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Gift Masonry: Building for the Ages

BY EDMUND FEATHERSTONE

I developed a fascination for medieval cathedrals at a relatively young age. Feelings of wonder well up in me even today when I think about these lovely buildings, nine centuries old and counting, full of spires and stained glass and arches.

One of the things I love most about them is this sense they give me of yearning, of yearning to reach upwards, to ascend, to defy gravity, to vault — like eternal track and field athletes — into the heavens.

And then the goose bumps come as I try to fathom the scope of motivations that must have fueled such tremendous commitment and dedication. What did it take, I wonder, to sustain generations of craftsmen and guilds over hundreds of years — which is how long it took for many of these cathedrals to be completed?

I like to think one of the motivations that carried these workers forward is illustrated by a longtime favorite daydream of mine. I will confess that in years past, on more than one occasion, I have conjured in my mind a scene where trudging wearily home after a day's labor, I am stopped in the street and asked by a mysterious bystander, "What are you all about?"

Looking the inquirer in the eye, I reply, "I'm helping to build that . . ." and point a calloused finger over my shoulder to a half-constructed spire in the distance, and feel a warm glow come with my reply.

A few years ago, I came across a public address given by Dr. William H. Danforth, chancellor emeritus of Washington University, at the Coast to Coast Conference in 2003. He wrote magical words that exactly

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On Umbrellas and Lemonade: Making the Best of Tough Times

BY JOSEPH O. BULL

Not long before the beginning of the Great Depression, one of the most popular songs of the day was "Let a Smile Be Your Umbrella" . . . on a rainy, rainy day. A testimony to the underlying message of this song, not to mention its catchy tune, is its longevity and the number of artists who have covered it over the years.

There are many other aphorisms expressing this sentiment: "In every cloud, there's a silver lining," and "When life hands you lemons, make lemonade."

Is it possible to follow these aphorisms in the tough economic times facing our country today?

How Bad Is It?

About six months ago, Stephen Schwarzman, CEO of Blackstone Group — one of the world's largest private equity firms — stated that approximately 45 percent of the world's wealth had been destroyed in the global economic meltdown. Some statistics seem to bear out his statement:

- There are 373 less billionaires in the world, with 355 who fell below that threshold by losing assets and 18 others who died;
- The wealth controlled by billionaires fell from $4.4 trillion to $2.4 trillion;

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THIS MONTH

Mary Ann Liebert, Inc. publishers

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Planned Giving Today serves the planned giving community as a practical resource for education, information, inspiration and professional linkage. It helps gift planners enable others to give generously and prudently.

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Editorial Correspondence
PO Box 910
Leavenworth, WA 98826
Phone: 509-548-1129
206-409-7196
Email: roger@pgtoday.com

Subscriptions, Advertising and Other Business
Planned Giving Today
Mary Ann Liebert, Inc.
140 Huguenot Street, 3rd Floor
New Rochelle, NY 10801-5215
Phone: 800-MLIEBERT (654-3237)
914-740-2100
Fax: 914-740-2101
Email: pgt@pgtoday.com
Web: **www.pgtoday.com**

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- The number of U.S. households with assets in excess of $1 million fell by 25 percent with a total of 2.5 million households falling from the "millionaire" category.

Searching for the Silver Lining

Is there any news to smile about . . . can we find the metaphorical umbrella to shield us from the economic rain? Consider these statistics:

- There are 41 new billionaires in the world today. In other words, even during the worst economic conditions since the Great Depression, 41 individuals joined this exclusive club. (Therefore, the net loss of billionaires was only 332.)
- There are still 6.7 million U.S. households with assets in excess of $1 million, approximately the same number as in the year 2003.
- Anecdotally, a friend of mine who now runs his family's tire business sheepishly told me that the past year has been the best year in the company's 85-year existence. As more people are looking to cut costs and fix things rather than discard and buy new, businesses like my friend's are seeing benefits from the current economy.
- During the writing of this article, leading economists are announcing their analysis that the recession is bottoming out, but they also state that there continues to be troubling issues, such as the housing and commercial real estate markets.

What are the lessons to be drawn from all of this data? Perhaps, the most important lesson is that in any economic condition, there are both winners and losers. Even in the halcyon days of the 1990s, when it seemed like a monkey could pick stock winners, there were people who experienced great economic loss. While the number of winners is much lower during an economic downturn, there still are many winners. It is the gift planner's job to find those folks, with the help of others in the organization.

The second lesson is that there are opportunities. Of course, there are scores of people who are hurting badly and who may take years to recover, if ever. Those people need our support. However, there are still as many wealthy families as there were just six years ago, wealth continues to be created, and opportunities for good charitable gift planning do exist.

What's a Gift Planner to Do?

Given the current economic climate, given the nervousness of boards and bosses, and given the uncertainty that many benefactors feel, on what heading should your gift-planning ship be steered? In times like these, a return to fundamentals is a necessary and prudent course of action.

Often, I tell my colleagues that "actuarial science is our friend." Take a look at the impending demographic trends. The first baby boomer turns 65 on January 1, 2011. Actuarial science tells us that the number of realized bequests will begin to increase as a result. The intergenerational transfer of wealth that has been written about and discussed for years will be in its early stages.

Therefore, it is more important than ever to increase your bequest program. Bequests, after all, are the most fundamental of all the gift-planning vehicles. One major national charity receives nearly a quarter of its annual philanthropic cash receipts from matured/realized bequests. This organization has been consistently emphasizing charitable bequests for nearly 20 years. However, it will not take that long for your program to see positive results from a renewed emphasis on bequest gifts.

A good side benefit of a robust bequest program is that those who are on your expectancy list are good candidates to cultivate for large annual and major gifts. You must be careful, however, to not over-sell this possibility. Many bequest benefactors have no interest in a current gift, and you cannot allow the pressure for current cash to interfere with the long-term relationship between your organization and a bequest benefactor.

Charitable gift annuities are another fundamental gift-planning vehicle that is popular in this economic climate. The CGA is a simple gift to understand, it's a simple gift to finalize, and it provides benefactors with a stable, predictable flow of cash.

For the remainder of 2009, charitable gifts from an individual's IRA account are allowed, if the specific guidelines are followed. Many charitable organizations have found that this form of giving has identified many new donors as well as increased gifts from some existing donors.

Yes, it has been a rainy economic day for the past year or so. A smile and some basic fundamentals can be just the umbrella your gift-planning program needs to weather this storm and thrive when the economic sun comes out again. ◆

Joe Bull is senior vice president for community engagement at the Columbus Zoo and Aquarium. joe.bull@columbuszoo.org

The Federal Estate Tax

PART II: Possible Changes and Potential Impact

BY KATHRYN W. MIREE

The estate tax has a significant impact on deferred gift planning because it provides the tax context for the donor's gift. As we await expected estate tax legislation in 2009, it seems appropriate to consider how shifts in the exclusion amount and/or tax rates might affect donor behavior in creating deferred gifts.

The first segment of this article (published in October 2009), looked at the history of the estate tax, which was imposed as early as 1797, became permanent in 1916, and employed marginal rates that climbed as high as 77 percent in 1940. Under the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), the estate tax exclusion amount rose from $1 million to $3.5 million and is slated to disappear for one year in 2010. In 2011, the tax schedules revert to pre-EGTRRA levels, with an estate tax exclusion of $1 million and a 55 percent marginal rate.

Impact of the Estate Tax on Charitable Planning

While a 55 percent tax rate may seem to be a great motivation to shift tax dollars from government to charity, few decedents are subject (or have ever been subject) to the tax. This is clear from data collected by the IRS detailing the number of deaths, the percentage who file returns, and the amount of tax imposed. The accompanying Table A, taken from the Summer 2009 *Statistics of Income Bulletin*, provides an historical perspective on the number of decedents required to file estate tax returns and the percentage of taxable returns.

TABLE A

POPULATION AFFECTED BY ESTATE TAX
SELECTED YEARS BETWEEN 1934 AND 2001[1]

Year	Number of Deaths	Estate Tax Returns Filed	Number of Taxable Returns	Percentage of Deaths Requiring Estate Tax Returns/Taxable
1934	983,970	N/A	8,655	N/A/.88%
1935	1,172,245	N/A	9,137	N/A/.78%
1940	1,237,186	N/A	13,336	N/A/1.08%
1944	1,238,917	N/A	13,869	N/A/1.12%
1950	1,304,343	N/A	18,941	N/A/1.45%
1954	1,332,412	N/A	25,143	N/A/1.89%
1960	1,426,146	N/A	45,439	N/A/3.19%
1965	1,578,813	N/A	67,404	N/A/4.27%
1969	1,796,055	N/A	93,424	N/A/5.20%
1976	1,819,107	N/A	139,115	N/A/7.65%
1982	1,897,820	N/A	34,426	N/A/1.81%
1985	2,015,070	N/A	22,326	N/A/1.11%
1990	2,079,034	50,367	23,104	2.42%/1.11%
1995	2,252,471	69,755	31,563	3.10%/1.40%
1996	2,314,690	79,321	37,711	3.42%/1.63%
1997	2,314,245	90,006	42,901	3.89%/1.85%
1998	2,337,256	97,856	47,475	4.19%/2.03%
1999	2,391,398	103,979	49,863	4.35%/2.09%
2000	2,403,351	108,322	52,000	4.5%/2.16%
2001	2,363,100	Unknown	50,546	Unknown/2.14%
2002	2,389,533	Unknown	28,074	Unknown/1.17%
2003	2,394,749	Unknown	27,309	Unknown/1.14%
2004	2,344,354	Unknown	19,294	Unknown/.82%

In 2004, the last year in which statistics are available, the estate tax applicable exclusion amount was $1.5 million. In that year, only 19,294 decedents had taxable returns and only .82 percent of all decedents for that year had taxable estates. The year in which the highest percentage of decedents was affected by the tax was 1976, when 7.65 percent of all decedents paid tax.

The dramatic changes in the estate and gift tax structure in that year dropped the percentage of taxable estates to 1.81 percent the following year. The percentage of taxable estates stayed roughly in that range until EGTRRA dropped the affected population even lower.

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In 2011, the tax schedules revert to the pre-EGTRRA levels.

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Of course, the statistics In Table A do not tell the whole story about deferred charitable giving. Many estate donations come from decedents not required to file Form 706, making it impossible to track total charitable estate dollars with accuracy, or to separate charitable dollars flowing from taxable and non-taxable estates. Figures generated by reports such as Giving USA show a strong growth in charitable bequests through periods of dramatic changes in the Tax Code that suggest estate giving occurs for reasons other than tax benefits.

Taxpayers have become tax-law-change weary.

What Will Congress Do?

Most observers agree Congress will take some action in 2009 to avoid moving to an estate tax-free 2010. It will be hard for a Democratic Congress — especially one looking under every rock for tax dollars — to give the richest individuals in the country a pass on the transfer tax in 2010. So, here's what may happen.

1. *A one-year freeze.* The most likely scenario is that Congress will take action for one year — freezing the 2009 rates for 2010 with a $3.5 million exclusion amount and 45 percent marginal tax rate. This will avoid the zero-tax year and give Congress time to take action on a more permanent basis. The estate tax "bargaining chip" can then be used to achieve other legislative goals in health care, income tax, or similar key legislative items. A one-year freeze would probably be relatively easy to append to other tax legislation and generate little controversy.

2. *A permanent freeze.* Another option is to permanently freeze the estate tax at 2009 levels — or as suggested in some versions, at $5 million. This would create more fuss because of the long-term impact on revenue and the estimated $9 trillion deficit the country will face over the next 10 years. Getting this type of legislation through in 2010 might be difficult as the country struggles with economic recovery.

3. *Reversion to pre-EGTRRA levels.* A final option is to freeze the exclusion amount at $3.5 million in 2010 and then allow the EGTRRA provisions to expire. This will return taxpayers to pre-EGTRRA days with a unified $1 million gift, estate, and generation-skipping tax exclusion amount, a 55 percent upper marginal rate, a surcharge on large estates, and the return of the state death tax credit. (There will also be a return to pre-EGTRRA income tax and capital gains tax tables.)

So, as with most legislative issues, we must wait to see how things develop and simply be prepared to rewrite software, marketing materials, will forms, and to wait patiently as the IRS rewrites Form 706.

How Estate Tax Law Changes May Impact Donor Behavior

Because so few individuals are affected by the estate tax, the focus on new legislation seems more emotional than substantive. While a return to pre-EGTRRA rates may cause some of the most wealthy to re-evaluate their estate plans, the majority of donors are not likely to change their giving behavior based on changes in the estate tax law[2]. This conclusion is offered for several reasons.

1. *Tax-change weariness.* For decades, Congress implemented major tax legislation on a periodic basis. More recently, we have a major tax bill almost every year. Even worse, "new" law from one year is easily replaced by "new law" in the next. From my perspective, this constant potential for change in tax laws has made taxpayers tax-law-change weary. The major tax-planning opportunities created in 2001 with EGTRRA should have created a stampede as individuals ran to their estate planners for an estate-plan makeover. That did not happen. Professional advisors surmised this was because taxpayers had simply quit responding to "urgent" reminders the law had changed and their plans might be out of date.

2. *Passion-driven planning.* Most deferred gift discussions, however, are driven by donor goals rather than tax savings. Tax savings provide context for choices in gift form, gift timing, and to some extent to gift size. But it is not the primary trigger to the discussion of a gift goal. Since so few members of the donor population are affected by the estate tax at the current $3.5 million level, or even at the older $1 million level, it is unlikely that a shift in either direction — to a higher exclusion or the old $1 million rate — will make much of a difference in the outcome.

Simple No-Tax Planning Ideas

Why wait for changes in the law to make decisions? There are several simple ways to minimize taxes for donors who want to make deferred gifts through an estate.

1. *Accelerate gifts to benefit from a charitable income tax deduction.* In an environment in which income taxes are almost certainly going to rise, with less than 1 percent of the population subject to estate tax, one way to maximize the benefits of a deferred gift is to

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The Issue of Direct Mail Response Devices

BY ROB BLIZARD

At both of the nationwide charities where I have worked, there is one issue that exposes the different approaches between the sometimes competing motivations of direct marketing and planned giving departments. That is the issue of whether or not a planned giving check-off box can be included on direct mail response pieces for house-file appeals.

Such a check-off box might say something like, "Yes, I would like to receive information on including Charity X in my will," or "Yes, I have already included Charity X and would like to be a member of the I Love Charity X Legacy Society."

Typically, those of us in planned giving are all for including such options on reply pieces. Imagine how they can improve our numbers for statistics we may track, such as number of bequest notifications or number of legacy society members. Even if some or many of these direct mail responses turn out to be meaningless leads or the machinations of insincere people who simply like to spend time with direct marketing response cards, we're out there cheering on the inclusion of any planned giving material with direct mail solicitations. It is, in fact, one no-cost to low-cost method of generating leads.

No matter that we might be engaging in a form of marketing cannibalism, thus potentially harming our fundraising team and even our organization in the long run. That would be the opinion of the direct mail folks, who, understandably want to maximize the effectiveness of every mailer they send out. Don't do anything, they might say, to distract the donor from fulfilling that transaction by mailing back a check.

Throwing in information about planned giving or complicating the reply instrument

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Direct mail folks want to maximize the potential of every mailer.

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accelerate it to a lifetime gift to take a charitable income tax deduction for the contribution. This makes the most sense when the asset destined for charity generates no income, or a gift could generate income.

- For example: Donors who have named a charity as beneficiary of a life insurance policy may want to consider contributing the policy during life.
- Donors in retirement who have included a bequest may want to accelerate that gift to create a charitable gift annuity that creates an income tax deduction as well as retirement income.

2. *Make estate gifts from IRD (income in respect of a decedent) assets*. While the assets may not be subject to estate tax, the recipient cannot escape the income tax due. The most common ways to use IRD assets for charitable giving include the following:

- During life, donors over 70½ can use IRD assets in an IRA to transfer up to $100,000 to most public charities.
- Name charity as the beneficiary of an IRA or retirement plan. Charity can be named as a fractional or pecuniary amount of the IRA, or the donor may want to create a separate IRA exclusively for one or more charities.
- Designate charity as the specific devisee of savings bonds with accrued income such as EE or HH bonds.
- Direct the executor to fund charitable gifts using IRD property.

3. *Make a retained life-estate gift of a home or farm destined for charity.* Where the donor plans to transfer a primary home, a vacation home, or a farm to charity, consider a gift of the real property to charity reserving the right to live in the property for the donor's life (or a combination of lives).

What Should Gift Planners Do?

The estate tax has been with us for many years and is likely to remain, just as donors have been with us for many years and are likely to remain committed to the charities they support. Think of change as a challenge that leads to deeper conversations with donors. Gift planning is about maximizing the donor's goals, addressing changes in the donor's lifestyle, anticipating changes in the economy, and maximizing the tax benefits.

We should continue our conversations with donors, talking to them about their commitment to the community and challenging them to achieve their charitable goals and visions. ◆

[1] All figures from 1934 through 1985 from Internal Revenue Service, Fall 2002 Statistics of Income Bulletin, Table 17, Estate Tax Returns as a Percentage of Adult Deaths, Selected Years of Death, 1934-1999; number of deaths data 1996-1999 from National Vital Statistics Report, Vol. 49, No. 8, September 21, 2001, p. 16; 2000 death figures from National Vital Statistics Reports, Vol. 51, No. 5, March 14, 2003, p. 3; data on estate tax returns filed 1990 through 2004 from Summer 2009 Statistics of Income Bulletin, Table 17, "Taxable Estate Tax Returns as a Percentage of Adult Deaths."

[2] See a great article on this topic, "On Estate Tax Repeal and Charitable Bequests," by David Joulfaian, Office of Tax Analysis, Department of the Treasury on Planned Giving Design Center, at www.pgdc.com.

Kathryn Miree is president of Kathryn W. Miree & Associates Inc., a consulting firm that works with nonprofits to develop planned giving programs. She is a past president of the National Committee on Planned Giving, the Alabama Planned Giving Council, and the Estate Planning Council of Birmingham. She is a member of *PGT*'s Editorial Advisory Board.
kwmiree@kathrynmireeandassociates.com

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in any way could endanger the flow of funds for basic support. There is plenty of time later, they would assert, to market the concept of planned gifts to donors once they are moves-managed to greater sustainability.

"My most effective packages have been those in which I have been able to keep the donor focused on the donation at hand. I do this by working the copy to the point where there are as few choices as possible. I use design to push to the preferred choice by highlighting the best or preferred option in some way. Therefore, I prefer not to have check-off boxes or the like allowing requests for information." So states Denise Bealin, direct mail and membership manager at George Washington's Mount Vernon. Denise is a colleague with whom I have debated this issue more than once, usually without emerging victorious.

Emphasizing the value of a clean direct-response solicitation, she prefers to introduce planned giving messages into the direct mail stream by including a marketing piece or message in acknowledgments for direct mail gifts received.

Denise says, however, that she is "always open to testing. Once I have controls established, I would always support testing alternatives." And, in fact we are going to test the planned giving check-off box later in 2009. Progress! From my point of view, that is.

Yet, who can blame a direct mail fundraiser for this totally logical reasoning? I mean, if I were the direct mail person, I'd want my numbers to look as good as possible, too.

But there is a much greater issue at hand. "If the donor fails to make the donation because he or she is distracted or confused, then everyone loses," Denise says. Ensuring that the maximum number of direct mail gifts that come in benefits the organization at large, she explains, noting that "there is ample opportunity to market planned gifts once the donors and/or base gifts are obtained."

Still, I am buoyed by the occasional consultant at a fundraising conference who says, at the very least, direct mail folks should allow their planned giving colleagues to test by adding something about bequests onto the reply mechanism.

I always ask this question of speakers, inveterate hand-raiser/question-asker that I am. It's interesting to hear the range of answers that I've gotten over the years. What I have learned is that there is no consensus.

So, let's pretend we're at a conference and attending a panel of experts discussing this topic. For this article, I thought there was no need to interpret the words of fundraisers who've wrestled with this issue and whom I have interviewed here. Below you can read their thoughts on the issue. Their assessments and reasoning speak strongly enough for themselves.

Less than 30 percent reveal their commitments to named organizations.

Karen Gallardo

Karen is senior director of gift planning and major gifts for the AARP Foundation. She says, "I am a firm believer that the key to bequest marketing is consistency and repetition, like all good marketing.

"By putting the check-off box option to request information about bequests or other planned gifts on all of our materials, we do two things. First, we get the word out that our organization is interested in these types of gifts; and, second, we send messages that just may be received at the time donors are thinking about their estate plans or philanthropy.

"By adding 'I have already included . . .' as a second check-off box, we are encouraging donors to reveal their bequests. Since we don't control the moment the donors receive the message, they may have just completed or revisited their plans and this option would spur them to reveal their commitments. We know that, industry-wide, less than 30 percent of donors reveal their commitments to their named organizations. I think all nonprofits should be working to encourage donors to take the next step and reveal their gifts.

"By revealing their commitments, donors can be thanked while they are living, and we can clarify any special requests they have associated with their bequests. Further, by welcoming them into your legacy society, you will likely build that relationship. Good stewardship and appreciation of their personal commitment encourages more giving."

Steve Haddad

Steve is principal of Sangha Solutions. He believes that "the myth that including gift-planning messages in annual giving appeals decreases response rates is simply that: a myth. Consider that our ideal planned giving donor prospects are over the age of 55, which is the demographic considered most likely to read direct mail pieces in the first place. Add to that the fact that many planned giving donors are small, periodic contributors to our organization — individuals who may give as little as $25 or $50 every other year — and you can easily draw the conclusion that forgoing planned giving messages in our annual fund campaigns is tantamount to ignoring a significant revenue stream for a nonprofit.

"By including a simple check-off box on an annual fund appeal, asking if donors would like to learn more about planned giving options, we merely provide our allies with an opportunity to support the organization in a different way."

Kate Mathews

Kate is membership director for African Wildlife Federation. She is very positive about planned giving and response devices. "AWF includes planned giving check-off boxes on *all* our mail. We have not seen any decrease in response in terms of our appeal response rates. Did we do a head-to-head test? No. But just looking at the response rates to appeals, it is far more likely that the package offer, theme, and general economic situation will affect our members' response to member appeals than the very gentle reminder about legacy giving.

"Over time, we have seen a decrease in the number of people who are currently responding to the check-off boxes, suggesting that those members who were interested in making a planned gift have already contacted us.

"We've also put a planned giving check-off box in our new-member acquisition mail without reducing response.

"We believe our donor file's average age skews to high 60s and early 70s based on length of time on the file and some wealth analysis, so that may explain our results. I am having an age overlay done, so I can test this theory out, too."

Nathan Stelter

Nathan is vice resident of The Stelter Company. He says, "Anecdotally, it's always been my experience that it does not decrease response rate; however, you tend to hear some direct mail people bring up this concern.

"Personally, I'm a firm believer in 'piggybacking' a planned giving message on everything both electronically and through the mail, as you never know when someone will have something happen in their life that causes them to think about their planning and you want to be as close to 'top of mind' as possible when they do.

"Also, the 'type' of planned giving message included in an appeal or email is important. For example, in our research we found that there are certain words to avoid if possible, such as 'bequest.' We also know that a lot of people aren't familiar with the term 'planned giving,' so using taglines such as the following would be more beneficial: 'I'd like to learn more about how leaving a legacy can help (the charity)' or 'We understand things can change, however if you've left (the charity) in your estate plans, we'd like to take this opportunity to thank you.'"

Shelly Stuart

Shelly is vice president of development and education for the San Diego Humane Society and SPCA. She states that "we have been including a check-off box where donors can ask to receive information about 'including the San Diego Humane Society and SPCA in my will' on the back of our direct mail response forms for years. Our direct mail income continues to grow, our average gift from direct mail has increased over the years, and we have received many, many requests for information about including SDHS in estate plans using this vehicle.

"We also include check-off boxes where donors can ask to receive information by email and provide us their email address. As these options are offered on the back of the reply form, I do not believe that they in any way distract donors from deciding to make a gift.

"In fact, they have most likely already made their gift decision before getting to the back of the response form. I have not found that offering these options has had any negative effect on our direct mail results."

Mal Warwick

As founder and chairman of Mal Warwick Associates, Mal says, "I don't recall ever testing this proposition, but I'm convinced that the added revenue in bequest expectancies that comes from the occasional inquiry will far outweigh any possible dampening of response. And I doubt very much that response is actually reduced by offering this option.

"A word of caution, however: It's equally important what sort of information you provide in response to the inquiries you receive. I would *not* recommend offering information if: (1) all you've got to send is a simple off-the-shelf booklet along the lines of 'Do you have a will?' such as those provided by any one of several established companies; (2) if you respond with a flood of complex information about all the tax-avoidance and income-generating possibilities of planned giving; and/or (3) if the examples you provide to donors highlight the multi-million-

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We have seen a decrease of those who respond to check-off boxes.

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matched and expressed the underlying sentiment behind my old daydream: "I look on universities as one of the most noble creations of our age. They are to our modern era what the great gothic cathedrals like Chartres and Reims were to their age, the symbols of the highest ideals and aspirations of our age. I could get up every morning and know that I was like those architects and stonemasons of the late Middle Ages trying to build a structure, in my case a university, that would last and be admired for centuries . . . ."

Dreams, Feathers, and Tools

Not too long after reading Dr. Danforth, I was in bed late one night reading yet another book on cathedral construction when I turned a page and saw a sidebar that contained drawings of tools used by stone masons. One of the hand tools was described as a "feather." It looked very much like a wedge. The stone masons used "feathers" for quarrying stones for the cathedrals.

In one of those rare "eureka" moments, it hit me in a proverbial flash: my surname, Featherstone, might very well have descended from one of those cathedral stone masons! It was a practice in those days to tack on the word for one's trade as a second or surname, e.g., Baker, Smith, Miller, and so forth.

Is it possible that my inclination towards "all things cathedral" was grounded in some sort of subconscious tugging from my ancestral past? Very strange notion, but, hey, who can say? It's my theory now, and I'm sticking to it!

Wait a minute, you might ask, what does any of this have to do with gift planning? Well, mind you, the "feather" tool was specifically used for splitting stone. While my medieval ancestors might have been splitting stones for buildings, today as a "gift-planning mason," I'm splitting not stone, but interests in gift plans! OK, that is a stretch, but life is short, so have a sense of humor and indulge me.

More significantly and seriously, our vocations as gift planners are somewhat akin to those folks who dedicated themselves to building poetries in stone. I, and you, too, work closely with others to help build "structures" of lasting and significant worth in the present and for the future. Yes, if not cathedrals, then universities, hospitals, endowment funds, and agencies of many descriptions — and we do it by cutting and fitting and shaping gift plans.

I hasten to recognize that all our different development "guilds" contribute to this monumental process. But there is something about our gift-planning guild that really is about splitting and fitting pieces, helping and sharing with each other as we

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I'm splitting not stone, but interests in gift plans!

Response Devices *Continued from page 7*

dollar legacy gifts of major donors. Bequests are the main event in 'planned giving,' and far too many specialists forget that most bequests come from people who are not rich.

"I've also seen some prospect packages that include this option on the reply device, but I don't recommend that practice — not because I have proof that it depresses response, but because I feel simplicity is one key to success in donor acquisition."

Ruth White

Ruth is director of member services, for the National Museum of Women in the Arts. She indicates that "many of the bequests received by the museum are given by members who have given relatively small but consistent gifts over the years. As such, these members are rarely on the radar of our major gifts officers. Often, when we receive notification of such gifts, we wish we would have known the members better in order to really show our gratitude to them and their families for the generous gifts. Because of this, it is clear how important it is for the institution to include language regarding planned giving whenever possible on materials."

Conclusion

So, as moderator of this session, isn't it nice that all of our panel members, regardless of development role, supported the inclusion of planned giving messages in direct mail house-file mailings? Or at least testing it.

Honestly, I tried to find other sources for this article who would argue for the other side, but I could not. Perhaps a Letter to the Editor could present another perspective.

Until then, we have before us a clear collection of endorsements for getting those planned giving check-off boxes on your organization's direct marketing reply cards. ◆

Rob Blizard is the new development director at the Washington Animal Rescue League in Washington, D.C. He previously served as the director of gift planning for George Washington's Mount Vernon. Rob can be reached at roberteblizard@yahoo.com.

Trench Tales

◆ *I took an elderly couple to their favorite restaurant for lunch. They had recently re-written their wills and included our organization for a larger percent of the residuum. We sat at their regular table in the center of the restaurant, which was very noisy. The husband and wife are both deaf, each wearing two hearing aids. I could hardly hear their words, and they often asked me to repeat what I'd said. Afterwards, in the quiet of their condo, we each confessed we hadn't heard enough of our conversation to know what we had talked about. Since I had taken them to lunch to thank them for their gift, I repeated to them my thanks. Then we had a good laugh.*

◆ *I was working with a missionary couple who likes to hold hands and pray when someone is ready to leave. Their little dog understands this, so when we stood up, he jumped up into the lady's arms and laid his head down on his paws. The sweet dog was quiet the whole time of praying.*

◆ *One of our competing hospitals phoned our public relations department and asked for our planned giving prospect mailing list. Our PR department mailed the list to them!*

Anecdotes are supplied by readers of *Planned Giving Today*. Do you have an interesting or amusing story related to your work as a charitable gift planner? Jot it down and send it in so we can pass it on (roger@pgtoday.com). Names are withheld to protect the "guilty."

Gift Masonry

Continued from page 8

do through conferences and newsletters like *Planned Giving Today*. We work with donors and their advisors and families, sometimes over relatively long periods, to build great and good "structures."

I think of our gift-planning "feathers," such as split-interest gifts, and the purposes that they often lead to, such as permanent endowment funds. It's nice to think that maybe some of these things we've had a hand in might last nine centuries also! And then we too can feel a measure of that warm satisfaction in a great and good job well done like I felt in my daydream.

Marilyn's Lasting Legacy

Having participated in more than a thousand one-on-one visits over the years, I have many memories of collaborations with wonderful donors and others as we built "cathedrals" together.

One donor, who recently passed away, age 79, is a good example. Marilyn grew up in rural Illinois, where her father managed some farm interests. She received two degrees from Northwestern. She never married. During the course of her career, Marilyn taught at public schools on the West Coast, became an admissions counselor and director at several colleges there and in the Midwest, and ultimately ended up as a college guidance counselor and director at a private boarding school in California. After she retired, Marilyn returned to oversee the family farm and care for her ailing mother.

Marilyn transferred her highly appreciated former residence in California to a charitable remainder trust (CRT), a plan well-structured to provide shelter from the leveling tax winds of capital appreciation. As if by a "feather," the CRT was customized and fitted into the construction of Marilyn's evolving financial plan, and, more importantly, as a significant part of the foundation for the rest of her life.

Through the years, between travels to places like China and Tibet, the Rhine and the Danube and the Balkans, playing bridge, serving on local educational boards, and traveling back to her alma mater to cheer us on in football games, Marilyn continued to add to her "cathedrals," to Northwestern, to our annual fund and to the CRT, as well as to her "monuments" with other local organizations.

Through those years, I had the pleasure of Marilyn's company over various meals and visits, and the privilege of listening to her stories about her travels and her memories of her professors and days at Northwestern. I, in turn, shared with her some of my personal experiences as well as current campus news, people, and initiatives. Together, Marilyn and I built a relationship as we talked about ourselves and about all things Northwestern, and the structures and tools available to help our campus continue its progression on into the future.

And now, Marilyn is gone. And yet . . . and yet . . . with the termination of the CRT, and the additional "bricks and mortar" arriving from her estate, a wonderful fund, a permanent endowment scholarship, arises. Like the medieval cathedral spire ascending into the sky, the fund will testify, in Marilyn's name, forever more, her love for some of the things which mattered to her: education, young people, and her cherished alma mater.

Marilyn's legacy, like those of my ancient kin, will continue on in perpetuity, and I take great satisfaction — as we gift planners should — in having had a role, however small, in the creation of these "cathedrals" of love and permanence. ◆

Marilyn continued to add to her "cathedrals."

Ed Featherstone, CSPG, is deputy director of gift planning for Northwestern University, where he has served since 1997. e-featherstone@northwestern.edu

When I Proved the New Boss Wrong

BY CHARLES R. MURRAY

A serious stumbling block in my 39-year career in fundraising management has been dealing with a new, incoming boss after I had been in place for several years.

My first such instance occurred at a church-related group of homes for the aging where I had been director of public relations and development for eight years. The man who had hired me retired. His replacement looked like trouble to me.

Sure enough, his first major announcement to his executive staff was that he would be evaluating each of us on a series of objective measurements, with the expectation that we would be improving those factors by a minimum of 10 percent a year.

I eagerly awaited his telling me what my factors would be. We were both pretty much on the same page as he ran down my list of objectives — annual gift revenue, church-credited giving, number of church presentations, and so on. But when he came to the end of the list, I was painfully aware that a most important factor was missing.

"What do you think I left out?" he asked.

"You didn't mention bequest receipts," I said.

"I deliberately left that factor out," he countered. "Everyone knows that it takes at least 20 years for a bequest to mature. So when one comes in, it wasn't your doing, but that of your predecessor 20 years ago. I can't give you credit for that."

He didn't have to fire me; I began looking for a new job immediately.

Disagreement

"I respectfully disagree with your 20 years," I argued.

"How long do you think it takes for a bequest to come in?" he asked.

"Well, if you do nothing to cultivate and steward bequests," I said, "it *could* take 20 years. But if you are proactive in seeking bequests, encouraging disclosures, and providing ongoing recognition to those who put us in their wills, the gestation period should be more like five years."

"That's ridiculous," he scoffed. "I never heard of such a thing."

When I continued to protest, he came up with a resolution. He called in the CFO and directed him to identify our 10 largest bequests over the past 10 years, then determine the date each will was signed and the decedent's date of death.

"You'll see that it took 20 years," he said.

Several days later the data was gathered. The top 10 bequests over the past 10 years, totaling some $9 million, had averaged 3.7 years from execution to death. I had been personally involved in nine of the 10.

If you could have seen the look in the eye of my CEO when that fact was announced, you would know, along with me, how dangerous it can be to win such an argument with a new boss.

I thoughtlessly compounded the problem at a subsequent executive team retreat, when the boss asked each of us to describe our most significant learning experience in recent times. When I recounted the five- vs. 20-year principle for maturing bequests, he gave me another one of those steely-eyed looks and said dryly, "Your research was impeccable."

He didn't have to fire me; I began looking for a new job immediately and was gone in several months.

Next Job

In my new position as director of planned giving for a nationally based guide dog school for the blind, the same issue came up at a board meeting. When I explained to this august group the research finding from my previous employer, the chairman asked the CFO to check our comparable numbers. The answer there was 2.5 years for a bequest to mature.

One humorist on the board cautioned me against divulging this fact to donors, lest naming the charity in one's will would amount to a self-imposed death sentence in several years.

The point is well taken: Planned giving, like most other forms of giving, is responsive. You get a lot more, and you get it a great deal sooner, when you ask.

Go then and do likewise. But be careful how you tell the boss. ◆

Charles R. Murray, ACFRE, is the former planned giving officer for Little Hill Foundation/Alina Lodge in Blairstown, New Jersey. He has written several articles for *Planned Giving Today* and is currently working on a book of his experiences as a development professional entitled, *I Did It Their Way: Tribulations of a Planned Giving Road Warrior*. charlesrmurray@verizon.net

WRITE US

PGT readers are invited to respond to articles appearing in the newsletter by writing a "Letter to the Editor." Articles, humorous anecdotes, and other items of interest to the planned giving community are also welcome.

Send editorial correspondence to: roger@pgtoday.com

PGT MARKETING REPRINTABLE

Moving Vans or Estate Plans?

There is a cartoon of a hearse driving down a residential street with a huge moving van tailing behind. Two men are watching from a porch. One says to the other, “Poor Harry, he still thinks he can take it with him.”

We smile because the scene is so absurd. Yet many of us live as though our belongings and wealth will somehow follow us into the grave. We fail to appreciate the solemn words, “You brought nothing into this world and you can take nothing out of it.” We let the years slip by without making provision for the distribution of our estate.

We in the planned giving department of [charity] promote estate planning. We want our friends and supporters to prepare for the future by making sure they personally allocate their possessions to the individuals and causes they care about.

One of the reasons so many people never get around to making a will or living trust is because they “just don’t have the time.” They procrastinate with good intentions, always expecting to do their estate planning later.

We can help speed things up by sending you a free Will Kit that includes a variety of material to assist you in caring for this very important matter. We can assist you in finding a competent estate-planning attorney, and, if you wish, we can even provide transportation. Whether or not you choose to include a bequest for [charity] in your will, we are eager to see you complete your plans for the sake of your loved ones and for your own peace of mind.

Use the response form below to request the Will Kit, or call our toll-free number at [number]. You will find these complimentary materials interesting and helpful.

PLEASE COMPLETE
AND MAIL THIS FORM

Dear Friends at [the charity]:

- ❑ Please send me your free Will Kit.
- ❑ I do not have an estate-planning attorney and would like assistance in finding one.
- ❑ Please contact me by phone. The best time to call me is:

  ____
- ❑ I have an up-to-date estate plan. Thank you for your concern.

Mail this form to: [the charity and address]

Note to PGO: The above item is presented as a resource to adapt and use as you see fit. Unlike the other material in this newsletter, *PGT* subscribers may use items on this page without written permission and without including any reference to *Planned Giving Today.* The publisher, editor, and Editorial Advisory Board assume no responsibility whatsoever in connection with the content or use of this sample material. Pre-publication review by a qualified professional is strongly recommended. (For more reprintables, see http://www.liebertpub.com/products/product.aspx?pid=270

On My Way . . .

◆ **When Catharsis Comes.** Catharsis comes from a Greek word meaning "to purge." In psychology, it's a technique used to relieve tension and anxiety by bringing repressed feelings to consciousness.

Some people have bottled up their negative feelings for years and just need the opportunity to "let go." They need a catharsis.

As I write this, I'm wondering whether "On My Way" has served as a sort of release valve for me over the nearly 20 years of authoring this column. Occasionally, I've shared personal things that have provided me with healthy feelings of relief. I've gained perspective as I've expressed myself. Just getting some things off my mind has been good for me. Thanks for listening!

As I look back over my many years in planned giving, I can see times when I surely played a therapeutic role in the life of a donor or prospect. Without knowing it at the time, I helped folks unload thoughts and feelings that may have been bottled up for years. I actually contributed to their psychological well-being.

Because we are outside the orbit of family and close friends, our donors may feel free expressing long-held feelings of guilt and regret. We can be on the receiving end of a catharsis.

Just by sitting there and listening, we can play a therapeutic role.

After working with people for several years, I began to realize that I was talking too much. I needed to hone my listening skills. So I entered graduate school to gain a master's degree in counseling psychology. I wanted to better understand what makes people tick and how I could relate to them on a more personal level.

In my training, I discovered that effective counseling is tied directly to effective listening. By asking the right questions and providing skillful feedback, we can help others discover mental and emotional health.

Another thing I learned is that the first thing a counselor must establish is trust. Once your clients feel comfortable with you and know you will honor their confidences and treat them with dignity and respect, the door opens to the inner life. At that moment, you may witness a catharsis of negatives that the person has been toting around for years. You can help them help themselves by listening and affirming their positive expressions.

It's always interesting to witness how the positive follows the negative. Once people get the "bad stuff" out of their veins, they begin to see life in a more constructive and hopeful way. I've listened to donors rail against my organization, only to change their tune and end on a positive note.

As I travel back in my memory, I can recall planned giving visits that became "confessional times" as the donor shared hard feelings about current family members or perhaps a former spouse. Like you, I have sat through recitations of regret. I have also heard more than my share of complaints about the organization I represented.

All of this is to say that whether we like it or not, part of our role in building and sustaining relationships with people is to provide a listening ear. I don't mean to suggest that we become intentional therapists and delve into a person's problematic past. We are no more present as professional psychotherapists than we are as professional advisors.

Yet we do have a unique role in the lives of our donors. Listening goes with the territory; and to fulfill that role carefully and sensitively, we need to know our limitations and when to refer the person to a professional counselor or to a skilled pastor, priest, or other religious leader. We also need to know when to say goodbye and not become an ongoing receptacle for the rantings of embittered persons or the ramblings of the lonely who just want to talk, and talk, and talk.

The bottom line is, of course, that we are in a person's living room to gain emotional and financial support for the charitable mission of our organization. This is our guiding light. But along the way, we will discover abundant opportunities to represent the board and leadership of our organizations by dealing thoughtfully and compassionately with those within the circle of our faithful friends who have a need to unload.

Amazingly, when we invest quality time patiently listening to our donors, we discover that more gifts flow to the organization we serve. This is not the result of manipulation or a premeditated sales technique, but rather the natural outcome of sincere friendship and our willingness to listen and to let a catharsis occur. ◆

– GRS

NEXT MONTH

- **After You Say "Hello"**
- **Uniting the Development Office**
- **Cold Calls in December**
- **And More . . .**