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GIVE & TAKE®

Ideas and Insights from the Sharpe Group

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Respecting Donors Is Key to Gift Planner's Success

Catherine Heffernan is Manager of Major and Planned Giving at the American Association of University Women (AAUW) in Washington, D.C. Founded in 1881, AAUW has worked for over a century to promote equality and expand opportunities for women and girls through public policy initiatives, research on women's issues and fellowships and grants for women pursuing advanced degrees. Here Ms. Heffernan shares with Give & Take *the strategies behind AAUW's successful planned giving program.*

Give & Take: What led you to a career in development?

Heffernan: My first experience with asking people to give came while I was still in college, reaching alumni as a student phone-a-thon caller. I was so successful that the development office then asked me to talk with major donors whose giving had lapsed. It was an incredible opportunity for me. I discovered a skill I didn't know I had and also learned a lot about why people give and why they sometimes stop giving. I learned that for an "ask" to be successful, both the person asking for the gift and the person making the gift have to feel a strong connection to the organization.

From that point on, I knew that wherever I worked in development, I would need to be committed to and passionate about the organization. After law school and a brief stint in public policy, I had the opportunity to come to work at AAUW, helping incredibly accomplished women create a lasting legacy with an organization that many of them consider family.

Give & Take: How long have you worked at AAUW?

Catherine Heffernan

Heffernan: I've been at AAUW for a little over 18 months, and we've seen a lot of success in that time. In the past fiscal year, we were able to triple the number of new members to our planned giving society, The Legacy Circle.

Just before I came to AAUW, Legacy Circle programming was expanded to include a new component, Legacy Circle Chairs. We asked about a dozen of our most active volunteers and leaders in different regions of the country to become Legacy Circle Chairs, who function as ambassadors to share information about the Legacy Circle with other AAUW branch members.

Continued on Page 2

INSIDE:

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Celebrating 50 years of service to America's philanthropic community.

Respecting Donors Is Key to Gift Planner's Success

Continued from Page 1

The Legacy Circle Chairs have been very successful. In the year before we instituted that program, we added about 12 new Legacy Circle members. Over the following year, 42 people became new Legacy Circle members. It's been really enjoyable to get to know these leaders and to be able to help them do something that they find value with as well.

Give & Take: How else do you communicate with your donors?

Heffernan: The *Leaving a Legacy* newsletter that Sharpe helps produce is one of our main planned giving communication tools. We also place ads in our semiannual magazine. Additionally, our Legacy Circle Chairs help us schedule events in different parts of the country to thank current Legacy Circle members and also to encourage others to join. At every event I've attended, at least one person has come up to me to say, "I have AAUW in my will. I didn't think you needed to know."

Give & Take: You've had great response to your newsletter. Why do you think it's so well received?

Heffernan: The design is geared toward the more seasoned segment of our population. A lot of thought and effort was put into creating a newsletter with an aesthetic that appeals to our donors. We also make a point of profiling Legacy Circle members who are real powerhouses in AAUW and have meaningful stories to tell about why they are committed to our organization. Our readers look forward to those stories.

A lot of thought and effort was put into creating a newsletter with an aesthetic that appeals to our donors.

Our newsletters provide good information about how to make gifts that will improve future opportunities for women. When donors respond that they would like to learn more about making a gift, we send them a follow-up booklet provided by Sharpe. We have found that our donors value this additional information, and we feel good knowing we're providing an important service.

Give & Take: I understand your program recently commissioned a planned giving program audit. What is the benefit of doing that?

Heffernan: A few months ago, our Sharpe consultant based in Washington, John Jensen, conducted an audit of our planned giving program, and it was incredibly valuable. A planned giving audit is designed to be a check-up of your planned giving program. It analyzes which donors and potential donors you're reaching, where your gaps are, if you have appropriate procedures in place, how to find areas for expansion and how to construct proper messaging.

A planned giving program audit can be pivotal to organizations that want affirmation and confirmation of the work they're doing. Planned giving can sometimes be a long game, and I think that's my favorite part of it. It's about building relationships and seeing them through, but that can be a very tough sell in many organizations whose leadership wants to see an immediate impact.

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Having John Jensen walk into a board room with his level of expertise—with decades of in-depth data and analysis at his fingertips—is unparalleled. I have the support of my organization for the expanded outreaches of planned giving because of data that shows if we invest in planned giving now, we will be putting ourselves in a good position in the long term.

AAUW is based on research. We know that by investing in women at various ages throughout their educational lives we will empower them to do amazing things. The planned giving audit is just another type of research that shows we can do something meaningful in the future by acting now.

Give & Take: What do you like best about your job?

Heffernan: The donors. These women are pioneers in so many different ways and are filled with wisdom and passion and a desire to make things better. It's a particular joy to be able to work with people who have been fighting the good fight for longer than I've been alive and are continuing to work to make a meaningful difference in the lives of future generations. It is an honor and a privilege to work with these women.

John and the rest of the Sharpe team help us keep the good work of planned giving in mind. They have done a lot of research that shows that people give because they feel compelled to give, because they are

Continued on Page 7

What's Wrong With Focusing on Bequest Intentions From 40-Year-Olds?

By Russell James

Professor Russell James, J.D., Ph.D., CFP® of Texas Tech University is responsible for the university's on-campus and online graduate program in charitable financial planning. This month's article is the second in a three-part series highlighting new findings from his latest research into the demographics of charitable estate planning.

Some recent studies suggest that younger people are typically more open than older donors to the idea of, at some point, including a charity in their estate plans. They are also thought to be more flexible in their preferences of charities. So, the argument goes, if a charity focuses on this younger age group, it could be the first to claim the estate planning "territory." Assuming the charity stays in the donor's plans, it should, eventually, see the financial rewards of these efforts.

The problems

Charitable plans change. The new *American Charitable Bequest Demographics* publication[1] reports data from a longitudinal study tracking older adults and their estate plans. Because this data tracks the same individuals year after year, it provides the best information about how often plans change. For example, among those who initially reported having a charitable estate plan, 10 years later 45 percent reported no charitable beneficiaries remaining in their plan.[2] Of course, even for those who continued to have a charitable beneficiary, their particular charitable interests may have changed. These changes tend to benefit charities that are of special concern to the oldest adults, demonstrated by the much higher percentage of estate gift income given to such causes.[3]

Charitable plans often change as death approaches. Among the over 10,000 survey respondents who passed away during the study, two-thirds of all charitable estates—and over half of all charitable estate dollars—came from those who reported having no charitable estate plan within five years of their passing. (Charitable estates represented about 6 percent of all estates.) Major triggers for both adding and dropping a charitable plan during life included diagnosis with a life-threatening illness, worsening health and approaching the date of actual mortality. Taken together, this indicates that charitable estate plans change dramatically as mortality nears. This is particularly critical because revocable charitable estate plans only have value to a charity at one point in time—at the passing of the donor.

Wealthy people live a long time. Wealthy bequest donors live even longer. Total dollars from charitable estate gifts often come disproportionately from wealthy decedents. This is important because, in the previously mentioned demographics study, both wealth and having a charitable estate plan were associated with an older age at death.

Because the key age group for producing matured gifts is age 80 to 89, the most critical age for influencing these ultimate decisions is 75 to 89.

The accompanying chart (see Page 7), taken from the over 10,000 deceased survey respondents, shows that the bulk of all charitable estate gifts come from those passing in their 80s (with about 18 percent coming from those passing aged 55 to 79 and about 29 percent from those passing at 90 or older). Combining this with the knowledge that the majority of charitable estate donors added their charitable component within five years of their passing suggests that the most important decision-making time doesn't start until age 75. Because the key age group for producing matured gifts is age 80 to 89, the most critical age for influencing these ultimate decisions is 75 to 89.

Some solutions

A realistic valuation. When a donor names a charity in a revocable estate plan, the charity is a bit like a beneficiary of a term life insurance policy. In fact, we can use term life insurance rates to compare the relative annual value of being named in the estate plan of people of different ages. Buying a one-year life insurance policy for a healthy 80-year-old female costs about 75 times more than for a similar 40-year-old. Although either donor may revoke the planned gift at the end of the year, the relative value of keeping the plan in place for one year is 75 times greater for the older donor.

Russell James

Continued on Page 7

Generational Giving Revisited

Earlier this year a new study, "The Next Generation of American Giving," provided an update to information originally gathered in 2010 about the charitable habits of multiple generations of donors: Generation Y (born 1981-1995), Generation X (born 1965-1980), Baby Boomers (born 1946-1964) and Matures (born 1945 or earlier). Commissioned by Blackbaud, conducted by Edge Research and authored by Sea Change Strategies, the study surveyed Americans in May 2013 about charitable giving conducted over the previous 12 months.

Which generation is the most generous?

In a key finding, the study reported that Boomers gave the largest share of charitable contributions overall, accounting for 43 percent of all gifts from individuals. This is not surprising considering the size of the Boomer generation and the fact that most Boomers are currently in their peak earning years. Additionally, of the estimated 71 million Boomers, roughly 51 million (72 percent) reported making a charitable gift within the last year.

Perhaps more unexpected is the charitable giving behavior of the Matures, born before 1945. Although there are only roughly half as many Matures as Boomers, Matures accounted for 26 percent of all individual giving—more than Generations X or Y by a large margin. In fact, on a per capita basis the Matures are by far the most generous group. Almost 90 percent of people in this generation contribute to charity, and they support more charities and give more generously than any of the other generational groups.

Generally speaking, there appears to be a positive correlation between age and giving across generational lines. Both the number of charities supported and the dollars given per capita steadily increase with age.

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Communication preferences

The study also reported distinct differences in the giving and communication preferences of the various generations. Fundraisers should recognize that a one-size-fits-all approach across different demographics will not be effective. As a result, it will become increasingly important to develop communication and fundraising strategies and tactics to accommodate varying generational preferences.

For instance, the study revealed that Matures are up to five times as likely as younger generations to make a gift in response to a print communication. Conversely, those in Generations X and Y are more likely to respond to online appeals through social media. G&T

Generational Giving at a Glance, 2013

	Gen Y	Gen X	Boomers	Matures
Born	1981-1995	1965-1980	1946-1964	Before 1946
Current Age	18-32	33-48	49-67	68+
Percentage of Total Giving	11%	20%	43%	26%
Percent Who Give	60%	59%	72%	88%
Avg. Annual Gift	$481	$732	$1,212	$1,367
Avg. Number of Charities	3.3	3.9	4.5	6.2

Source: "The Next Generation of American Giving" by Blackbaud

Putting Your Donors in a Box

An organization's most effective strategic and tactical approaches will depend on the makeup of its donor base. A fundraising plan for an organization whose donors are primarily Boomers and Matures should be very different from one that has a younger donor base comprised largely of members of Gen Y and Gen X.

Know your constituency

In order to approach your donor base with age-appropriate material, it is helpful to have a certain level of knowledge about the age and wealth of your entire constituency. The Sharpe Group can help you better understand the demographics of your support base and make the best use of your budget dollars.

SharpeNet Data Services can dramatically improve your ability to target and communicate with the best candidates for various gifts based on their age, gender, income and wealth levels. By using selected demographic data with your donor files, you can segment and communicate gift planning strategies more effectively.

For example, the following chart depicts how a sample group of 10,000 donors breaks out by age and wealth.

Sample Organization Matrix

	<50	50-70	>70	TOTAL
WEALTHY	850	1,256	579	2,685 26%
AVERAGE	958	2,442	2,354	5,754 57%
BELOW AVERAGE	75	1,465	174	1,714 17%
TOTAL	1,883 19%	5,163 51%	3,107 31%	10,153

Source: Sharpe Group. Due to rounding, numbers may not total 100 percent.

To find out more about SharpeNet Data Services, call us at **901-680-5300** or email **info@sharpenet.com**. G&T

Let *Your Guide to Effective Giving in 2014* Guide Your Donors

2014 is right around the corner. Plan now to have resources on hand to answer your donors' gift planning questions.

Updated for the coming year, the Sharpe Group's 16-page booklet ***Your Guide to Effective Giving in 2014*** will help your donors choose a gift plan to match their charitable and financial goals.

Readers will find an overview of the most popular ways to make charitable gifts, including:

- Cash gifts
- Gifts of securities
- Gifts of tangible property
- Gifts from retirement funds and life insurance
- Life income gifts
- Charitable lead trusts
- Bequests and living trusts

Your Guide to Effective Giving in 2014 also includes a general summary of federal tax law considerations to serve as a starting point for donors' discussions with advisors.

Email **info@sharpenet.com** or call **901-680-5300** to learn more. G&T

New 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.

New York • February 10-11, 2014
Washington • June 2-3, 2014
New York • October 13-14, 2014
Chicago • December 8-9, 2014

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, 2014
New York • July 14-15, 2014
Chicago • September 15-16, 2014

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, 2014
Boston • May 5-6, 2014
San Francisco • August 18-19, 2014
Washington • November 6-7, 2014

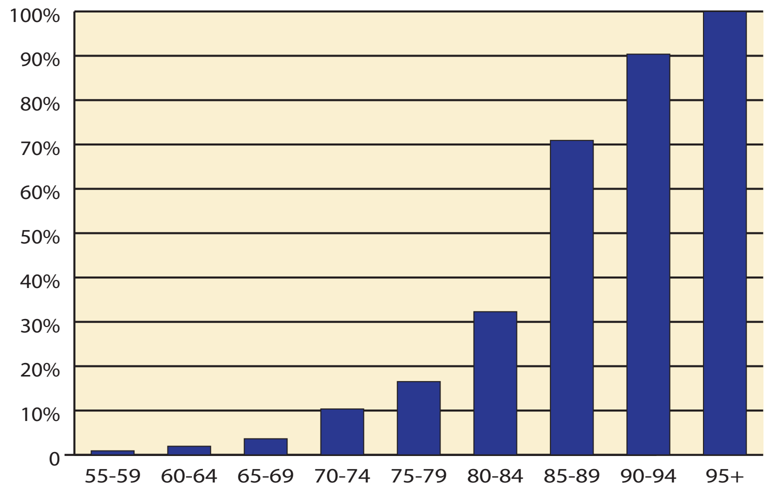
See full agendas and register at **sharpenet.com/training** or call **901-680-5318** with questions. G&T

Bequest Intentions From 40-Year-Olds?

Continued from Page 3

The intention is the start, not the end. The relative fluidity of charitable plans (especially as mortality approaches) underscores the importance of converting the revocable gift into an irrevocable gift where possible, especially for the relatively younger donor. Once the younger donor has made the bequest intention, moving him or her to an appropriate life income gift is particularly valuable. Why not ask, "Since you are already planning to leave a bequest gift, would you like to know how you can enjoy immediate benefits for this type of commitment?" That conversation can lead to many positive outcomes for the charity and the donor. G&T

Cumulative Percentage of Charitable Bequest Dollars by Donor Age at Death



Over 80 percent of charitable bequest dollars come from decedents aged 80+.

Notes

1. Available at www.sharpenet.com/resources/white-papers.
2. For different age groups over 50 and different 10-year starting points, the loss percentage ranged from 49 percent to 39 percent, with an overall average of 45 percent. Note that this survey tracks contemporaneous reports and does not ask current planned bequest donors to recall past dropping behavior.
3. U.S. data is more anecdotal, but this can clearly be seen in full reporting available in the U.K. in *Charity Market Monitor* by Cathy Pharoah.

Key to Gift Planner's Success

Continued from Page 2

committed to a particular cause or passion or because they want to do something good for others. Working with Sharpe has helped me remember that. We don't look at potential donors as "targets." We work with donors to help them make a gift that is the best fit given their situation and goals. It's been a real treat to know the work I'm doing benefits not just AAUW but our donors as well. G&T

Robert Sharpe on Charitable Giving Coalition Panel

Robert Sharpe

November 20 marked the Charitable Giving Coalition's Capitol Hill Fly-In Event in Washington, D.C. Nonprofit leaders and Congressional staff members attended a lunch briefing entitled "Gauging the Impact: A Panel Discussion on the Charitable Deduction and Its Effect on Our Communities." Robert Sharpe served on the three-member panel to discuss how changes in tax policy would affect charitable giving.

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Gift Planning Fundamentals

Washington, March 3-4, 2014

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.

Integrating Major and Planned Gifts

Chicago, April 3-4, 2014

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.

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.

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