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January/February 2020 | Vol. 53 No. 1

Give&Take®

Ideas and Insights from Sharpe Group

Message From Sharpe Group Chairman and CEO

As we move into the next decade you will see the results of how those of us at Sharpe Group have been challenging ourselves to best serve our clients. Sharpe envisions a new data-driven decade—a major evolution that will enhance opportunities to attract major, blended and planned gifts. Our purpose is to enable our clients to use data more effectively to achieve greater results.

For more than 50 years, Sharpe Group's mission has been to "serve those who serve others." Sharpe's gift projection model has been significantly enhanced to analyze donors' propensity to give based on several factors. This year Sharpe is introducing an advanced model that will dive deeper into donor data to both analyze and develop our clients' approaches to seeking philanthropic gifts.

Our team of writers will be using an assessment model that employs AI (artificial intelligence) to measure the effectiveness of donor communications of all types: digital, print, events, personal contact, etc. What separates Sharpe Group is our ability to develop insights that match donor attributes to gifts by donor segment.

As with all AI, the more data available for the system, the smarter it becomes. As our insights expand and improve, we tailor our communications content and design to provide better donor marketing recommendations. Communications and contacts with donor segments with fewer responses can be scaled back so overall marketing is more cost-effective.

The use of these insights to focus your communication budget increases your overall cost-effectiveness and response rate.

Another new Sharpe service we are excited about will utilize psychometric modeling to aid clients in building an effective development team based on program results. The deliverable is a toolkit that measures, assesses, develops and coaches an engaged core of talent, trained to better achieve your organization's mission and goals.

We greatly appreciate the opportunity to work alongside talented people in our industry. Sharpe Group has a team of dedicated consultants, writers, editors and graphic designers whose experience is unmatched in the field. We are excited about the start of a new decade and the ability to use new and innovative tools to achieve greater results for your mission.

Kindest regards,

Jim Ross
Chairman, CEO

WHAT'S AHEAD FOR PLANNED GIFT FUNDRAISING IN 2020?

by Russell James

It's the beginning of a new year, and a great time to think about what's next. What's ahead for 2020? How can you be ready?

Delayed tax impacts

Yes, I know. The new tax law took effect in 2018. Why are we still talking about it? Because real world impact takes time, especially when things are complicated.

Let's look at an example: In 2018 not everyone instantly realized effective capital gains tax rates had increased. But, wait…the federal rates didn't change. The state rates didn't change. How could they have gone up? Because before 2018, people could deduct state capital gains taxes from their federal taxes. Now, for the most part, they can't. This is due to fewer itemizers and the new state and local tax (SALT) caps.

Maybe donors didn't notice this until they actually wrote a bigger check to the IRS in 2019. Or maybe they were counting on the court challenge to SALT caps. (That wasn't dismissed until last September.) Now they know. Now, when you explain to your donors they can avoid those taxes by donating assets instead of cash, your message is even more compelling.

Pease elimination

For high-income itemizers, elimination of the Pease amendment was another big deal. Their charitable deductions used to get reduced up to 80%. Now they aren't. Maybe these donors didn't notice this until they actually paid taxes in 2019. Now, in 2020, they may realize their deductions are more valuable.

Interest rates

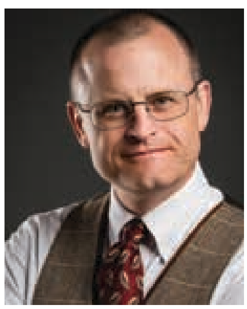
When interest rates drop, it makes some planned gifts even more attractive. Donors can take an immediate income tax deduction for donating the inheritance rights for farmland or personal residences through a retained life estate. That deduction increases dramatically when interest rates fall. Similarly, deductions increase for other strategies like grantor (for income taxes) or non-grantor (for estate taxes) charitable lead trusts.

Demographic changes

During the depression, births fell dramatically. The lowest total births in the country occurred in 1933. From that point forward more and more babies were born, eventually leading to the Baby Boom. Why do you care about babies born in 1933? Because those babies are now 87. Charitable bequest dollars tend to come from decedents (especially childless decedents) in their late 80s. Not only are the upcoming groups bigger, they are also more likely to be childless.* This critical population group is just now starting a dramatic growth curve that will last for decades.

What if you don't want to wait for this upcoming boom? There is still good news. The Baby Boom was already raging in 1949-50, which means these babies (now age 70½) can use Qualified Charitable Distributions for the first time this year! The best time to encourage these gifts is when donors first take required distributions.

All signs point to growth in planned giving and gifts of assets in 2020 and beyond. You can be prepared to reap the benefits by communicating with donors about all the great ways to give more effectively. ■



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.

*"The New Statistics of Estate Planning: Lifetime and Post-Mortem Wills, Trusts, and Charitable Planning," Russell N. James III, *The Estate Planning & Community Property Law Journal*, 2016.

Growing Your **GIFT PLANNING PROGRAM**

If you're looking for gift planning strategies to resonate with donors, rely on the experts at Sharpe Group. Our consultants support your team, tailoring our services to fit your organization's mission.

Sharpe Group's reputation for excellence in the fields of major and planned giving is well earned. With the Sharpe KnowledgeBase®, gathered over decades from our clients' experiences and our own research, we are recognized leaders in nonprofit fundraising. Our history includes keeping up with—and influencing—innovations in philanthropy, as we contribute fully to the gift planning professional community through training seminars, blog, our *Give & Take* newsletter, Charitable Giving Tax Service and membership in professional organizations around the country.

Your Sharpe Group team may consist of a strategic consultant, donor marketing consultant and creative experts in content and design. They will work with you to develop and implement a plan for services aligned with your organizational policies, procedures and fundraising priorities. Our hands-on technical and editorial support provides donor communications created to reflect the passion people have for your mission.

Sharpe Group has been serving the gift planning community for more than 50 years. We know how to structure a healthy program from top to bottom and can help you identify areas of improvement within your existing program. We think of our clients the way our clients think of their loyal donors—worthy of long-term relationship building. We also recognize every organization is different, so every project begins with a conversation about the experience and expectations of your organization.

Visit www.SHARPEnet.com or contact us at 901.680.5300 or info@SHARPEnet.com for more information or to speak with a Sharpe Group consultant. ■

ACGA Announces New Suggested **CHARITABLE GIFT ANNUITY RATES FOR 2020**

The American Council on Gift Annuities (ACGA) recently announced new suggested maximum charitable gift annuity rates, effective January 1, 2020.

The recommended payout rates have generally been lowered by 0.3 to 0.5 percentage points, based on the donor's age. This translates to a very slight reduction in the overall payment amount.

To the right are the new suggested single-life rates for ages 55+. The full charts are available at acga-web.org/gift-annuity-rates.

The ACGA has promoted responsible philanthropy since 1927 through suggested maximum rates based on prevailing economic conditions and actuarial assumptions. ■

ACGA Recommended Gift Annuity Rates
Effective 01/01/20

Age	Rate	Age	Rate
55	4.0	73	5.5
56	4.0	74	5.6
57	4.1	75	5.8
58	4.2	76	6.0
59	4.3	77	6.2
60	4.3	78	6.4
61	4.4	79	6.6
62	4.4	80	6.9
63	4.5	81	7.2
64	4.6	82	7.4
65	4.7	83	7.6
66	4.7	84	7.8
67	4.8	85	8.0
68	4.9	86	8.2
69	5.0	87	8.4
70	5.1	88	8.6
71	5.2	89	8.8
72	5.4	90+	9.0

Sign up to receive *Give & Take* electronically. Visit SHARPEnet.com/about/contact and click "Yes, sign me up" under Give & Take.

Sharpe Group Welcomes **New Team Members**


Tom Grimm

Sharpe Group is pleased to announce two new members of the Sharpe Group team. **Tom Grimm** will serve as a Senior Consultant in the expansion of our Nashville-area office, and **Bob Mims** will join the Memphis office as CFO and Senior Consultant.

A native of Kentucky and a graduate of the University of Mississippi, **Tom** joins Sharpe Group after an extensive career in both the philanthropic and financial sectors. His planned giving and nonprofit experience includes more than a decade with World Vision and four years with the American Bible Society. In his role as a consultant, Tom has worked with numerous charities to design, build and enhance their planned giving and major gift programs. He also has extensive experience in the insurance, venture capital, private equity, banking and financial services industries.


Bob Mims

Bob, a graduate of the University of Mississippi, will bring his 30-plus years experience in finance and the nonprofit sector to the Memphis office. Previously he served as the chief financial officer for Wetlands America Trust and controller and director of investments for Ducks Unlimited. He has also served on the Financial Accounting Standards Advisory and Not-for-Profit Advisory Councils for the national Financial Accounting Standards Board (FASB). ■

Sharpen Your Fundraising Skills **IN 2020**

Sharpe Group Gift Planning Seminars

Sharpe Group's time-tested seminars feature content designed for those charged with encouraging major gifts, both current and deferred.

Whether you are new to your responsibilities or a veteran seeking to broaden your knowledge, you will find learning opportunities in one or more of our highly acclaimed seminars.

An Introduction to Planned Giving

Memphis	February 6-7, 2020
Washington, DC	June 11-12, 2020
Chicago	July 13-14, 2020

Structuring Blended Gifts

Washington, DC	March 23-24, 2020
Chicago	September 17-18, 2020

Integrating Major and Planned Gifts

Chicago	April 30-May 1, 2020
Washington, DC	August 27-28, 2020

For more information and to register: SHARPEnet.com/seminars ■

**Each Sharpe two-day seminar is approved for 12 hours of CFRE Continuing Education points.*

SEVEN STEPS to a Successful Donor Visit

Every fundraiser knows that building relationships of trust and respect with donors is one of the most important parts of the job. While meeting with every donor in person would be ideal, budget and time constraints can make doing so impossible. Instead, make a prioritized list of donors you think you will be able to visit this year, and then plan to make the most of each interaction. Here's how.

1. Think it through.

Do your homework by studying notes from previous visits and conversations, and spend some time envisioning your upcoming meeting. Determine a best possible outcome (the donor says yes to gift) and the least acceptable outcome (the donor indicates little or no interest in the gift). Prepare your response to each.

2. Take someone with you.

Consider bringing another fundraiser, volunteer or board member along for the visit, perhaps someone of a different gender or generation. Doing so can be a great opportunity to benefit from a different perspective as well as break down silos inside your organization by working together.

3. Listen, listen, listen.

This is the most important step. Ask open-ended questions and then let donors tell you their stories. As they share why they give and what motivates them, listen. You will learn what you need to know to best match your organization's needs to your donors' passions.

4. Give examples.

Once you have a good grasp of the donor's interests, share a story about one or two similar donors and the impact their gifts have had on your organization. Donors want to know their gifts matter and they're not alone in considering these types of gifts.

5. Coordinate with others.

Make sure your fundraising departments are communicating with each other so multiple people aren't asking the same donors for gifts at the same time. That way you can avoid donor fatigue and ensure donors are being asked for the appropriate gifts at the appropriate times in their lives. To manage this strategy, having the ages of your donors and other information appended to your donor files is essential. Sharpe Group's Donor Data Enhancement services can help.

6. Keep it simple.

Aim to educate your donors about different ways to make gifts, but don't give them so much information that they feel overwhelmed. When talking with donors, use phrases such as "life-income plan" and "remainder designation" instead of "CRTs," "CLTs" or other jargon specific to our field.

7. Debrief.

After the call, discuss with others who were involved what went well and how you might improve your next visit. Make sure appropriate entries are made in your prospect management system and look ahead to plan your next steps. Are there other people who might help you bring a proposed gift to fruition? Typically, a donor will rely on one advisor; their support can be essential.

The donor visit is certainly one of the most important elements in any successful program. These steps can help you develop a procedure that works well for you and your organization. For more information, call 901.680.5300, email info@SHARPEnet.com, or visit SHARPEnet.com. ■

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Sharpe Group ON THE ROAD

Senior Consultant Laura Knitt will be at the annual **Association of Lutheran Development Executives (ALDE) IGNITE** conference in Las Vegas, February 4-7.

Visit the Sharpe Group booth at **AFP ICON** in Baltimore, March 29-31, and let us answer your gift planning questions. Senior Vice President and Senior Consultant John Jensen and Senior Consultant Jana Lawyer will be attending.

Speakers Bureau

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

Learn more at SHARPEnet.com or reach out. Sharpe Group consultants know that every organization is different, so every project begins with a conversation about *your* needs.

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Donor **Data Enhancement Services**

Donor Base File Enhancement

By adding basic demographic data to your donor files, you can better segment and communicate gift planning strategies, increasing your success in current and deferred gift development efforts.

With Net Worth Gold you will receive various combinations of age, gender, marital status, income and net worth information about your donors (see chart here). Ask about other ways you can enhance your data à la carte (such as Deceased Suppression).

Visit us online at www.SHARPEnet.com for more information on our findings. And ask your SHARPE newkirk consultant how to make this data work for you or how to combine it with other services for more efficient pricing.

Net Worth Gold

Age (Month/Year)	Gender
Marital Status	Estimated Income and Net Worth Gold Wealth Rating up to $2 million +**

** Data reported in 11 levels, up to top level of $2 million+

- $2,750 minimum for up to 10,000 matched records
- Then, $98 per thousand additional matched records

Your First Step to **A PRODUCTIVE YEAR**

Sharpe Group has three informational booklets updated for 2020 that you can use to educate not only your donors but also your staff, volunteers and financial advisors about the most effective ways to make gifts to your organization.

Refreshed annually, **Your Guide to Effective Giving** is a time-tested publication designed to help ensure your donors have the information they need when planning their gifts all year long.

The 2020 edition of the **Federal Tax Pocket Guide** features the most updated income tax and estate tax figures and is an ideal planning aid for attorneys, trust officers, financial planners, accountants and other centers of influence.

The **2020 Personal Planning Guide** is the "consumer" version of the popular **Federal Tax Pocket Guide** and is packed with important planning tips for your donors and prospects.

All Sharpe booklets can be personalized with your organization's name, logo and contact information. Contact a Sharpe Group consultant for guidance on how to create a fully customized version of these booklets for your organization.

For more information, visit www.SHARPEnet.com or contact us at 901.680.5300 or info@SHARPEnet.com. ■

Give&Take

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Learn more about us at SHARPEnet.com, or reach out to us. We know that every organization is unique. Every project begins with a conversation about your goals.

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