

Give & Take[®]

IDEAS AND INSIGHTS FROM SHARPE NEWKIRK



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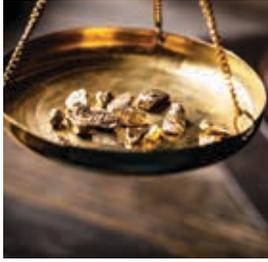
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All That Glitters...

A planned giving pipeline is like a gold mine. It is important to measure not only the value of what is coming out but also the value of the time and other resources being devoted to the mining process.

Nonprofit organizations measure the effectiveness of their gift planning efforts in many different ways. Some place a high value on bequests and other expectancies that have been promised but are not yet in hand, while others count only realized bequests on fundraising reports. Some do both.

Which metrics you choose will depend on many factors, including your short- and long-term fundraising goals. In some cases, where bequest income is a large component of annual income, it may be important to pay close attention to the number of new expectancies and regularly adjust cash flow projections based on the future receipt of those bequests. In other cases, where there are limited numbers of expectancies on file and bequests are realized only occasionally, it may be more practical to measure bequest results based solely on realized gifts.

Both approaches are valuable. Regardless which you adopt, make sure to build a planned giving pipeline and carefully steward those individuals who have indicated they have made a bequest to your organization. When donors of any age include a charitable interest in their estate plans, they are essentially elevating that organization to the status of a family member, and the charity should take the opportunity to strengthen those ties (see "Treat Your Donors Like Family," July 2017 *Give & Take*). In the case of people in the 50-75 age range, this may involve managing relationships over a remaining life expectancy of 25 years or longer. Legacy societies are one tool that can help you keep in touch with and not lose track of these special individuals over time.

A planned giving pipeline is like a gold mine; it is therefore important to evaluate it and discover new "veins" on a regular basis. Donors who inform you of their intent to make a bequest are rare finds indeed. In most cases, only about 10-20% of realized bequests are known about in advance. That's why it's important to handle the donors who do alert you with thoughtful care. Take time to get to know them and their situation.

Back to basics

Think about your own donors. Knowing basic information about your constituents, especially their age, can help maximize your fundraising efforts. For instance, if you want to increase actual charitable bequest revenue over the next 10-15 years but have limited staff and budget, you should

focus your marketing efforts on your oldest and most loyal constituents who are likely to make their final estate plans and then pass away in the next decade or so.

While it is impossible to know when an individual is actually going to pass away, it is possible to identify the life expectancies of population groups. Insurance annuity companies have turned that into actuarial science, as has the Social Security Administration.

Likelihood of Surviving 10 Years*

Age Now	Age Then	Survival Probability
80	90	36%
70	80	70%
60	70	85%
50	60	95%
40	50	97%

* https://www.ssa.gov/OACT/NOTES/as120/LifeTables_Body.html

Based on actuarial information, the chances of realizing a bequest in the next 10 years from a new expectancy in his or her 40s, 50s or even 60s is remote. In the near term, fundraisers are much more likely to receive a bequest gift from loyal long-term donors in their 70s, 80s and 90s.

Producing gold

We are currently entering the tail end of a period of bequest receipts from older donors, who for the most part were members of the G.I. and Silent Generations (primarily those who were born in the 1920s and '30s). It will be 10 years or more before we begin to see bequests in large numbers being realized from Baby Boomers, who are just now turning 70.

Most bequest gifts will come from the ranks of older long-term donors who die over the age of 80. After drafting their wills or other plans in their 70s or 80s, these donors typically continue to give for a few years, then lapse before passing away. It is important to not take this group for granted. Keep in touch with them even after their giving has lapsed. Consider reaching out to them with one or more print communications per year. Research indicates that the "mature market" is likely to prefer and act on printed communications over digital or other media. Depending on the makeup of your donor constituency, occasional

brochure or newsletter mailings can improve your results over time.

Drilling down

Against this background, keep in mind that an active bequest awareness program across generations can bring in all kinds of value, from retaining donors longer to discovering major donors among the ranks of younger bequest expectancy donors. Special attention, however, should be placed on older donors whose bequest expectancies are closest to being realized.

Bequests, however, are only part of the picture. In an increasingly competitive environment, your major and planned giving strategies will need to be more robust. In addition to bequests, focus on educating donors about the many ways they can make current and future gifts, such

as through gift annuities, charitable trusts, charitable IRA distributions and more.

In short, pay attention to demographics when setting your gift planning fundraising goals. If marketing to potential donors is like mining for gold, make sure you are digging or panning in the right spot. Know as much as you can about your constituency, and then match the right message with the right demographic. Taking this extra step now can yield more gold in the future.

*Consider using SHARPE newkirk's **Donor Data Enhancement Services** to segment your donor list and help you mine for gold. For more information, visit www.SHARPEnet.com/data-enhancement-services or contact us at info@SHARPEnet.com or 901.680.5300. ■*

Giving by Generation

Any effective fundraising strategy includes sending the right messages to the right age groups. Every fundraiser knows that often a gift plan that is perfect for someone in her 80s would likely hold little appeal for her 50-something daughter, and vice versa. That's why it's vital to be thoughtful about how and where you spend precious budget dollars.

It's also important to observe how the giving habits of each generation change over time so that marketing strategies can adjust to generational trends. Below is a comparison of generational giving data from 2013 to 2017 from Blackbaud Institute's *The Next Generation of American Giving*.

Of particular interest to fundraisers is the fact that despite the fact that most Americans reduced their giving during the recession and recovery period, Baby Boomers were the only generation to increase in both numbers and percent who gave during the time period studied.

Millennials (Born 1981-1995)

2013	2017
32.8 million donors	34.1 million donors
60% give	51% give
\$481 avg annual gift	\$591 avg annual gift
3.3 charities supported	3.5 charities supported

Generation X (Born 1965-1980)

2013	2017
39.5 million donors	35.8 million donors
59% give	55% give
\$732 avg annual gift	\$921 avg annual gift
3.9 charities supported	3.8 charities supported

Baby Boomers (Born 1946-1964)

2013	2017
51.0 million donors	55.3 million donors
72% give	75% give
\$1,212 avg annual gift	\$1,061 avg annual gift
4.5 charities supported	4.2 charities supported

Matures (Born 1945 and Earlier)

2013	2017
27.1 million donors	23.5 million donors
88% give	78% give
\$1,367 avg annual gift	\$1,235 avg annual gift
6.2 charities supported	6.3 charities supported



Source: Blackbaud Institute, *The Next Generation of American Giving*

Year-End Fundraising Critical for 2018

With the recent tax law changes, many people have questions about the impact this new law will have on their charitable giving in 2018. They should be pleased to hear that the charitable income tax deduction was preserved and enhanced in many cases, and there are still many smart ways to make tax-advantaged gifts whether they itemize deductions or not.

The end of the year is fast on its way, so now is the time to make sure your donors understand the new tax law, including how to time and structure their gifts this year for maximum benefit. Show them the smartest ways to give, including cash, noncash gifts (such as stocks) or gifts through retirement plans or other arrangements.

SHARPE newkirk has several year-end giving publications to help you get that conversation started. Our 2018 year-end giving brochures are a convenient and cost-effective way to show donors the advantages of funding gifts with cash or other assets, including appreciated property. The information in our year-end brochures is general enough to send to anyone on your mailing list.

SHARPE newkirk's three year-end brochure designs can be tailored to fit your organization's needs. You may choose to imprint the front and/or back of your brochures with your name and contact information, or you may opt to work with our team of editorial and design experts to create a custom year-end brochure tailored specifically for your organization. For more information, visit www.SHARPEnet.com/year-end-2018 or contact us at 901.680.5300 or info@SHARPEnet.com.

In addition, we recommend sharing the 16-page booklet **Your Guide to Effective Giving After Tax Reform** with donors who have given \$500 or more in the last few years. The content is directed to those who now deduct their gifts and are likely to continue doing so. It includes a number of strategies to help donors maximize their giving by taking full advantage of powerful incentives still in place. For more information about this booklet and to download a preview, visit www.SHARPEnet.com/giving-after-tax-reform. ■



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“I enjoyed the seminar and came away with some ideas I can use right now. Nothing recommends a seminar better than that.”

—**Weston Hatfield,**
 Assoc. VP, Development,
 James Madison University



Upcoming Sharpe Group Seminars

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 lifecycle and explore how you can help donors make larger gifts today and plan gifts through bequests, trusts, gift annuities and other vehicles. Learn to work effectively with those 65 and older who may comprise much of your donor base—or soon will. This seminar is appropriate for those who are new to planned giving or responsible for finding ways to enhance an existing program.

Memphis January 14-15, 2019
 Washington, DC March 25-26, 2019
 Chicago July 15-16, 2019

Structuring Blended Gifts

Explore ways donors can give by using a blend of current and deferred gifts.

This seminar explains how blended gifts can make it feasible for those balancing multiple financial priorities to make larger gifts than they thought possible. In the days ahead, donors and advisors will increasingly turn to blended gifts to reap both current and future benefits. Note that new tax law changes will be incorporated throughout the presentation. Make sure you're informed so your organization doesn't miss out on this growing trend.

Washington, DC June 5-6, 2019
 Chicago October 3-4, 2019

Integrating Major and Planned Gifts

Learn how major and planned giving can work together.

Discover how to help donors make the best gifts based on their age, wealth and other factors, while meeting your current, capital and endowment needs. Learn to listen for clues to assist donors in the best giving options for their circumstances so they can make charitable gifts that might not otherwise be possible. 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.

Chicago October 4-5, 2018
 Washington, DC November 6-7, 2018

Learn about the new SHARPE newkirk 5-Day Planned Giving Seminar in Orlando, January 21-25, 2019 on Page 8.

See full agendas and register at www.SHARPEnet.com/seminars or call **901.680.5300** with questions.



Noncash Gifts Fuel Recovery in Giving

IRS reports provide key information about charitable giving.

The way in which donors report their charitable giving to the IRS has evolved through the years. Prior to 1969, donors used IRS Form 1040 to itemize their gifts. Starting that year, taxpayers transitioned to a separate Schedule A to detail charitable gifts. In 1985, the IRS introduced Form 8283 for reporting noncash gifts greater than \$5,000. The form was modified in 1986 to report noncash charitable contributions under \$5,000 in Section A and larger gifts in Section B. Since then, the IRS's periodic release of

data and analysis of these forms has provided a treasure trove of information for gift planners.

For example, when charitable giving declined after the Great Recession and subsequent financial crisis, IRS reports revealed that virtually the entire decrease was attributable to a major decline in noncash gifts (mainly securities) from taxpayers with incomes of \$200,000 or more. The reports also showed that the recovery of giving is also tied to the recovery of noncash charitable gifts,

mainly in the form of corporate stock, mutual funds and other investments.

This summer, the IRS released information for 2015 returns that allows us to observe trends in individual noncash contributions from before the recession through the recovery. To illustrate the ties between overall giving and noncash gift trends, it may be instructive to simply follow the largest form of noncash gifts during this period—corporate stock. In 2005, charitable gifts of stock were \$16.3 billion. Gifts of stock increased

Claiming a Charitable IRA Gift on the 2018 1040 Form

Your marketing efforts have worked, and eligible donors are beginning to make qualified charitable distributions from their IRAs to your organization. Early next year these donors will receive Form 1099-R from their custodians showing their total distributions, even though some or all of that amount was sent to charity.

To avoid frantic phone calls, explain to donors that although the 1099-R reflects all distributions from the IRA and is reported on the 1040 line 4a, only the taxable amount, subtracting the Qualified Charitable Distribution (QCD), is entered on line 4b, with the notation QCD following, as shown in the example below. The acknowledgment letter from your organization can include information about how QCDs are reported.

You might want to consider sending Charitable IRA information to all IRA donors and perhaps also other affluent older donors during the first quarter of the 2019 calendar year. This information could serve both as a reminder of this gift option before they have used their \$100,000 IRA gift amount for 2019 and as information

to share with tax preparers to make certain their gifts for 2018 are reported correctly on their 2018 return. Such action could keep some donors from being taxed on the IRA funds they distributed under the assumption that these funds would not be included as part of their taxable income.

SHARPE newkirk offers a number of resources and communications tools to help you educate your donors about the benefits of making a gift from an IRA, including a strategic marketing guide, a Charitable IRA brochure and royalty-free downloadable postcard art. Visit <https://SHARPE.net.com/charitable-ira> for more information. ■

Welcome, Laura Knitt, J.D.



SHARPE newkirk is pleased to welcome our new Senior Consultant, Laura Knitt, J.D. Previously, Laura worked for 13 years with a large national nonprofit, the Evangelical Lutheran Church in America, where she served in progressive roles as Associate Director for Planned Giving, Director for Legal and Regulatory Compliance and Assistant General Counsel. She brings valuable experience in donor stewardship, planned giving and major gifts, endowments and donor advised funds, real estate and securities, regulatory compliance and nonprofit governance.

She is a graduate of the University of Wisconsin–Madison and the University of Wisconsin Law School and currently serves on the board, and as corporate secretary, of the Chicago Council on Planned Giving.

Laura is eager to assist planned giving, major gift and other staff members of SHARPE newkirk client organizations with issue identification and strategies, estate gift administration, writing and editorial work, staff training and program audits. ■

40.7% in 2006 to \$23 billion and accounted for almost half of all noncash contributions. Growth was flat in 2007 when stock gifts totaled \$23.7 billion and declined to 44.9% of noncash gifts. Even though gifts of stock still accounted for the largest portion of noncash gifts, stock gifts fell 48% in 2008, dropping to \$12.3 billion.

In 2009, stock gifts fell again, dropping to \$9.7 billion. Finally, the downward trend reversed in 2010 after the recession and financial crisis ended. In 2010, gifts of stock climbed 38% to \$13.4 billion, but still had a long way to go to recover to pre-recession levels. Steady increases followed in 2011, 2012, 2013 and 2014, and even during the decline, gifts of stock were the largest percentage of noncash gifts.

By 2015, IRS data reveals that noncash gifts were once again hitting all-time highs with some \$64 billion claimed on Schedule A. More than 50% was in the form of gifts of corporate stock, mutual funds and other investments. Over half of that amount, \$18.7 billion, came from donors over the age of 65. The next largest group of donors were age 55 to 64, who contributed another \$6.87 billion in these types of investments.

Lessons learned

Gifts of stock and other noncash gifts have been critical to the recovery of giving since the Great Recession started, and these trends likely contributed to record levels of giving in recent years as household wealth levels continued to grow and exceeded the \$100 trillion mark for the first time in 2017. Experienced fundraisers should utilize what they know about the age, income and wealth of their donors to proactively seek noncash gifts of security, real estate and art and collectibles.

*SHARPE newkirk **Donor Data Enhancement Services** and your SHARPE consultant can provide the tools and advice to help your donors maximize their charitable gifts. ■*

SHARPE newkirk on the Road

SHARPE newkirk Senior Vice President and Senior Consultant John Jensen will join Senior Editor John Ryan for the **National Catholic Development Conference (NCDC)** annual event September 15-19 in Chicago. John Jensen will present “Planned Giving Basics and the Data That Drives Your Marketing Decisions” as a breakout session.

On September 27, Senior Consultant Aviva Shiff Boedecker will attend the **Northwest Planned Giving Conference** in Portland, Oregon.

SVP and Senior Consultant John Jensen and Senior Consultant Laura Knitt will be available at the **National Association of Charitable Gift Planners Annual Conference** October 17-19 in Las Vegas. SHARPE newkirk is pleased to sponsor the “Getting Oriented” Education Track.

Speakers Bureau

In addition to our popular seminar series (see Page 5), SHARPE newkirk consultants frequently speak to groups of all sizes and at national and professional conferences. For more information, visit www.SHARPEnet.com/speakers-bureau. ■

Year-End Fundraising Critical for 2018

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

- As part of your regularly scheduled year-end appeal
- As an insert in gift acknowledgments this fall
- To include in pledge reminders and proposals
- As handouts at donor events
- As part of a mailing to members of your giving clubs and societies
- As part of your digital fundraising strategy



With the recent tax law changes, many people have questions about the impact this new law will have on their 2018 charitable gifts. The charitable income tax deduction was preserved and enhanced in many cases, and there are still smart ways to make tax-advantaged gifts whether a person itemizes deductions or not.

Sharpe's 2018 year-end giving communications are a convenient and

cost-effective way to remind your donors of the benefits available and their options for giving before the end of the year. Start the conversation now about giving cash or noncash gifts such as stocks, or through retirement plans or other arrangements.

Contact us today at 901.680.5300 or info@SHARPEnet.com for information about creating a custom brochure for your organization. For more information, visit www.SHARPEnet.com/year-end-2018.

Personalization

To expedite your year-end marketing plans, we have three pre-designed year-end brochures that can be personalized with your organization's name and contact information.

We include a sample cover letter, reply card text, P.S. language and suggested web/article copy for use with your publications.

We look forward to working with you to ensure that 2018 will be a successful year for your organization. Call us at 901.680.5300 or visit www.SHARPEnet.com/year-end-2018.

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Year-End Order Form

901.680.5300 Email orders@SHARPEnet.com

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	Quantity	Pricing	
		Unit Cost	Incentive Pricing*
Minimum	1,000 - 2,499 \$.55 each\$.45 each
	2,500 - 4,999	..... \$ .44 each	.....\$ .34 each
	5,000 - 7,499	..... \$ .39 each	.....\$ .29 each
	7,500 - 9,999	..... \$ .34 each	.....\$ .24 each
	10,000 -14,999	..... \$ .32 each	.....\$ .22 each
	15,000 -19,999	..... \$ .31 each	.....\$ .21 each
	20,000 -29,999	..... \$ .30 each	.....\$ .20 each
	30,000 or more	.....Ask for quote	

Prices based on total quantity of brochures ordered.
 Titles may be combined with other brochures for quantity pricing.

***Incentive pricing only applies to year-end orders placed by October 15, 2018.**

Total Order Amount	Shipping & Handling Fee*
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\$250.00 to \$499.99 \$22.00
\$500.00 to \$749.99 \$29.00
\$750.00 to \$999.99 \$37.00

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 Additional charges may apply for shipments elsewhere.
 Orders are shipped via FedEx Ground® unless another method is requested.

*Shipping prices are subject to increase if carrier fees increase.

Orders over \$1,000: Rates will be determined based on method of shipment. Publication orders shipped to California addresses may be subject to CA Use Tax. Please add CA Use Tax appropriate to the California county in which delivery is taken. Questions about CA Use Tax, please call 901.680.5322. Other questions: call 901.680.5300 or email orders@SHARPEnet.com.

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