And the Answer to the $64,000 Question Is...

Bequests Lead the Way in Growth as Charitable Giving Nears Record Levels

2014 Sharpe Group Seminar Schedule

Perspectives on Planned Giving Marketing Trends

PAGE 3

PAGE 5

PAGE 6
And the Answer to the $64,000 Question Is...

by Barlow Mann

Did you know that, according to the latest figures from the Internal Revenue Service, the average amount of a charitable gift of corporate stock is $63,779? Read on to learn more about the importance of noncash contributions from individuals—especially from older donors—each year.

Stock gifts up 20 percent

The most recent IRS figures available from 2011 reveal that the 22.5 million individual taxpayers who itemized deductions reported a total of nearly $44 billion in noncash charitable contributions. This category includes, among other property, gifts of real estate, securities, artwork and personal property. Some 7.5 million of these taxpayers reported $38.7 billion on IRS Form 8283, which is required for noncash contributions exceeding $500.

Contributions of corporate stock traditionally account for the largest share of noncash charitable contributions each year. This was true even during the Great Recession. In 2011, 41 percent of all noncash gifts reported to the IRS were gifts of stock, up about 20 percent from the previous year. Over 112,000 individual returns reported over 250,000 contributions of corporate stock averaging nearly $64,000.

Who makes noncash gifts?

Taxpayers with incomes of $200,000 or more were responsible for almost two-thirds of the dollar value of noncash contributions. Those with incomes between $100,000 and $200,000 were responsible for another 14.3 percent, meaning that just under 80 percent of the value of all noncash contributions came from taxpayers with annual incomes of more than $100,000.

Taxpayers in the 65-and-older age category who reported noncash contributions on IRS Form 8283 were the most generous donors of noncash gifts, accounting for some 45 percent of noncash contributions.

Of the $18.7 billion of stock, mutual funds and other investments donated in 2011, the 65-and-older category was responsible for $12.9 billion. That’s nearly 70 percent of all gifts of securities! (See chart below.)

<table>
<thead>
<tr>
<th>Donor age</th>
<th>Number of returns</th>
<th>Average amount per return</th>
<th>Gifts of corporate stock, mutual funds and other investments</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Number of returns</td>
<td>Average amount per return</td>
<td>Number of returns</td>
</tr>
<tr>
<td>Under 35</td>
<td>723,243</td>
<td>$2,445</td>
<td>2,430</td>
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<td>35 under 45</td>
<td>1,699,025</td>
<td>$2,579</td>
<td>8,919</td>
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<tr>
<td>45 under 55</td>
<td>2,113,808</td>
<td>$3,297</td>
<td>20,047</td>
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<tr>
<td>55 under 65</td>
<td>1,818,676</td>
<td>$4,399</td>
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<tr>
<td>65 and older</td>
<td>1,174,550</td>
<td>$14,966</td>
<td>63,756</td>
</tr>
<tr>
<td>All ages</td>
<td>7,529,302</td>
<td>$5,140</td>
<td>125,617</td>
</tr>
</tbody>
</table>

NOTE: Average amounts are in whole dollars. This figure is based on data reported on Form 1040, U.S. Individual Income Tax Return; Schedule A, Itemized Deductions; and Form 8283, Noncash Charitable Contributions. Source: IRS Statistics of Income Division, Noncash Charitable Contributions, May 2014.
Looking ahead.

Since 2011, the broader stock market has continued to recover, and in 2014 many popular stock indexes have reached record levels. In addition, the Federal Reserve recently reported that household wealth in America has reached an all-time high, driven to a large extent by recovery in real estate values and investment markets.

With wealth levels increasing, now is the time to make sure your donors, especially those over age 65, are aware they can make tax-advantaged charitable gifts using appreciated securities. By doing so, you may find that many of your donors are able to make more meaningful gifts than they had ever thought possible.

The 2013 estimates for overall giving in America indicate the general trend in recovery is continuing. If giving levels keep increasing at the rate seen in the previous two years, charitable giving could actually exceed pre-recession levels this year or next.

For more information on current trends in giving by donor source or recipient sector, visit www.givingusareports.org.
Start Planning Now for a Successful Year-End Giving Season

Recent surveys have shown that many nonprofits receive roughly 40 percent of their yearly charitable gift totals in the final weeks of the year. The year-end giving season is critical. Don’t wait until fall is upon us before you make your plans.

Where to start

Sharpe Group makes it easy to contact your donors at year-end with four specially designed year-end giving brochures. These six-panel brochures offer a cost-effective way for you to reach a broad group of donors with information to help them plan their year-end giving.

Sharpe’s 2014 year-end designs include:

- Giving at Year-End (two designs)
- Giving Thanks at Year-End
- Giving Before December 31st

These year-end giving informational brochures explain the tax benefits of giving before December 31 while also exploring the most effective ways to make charitable gifts, including cash, stock, gifts from retirement plans and bequests.

Brochures may be personalized with your organization’s contact information and logo on the front and/or back cover. With every order, Sharpe includes a cover letter, P.S. language and suggested web/article copy.

To learn more about Sharpe’s year-end brochures, email info@SHARPEnet.com or call 901.680.5300. A Sharpe representative will be happy to assist you.

Reserve Your Materials Now

Place your order by September 30 to receive special pricing. For more information, email info@SHARPEnet.com or call 901.680.5300.
2014 Dates for Sharpe Group Training Opportunities


— Gordon Dowell, Gift Planning Officer, Kansas State University Foundation, Manhattan, KS

An Introduction to Planned Giving

Discover how to build your planned giving program.
Learn the keys to effective communications with your donors. Examine the donor life cycle and how you can help donors make larger gifts today and plan gifts through bequests, trusts, gift annuities and other techniques. Learn to work effectively with those 65+ who may make up much of your donor base—or soon will. This seminar is appropriate for those who are laying the foundation for a successful gift planning program or are looking to improve the effectiveness of an existing program.

New York ● October 13-14
Chicago ● December 8-9

Gift Planning Fundamentals

Who makes the largest gifts and why?
Help donors understand the best asset to give, the best way to transfer it and how timing can affect the size and tax benefits of the gift. Increase your knowledge and understanding of the what, when and how of various gift planning vehicles for maximum gift value and return on investment. Register for this seminar if you are new to planned giving responsibilities and need to learn gift types in more detail or if you could benefit from a refresher course.

Chicago ● September 15-16

Integrating Major and Planned Gifts

Learn how major and planned giving can work together.
Discover how to help donors make the best gifts for their age, wealth and other factors, while meeting your current, capital and endowment needs. Learn how to interpret a donor’s verbal and non-verbal clues to determine which giving option is right and how to help donors make larger charitable gifts that might not otherwise be possible due to personal planning concerns. This seminar is for you if your organization has both departments and would like to bring everyone together, or if you or others are responsible for both major and planned gifts.

San Francisco ● August 18-19
Washington ● November 6-7

See full agendas and register at www.SHARPEnet.com/seminars or call 901.680.5318 with questions.
At the Northern California Planned Giving Council’s Annual Conference in May, Sharpe Group Senior Consultant Aviva Shiff Boedecker participated in a panel discussion on marketing trends in planned giving. The following is a summary of the questions the panel received along with her responses.

Q: Are there any absolute “must dos” in planned giving marketing?

A: Absolutely. First and foremost, make sure your donors know planned gifts are welcome! This is a basic but essential step to building your planned giving program. Take advantage of every opportunity to mention the importance bequests and other planned gifts play in your organization’s overall financial picture.

Planned giving messages are often part of a special communications strategy, but they should also be incorporated in alumni communications, programs for performing arts events and listed as checkboxes on current fund appeals and other general publications.

At the same time, make sure you have a firm understanding of the demographics and lifecycle of a typical planned gift donor, including at what age donors typically execute their last will.

Studies have shown that the average age at which donors make the will that actually serves to leave funds for charitable purposes is 79. Given the fact that most fundraisers are asked to operate within a limited budget, it makes sense to target marketing efforts to the appropriate audience—donors aged 70 and older. When designing materials to appeal to this demographic cohort, remember that older persons tend to respond well to printed materials utilizing a larger font that is easy to read.

Q: Are there any “must not dos” in a planned giving marketing program?

A: Don’t get sidetracked by bells and whistles. Most planned gifts take the form of simple bequests and beneficiary designations from retirement accounts, life insurance policies and other financial accounts. Other planned gift arrangements are also important, but make sure to first cover the basics.

Q: How should a planned giving department measure success? How should management measure return on investment?

A: Following up with those who express interest, making calls and scheduling visits are all necessary and important activities, but in the end one must differentiate quality from quantity. It is better to have a few quality meetings with 80-year-olds than a lot of superficial interactions with 40-year-olds who may not be true prospective planned giving donors for 30 years or more.

Along those lines, a mailing or e-communication that generates a few quality responses from constituents age 70 and above should be considered more successful than a communication that results in a large number of responses from people in their 40s and 50s. A high response rate from this demographic will require you to spend a lot of time following up on inquiries and could possibly result in decades of stewardship before any planned gift is received, thereby reducing the time you have available to spend with more immediate planned gift prospects.

Ask yourself if your goal is to realize income for your organization through matured gifts as quickly as possible or simply to impress higher-ups with a fluffed-up expectancy list and a large legacy society. Planned giving does have a long time horizon, but it need not be as long as some might think. At some point you have to see funds coming in the door.
Q: Who should be my target audience?

A: As I mentioned previously, focus your efforts on older donors, including older recently lapsed donors. If a donor gave regularly for a long time and then stopped, find out why. Contacting these donors is simply good stewardship, and it may open the door to a conversation about future planned gifts.

Q: What new trends have you noticed in planned giving marketing?

A: Organizations that significantly reduced the use of printed materials in the mid-to-late 2000s and instead relied heavily on e-marketing are in many cases returning to print. Many of those who relied on all e-marketing during the Great Recession quickly realized they were not reaching their target audiences, as only a minority of persons over age 70 were online at that point.

While more and more seniors have begun using the Internet, many still do not. According to the Pew Research Internet Project, just 47 percent of persons 75 to 79 and only 37 percent of those 80 and older are online today. Those numbers fall to 34 percent and 21 percent, respectively, where high-speed broadband access is concerned. This is significant when one considers that the average age of gift annuitants is 79 years old, according to a recent study published by the American Council on Gift Annuities.

By relying too heavily on e-marketing, these organizations were inadvertently cutting off many donors who were at the prime age for planned gifts. After seeing their bequest and other planned gift production decline, many such organizations have recommitted to sending printed communications to their older donors. (For more on this topic, see “What Goes Up Must Come Down” in the April 2014 issue of Give & Take.)

In order to reach all members of your target audience, the key is to communicate with donors in multiple ways—in person and by phone, mail, email and other print and digital media.

Q: What is the single most important point you would like to convey about planned giving marketing?

A: Make sure your message is accessible to those you want to see it. Choose a format that your prime planned gift prospects will feel comfortable with and make sure the colors, designs and fonts you select will make your message attractive and legible to your target audience.

Aviva Shiff Boedecker is a senior consultant in Sharpe Group’s San Francisco office.

U.S. Household Net Worth Reaches New Record High

Earlier this year, Give & Take reported that U.S. household net worth grew by 14 percent, or $9 trillion, in 2013. The good news continues in 2014.

In its latest release, the Federal Reserve revealed that U.S. household net worth gained $1.5 trillion in the first quarter of 2014 to reach a new record high of $81.8 trillion.

Stocks and real estate also saw gains in the first quarter. The value of corporate equities grew by $361 billion while real estate values gained $751 billion.

Wealthy households.

The number of U.S. households with assets of $1 million or more (excluding the primary residence) also reached a record high in 2013. According to Spectrem Group, the number of households in this exclusive group reached 9.63 million in 2013, up more than 600,000 from the year before. This latest gain follows four years of growth after the previous low of 6.7 million in 2008. This means that donors who may be in the major donor or major gift prospect pool have seen a 40 percent increase in wealth since 2008.

Gains across the spectrum.

It is not only households in the $1 million range that saw record highs in 2013. Households with a net worth of $100,000 or more reached a total of 38.6 million while those with $5 million or more in assets totaled 1.24 million, 100,000 more than in 2012.

The ranks of the mega-wealthy also saw an increase. Those with a net worth of $25 million or more grew by 15,000 to reach a total of 132,000 in 2013. Details of the wealth report may be found at www.spectrem.com.
Positive changes in the economy and the nation’s tax laws are providing powerful incentives for charitable giving. In this optimum environment, it’s a great time to remind your donors of the benefits of giving before the end of 2014.

Donors should be aware that favorable tax law changes can mean greater potential benefits from gifts made before year-end. Pending proposals in Washington could change the future charitable giving landscape, so making timely gifts can be an excellent option.

Start the conversation with your donors now.

Sharpe’s 2014 year-end giving brochures are a convenient and cost-effective way to share with donors the advantages of funding gifts with cash or other assets including appreciated property and other plans.

How can you use year-end brochures to encourage gifts this year?

- As part of your regularly scheduled year-end appeal
- As an insert in gift acknowledgments this fall
- As part of a special mailing to encourage gifts
- To include in pledge reminders and proposals
- As handouts at donor events
- As part of a mailing to members of your legacy society

**Personalize Your Cover**

Sharpe can add your logo and contact information on the front, back or both.

With your order, we include a sample cover letter, reply card text, P.S. language and suggested web/article copy for use with your publications.
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<td>8024</td>
<td>Giving Thanks at Year-End (Fruit)</td>
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**Quantity Pricing**

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<td></td>
<td>30,000 or more</td>
<td>$1.75 each</td>
<td>$1.65 each</td>
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*Incentive pricing only applies to year-end orders placed by September 30.

**Imprinting Information**

- **Imprint Fee**: $85
- Use imprint on file
- New imprint

Publications will be imprinted in black. Five lines maximum. Logos and text for new imprints may be sent to imprints@sharpenet.com. For more information, visit sharpenet.com/publications/digital-artwork-submission-guidelines or call 901.680.5300.

**Billing Address**

- Name ____________________________
- Title ____________________________
- Organization _____________________
- Address __________________________
- City ____________________________  State _____  Zip ___________
- Email ____________________________
- Phone ( ) _________________________
- Fax ( ) __________________________
- Purchase order # (optional) _______

**Shipping Address**

(If different from billing. No P.O. boxes, please.)

- Name ____________________________
- Title ____________________________
- Organization _____________________
- Address __________________________
- City ____________________________  State _____  Zip ___________
- Phone ( ) _________________________

**Method of Payment**

- Please bill me.
- Enclosed is a check for $ ________.
- Please charge my: [ ] Mastercard  [ ] Visa  [ ] AmEx
- Card # ___________________________  Exp. date ___________
- Name on card ______________________
- Signature _________________________

YEFO 07/14