

GIVE & TAKE®

Ideas and Insights from the Sharpe Group

WASHINGTON • MEMPHIS • SAN FRANCISCO

The Importance of Saying Thank You

A well-organized gift acknowledgment program can help in the process of forming a foundation for special relationships with donors that in turn may lead to more frequent and increased giving. This is especially true during a time of economic recovery, when donors may be experiencing renewed philanthropic interest. With that in mind, let's examine some ways to effectively thank donors for their gifts.

Communicating gratitude

There are a variety of ways to express appreciation to donors. Using a multi-level approach may be most beneficial.

- **Personal visits.** While opportunities may be limited from a practical perspective, there is no better way to express appreciation for a gift, especially one of a larger amount, than meeting face-to-face with your donor. Most donors will be pleased that you took the time to meet with them. Let donors know at the outset that you wish to thank them for their gift, not to request additional support. Also make certain that staff members attending donor events are briefed on donors who should be personally thanked for recent gifts.
- **Letters and phone calls.** A thoughtful letter is one of the most fundamental and effective ways to thank a donor. Larger gifts may prompt a phone call from a senior manager or perhaps a note from a board member. In some cases, an additional handwritten note from the staff member with whom the donor has the closest relationship may have the most meaning for the donor. Keep in mind also that the IRS requires that donors of larger amounts be acknowledged in ways that summarize the deductible portion of their gifts if they received tangible benefits associated with the gift. In fact, the IRS has recently disallowed substantial deductions because charities failed to provide this information as part of their acknowledgment process. (See IRS Publication 1771.)
- **Email.** Although most people today use email, some—especially older donors—may feel that email is a less formal means of communication, or may not use it at all. If you use email in your acknowledgment process, consider it a supplement to—not a replacement for—handwritten notes, letters and phone calls or personal contact. Keep in mind also that donors may not have a readily accessible printer and may thus not be able to print essential tax records sent via email. Donors also may delete an email without realizing they need to print or save it for their tax records.
- **News about your charity.** Share information about how you are making a difference. Newsletters and other updates are a good way to say thanks while telling donors how their gifts are being used (see the February issue of *Give & Take* to learn how one fundraiser keeps her donors informed). Your supporters will enjoy reading about projects they have helped make possible

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The Importance of Saying Thank You

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and hearing how those who have benefited appreciate their help. It is important to keep them informed about both the organization and the specific program or area that is of special interest to them.

It can be a good idea to feature stories about donors in your publications. Many are delighted to be asked and are willing to share their motivation for giving. This can be one of the most special ways to “thank” a donor. Focus such articles on how the donors became involved, why they feel the work they are supporting is important and what they hope to accomplish through their gifts during lifetime or via a will, trust or other estate plans.

While it can be useful to mention the method chosen to complete a gift, don't dwell on the amount of the gift, specifics about how it was structured and other technical details that may distract readers from the human dimension of the story. In short, focus on the “who” and the “why” of the gift while also mentioning the “what,” “when” and “how,” where natural and appropriate.

Featuring special donors in testimonial-style articles not only expresses your gratitude for their gifts but also encourages other donors to follow suit.

- **Special events.** Most donors enjoy recognition events such as banquets, luncheons and other gatherings. What is appropriate in this respect will depend on the nature of the charitable entity, the geographical distribution of donors and other factors.

For educational institutions, fall is often a time for homecomings and reunions—ideal opportunities for appreciation events. Thank donors for their current support during these events and consider sharing information about how to include gifts as part of their long-range financial planning as well. This can afford an excellent opportunity to make a “soft ask” for estate-based gifts.

If your donor base is national, consider hosting regional events for donors to help keep them connected to your organization or institution.

- **Recognition societies.** Special societies for those who have made gifts at various levels are also frequently used to recognize donors. Donors' names can be included in newsletters, annual reports and other communications. Members may also enjoy receiving certificates, plaques or other tokens of appreciation. In addition, you may wish to consider recognizing donors for longevity of giving and cumulative giving, especially where you have large numbers of older, regular donors or relatively small amounts.

Some donors will wish to remain anonymous, so make sure you can trust your acknowledgment system to preserve their anonymity. However, just because some do not want their names published does not mean they do not need to be thanked. Find less public ways to thank these donors. They will appreciate your regard for their wishes.

A high priority

Donors who are not properly acknowledged for their gifts may scale back or stop giving altogether, especially if other charitable interests impress them with their gift acknowledgment and ongoing stewardship process. Some may even revoke inclusion in a will, trust or other deferred gift arrangement if they feel their current gifts are not appreciated. Many donors may never tell you about their concern regarding lack of appreciation, but may harbor growing feelings of resentment over time and slowly drift away.

Charitable entities that thank their donors often and in a variety of ways are likely to see positive results. By properly acknowledging a donor, you may lay the foundation for more gifts over his or her lifetime and through long-range plans as well. **G&T**

It can be a good idea to feature stories about donors in your publications.



Veteran Fundraiser Shares Insights

Lindsay Lapole is Chairman of the Board of the American Council on Gift Annuities (ACGA). In addition to his work with the ACGA, Mr. Lapole recently retired from a nearly 35-year career in planned giving with The Salvation Army. Here he shares with Give & Take some of the effective techniques and valuable insights gained over the course of his extraordinary career.

Give & Take: We understand you just retired after more than three decades with The Salvation Army.

Lapole: I began my career with The Salvation Army in 1979 after working for a number of years with the Boy Scouts of America. I was hired by The Salvation Army as a development director and soon thereafter became the planned giving director. I was initially responsible for the Kentucky-Tennessee division and then the Florida division before finally settling in the Atlanta territorial office in 1986. I held that position until I retired last July.

Give & Take: And you have also worked with the ACGA for much of your career?

Lapole: My service on the ACGA board began in 1999, continuing a long history of cooperation between The Salvation Army and the ACGA. The Salvation Army is the only charitable entity that has been continuously represented on the ACGA board since its founding in 1927. I am currently Chairman of the Board, a position I have held since 2008.

One of the three tenets of the ACGA mission statement is to provide top-quality planned giving training to the charitable community, a service we have been proud to offer since 1927. For many years the ACGA was the sole source for guidance in the calculation of the charitable deduction and the other tax implications for pooled income funds, charitable gift annuities and charitable remainder trusts.



Lindsay Lapole

In keeping with this tradition, the ACGA holds a conference every two years to bring together planned giving and development professionals with the top speakers and presenters in the field. Our next conference will be held April 9-11 in Baltimore. This conference in particular will

be a blending of traditional, mainline providers of planned giving services and new, fresh approaches.

Of special interest at this conference will be the announcement of the results of the ACGA's 2013 Charitable Gift Annuity Survey. The ACGA has been conducting national surveys every few years since the mid-1990s in order to collect data and analyze national trends in gift annuities. This year's surveys were distributed last fall, and the data has now been collected, the preliminary report is in draft form, and the tabulation work has been done. The findings will be made public during the conference. The conference will also feature the current report and recommendations of the ACGA rates committee.

Give & Take: You have a lot of experience communicating the benefits of planned giving. Which marketing approaches did you find to be most effective?

Lapole: In my years with The Salvation Army, our most successful divisions promoted planned giving on a consistent, almost daily basis through various vehicles to maximize exposure. We communicated planned giving through traditional mail, through our website, through seminars and during personal meetings with donors and advisors.

I prefer to refer to planned giving marketing as prospect identification because that's really what we are doing—identifying prospective donors. I never cared about the rate of response we received—just the number of responses. To handle those responses, I needed to make sure my staff was well trained so they could convert those responses into appointments and those appointments into gifts.

Give & Take: Many bequests intended for a charity are never completely fulfilled. In your experience, what are some of the reasons charities might not receive all of an intended bequest?

Lapole: I think there are two major factors that cause issues with estate settlements.

First, fundraisers sometimes choose not to involve appropriate family members and, in some cases, advisors in the gift planning process. In such cases, fundraisers may simply be honoring the donor's wishes for privacy. More often, however, fundraisers are acting on their own fears that family members could halt the gift before completion.

What fundraisers should realize is that they will interact with a donor's family and/or advisors sooner or later. It is almost always better to involve family members and advisors at the front end rather than to put off those conversations and possibly deal with antagonism or even litigation at the back end.

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Having Gift Acceptance Policies in Place Now Can Prevent Headaches in the Future

- › *One of your major donors wants to make a gift of real estate. It's December 14, and the transfer must be completed before the end of the year.*
- › *A member of your Legacy Society wants to donate a dozen paintings by her late husband.*
- › *A board member wants to give your organization stock in her privately held company.*
- › *A member of your planned giving advisory committee wants you to promote gifts of new life insurance policies.*

In situations such as these, which gifts can your organization or institution accept? Who should make the decision? And thinking more broadly, what kinds of charitable gifts do you want to encourage?

If you have the right policies in place, all of these situations can be handled without embarrassing delays or complications.

Making policies useful

The purpose of gift acceptance policies is to inform staff, board members and donors about what a charitable entity will and will not accept, what reviews may be required and who has the authority to make a final decision. Such policies can be public documents if desired and may be provided to donors if necessary.

Imagine how easy well thought out gift acceptance policies will make declining an inappropriate gift: "Thank you for your generous offer of livestock to City

Sharpe Group
Senior Consultant
Aviva Shiff Boedecker
will participate on
a panel exploring
different approaches
to marketing at the
Northern California
Planned Giving
Council Annual
Conference on May 19
in San Francisco.



Aviva Shiff Boedecker

Public Library. We appreciate your thinking of us, but unfortunately, as you can see from the enclosed policies, we are not able to accept gifts of this type at this time."

To be useful, policies should be readily available, reviewed with staff and appropriate volunteers from time to time and kept handy—not buried in the back of a file and forgotten. The Board Chair needs to know that the charity will not automatically accept all gifts of real estate before assuring his friend that it would be happy to accept the property he was unable to sell!

Gift acceptance policies

Outright gifts

Most gifts of cash and publicly traded securities would not require special approval, but gift acceptance policies should state that authority to accept such gifts is delegated by the Board to the CEO. (The procedures may in turn delegate such authority to the CFO or another staff member). However, the policies might also specify that if a gift is over a certain amount or is restricted in any way, even a gift of cash or publicly traded securities requires special approval.

Thoughtful and clear gift acceptance policies can make everyone's life easier and can help avoid awkward situations.

The policies should define which other types of assets (such as real estate, various insurance interests, non-publicly traded securities, tangible personal property and other illiquid assets) the organization may accept and should outline the reviews, inspections and approvals each type of gift requires, such as an environmental review or approval by a gift acceptance committee.

Life income gifts

Gift acceptance policies should state whether the charitable entity will administer or serve as trustee for life income gifts. Will it offer gift annuities, and if so, is there a minimum age for the annuitant? Is there a minimum or maximum dollar amount?

Note that it is unnecessary to describe and define every gift vehicle. For example, the term "charitable remainder trust" has a specific, legal meaning which does not vary from organization to organization. Including a definition of the various types of trusts in

the policies just makes the document longer—and less likely to be read.

A note about procedures

Nonprofits also need to have clear procedures about how gifts are handled, but procedures are not the same as policies. Procedures are internal documents that define which staff members are responsible for what and how certain tasks should be done, such as who is responsible for documenting, depositing or liquidating gifts that have been accepted, and how the acknowledgment process is handled.

Drafting the policies

Thoughtful and clear gift acceptance policies can make everyone’s life easier and can help avoid awkward situations.

Such policies should not be an exercise in creative writing. In fact, it can be a daunting project to begin drafting or even to review existing policies. Before you start, research best practices and policies that similar organizations have adopted. Many organizations post their policies on their websites, and sample policies may be found on the Partnership for Philanthropic Planning’s website: pppnet.org/resource/model_docs.html.

It is important to keep in mind, though, that the same policies are not appropriate for all organizations. The size of the charitable entity, its resources, the nature of its mission and other pertinent factors can influence the content of gift acceptance policies. Your research will help you identify issues that need to be addressed, determine which matters the board must decide and serve as a checklist to ensure you are not omitting important considerations.

Nonprofits can save time and check that policies are complete and appropriate by bringing in professional assistance. The Sharpe Group’s consultants have helped many organizations develop clear, appropriate and practical gift acceptance policies. Contact us at info@sharpenet.com or **901-680-5300** for more information. 

Giving Through Gift Annuities

Gift annuities can be a perfect solution for older donors who want to make a charitable gift while enjoying a reliable additional source of income for life.

Many elderly donors have retired and can no longer rely on the regular income stream they received in their working years. At the same time, their assets often take the form of certificates of deposits and other investments that yield little or no income.

Potential donors in this age range often wish to make charitable gifts in their lifetime but worry that they may need their assets to pay for future expenses. Alternatively, their children may want to provide income for their parents in a way that provides tax benefits and includes a charitable gift to an institution that is important to them.

Sharpe’s 16-page booklet *Giving Through Gift Annuities* shows potential donors how gift annuities can meet multiple needs. The booklet’s useful examples illustrate how gift annuities can help donors:

- Secure a steady stream of income for themselves and/or a spouse
- Provide for parents or other loved ones
- Enjoy immediate income tax savings when they itemize their deductions
- Benefit from favorable tax treatment on payments received

Giving Through Gift Annuities also includes common questions and answers about gift annuities and a technical advisory section with more detailed information for advisors.

Giving Through Gift Annuities is ideal when responding to requests for information regarding gift annuities, as a way to distribute information at group gatherings or as a leave-behind piece for donors who are considering the best ways to provide for the future while making a meaningful charitable gift.

For more information or to receive a sample, email info@sharpenet.com or call **901-680-5300**. 



“It was a pleasure attending your seminar. I came away feeling as though I need to send all of my fundraisers as soon as possible.”

—Julie Turley, Catholic Extension,
Chicago

2014 Dates for Sharpe Group Training Opportunities

An Introduction to Planned Giving

Learn how to build your planned giving program. Discover 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 future 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.

Washington • June 2-3
New York • October 13-14

Chicago • December 8-9

Gift Planning Fundamentals

Who makes the larger 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.

Washington • March 3-4
New York • July 14-15

Chicago • September 15-16

Integrating Major and Planned Gifts

Learn how major and planned giving can work together for positive results; how to help donors make the best gifts for their age, wealth and other factors, while meeting your current, capital and endowment needs; 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.

Chicago • April 3-4
Boston • May 5-6

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

See full agendas and register at sharpenet.com/training or call 901-680-5318 with questions. 

Veteran Fundraiser Shares Insights *Continued from Page 3*

Secondly, organizations typically don't have nearly enough documentation in their files during the gift development phase to defend the desires of the donor against challenges by the family.

Suppose a mother of two leaves half of her estate to your charity. After her death, her son calls and argues that the gift is not what his mother had intended. It is easy to make sure his mother's wishes are honored if you have detailed records of your interactions with her.

Give & Take: How does planned giving today differ from when you first started in the field?

Lapole: The main struggle I see in planned giving today can be summed up with this question: Is the goal of planned giving to help meet the needs of donors and their families, or is the goal to balance the institutional budget? Not knowing the answer to this question is why some institutions are in planned giving one year and are out of it the next.

I was very fortunate to work all those years with an organization that viewed planned giving as an investment in the organization's future, not as a line item in the budget. Funding sources put in place when I first started gave our planned giving staff the freedom to do our job without worrying our program would be cut in the next budget. That's not the case in many organizations. When the planned giving staff isn't sure they're going to be around next year, it can be difficult for them to communicate confidence to donors.

Whether consciously or unconsciously, donors make planned gifts in the belief that the charity is going to be around longer than they will. If there's anything that creates a question or doubt in donors' minds about the fundraisers who are visiting with them and the charity's commitment to the future, the donors may develop some real concerns about making a long-term commitment.

Give & Take: You have decades of experience working one-on-one with donors. What's the best way

to get results that work well for both the charity and the donor?

I was very fortunate to work all those years with an organization that viewed planned giving as an investment in the organization's future.

Lapole: Donors respond to a planned giving approach because it meets a need, not because of the beauty of a marketing piece. Knowing this, when I meet with a donor, I am fully focused on the donor's needs and objectives.

Imagine this scenario: You walk into a prospective donor's home for an initial meeting. You know next to nothing about her. The first words out of her mouth are, "What I want to do is to leave everything I have to my family." What should your next step be?

Many fundraisers would be put off by this statement, but they should know that it is actually an invitation to learn more about the donor. The best response a fundraiser could give would be, "That's wonderful! Tell me about your family." By carefully listening and asking for additional information where appropriate, you will often discover more about what's important to the donor and will be able to see if there is a way a planned gift could meet her needs.

We need to reverse the paradigm that is at play in many planned giving officers' interactions with donors. Rather than trying to discover what a donor can do for the charity, we should be asking the donor a different set of questions: Does your estate plan leave as much to your family as you would like? Are you communicating your values and beliefs through your estate plan?

Focusing on little things like that will help the donor and the charity have mutually beneficial experiences and will reinforce the important role planned giving can play in a charity's future. **G&T**

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Sharpe Gift Planning Seminars

Development executives have relied on the Sharpe Group for premier training since 1967. Increase your awareness of gift planning techniques and help your program reach its full potential by attending these Sharpe Gift Planning Seminars. Please visit sharpenet.com/training for more information.

An Introduction to Planned Giving

How to lay the foundation for a successful gift planning program, revitalize existing efforts, and concepts underlying charitable gift planning.

Washington, June 2-3

New York, October 13-14

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Gift Planning Fundamentals

Learn the basics of gift planning tools, whether your focus is on facilitating gift planning or you have multiple responsibilities and need to broaden your knowledge.

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Integrating Major and Planned Gifts

For those who have separate major and planned gift programs and want to bring them together or who have responsibility for both major and planned gifts.

Chicago, April 3-4

Boston, May 5-6

San Francisco, August 18-19

Washington, November 6-7

To register:  www.sharpenet.com

 901-680-5300, ext. 5318

 901-680-5343

Register early to ensure your spot. Registration is limited to allow interaction between participants and instructors.