a Authority and delegation

1.1.b Assure the board and management that approved process is followed

1.1.c Do not merely copy another nonprofit’s policy document

- At best, it will only be an elegant counterfeit

1.2 Encourage the intake of appropriate current and deferred gifts

1.2.a Protect donor and donee while addressing the obligations of both parties

1.2.b Avoid accepting property with excess conditions, debt, or other problems

1.2.c Preserve the integrity of the nonprofit

1.2.d Avoid adverse legal, moral, and financial outcomes

2 Drafting the policy document

2.1 Involve several functions of the charity

2.1.a Development

2.1.b Legal

2.1.c Finance/Treasurer/Business Office

2.2 Outside legal counsel

2.3 Need for flexibility, with periodic review/updates, and someone charged with those tasks

3 Sample problems to consider

3.1 Gift that is outside the scope or wishes of the institution
3.2 Grandchildren as beneficiaries of life income gifts
3.3 Institution selling the securities donor has given “with strings attached”
3.4 Gift minimums
  Ø Especially related to trusts, gift annuities, endowments, and naming opportunities
3.5 American Council on Gift Annuities recommended annuity rates
3.6 Unwanted property
3.7 Date of gift issues related to securities transfers — must be accurate

4 Administrative issues
4.1 Management fees
4.2 Legal fees
4.3 Serving as trustee
4.4 Serving as executor

5 Naming committee
5.1 Definition
5.2 Purpose
5.3 Function
5.4 Members
5.5 Decision-making authority

6 Background check on donors
6.1 Purpose
6.2 For large, high-profile gifts
6.3 How wealth was acquired
6.4 Public relations considerations

[See “Gift Acceptance Policies: Don’t Go Out Without Them” Appendix p. 36]

Board Best Practices and Model Board Presentation

Essential educational elements for this session
  Ø Review information relevant to charity trustees
  Ø Demonstrate how to engage them in a winning philosophy
  Ø Set appropriate expectations for development initiatives

1 Assuring productive meetings
1.1 Meeting objectives are crystal clear before the meeting is called
  1.1.a Often relates back to a prior meeting
1.1.b Has the prior meeting’s follow-up requirements been met?

1.2 Agenda is distributed in advance to everyone invited — plus reminder with date/time/location
1.2.a Opportunity to review, add items
1.2.b Certainly preparation occurs only when they know what is to be discussed
1.2.c A courtesy, yet extremely powerful in generating productivity
1.2.d If it is not important (or organized) enough in advance, why should anyone attend?

1.3 Meeting results in actionable information
1.3.a Outcomes are concrete, even when decisions are tabled
1.3.b Minutes or a meeting summary are distributed for review and correction

1.4 It is clear whom is responsible to act on the outcomes
1.4.a ... and by when
1.4.b To whom that will be reported

1.5 Did everyone participate?
1.5.a Part of the meeting review, in the interest of improving the next one
1.5.b If not, why?

1.6 Would anyone’s work have suffered if this meeting had not occurred?
1.6.a When the answer is no, reassess the necessity to meet and/or the preparation
1.6.b Focus on meeting attendees, yet not to the exclusion of extended constituencies

1.7 Is there a more effective way to convey this information?
1.7.a Personal discussion isn’t always essential to decisions
1.7.b Beware when people start sending alternate representatives to a meeting

2 Some board behaviors need an exorcism

2.1 Personal agendas and conflicts of interest
2.1.a Nearly all board members come to serve with humility and good intentions
2.1.b Let’s assume they begin with common motives and goodwill
2.1.c Don’t be naïve: a few will have ulterior motives; others have unrealistic expectations

2.2 Define inappropriate behavior before you see it
2.2.a Topic for a board retreat
2.2.b Should be clearly stated in the job description for each board position
2.2.c Members sign an agreement committing to that job description
2.2.d Has clearly defined start and finish dates, and opt-out provisions
2.2.e Review conflict of interest policies (Check with peers and aspirational peers, if needed)
2.2.f When you see offending behavior, raise the issue individually and immediately with that person (perhaps accompanied with the chair) before bringing it to the full board.

2.3 Poor involvement

2.3.a Failure to attend meetings suggests unproductive or dull meetings [see Section 1]

2.3.b Consider fewer meetings, maybe 10 annually instead of 12

2.3.c Offer treats: It is completely human to gather with food (even a candy dish)

2.3.d If cost is an issue, ask board members to host and select the treats

2.3.e Include a mission-related testimonial or insider moment

- Success story of recent note
- Photos or video from a current program/event
- Updates that resonate with the mission and excite board members

2.3.f Never forget to reaffirm why they serve

2.4 Someone who just needs to leave

2.4.a This is why we have term limits and opt-out provisions

2.4.b Term limits allow for "new blood" as well as new ideas and energy

2.4.c The specifics of your job description will help make a case to slackers

2.4.d Have the chair conduct an annual self-evaluation of board members

2.4.e When new standards or challenges arrive, some may bow out gracefully

2.4.f Use specific criteria: "Three consecutive unexcused absences will be considered resignation from the board"

2.4.g To soften the sting, exiting board members may be retained as emeriti, host a donor event, or be honored for their financial contributions

2.4.h Do what you can with what you are given: Some struggles cannot be overcome

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**Model Board Presentation**

3 Identify our goals and objectives

3.1 More and better gifts

3.2 More givers

3.3 Better stewardship of all donors, and at every level

3.4 Increased total giving, including gifts for priorities such as endowment, capital projects, and unrestricted gifts

4 The role of key individuals to assure that we have robust development initiatives

4.1 CEO, President, Executive Director, etc.

4.1.a Manager, advocate to the board, personally involved as a donor/steward
4.1.b  Responsible for making the case for development and approving budgets

4.2  CFO, Treasurer, Business Manager, etc.

4.2.a  Helps validate and enforce policies and procedures with assistance of our legal counsel
4.2.b  Consents to the development operations and guidelines for accepting certain gifts
4.2.c  Responsible for gift administration and links to stewardship

4.3  Board members

4.3.a  Oversight of charity, knowledge of the basic approach to development
4.3.b  “Give ... get ... or get off.”
     1. Make a personal gift commitment
     2. Make introductions, or at least refer gift prospects

4.3.d  Provide advice as needed, and commitment over time

5  Incorporating elements of gift planning that fit every charity’s needs

5.1  Building an endowment

5.2  Unrestricted gifts

5.3  Delivers generally larger gifts

5.4  End-of-life gifts are the most universal, and not the domain of just the wealthy

5.4.a  Revocable gifts using wills and living trusts
5.4.b  Revocable gifts using qualified plan money and existing life insurance contracts

5.5  Gifts of appreciated property (held long term) are the least expensive, because there are two tax advantages

Formula: Cost of gift = FMV – (T x FMV) – C(FMV – B)

FMV = fair market value
T = marginal income tax rate
C = capital gains tax rate
B = cost basis of property given

Consider 400 shares of Valero Energy Corp. common stock purchased May 18, 2012 at $21.50 per share and donated May 15, 2017 when the value was $65.50 per share.

Donors are married, file a joint return, and earn $240,000 annually, placing them in the 33 percent federal income tax bracket and 15 percent capital gains tax bracket. Assume no extraordinary tax issues such as Alternative minimum Tax.

Cost of a $26,000 gift = $26,200 – (.33 x $26,200) – .15($26,200 – $8,600)
Cost of a $26,000 gift = $14,914  [$0.57 per $1.00]

6 Examples of important gifts in our focus

6.1  High value, high deduction gifts — these are the most important

6.1.a  Current gifts of cash and appreciated property (stocks and real estate)
6.1.b Current gifts using IRAs and 401(k) money that avoid income and estate tax for the donor
6.1.c Deferred gifts using wills and revocable living trusts that often manage personal concerns
6.2 High value, lower deduction gifts — important given special circumstances
6.2.a Charitable remainder trusts
6.2.b Gift annuities
6.3.c Gift of a residence with a retained life estate
6.3.d Charitable lead trusts
Ø Tax deduction for the present value of the charitable gift
Ø Post-gift appreciation often inures to the benefit of the remainder interest
7 Development is about facilitation, not manipulation
7.1 The ideas, timing, and operations for fundraising are influenced by financial conditions
7.2 Relationship-based gift planning generally results in much larger gifts than originally considered
7.3 Gifts are by definition partially sacrificial
7.3.a We’re NOT going to do anything that could make negative headlines
7.3.b People have a fundamental need to give, and they need your help and mine
7.3.c People will give us more than we could ever take from them
7.4 We emphasize our mission and will use only approved, time-tested practices
7.5 We always urge that donors review any proposed gift with professional counsel
7.5 The value of any charitable gift is seen only in the context of time

1:45 p.m.  Break

2:00 p.m.  Part Four: Where We Focus

Communicating Well with Prospects
Essential educational elements for this session
Ø Develop a strategy for meeting with a prospective donor
Ø Utilize tactics for two-way communication and a successful visit
Ø Encourage future conversation and the flow of relevant information
1 The interview with serious cultivation
1.1 Obtained usually because someone has responded to our marketing
1.2 Self-identification of interest is crucial in the minds of those who are averse to cold calls
1.3 While not every responder becomes a prospect, most do
1.3.a Those who are not may emerge again later (and they often do)
1.3.b Those who do have a cultivatable interest for which we are now responsible, at least in part

2 The value of a personal interview

2.1 Gain information from the source

2.1.a It will still be filtered, yet is almost always more accurate and up-to-date than any development research may offer

2.1.b Identifies their personal and charitable objectives

2.1.c Seek to fill in the blanks to their “Four Ps”
   1 People
   2 Property
   3 Plans
   4 Planners

2.1.d What is revealed in one or more interviews leads toward charitable, financial, and estate plans
   1 Referral to professionals to make these plans legally effectual
   2 Coordinated work between professionals and one or more charities, too

2.2 Successful interviewing requires …

2.2.a Good attitude

2.2.b Focus on the task at hand

2.2.c Listen, then listen some more

2.2.d Ask appropriate questions

2.2.e Mind your manners at all times

2.2.f Dress to fit the occasion and the subject’s expectations

2.2.g Always request a time that is convenient for the subject

2.2.h Communicate with simplicity, directness, and empathy

2.2.i Don’t force the issue — find the fit

2.2.j Know when it is time to end

[See “Working With Indecisive Prospects: Practical Tips from Will Rogers” Appendix p. 42]

3 Interview techniques modeled from insurance and financial planning models

3.1 Before the appointment

3.1.a Know the context of the interview (self-identifier, referral, etc.)

3.1.b Know if others in your organization have been in contact previously

3.1.c Are there people we’ve identified who have known or suspected influence with the subject?
3.1.d What is planned in the interview is understood by both/all parties
3.1.e Recognize the individual qualities that make each interview unique
3.1.f How was this person qualified (Was he/she qualified? By whom?)
3.1.g Is the appointment firm? Has it been confirmed on the day before?

3.2 During the appointment
3.2.a Get acquainted, comfortable, and show personal interest
3.2.c Focus on the needs of the subject
3.2.d Gather information (more on this later)
3.2.d Wrap up by identifying “to dos” and research needed in addition to writing a summary of what was discussed
3.2.e Tee up a subsequent meeting as needed and when appropriate

3.3 Following the appointment
3.3.a Send a letter describing the interview
   1 Covers a summary of what was learned in the Four Ps format
   2 Copy to primary advisor or appropriate charity
3.3.b Offer to meet to discuss and answer questions

Leveraging Your Strengths

Essential educational elements for this session
 Ø Discuss what to do with all this information
 Ø Consider the priorities and next steps to apply what has been learned

1 Plan your work, and work your plan
1.1 Commitment from you, your management, and your board
1.1.a Personal commitment won’t get far without management support
   1 This is where you get ample time and money in your budget
   2 Financial development is about marketing a service, not product
   3 We’re working in a field where there are extraordinarily long “sales” cycles for the largest and most impactful gifts
   4 Success is based on credibility, trust, experience, and constancy
1.1.b Board support is less important in some organizations, absolutely key in others

1.2 An adequate financial budget is also essential
1.2.a Think of a flight from New York to Los Angeles
1.2.b Insufficient resources will create frustration quickly — even panic
1.2.c  Frustration is not one of the keys to successful development
1.3  Be realistic about your potential
1.3.a  Enthusiasm can sometimes cloud our judgment
1.3.b  Beware discounting the difficulty you may have attaining the results of your peers
[See “First Aid in the Trenches” Appendix p. 35]
1.4  Build in continuity to your development plan
1.4.a  Random decisions made day-to-day aren’t often sustainable
1.4.b  Commit to permanence despite the newest coming peril, whether it involves an income
tax revolution, scorch-the-earth capital campaign, creation of a new foundation, or
 gyrations in the investment markets
\(\emptyset\)  Don’t let short-term “distractions” cause you to take shortcuts or otherwise knock
 you off the right path
1.4.c  Devise a three- to five-year plan and make sure it is integrated with your marketing plan,
financial budget, and that it is staffed adequately
\(\emptyset\)  Resources will be tight, so restrain some of your effort so you won’t lose focus

2  Manage well, because ‘tain’t easy to work in development
2.1  Generating charitable gift income and successful relationships is not unlike brain surgery
2.1.a  It is exceedingly important work — the heartbeat of your mission in three ways
1  From the standpoint of the generous donor
2  From the view of a donor’s family
3  To your nonprofit mission, and therefor to our society
2.1.b  People in charitable gift planning tend to stay in their jobs and in the field longer than
other development staff
1  Even though it is by far the most difficult job in fundraising/development
2  Because a majority of us stay close to the philosophy I’ve advocated to you today
2.1.c  Set aside the temptations to give advice that should come from others; don’t get too close
to donors; don’t “take over”
2.1.d  Development professionals limit themselves to giving suggestions, cultivating solid
relationships, and presenting the appropriate opportunities to donors
2.2  Consider very carefully your charity’s need to “get into planned giving” all the way
2.2.a  Nothing wrong with a sole focus on end-of-life gifts and a bequest program done well
2.2.b  Nothing wrong either with an emphasis on life income techniques and a fully staffed and
funded effort
2.3  Financial development encourages us to take on all we can, yet do well with all that you take on
3 Marketing will make or break you
3.1 For nonprofits
3.1.a Take advantage of all that is offered (though some of these you’ll have to convince others to make available to you)
1 Direct mail and email promotions to broad and selected audiences
2 General and targeted newsletters, magazines, annual reports
3 Public service announcements on radio/TV
4 Prominence related to your website (one click to “How You Can Help”)
5 Estate-planning workshops
6 Recognition at events
7 Involvement of the professional community as allies and colleagues
3.1.b Your overarching goal is to make it easier for prospects and donors to give
3.1.c Focus on benefits first, and never veer away from your mission which is always the primary donor benefit
3.2 Never forget that financial development and gift planning are all about personal freedom and financial security for the donor

4 Regularly assess your progress
4.1 “That which gets measured gets managed; that which gets managed gets done.”
4.2 Attend more to process than tangible results
4.2.a Process activities that are done well lead directly to tangible results
4.2.b Attention on dollars leads to frustration and a shortsighted view
4.2.c This is more akin to research and development than it is product launch
4.3 If it was that easy, everyone would do it and there would be no need for us
4.4 The “market” is coming to us, so be prepared for success and adjusting to the market
4.5 The golden age of gift planning continues — and you want to participate fully

5 Attend to every lead
5.1 This astonishingly simple rule is regularly broken; a reason why so many fail
5.2 Personal calls and visits reflect genuine interest, concern, and value for the relationship while allowing time to lead an extended discussion about ways you can help them to give
5.3 Without prompt cultivation, leads will get cold in a hurry
  Ø Set your own 24- or 48- or 72-hour rule, and be scrupulous about it
5.4 Give yourself time to attend to leads
5.4.a Budget $1,000+ each year for a last minute trip for when you need to see a donor who “flies north” for the summer
5.4.b Never let a staff meeting postpone your visit with a donor
   1 For charity staff: Keep your priorities straight
   2 Not even one documented charitable gift commitment has occurred during a staff meeting
5.4.c Avoid eating at your desk when you could be meeting with a prospect (unless you are drafting a proposal for a donor or catching up on a professional journal)
5.4.d Meet colleagues over bagels or coffee; meet donors for coffee or lunch
5.4.e For development officers, as your responsibilities permit, consider a commitment to be out-of-the-office half-of-the-time

6 Never be too proud to ask for help
   6.1 No one working in charitable gift planning today will claim to “know it all”
   6.2 No one considering a major/planned/blended gift expects you to “know it all”
   6.3 There is always time to research the answer and return with it
   6.4 Take time to educate and motivate board members, the development committee, volunteers, staff, and your associates
   6.5 Attend to your ongoing education by maintaining subscriptions to professional-quality periodicals
       6.5.a Dedicate about 10 percent of your budget to improving your professional skills and knowledge; it will rapidly make you more capable (and more valuable) to donors
       6.5.b Take an active role in AFP Coastal Bend and consider joining the National Association of Charitable Gift Planners
       6.5.c Attend a regional or national conference as often as your budget permits; subscribe to special interest Internet resources
       6.5.d Speak to local service groups, or find time to do an interview on the radio
   6.6 People are flattered when you ask for help
       6.6.a “Show me your friends and I’ll tell you who you are.”
       6.6.b Most people are willing, eager, and able to help
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Accountability and Performance: How to Measure Success
BY TOM CULLINAN
Planned Giving Today, June 2000

Most planned giving officers know that exquisite little inconvenience known as the financial goal. You know the one: that annual objective that, when achieved, makes managers proud and trustees smile.

Managing a planned gifts program requires accountability and work practices that yield results. In one form or another, that means planned gift practitioners who work for charitable institutions will have performance objectives.

Someone in the organization will periodically look to see that an individual charged with securing major current and deferred planned gifts is experiencing success. Most planned giving officers have performance objectives that help them to evaluate how they are performing on the job. Some of these targets are negotiated; some are tangible; and most tend to be expressed in absolute numbers and dollars.

Whether these goals are formal or informal, objective or arbitrary, realistic or not, the planned giving officer will be heard to say, “What do I have to do to make my numbers?”

Managing, whether an entire planned giving operation or one’s own activities, is a complex assignment. Progress and success require attention to multiple tasks, and this complicated job is most fairly evaluated on several levels using an assortment of measurements.

Following are a variety of productivity rules-of-thumb that may be useful for your charity’s planned gifts effort.

Dollars-per-year Raised
This is one of the most common measurements used by most institutions. This standard can test whether a development officer is “paying for himself or herself” by netting results to a dollar amount, say $1.0 million in gift income (which is not that uncommon in higher education and established programs).

Consider whether these dollars are measured on a net present value or not, or how to factor irrevocable commitments against the revocable ones. As a single objective, this one negates and even subverts the process activities that are essential to productivity, such as appointments, proposals, presentations, research and marketing.

Times Salary-plus-benefits
Another dollar-driven measure, and one often viewed by trustees with an eye toward the bottom line, this look at productivity has an air of simplicity. Someone is seen as cost-effective if they didn’t “cost” anything to the charitable organization and in fact brought in some multiple of their compensation.

A number of colleges and universities suggest that a planned gifts officer needs to bring in gift commitments valued at three or four times his or her salary-plus-benefits within the first three years on the job. Example: If a PGO is paid at the rate of $80,000 and has employer-paid benefits valued at 25 percent of salary, then the expectation might be that the PGO will be generating gift income in the range of $300,000 to $400,000 annually within three years.

An obvious question relates to how those gifts are valued (net present value, or face amount) and whether they are current or deferred or both. Other factors, such as dispersion of prospects, prior contacts by development staff and giving history, will influence how quickly any PGO comes “on stream” and begins to be cost-effective.

Return on Investment (Cost Per Dollar Raised)
It is unfortunate that so many people compare charities’ cost-per-dollar-raised as a basic measurement of fund-raising effectiveness. We recognize the inherent inequity to compare charities this way. For instance, consider a national charity with an average gift of $150 from a direct mail base. It is not fair to measure that against a regional private college with a highly developed board solicitation
strategy and annual fund contributions averaging $1,500, or the local charity that relies on a single event to generate the bulk of its gift income for the entire year.

Still, PGOs are quick to point out that a 20:1 ratio in many established planned gift operations is readily attainable, and this is usually quite favorable compared to other development methods (direct mail appeals, events, etc.). In other development shops a 50:1 or 100:1 ratio would occur in a so-called bad year.

**Out-of-the-office Half-of-the-time**

It seems intuitively obvious that an active PGO will be working among prospects, donors and their advisors as often as possible.

Some PGOs feel it takes two to three hours of preparation and recap for each hour of donor meetings. Travel budgets, time between appointments and dispersion of prospects may make this measure imperfect. Secretarial and technological support (such as voice mail, cellular phones, a laptop computer, and your ability to file remote contact reports or generate proposals on the road) may make or break the accomplishment of this productivity goal.

**Annual/Monthly/Weekly Prospect Meetings**

This measurement is usually more realistic than the out-of-the-office measure simply because it is tied to desired activity (rather than location).

It may not be ideal for the PGO, however, compared to what other development officers are asked to do. For example, development staff members at Columbia University have been expected to have about 200 prospect meetings each year, while the University of Maryland College Park recently expected an average of 20 each month from major gift officers. Some institutions are double those levels; others seek less than half.

The complexity of the PGO’s work tends to reduce the absolute number of meetings in any given interval. It is also understood that there are more discovery and follow-up meetings with so-called planned gift prospects as distinguished from other donors.

**Call Reports and Contact Management**

A next step up from the number of prospect meetings, this measurement requires the filing of a document memorializing the contact. If one were obligated to complete 15 contacts each month, then this system would have the PGO turn in 15 call reports.

If the PGO is actively visiting with prospects and donors about their charitable objectives, there is no better way to assemble that intelligence than in written form. A call report provides a lasting memory of the meetings and can be read by others (management, successors, volunteers, etc.). Some organizations require the filing of a contact report; more than one institution requires a contact report on file before authorizing reimbursement for expenses related to that call.

Managers, seeing the value in consistent calls and contacts, use this information to manage a pool of prospects. There may be no better method than linking a contact database with a calendar, allowing the PGO to schedule next steps and actions related to any stage of contact (relationship, cultivation, solicitation or stewardship) with any number of prospects.

**Moves**

Whether handled formally or informally (using a purchased system or one that is hand-made), more development operations are relying on techniques used in commercial ventures that assist sales staff to make the most out of their customer base. Though development — and especially planned giving — is not sales work, the handling of prospects and managing our communications and relationships with them can be adapted from proven systems in other fields.

On the macro level, one views his or her pool of prospects and categorizes them typically in four or five stages of readiness related to their ability to commit to a planned gift. This is the concept of a
pipeline, where the PGO will identify his or her top number of prospects (say, the top 110, or best 200, or elite 80) and attempt to move a sufficient number toward the appropriate gift commitment. Done right, personalized stewardship then begins and the cycle repeats itself.

The PGO applies a portion of his or her time each week/month/quarter/year working in each segment with the idea that a fair proportion of the prospects can move through the continuum. The result is that some of each category of prospects will, as a result of the PGO’s work, tend to move to the next stage of readiness with respect to their gift commitment.

This represents the most comprehensive rule of thumb on productivity, requiring the most activity and reporting. Yet many gift planners object to the notion advanced by some managers that prospects could somehow be moved along the decision path. We resist a performance measurement that holds us accountable for things entirely beyond our control. (People do not often jump into estate planning or seek out their attorney following a visit from their charity.) And consider this: Attorneys routinely prepare wills and trust documents that would-be clients fail to execute and for which they never pay.

In truth, most recognize that the work of the PGO will reflect deliberate and thoughtful effort to educate, inform and motivate their donors and prospects toward actions that will support the charitable objectives of the individual. The prospect is the one in control of the timing of a decision to move forward, and the PGO will exploit (meant in the legal, not criminal, sense) an opportunity when the prospect is disposed toward that next step.

Cold Calls

Some PGOs are asked to conduct prospecting activity over the phone and in person with individuals who have not been previously qualified as planned gift prospects. Others will initiate contacts with long-standing donors, prospects who have not asked to be contacted, and those who show inclinations or demographic characteristics that seem to imply they could be prospects for planned gifts.

 Typically, the PGO will be assigned a target number of cold calls to make in a given period. The outcome from those contacts may be less important than the fact that the outbound calls were made. Perhaps the most convenient comparison for this activity is the prospecting done by stockbrokers, known to be a “numbers game” where a glib and determined broker could probably gain a couple of new accounts for every 100 cold calls made by telephone.

Months to Become Effective

Most charities expect that newly hired PGOs will establish themselves and become truly effective within 12 to 18 months. Others permit three to five years for someone to become fully effective. The distinction is likely to be definitional: What is effective? What is the difference between truly and fully effective? What is the starting point for the PGO: a mature, fully designed planned gift initiative, or a start-up?

Some of the shrink-to-fit standards shown here may not wash at your organization. It seems we have a penchant for totaling up gifts and their value. Yet, accountability and performance are best served by multiple measurements that reflect process and results.

Now What?

So what are your options and how do you evaluate them? Let’s start with this: Being held to a dominant or singular financial goal can be uncomfortable for the PGO and counterproductive for the charity.

In a field where complex techniques and human relationships require subjective judgment and multiple skills, it seems clear that we need to establish a blend of goals that include bottom-line objectives along with measured process activities that will yield tangible results.

When our trustees and managers want to see a snapshot of our planned gift program results, we should be able to deliver a complete and accurate picture of our performance. Consider that the best
photographs contain a mixture of clear contrasts and many shades in-between. Well-designed performance measures and the reports they inspire are no different, and this drives accountability.

A goal-oriented PGO can work well within a set of objectives and measurements that reflect and drive high performance. The best people in our field work toward goals on a weekly or monthly basis. They find ways to work methodically, and allocate their efforts across the prospect pool in ways that will yield solid results.

Finders, Minders, Grinders, and Binders
BY TOM CULLINAN
Planned Giving Today, February 2008

Tradition has it that law firms needed to have four types of attorneys in order to get the work done.

Each lawyer was thought to possess a distinct set of skills, personality, and work ethic. They relied on each other to survive and thrive, not unlike bees in a hive harmoniously perform certain functions. Each of the four archetypes sets out an ideal, one of which every attorney was expected to emulate.

Professional law firm managers began to view new hires as if through a lens. Which predisposition might the candidate bring, and which quadrant of the firm needed the most help?

And so it was that a practicing attorney was pigeonholed into the category of finder, minder, grinder, or binder.

As we’re seeing more synergy and specialization in the field of gift planning these days, perhaps this division of labor is worth exploring in the context of our own work. Yet before we do, let’s loosely define these archetypes.

Finders In the legal community, these were historically known as “rainmakers.” These acted as the sales force for the law firm, made up of one or more individuals who aggressively sought out new business and mined client relationships to find new ways to expand the firm’s services.

Minders These attorneys tended to be established and held senior status, and those who served an administrative role on the firm’s executive committee or perhaps as managing partners. Their day-to-day contact with clients assured good service and retention.

Grinders Those lawyers who did the actual work of performing research, writing contracts, deeds, trusts, wills, and contracts. Commonly the grinders had barely any client contact that was substantive.

Binders These people served as the glue that held the firm together by mediating quarrels, celebrating successes, and working to maintain the professional and social culture of the firm.

Not surprisingly, other professional disciplines sing similar four-part harmonies. We find comparable divisions of labor among financial services professionals, though the proportion of each type might vary dramatically. (Be cautious about generalities, though, for some firms and companies are quite unlike others while performing very similar work.)

Trust officers, insurance agents, and securities brokers are often found with the finder mentality. Minders in for-profit companies might be best described as department heads and sales managers, while the grinders may frequently be sales assistants and junior associates just learning the business.

We find binders in the human resources department, or heading the financial services company or branch that contains the others.

As with any oversimplification — and these four stereotypes certainly fit that description — few professionals have strengths in just one of these types. Which professionals today have the luxury of
being so specialized that they can avoid being tasked in any of the areas where they have less natural ability?

Note as well that most of us see ourselves as having one dominant style, or perhaps a hybrid of two.

Archetypes in the Charitable Sector

Do these examples of personality work as well when looking at gift planners who work for charitable organizations?

Perhaps so, particularly in larger development shops where the staff is large enough to move in the direction of specialization.

Aren’t the finders often those front-line development people, maybe also with a major gifts mentality? These are the folks who thrill at meeting new people. They’d rather look for new and better prospects than filing contact reports or writing follow-up letters.

We find more than a few minders among those with the titles of vice president or associate v.p. for development, director of planned giving, and stewardship manager. They are also highly oriented to people. However, unlike the finders that from the moment a gift commitment is secured they seek another donor, minders view that gift commitment as a mere beginning to the donor relationship.

Grinding gift planners working for charities tend to reject the star power attributed to finders and the coziness of minders. Instead, such grinders are steady and even relentless in the face of rejection. To them, a stern “No” spoken by a prospect only means “Not yet.”

Binders may be somewhat less common in gift planning, though there are certainly many event-oriented development staff who make certain that the social aspect of prospect cultivation goes smoothly. The CEO and v.p. for advancement may fit this type, too.

There may be a fifth archetype in the charitable sector, that of Winder, intended to describe the individual who energizes the effort, sets goals, and generally spurs on success. Charity executives don’t enjoy the same profit motive as their counterparts in commerce, so it may fall to board members to guide more of the progress.

It would be a mistake to overlook the obvious fact that many charities have small and one-person development shops. (When your job description resembles the sample wall at a hat manufacturer, there is no such thing as specialization.) Here one has to be at least adequate as finder, minder, grinder, and binder. This one must do all day, and every week.

Complement Your Strengths

Just as plants turn to grow toward certain stimuli (an action known as tropism) we gift planners can be fairly single-minded with our dominant skills, too. Whatever type we may gravitate toward, our tropism is supplemented when we develop skills that boost our response when outside of our primary comfort zone.

In truth, we all tend to acquire new skills that supplement our weaker tendencies as we grow during our careers. The obvious fact is that if we are aware of our primary type we can look for opportunities to improve in areas where we need it most.

Whether we work independently or with others, improving on those skills and tendencies that don’t come naturally will make us more effective.

Minders need to keep active in creating and cultivating new relationships rather than just maintaining existing ones.

To avoid falling into a rut, a bit more finding, minding, or binding can temper the grinder’s perseverance and lead to greater productivity.

Finders can recognize that they tend to overlook service and details. Either they can find support staff to shore up such shortcomings or take time to develop skills that assures retention after all that successful finding.

Just for fun, start the next week by embracing your strength as a finder, minder, grinder, or binder. Spend the rest of that week making a list of all the work you are asked to do that fits the other
three types. The result will be a list of to-dos that holds the potential to change your focus, forcing you to attend to your weaknesses, potentially impairing your performance.

Alternatively, if your position allows for categorization, consider strengthening your strengths by honing existing skills to an even sharper point, and make sure that you have colleagues in place who fit the complementary archetypes.

**First Aid in the Trenches**  
**BY TOM CULLINAN**  
Planned Giving Today, October 2008

Can you name the term for a condition suffered by people forced to stand in cold, wet conditions for extended periods? The word is “trenchfoot,” and it originated during World War I.

Today’s less colorful medical term is “immersion foot,” and it refers to the damage to our muscles and nerves when a foot is continually exposed to cold and/or moisture. The cause of the damage is a lack of oxygen being transported on the cellular level. It is similar to frostbite except that no ice forms in the cells of the foot and symptoms are similar to first-, second-, and third-degree burns on the skin.

If you’re familiar with this term you either have prospects/clients who are veterans that have lived at least 75 years or you possess a trivia-filled vocabulary. The condition called trenchfoot may have occurred to you as you’ve read PGT’s “Tales from the Trenches.” Perhaps you’ve contracted your own case of trenchfoot and are bogged down, facing deteriorating conditions, or feel like a raw recruit moved up too soon to the front lines. It happens to all gift planners at times during their careers.

**Diagnosis**

The most important work done in gift planning is quite literally done in the field. Our ability to fight the good fight is threatened by simple problems that can have dire consequences when unattended. Trenchfoot calls to mind poor protection, a shortage of basic first aid, and a lack of oxygen when and where we need it most.

How do you know when you may be suffering? Let’s compare conditions that encourage both types of trenchfoot.

<table>
<thead>
<tr>
<th><strong>Soldier’s Trenchfoot</strong></th>
<th><strong>Gift Planner’s Trenchfoot</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor nutrition</td>
<td>Weak training, canned solutions</td>
</tr>
<tr>
<td>Dehydration</td>
<td>Overwork, improper focus</td>
</tr>
<tr>
<td>Wet socks</td>
<td>Interpersonal skills lacking</td>
</tr>
<tr>
<td>Inadequate clothing</td>
<td>Poor management support</td>
</tr>
<tr>
<td>Too-tight shoes</td>
<td>Performance pressures</td>
</tr>
</tbody>
</table>

Gift planner’s trenchfoot is not unlike burnout and certain self-limiting behaviors that inevitably have a cost. The suffering increases proportionately with the length of time it remains untreated.

In this field we all get discouraged from time to time. We live with changes in accounting standards, public policy, and tax laws. We endure regulation, uncertain investment climates, and times when schemes and scandals make us our own worst enemy.

For the unwary gift planner, simple problems typically become big ones. In the haste to win the day, we may slight preparation, shrug off audits of investment managers, or feign compliance with fiduciary duties. Each is a shortcut that ignores greater danger.

Know this universal truth about our field: There are no shortcuts in a properly planned gift. The success of every gift plan is only revealed over time. This adds to gift planners’ anxieties, raising the stakes when what we seek is a bit of relief.
Treatment

If you or a colleague is developing trenchfoot, there are ways to treat both types of infirmity.

<table>
<thead>
<tr>
<th>Soldier's Trenchfoot</th>
<th>Gift Planner's Trenchfoot</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wash/dry feet carefully</td>
<td>Get out of the mud</td>
</tr>
<tr>
<td>Elevate over the heart</td>
<td>Hold problems up for a better look</td>
</tr>
<tr>
<td>Passively rewarm</td>
<td>Affect repairs without shortcuts</td>
</tr>
<tr>
<td>Anti-inflammatory drugs</td>
<td>Seek advice from specialists</td>
</tr>
<tr>
<td>Monitor damaged for 48 hours</td>
<td>Take time to assess progress</td>
</tr>
</tbody>
</table>

The gift planner who has let the condition deteriorate can benefit from lots of contact with others. Therapy involves talking with colleagues on both the for-profit and not-for-profit sides of our business. Either may have the right medicine.

Once we develop a case of trenchfoot it is time to find a new perspective, and we can find it from others who have a different set of perspectives. Talk to a financial institution about new services they have developed. Take in a workshop or seminar to catch up on your continuing education. Visit with your organization’s government relations expert to gain his or her insights on the issues of the day. Attend meetings of your planned giving council, estate planning roundtable, or financial advisors forum. Learn how others are using information technology and new marketing techniques to attain new levels of performance.

And while it is important to have the most current intelligence available, we must also follow time-honored traditions within gift planning. Our discipline requires technical competence but never at the expense of the emotional aspects of the gift (or vice versa). The best among us know that people have a powerful need to give, and this fact helps keep us warm and dry, even down here in the trenches.

Gift Acceptance Policies: Don’t Go Out Without Them
BY TOM CULLINAN
Planned Giving Today, January 1996

Pop quiz: What is the single most valuable written element for a charitable institution’s development program?

Need a hint? It protects donors and guides their professional advisors away from faulty and hastily structured plans that could fail or require reformation. It also serves the entire development effort whether you are dealing with a one-person operation or a large team operating coast-to-coast.

If you said gift acceptance policies, go the he head of the class. If not, let’s examine why something so elemental can drive success in a charity’s gift planning service. Using the format adopted in my shop, here’s an outline of a policy document from the charitable organization’s point of view.

Purpose Set the tone by specifically describing your intent to serve the best interests of both donor and donee in any particular gift planning opportunity. Give voice to your trustees and apply your development philosophy to your organization’s mission.

Guidelines These are the marching orders for development staff. Ours tell us we must provide for expeditious yet thorough consideration of each gift. We are charged with recommending independent counsel to our donors; we are prohibited from soliciting gift arrangements as investments; we emphasize the need for confidentiality.
Types of property Consider each form of property you will accept, and then set out the mechanism for reviewing, recommending, and accepting these assets. Good policies will have you identify the salient ownership and transfer issues whether that property is real or personal, tangible or intangible.

Types of plans Define each plan of giving you wish to attract, whether current or deferred, and describe the key evaluation points for both donor and donee. (For example, does the charity serve as trustee of a charitable lead or remainder trust? What about multiple charitable beneficiaries, revocable gift arrangements, or sprinkle powers? Under what circumstances might a charity accept regular gifts that fund premium payments on an insurance policy? What are the age and rate parameters for gift annuities and deferred payment gift annuities?

Gift-planning services Will you specifically prohibit the payment of any finder’s fees or commissions to any individual who directs a donor’s gifts to you? Can you set our how you work with professionals and describe those limited situations when you might pay professional fees in connection with a gift? Will you outline the circumstances when you will accept the role of trustee? What about appraisals?

Gift processing Policies also feed the internal processes, such as the issuance of receipts, acknowledgements, and recognition. Our policies should direct the intake of assets to the appropriate responsible parties to ensure security, prompt deposits, and timely receipting.

Authorization for negotiation It is crucial that your trustees designate the persons who will negotiate and commit to gift arrangements for the institution. The donor and his or her advisors need to know who has the decision-making authority.

Gift disposition To close the circle, we build safeguards into our practices to ensure that donors reach their intended outcomes, and to be sure our business office secures the proper title, possession, insurance, and control of gift assets.

Get Behind the Words
You might ask, can anyone with a word processor and an understanding of nontraditional gifts knock one of these policy statements out? Yes, yet that doesn’t mean those policies will work. In fact, this route leads to no more than an elegant counterfeit.

What makes a comprehensive policy document so powerful is the fact that its terms are designed and fully negotiated before the policies are compiled. They involve every facet of the operation.

Charities are cautioned against taking shortcuts, for that will undermine the process and rob the operation of credibility. Gift acceptance policies need to be operationally seamless while they facilitate full confidence from donors and their advisors.

Ask for Lots of Input
Our gift acceptance policies were drafted by a cross-functional work group representing the business office, the legal department, gift administration and central development function and chartered by our top level administrators. We sat down with a blank pad of paper, examining lines of authority, political and practical considerations. We offered recommendations that were made after much discussion and then routed our ideas to everyone who might want to express an opinion.

A final recommendation for charitable organizations: Before you ask for a sample of these policies or simply rewrite your existing policy statement, let me tell you this document will have little or no value to you. The process of examining your own operation, working through the politics, and gaining consensus on the tough development issues, brings life and value to your gift acceptance policies.
The Gift Has an Evil Twin
BY TOM CULLINAN
Planned Giving Today, August 1995

The noun "gift" has an evil twin, and it's a verb.
You may think that statement is absurd and trifling, but most of us in philanthropy believe that the charitable gift is at the center of our world. We seek and revere gifts. We analyze their effect; we discover why they are made; we celebrate them; and we honor those who make them happen. We must also speak of them in a manner that conveys respect.
I looked it up: The word "gift" is a noun. But there are people involved with charitable giving who freely use the word as a verb – often those in professions that support philanthropy. To me, such usage is almost always slang and always grating.
This isn't "60 Minutes" and I'm not Andy Rooney, though I am now whining like he does. Did you ever wonder why some people alter a perfectly glorious noun into a trashy little four-letter word?
Allegedly there is a long (and, I submit, unfortunate) history of such verb-al usage in English, but I am not impressed by this transmogrification. A few examples illustrate the point:
  • One drives a car; we call this driving, not carring.
  • One funds a trust; we call this funding, not trusting.
  • One pays a bill; we call this paying, not billing
  • One loves his wife; we call this loving, not wifing.
  • One lives a life; we call this living, not lifing.
  • One gives a gift; we call this giving, not gifting.
Don't gimme that stuff about (a) how your client gifted his life insurance plan, or (b) when he gifted several charities through a trust, or (c) why she will gift with tax savings and cash flow.
The word "gifted" may be properly used as an adjective. You and I know this either as a show of talent (a gifted financial planner) or to describe people with natural ability (gifted attorneys). Bless you for never committing an adverbial usage.
But, used as a verb, isn't "gift" just like the word invest? Sorry, words carry important meanings no matter how limited our vocabularies. Can't we simply use the verb "give" instead? Consider these: She might reinvest, but she'll never regift. He may fund your plan, but you'll be nervous when he talks about a refund.
If you must have a different verb, here are several that could work for you: Aid, contribute, devise, donate, endow, finance, fund, grant, and support. Your thesaurus contains others.
I know my logic is flawed and my linguistics impure, but I was raised by someone to whom English was a second language. My adoptive Mom – who spoke Danish, English, French, German, and more – taught me the proper usage of words based on how they sounded rather than relying solely on the rules of grammar. Though you may be more impressed by the technical persuasions of a grammarian, won't you join me in her common sense approach?
Please, if you commit "gift" abuse, give it up. Use "gift" only as a noun and give a gift of proper usage to anyone within earshot who misuses it. Banish the evil twin.

Securities Gifts (Yes, Even Now) Using the Disposition Effect
BY TOM CULLINAN
Planned Giving Today, August 2009

If you paid much attention to national or local media you may be convinced that the United States economy has leaped headlong the Second Great Depression.
Moreover, that myth might lead some charity executives to conclude that it is useless to promote gifts of appreciated securities anymore. That may be reasonable only if their core prospective donors are in their thirties and forties or never had investment accounts.

Also, professionals may be tempted to advise cautious giving until the economic climate regains more stability.

That investors are licking their wounds because they were not sufficiently protected against the equity market’s sharp pull-back is of little consolation to us. What is actually in play here is the prominent “prospect theory” on decision-making developed by economists 30 years ago.

It says that people evaluate risk and investments based not on their wealth but rather on the opportunities for capturing gains and losses. In other words, one who is afraid of seeing paper gains erode will sell the stock to preserve them, and those who fear taking a loss will hold on and thereby avoid that realization.

**Appreciated Stocks**

Recently, I’ve had the opportunity to investigate the merits of clients giving securities in my home market of Omaha. This will come as a shock to some: Three of our most widely-owned companies have (gasp!) appreciated considerably since the Dow Jones Industrial Average last visited a trading range near 8,000 (adjusted for splits and dividends).

We’ve been looking hard at Union Pacific (symbol UNP), Conagra (CAG), and the ever-popular Berkshire Hathaway A shares (BRK-A) as candidates for 2009 gifts, either directly or in life income arrangements.

Following is a chart showing clients’ purchase dates and per share prices for these three common stocks and their mid-January values.

<table>
<thead>
<tr>
<th>Share Prices</th>
<th>Purchase/basis</th>
<th>Jan ’09 value</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRK-A</td>
<td>Jan ’98 $50,300</td>
<td>$95,300</td>
</tr>
<tr>
<td>CAG</td>
<td>Apr ’96 $12.41</td>
<td>$16.89</td>
</tr>
<tr>
<td>UNP</td>
<td>Oct ’97 $25.50</td>
<td>$44.25</td>
</tr>
</tbody>
</table>

Given these prices and long-term holding periods, the overall returns (74, 36, and 89 percent respectively) might be seen as modest, yet please note that they are all positive numbers.

Our job is to work with what the markets give us, so we’ve identified three broad holdings with considerable appreciation and potential utility for charitable gifts.

All three stocks traded at much higher levels in recent years, yet that fact only effects the owner’s psychology and certainly not his/her wealth today or tomorrow. I’m also reminded of the wise, grandfatherly advice that even small nuggets of gold are worth finding.

Yet, what are we to do when our prospects or clients are paralyzed by the doom and gloom reports? Permit me to explain how it possible to successfully propose an appreciated stock gift to someone who feels slammed by a bear market.

**Use the Disposition Effect**

We all can understand the notion that humans generally impart a higher value to anything that we already own. It’s called the endowment effect, and it is one reason why we find it hard to part with our stuff whether clothes and furniture or securities and real property.

Writing for the February 2009 issue of Money magazine (“Why It Can Hurt So Much to Sell”), George Mason University economics professor Tyler Cowen suggests that, “When it comes to stocks, the endowment effect may be trumped by another factor. They call it realization utility.”

The fact is that we feel better about booking an actual profit than seeing paper profits on our financial statements. Additionally, we’re quite adverse to taking losses and admitting a mistake.
This is known as the disposition theory, and it is widely proven in the trading of individual investors, though the actual cause isn’t known.

In an abstract of a forthcoming article in the Journal of Finance, professors Nicholas Barberis (Yale) and Wei Xiong (Princeton) hope to predict the disposition effect. Their work suggests that it isn’t in play when considering annual gains and losses, though it seems to be a reliable predictor for realized gains and losses.

These behavioral economists have studied individual investors and their propensity to sell winners yet not their losers. In addition, the disposition effect has also been found in the exercise of executive stock options and in real estate investing.

Previously, economists were not clear about the underlying cause for this personal utility of gains and reluctance to realize losses. The authors call this a “puzzling phenomenon” because, “Surprisingly, the annual gain/loss model often fails to predict a disposition effect.”

How then do we use the disposition effect to advantage?

Three Powerful Influences

Recognize that most investors who bought equities in the 1980s and 1990s still own appreciated stock. When that fact is realized through profit-taking it becomes psychic proof that the investor made at least one good decision.

In these economic conditions, many of them are looking to preserve cash for new bargain buying opportunities (if not for their postponed retirement). There is clear merit for them to use these securities to fund charitable gifts and preserve cash for other priorities.

Recommend that they consider appreciated stock for all their charitable gifts of significance in 2009. You can do this with confidence because you have three powerful influences on your side.

* Desire to support the charitable mission, which holds firm and even expands in a rough economy
* Capital gains tax avoidance always feels good, and likely helps your donors/clients afford larger gifts while simultaneously rebalancing their portfolios
* Disposition effect makes them tangibly enjoy prior smart decisions, leveraged by the halo effect of a charitable gift

Also, emphasize that appreciated securities held long term are always less costly to give than comparable cash due to the capital gains tax. This operates in favor of larger gifts compared to selling the shares and using proceeds to fund gifts.

Using my three earlier examples of Omaha-based companies, the impact is clear. Following is the net cost per dollar of gift using each stock (one share BRK-A, 100 shares each of CAG and UNP) versus a comparable cash gift assuming a simple 45 percent combined federal/state income tax rate and no Alternative Minimum Tax or deduction reduction for high income donors.

<table>
<thead>
<tr>
<th>Stock</th>
<th>Proceeds</th>
<th>Stock</th>
<th>Stock advantage</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRK-A</td>
<td>$0.626</td>
<td>$0.55</td>
<td>13.82%</td>
</tr>
<tr>
<td>CAG</td>
<td>$0.592</td>
<td>$0.55</td>
<td>7.64%</td>
</tr>
<tr>
<td>UNP</td>
<td>$0.618</td>
<td>$0.55</td>
<td>12.36%</td>
</tr>
</tbody>
</table>

Some will use a market decline as an excuse to withhold gifts in 2009. Yet combining a donor’s charitable motivation, financial benefits, and the disposition effect can overcome the hurdle and leave that donor feeling great about a gift of securities even now.
Tips for Warming Cold Feet
BY TOM CULLINAN
Planned Giving Mentor, January 2007

You’ve been here before. You laid out the ideal scenario, delivered timely and well-crafted illustrations, even addressed the heart and soul of the prospect’s charitable aspirations. The first word you anticipated hearing from him was, “Yes.”

Instead, you hear nothing … that is to say, nothing that approaches an affirmative response and yet not a negative one either.

I’ve often said that if we don’t hear “no” often then we’re not asking frequently and perhaps also for too little. Not getting a “yes” implies other flaws in our approach.

The first question to ask is, “Why?” Yet in our impatience we may only ask that of ourselves. Perhaps that question is best put directly to the prospective donor.

Experience tells us that when people hesitate on a decision many times they perceive risk based on their personal insecurities or fears. No amount of logic can overcome uncertainty on that side of the brain.

I learned that long ago when recommending investment strategies to institutions and individuals. Then, when I entered this line of work it was the late Bob Sharpe who reinforced that message with his famous proverb: “Emotion is the river upon which logic flows.”

One tip is to start asking early by suggesting times when a decision could be made. I’ve found that asking for permission to ask can work for us, too, like this: “Mr. Young, when our executive director visits you next month he won’t be able to resist asking you for a gift because it is his nature. Will that offend you?”

You might also work to establish a mutually agreeable deadline, choosing a date like an anniversary or favorite holiday or year’s end. Though it may not hold, at least it gives you a target. Work from a position of strength. You start by setting out the benefits of the gift and the plan at the top of the proposal and presentation of it. While some gift planners anticipate objections, consider instead listing the reasons for acting on your proposal. In this way, you not only understand but can also articulate those benefits from the perspective of the prospective giver.

When a bride or groom gets “cold feet” you can be sure they are thinking too much, listening to too many people, or both. People poised to embark on a major gift commitment aren’t much different.

Make sure you are fully aware of how other advisers view your proposed gift and the technique you’ve suggested. Your prospect may be sitting with conflicting recommendations, or may be filtering the information given to or taken from an adviser. Either way, the outcome you seek can’t be realized. The best path here is to get to those uncovered bases and provide each adviser with a full explanation and the reassurance that you have your prospect’s best interests in mind. You may need to recalibrate your approach to take into account differing views and ideas.

From time to time you may sense that someone won’t come to a decision for fear of losing your attention. Let him see beyond the gift commitment into an expanded relationship involving recognition and the administration of his gift.

Can you identify the common factor in each of these tips? It is the requirement that you give the prospect extra attention and information. This is a balm for insecurity, an antidote for confusion, and can be a cure for indecision.
The patience of a charitable gift planner is often rewarded, but the indecisive client and prospect will test us every time.

We all handle rejection, for it redirects us to new strategies and techniques. Even a resounding "no" can represent progress to us. We use it to take a fresh approach; we revise, recalculate, and seek resolution. But what about clients and prospects who won't say no and can't seem to say yes?

Recently, several donors have reminded me that a decision about an important gift isn't made until our work is thoughtfully done. The circumstances that follow are real, but the names are not.

- Mrs. Marshall couldn't agree to a proposal for a charitable trust with wealth replacement life insurance. She felt her daughter's inheritance was ample and, for her, the insurance "kicker" diminished the act of giving. Once the insurance feature was removed from the plan she decided to make the gift commitment.
- Mr. McKean couldn't get off the low-basis real estate he inherited years ago from his parents. He made it clear that we would eventually receive the property through his will, but he wouldn't transfer it into a unitrust because he wasn't ready to release that symbolic tie to his deceased mother.
- Dr. Werner wanted to increase her income and make a gift but she waited nearly a year to act on our suggestion of a life income plan. She felt responsible for her older sister and brother-in-law and we had to first make room for them in the plan. She ultimately set up two gift annuities, designating each relative as the second income beneficiary.

Charitable decisions are governed by emotional factors; this is why we respect the primacy of philanthropic intent. Logic, reason, and tangible benefits are often critical, but the gift won't occur if the emotional needs of the client/prospect are not met. Hesitation here means that he or she has insecurities or fears that are not soothed by a logically flawless gift plan.

The usual first step when we meet resistance is to ask ourselves why. Better yet, ask the client/prospect why he or she hasn't acted on your proposal.

When my patience is tested, I tend to look to others for guidance that might get me past my anxieties. Recently, while reading about American humorist and philanthropist Will Rogers, I wondered what he might have said about dealing with people reluctant to commit to a planned gift.

Consider the following general observations of the clever, clear-thinking Will Rogers from some 70 years ago. They frame a few practical tips that could help your donor get beyond indecision.

"We do more talking progress than we do progressing." (1927)

Begin asking early. Suggest future times when the decision is appropriate. An upcoming campaign announcement or other event may help someone become comfortable with your suggested timing. You can then provide reminders of the approaching date.

Take responsibility. If your client/prospect still balks when you know you've dealt with all the logical and emotional aspects of the gift transaction, be direct. "I must apologize for not presenting the proposal effectively. It meets every one of your requirements, and the only reason I see for you not going forward is that I did a poor job of presenting it. May I have another chance." (Don't laugh. This was neither intended nor perceived as manipulation when I did it, and she made the gift.)

"The man with a message is a whole lot harder to listen to." (1923)

Address conflicting advice. A client/prospect often may have other advisors who are less than enamored with your ideas; you should resolve such differences promptly. Find the single best plan by covering all the bases. I'm reminded of the comedian who observed how developers, politicians, engineers, and other experts debated about the best approach for vital watershed improvements during the rainy season. Ultimately, all that happened was another flood... because water can make a decision.
Emphasize comparable benefits. Set out the benefits in your proposal, contrasting the effect of no decision. Work through a list of reasons why the client/prospect would act, and upon reaching the foregone conclusion, ask for the decision.

“There is still a lot of monkey in us. Throw anything into our cage and we will give it serious consideration.” (1935)

Seek a deadline. Your client/prospect may enjoy your company so much that he or she believes you might go on contemplating his or her case forever. A decision can be encouraged if you can set a time based on some external factor. Maybe the right time will be the end of the year, or before he or she takes an extended trip to visit a son.

Change the decision. The lack of an answer may be a response to the wrong question. Dr. Werner chose much lower payments from a two-life annuity because her concern wasn’t her income, her issue was the assurance of income for her sister and brother-in-law should she not survive them.

“People’s minds are changed through observation and not through argument.” (1932)

Provide extra attention. If someone is insecure they probably perceive risk. You may need to go all out, giving attention and a lot of extra information to overcome bad experiences and to assure that the outcome will be emotionally satisfying.

Don’t wait while they wait. It’s up to us to get to the bottom line first, and some people will act indecisively until we take action. One charitable trust prospect waited for me to figure out that he preferred a higher payout (six percent, not five percent) and caps on certain administrative charges written into the agreement. I guess he hesitated talking about what he thought were selfish matters until we finally brought them up.

“Happiness and contentment is progress. In fact, that’s all progress is.” (1927)

Look ahead. For some, a decision seems like an ending ... though that couldn’t be farther from the truth. Think about your relationship and the importance of stewardship. Help your clients/prospects see into the future, including how you’ll take care of them and their gift after it occurs.

Note: Will Rogers made many substantial gifts to the Red Cross, the Blind of America, and Salvation Army. For years he performed for benefits (sometimes six per day) and personally raised $49,000 for New Orleans flood relief in 1927 and $300,000 for drought-stricken Arkansas, Oklahoma, and Texas in 1931. He regularly volunteered in support of hospitals, jails, veterans, and children.

Planned Giving Today Back Page selected columns
BY TOM CULLINAN
[See the following six pages]
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♦ COFFEE, TEA, AND TAXES. We rarely have book reviews on these pages, and this won't be one either. That said, I've been reading "At Home: A Short History of Private Life," which is a nonfiction historical compilation written by Bill Bryson, a best-selling author. Ostensibly, this book uses a tour of his British residence in Birmingham to tell the story of life and culture over the years, room by room.

Fascinating facts from domestic observations about architecture, fashion, energy, and food note how we lived in bygone eras. For example, he reveals that until the 20th century, the floors of even the finest homes in England and Ireland were usually earthen with a covering of rushes. No need to question why we call it the "ground floor" anymore.

A couple of times each year, new grasses would customarily be set out without removing the old layers. Though it's unhealthy by any standard (just imagine what was living in the recesses of that accumulated refuse), he who had a deep covering on his floors was considered to be a rich man. The French saying that someone was "waist deep in straw" was a prime indicator of wealth.

It wasn't until Shakespearean times that tile and wood floors started to become a luxury choice. Yet carpets were still found hanging on walls and covering tables because they were perceived to be too good for mere floors.

Here's a little context: The forerunner of what we know today as a charitable gift annuity (a corrobory) was common long before manufactured flooring. It was a lifetime allowance for shelter, food, and clothing that was commonly granted during the Middle Ages. These arrangements often benefited servants and were organized by religious institutions, such as a conven or monastery, at the request of (or purchase by) royal family members.

I'm imagining some predecessor planned giving officers working for these abbeys. Having vacant cells and needing a revenue source, it's not a stretch to think that they creatively sought out contributions from wealthy lords and ladies who wanted to provide for their most loyal staff in old age (defined as 50s back then).

The historical effect of taxes on consumer goods shown in "At Home" tells me that human nature has changed little over a 300-year span. London's first café appeared in a shed in 1652, when coffee was an elixir under claims that it prevented headaches, intestinal gas, miscarriage, scurvy, gout, and sore eyes. Because it was taxed in gallon increments, small servings could not be profitable. Economically, they were forced to brew a large quantity, store it in barrels, and then reheat stale coffee on the stove. It wasn't the best.

Within 50 years, England's massive tax on tea was cut, replaced by heavy window and glass taxes. The result? British buildings of the period have painted-on windows instead of real ones; the poor lived in dank, airless rooms; and bad coffee became a memory as tea imports exploded. For the masses, it became the drink of choice at daily teatime.

Tea also matched well with sugar, which was very expensive, yet tea became a sugar delivery system. Consumption rose to the point that the teeth of affluent citizens turned black. Those who couldn't afford sugar actually blackened their teeth in a mock display of wealth.

Let us also not forget that British taxes would lead a group of some 50 American colonists to dump a shipment of tea into Boston Harbor. In 1773, that amounted to a year's supply, and thus was a capital offense as well as an American milestone.

The bottom line: It has long been understood that if a country wants less of something, it simply needs to tax it. For a more recent example, consider tobacco consumption by Americans over the past 40 years. Raising taxes directly influences consumer behavior, and avoidance often becomes a top priority.

The English drank stale coffee 350 years ago because the tax was exorbitant. Then they took a keen liking to fresh, affordable tea when it became less taxed, only to live in unhealthy rooms lacking fresh air when taxes made glass windows unaffordable.

When a new tax turns elements of daily living into luxuries, expect that there will be unintended consequences. Consumers in a free society will ultimately outsmart the taxing authorities, and gift planners will find and offer solutions.

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DECLARATION OF GIFTS DEPENDENCE. In CHARITY, July 4, 2016, by the REPRESENTATIVES of the UNITED STATES OF AMERICA.

WHEN in the course of human Events, it becomes necessary for one People to affirm the Social Bands which have connected them with another, and to assume among the Powers of the Earth, the separate and equal Station to which the Laws of Nature and of Nature’s God entitle them, a decent Respect to the Opinions of Mankind requires that they should declare the causes which impel them to the connection.

WE hold these truths to be self-evident, that all Humans are created equal, that they are endowed by their Creator with certain unalienable Rights; that among these are Life, Liberty, and the Pursuit of Happiness.

That to secure these rights, Charities are instituted among Men and Women, deriving their just Powers from the Consent of the Generous people who give and volunteer through them.

That whenever any Form of Charity becomes ineffective toward these ends, it is the Right of the People to alter or to abolish it, and to institute new Charities, laying their foundations on such Principles and organizing its Powers in such Form, as to them shall seem most likely to affect their Safety and Happiness.

Prudence, indeed, will dictate that Charities long established should not be changed for light and transient Causes; and accordingly all Experience hath shewn, that Mankind are more disposed to suffer, while Evils are sufferable, than to right themselves by abolishing the forms to which they are accustomed. But when a long Train of Deprivations and Needs are seen, it is their Right and Duty to Affirm and Depend on giving to Charity as a new Guard for their future Security. Let the Facts be submitted to a candid world.

Planned Gifts are the most wholesome, and necessary for the Public Good.

Planned Gifts have immediate and pressing Importance.

Charitable Gifts exist for the accommodation of large districts of People, a right inestimable to them.

Planned Gifts may be made at times and places that are usual, comfortable, and convenient.

Planned Gifts are made as an Independent judgement and payment in their personal Discretion.

Planned Gifts have preserved our Seas, protected our Coasts, rebuilt our Towns, and uplifted the Lives of our People.

Planned Gifts defeat the works of Death, Desolation, and Tyranny, already begun with circumstances of Cruelty and Perfidy scarcely paralleled in the most barbarous Ages, and totally unworthy of a civilized Nation.

IN every stage of this help and blessing we have Petitioned for Redress in the most humble Terms: Our repeated Petitions have been accompanied only by our repeated selfless, virtuous Aid and Assistance.

NOR have we been wanting in Attention to our Government Brethren. We have warned them from Time to Time of Attempts by our Legislature to extend any unwarrantable Restrictions over us. We have reminded them of the dependence on our Contributions and effective Participation here. We have appealed to their native Justice and Magnanimity, and we have conjured them by the Ties of our common Kindred to disavow Interferences which would inevitably interrupt our Connections and Correspondence. They have listened to the voice of Justice and of Consanguinity. We must, therefore, hold Government as we hold the rest of Mankind, worthy of Peaceful coexistence with respect to the detached Generosity merited by Worthy charitable institutions.

WE, therefore, the citizens of the UNITED STATES OF AMERICA, appealing to the Supreme Judge of the World for the Rectitude of our Intentions, do, in the Name and by Authority of the good People of this nation, solemnly Publish and Declare, That we have full Power to make major current and deferred Charitable Contributions and do all other Acts and Things which INDEPENDENT DONORS may of right do. And for the support of this Declaration, with a firm Reliance on the Protection of divine Providence, we mutually pledge to each other our Lives, our Fortunes, and our sacred Honor.

Signed by Order and
in Behalf of CHARITY,
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 Souls FORAGING WALKS. Are you surprised to hear that foraging is popular these days? Hungry and environmentally conscious people are looking to nature to provide its bounty of fruits, nuts, and other edible plants. Near their toney restaurants, some chefs are going beyond cultivated gardens to seek wild, fresh, and delicious ingredients that might also fit the desire to use sustainable food sources.

Some of our donors and clients—and maybe even a few of us—will remember the self-proclaimed naturalist and writer Euell Gibbons, who entered the popular culture more than 50 years ago. His first book “Stalking the Wild Asparagus” (isn’t that one of the best book title puns ever?) fueled a back-to-nature way of life that has continued for decades.

If you’re curious about this, make an Internet search for the term “foraging walks.” It’ll yield more than 800,000 results from around the globe and in America. Reading about this phenomenon recently, I recognized that what is known as foraging ethics harmonizes nicely with charitable estate planning.

For example, foraging is prohibited on national and state parks. Privately owned land in the United States (and most other nations and cultures) is also strictly off-limits without permission. Despite that, more than a few of us have heard from Depression-era grandparents about munching on salads of dandelion leaves, pies made with wild rhubarb and raspberries, and the seasonal delicacy of hand-picked mushrooms.

Foraging for wild food is akin to a nonprofit employee’s search for donations. The ethics in both “fields” are enlightening in four common aspects.

1. Respect for Law Except in cases of survival needs, harvesting edibles from parks is clearly illegal. Attempting the same on private land without permission is simply trespassing and theft. In philanthropy, donors grant their nonprofits either overt or tacit approval to be approached for new contributions. We’re all aware of the many laws and limits that regulate fundraising behavior. These exist for a reason: to protect the innocent from predators. One obvious byproduct is that this system helps to preserve the opportunity for future contributions.

2. Respect for the Environment Three prime directives for any naturalist are to do no harm ecologically, clean up after one’s self, and leave an undisturbed scene for the next visitor. The fundraiser must consider the gift that is offered on its own merits so as to preserve the donor’s personal freedom and financial security. Selfishness, sloppiness, and recklessness are the hallmarks of the soon-to-be unemployed fundraiser.

3. Respect for the Harvest Whether it is done in the forests, fields, or backyards, responsible foraging means taking only what is necessary and without damaging the future supplies of food. Not only does one pick a few leaves from several plants (rather than stripping just one), any taking is done with care to prevent destruction of the next crop. In the same way, donors are not to be “over-harvested” unless one wants to destroy the nonprofit’s future opportunities. This reminds us of the wise gift planner who deliberately guides a donor into a life income gift that permits (perhaps even increases) that donor’s ongoing annual contributions.

4. Respect for the Individual It takes skill, common sense, and experience not to pick the wrong mushroom, agitate dangerous animals in their habitat, or feed on plant material from environmentally compromised locations such as industrial sites and flood lands. Similarly, the professional fundraiser forages only for gifts that meet three tests.

   ◦ Proper for the charity and well-suited to each donor
   ◦ Nonthreatening to the donor’s livelihood, family, and heirs
   ◦ Selected only from appropriate gift property that can be conveyed through suitable techniques

First, there is no point in soliciting a gift that ultimately cannot both further the charity’s mission and satisfy the donor’s charitable intent. Second, only a fool pokes the snake and thereby creates adverse donor relations during a gift negotiation. Finally, nothing is gained touting a gift of property that doesn’t fit the nonprofit’s acceptance policies or interferes with the proper deductibility or valuation of the gift.

May our nonprofit subscribers enjoy foraging walks that are fruitful, and may the for-profit advisors always protect their generous clients.
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◊ GOVERNMENT MULE. There is a serious malaise expanding across philanthropy. You've read evidence of it on our pages. American social de-evolution is a clear and present danger to our charitable giving culture. What do I mean by that? Nonprofits have traditionally risen above the messiness of commerce and government, finding their hope in higher, nobler purposes. However, anyone who peers at news and social commentary sees America's coarsening culture in the forms of gossip, invectives, childish criticism, obfuscation, and deliberate lies from formerly authoritative sources.

I am sounding an alarm. We must keep such egotistic influences away from us because they are antagonistic to a culture of philanthropy.

Of course, our impact on the "social good" through our charitable gift- and estate-planning work must at least partially reflect society. Hence, if the culture no longer punishes unrepentant dishonesty, blatant incompetence, or oafish behavior from elected officials and candidates, we can similarly expect their greed, mediocrity, and disrespect to infect nonprofit leaders. Charities are not immune.

This opinion piece is being composed in September, and therefore is neither intended to be predictive nor is it a federal election commentary. The 2016 election is quite beside the point because charitable giving has overcome weak public servants at all levels throughout history. My premise is that doing the wrong thing is always dangerous to nonprofits. So is doing something the wrong way.

I know more than a few accomplished professionals who work for reasonably well-respected nonprofits who literally experience abuse in the workplace. These are expert gift-planning executives who have successful track records. Unfortunately, their jobs are largely diminished by managers who exert excessive influence based on their lack of information and good judgment. Thus, they sour the development philosophy at these nonprofits.

Capable gift-planning executives are having their budgets cut — yes, some "genius" really is cutting back on his/her institution's revenue stream intentionally. Adding insult to injury, jobs are being redesigned or consolidated in the name of imagined productivity in ways that curtail the time available for gift planners to nurture relationships. This is all being done in full view, yet without intelligent discussion about why they are so shortsighted. Incompetents are running the show.

Wrong-headed bosses guide needless and expensive staff reorganizations, yet this masks their nonprofits' ravenous appetites for cash. It belies drive-by managers who seek instant gratification and believe in a scorch-the-earth fundraising mentality. They glibly forgo large donations that seem complicated or slower to arrive. Instead, they competitively covet quick cash and spend the days churning their A-list donors for new money.

Such objectification by nonprofit leaders and their department heads means they treat institutional friends and development staff like mere transactions. How many predatory gift officers hunt the target-rich environment where donors roam? Does this sound like a place you know?

It is as if the boss proclaimed, "My résumé and annual incentives depend on all of my development team extracting huge donations from supporters on demand."

This "new normal" is real. A terrific development professional who overcomes all obstacles and hits 120 percent of her annual goal is likely to be given a 2 percent raise, more administrative tasks (not connected to raising money), and a new goal that is 40 percent higher. History may someday record how we got here, but for now these unfortunate victims just want to get out.

An antiquated personnel term for this is "government mule," commonly referring to a rented beast of burden having comparatively low value. It could be readily overworked and then turned back in exhausted, without consequences.

Maybe you've heard this twisted reasoning from your bumbling boss. "If people aren't making big gifts, something is wrong with them — and you too, gift planner! Get out there and make the money happen. Now!"

If the world seems to revolve only around the nonprofit managers where you work, it is time for a reality check. Beware of dysfunctional environments where you are being set up to fail. You instinctively know that the beatings will continue until morale improves.
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SEVEN DEADLY SINS. In 2015, Planned Giving Today published a series of eight articles related to ethics, which to my knowledge was the most extensive treatment of this topic in the field of charitable giving for many years. However, it was not exhaustive.

Our series did not look at the occasional shenanigans of prospective donors — sometimes at the suggestion of their advisers. Charitable gift planners and other nonprofit executives get to deal with an array of donor issues and problems. Sometimes these are merely annoying, yet can become thorny enough to be resolved at a cost. They may be serious enough to raise the specter of litigation, create negative public relations, or force hard choices that no one wishes to make.

One way we could categorize such pricky, difficult, or demanding potential givers is that they labor under one of the seven deadly sins.

Lust. Prospective donors may exhibit an intense desire for power. Often we think of lust first in terms of carnal activity, yet its definition also extends to the longing for fame or abundance. I recall a donor gathering nine paid advisers in a lawyer’s conference room where they spent an hour writing flowery copy for an oversized plaque honoring her. Related to power, when proposed donations contain a “take it or leave it” ultimatum, the second option is usually the better choice.

Gluttony. Though the act of giving is inherently selfless, there are donors who manage to corrupt it by wrapping their gifts in selfish behavior. Perhaps they believe that their interests outweigh the needs of others. Many of us have experienced a donor’s desire to finesse quid pro quo gifts or otherwise overstate the value of a gift. Donors might also want to overindulge in recognition or force the nonprofit to be wasteful with the way the gift is celebrated.

Greed. This third unhealthy appetite, grounded in excess like the first two, is wholly materialistic. More than a few of our donors and clients say they have more than they need, yet defer their generosity far beyond the point where the donation could make a difference but not harm the giver. Some manifest this disposition by manipulating others in authority.

Lust, gluttony, and greed can actually work in combination. I’m reminded of a “gift” being pitched to me by a lawyer representing a surgeon and graduate of our medical school. He boldly probed our willingness to create a named professorship in exchange for his client transferring the goodwill in his medical practice. He embodied the John Lennon song lyric: “trying to shovel smoke with a pitchfork in the wind.”

Wrath. This sin stands alone as it comes from anger. Too many major gift donors are cranky, crabby, or uptight. It is as if their generous tendencies need to be offset by irritation with the timing, details, or handling of a gift transaction. Have you ever seen a donor become hot-tempered when you questioned the terms of her gift?

Sloth. Failing to act — physically, mentally, or spiritually — literally denies one’s abilities, and this defines sloth. Some good people will avoid developing their talents and thereby defeat their impulses for doing good works. We’ve all met the clients/donors who procrastinated meeting with the attorney or coming in to actually sign wills or other documents written for them. Maybe this explains those who are so doubtful that they cannot make a decision.

Envy. Another disordered desire, envy is directed toward others who are perceived to have the right status, superior qualities, or desirable traits. Seeing his own shortcomings in comparison, the jealous person would actually deny the esteem due to the object of his ire. Have you ever observed a competitive board member or key executive undermine the good idea of a peer by working to defeat it?

Pride. The preeminent sin revealing a tainted outlook is pride. Some feel this is the most serious of the seven, perhaps even the source of the other six. We observe it when accomplishments go unacknowledged and ego goes unchecked. Generous acts can evoke outspoken criticism from proudful rivals. Do you know a donor who cannot quite believe that any charitable cause or community need could possibly measure up to his or her own pet project?

These capital vices may be found in unexpected places. Learn to recognize what is going on, then take the high road wherever you encounter them.
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**WOODEN'S WISDOM.** Few Americans have attained success as completely as the late John Wooden. He was a champion at age 21 (three-time All-American at Purdue University), and named to the Basketball Hall of Fame as a player and coach. He won an unrivaled 10 national and 20 conference championships, and coached players to four undefeated seasons at UCLA while winning 81 percent of their games there.

Literally without equal in his profession, he was grounded by principles taught by his father when Wooden was a boy. They contributed to his added success as a lecturer and author. He died five years ago at age 99.

We don’t receive acclaim or accolades as planned giving practitioners. However, some may deserve that treatment due to the way they are guided by a high purpose and the desire to approach excellence in all they do. I find that several of Wooden’s maxims and wise sayings echo loudly in our field. Following are some that stand out.

**Don't mistake activity with achievement.** Nonprofit gift planners are measured on dollars raised, appointments held, and objectives managed. For-profit gift planners gauge success by dollars earned, clients served, and work done efficiently and competently. It’s clear both groups also seek to grow professionally, attain personal goals, and enjoy good reputations among peers. We are well advised to be more than just busy, and to set high standards.

**Remember, results aren't the criteria for success — it’s the effort made for achievement that is most important.** This is the corollary to the previous adage. When we take good care of the process, good results often follow. Here’s an example. I recall Terry Simmons (a top attorney in our field during the 1990s and 2000s) telling me that he read every client’s charitable trust document out loud to them line by line. This is how he assured that any misunderstandings could be addressed in advance and that there would be fewer surprises during the operation of the trust.

**If you don’t have time to do it right, when will you have the time to do it over?** Most gift planners are hired to do big jobs, and many don’t have the time and resources that are considered to be optimal. If you manage people on a very tight budget, be careful not to expect too much in return — their effort might be kept on a reciprocally tight rein. Beware of being set up for failure when asked to accomplish nearly impossible tasks.

**Listen if you want to be heard.** Gift planners are good at telling people what we know. Isn’t it better to be good at learning what those people can tell us? Expertise is only valuable when offered in the right context ... just as a canned solution may not fit your donor/client.

**It is amazing how much can be accomplished if no one cares who gets the credit.** When we focus too much on things like fundraising totals and billable hours, we’re likely to overlook the people we serve. How many development officers thank the donor’s attorney? How often do the attorneys, accountants, trust officers, and other financial services professionals credit each other and the nonprofit representative? Let’s attend to designing and operating our donors’ and clients’ gifts in the optimal way. There will be plenty of credit to go around.

**Happiness begins where selfishness ends.** This puts a personal point to Wooden’s proverb about credit. Nonprofit gift planners may deliver this message frequently and for-profit advisers less often, but do we apply it to ourselves? Sacrificing self-interest in lieu of the interests of the people we serve goes a long way toward assuring that they receive our best work.

**Do not let what you cannot do interfere with what you can do.** It is healthy to recognize our limitations. When we reach the limits of our expertise or encounter a challenge for which we have no experience, it’s time to reach out for help. That’s a sign of strength, not of weakness. Trying to bluff your way out of a problem is as bad as giving one-dollar answers to ten-dollar questions. Both undermine your credibility.

**Talent is God-given. Be humble. Fame is man-given. Be grateful. Conceit is self-given. Be careful.** Whom do you admire? Chances are that he or she recognizes the source of their giftedness, appreciates whatever reputation has been earned, and is wary of vanity in themselves and others.

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Thomas W. Cullinan, J.D., FCEP
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