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March/April 2020 | Vol. 53 No. 2

GiveTake[®]

Ideas and Insights from Sharpe Group

Continuing the Vision of Bob Sharpe Sr.:

A Message from the CEO

Sharpe Group was originally founded by Jane and Bob Sharpe Sr. in 1963 in the basement of their home in St. Louis. Operating as Robert F. Sharpe and Company, we were the first business to provide gift planning counsel exclusively to charities and nonprofit organizations. In 1967 Jane and Bob Sr. moved their family to Memphis and incorporated the business as a Tennessee corporation in March of that year. Between 1963 and 1967 the business grew and thrived.

The company's mission from its inception has been to help charities achieve long-term financial success. Bob Sharpe Sr.'s philosophy was to create communications designed to educate donors on the many methods and tax advantages of making charitable gifts, and to train the development staff on the importance of maintaining donor relationships in order to help them achieve their philanthropic goals.

The original communications technique with development staff was in person, including onsite visits to the charities. The onsite visits consisted of similar advice and recommendations, but, as it became an obvious need, Bob Sr. wisely replaced the individual onsite meetings with group training sessions; and the legendary Sharpe Group Seminars were born, providing an opportunity for group education, networking and idea exchange.

The company's mission was to educate donors of the benefits of charitable giving and to train the development staff on how to communicate with their donors and to train the staff about the various gift vehicles available to meet the donor's charitable goals. To reinforce the methods taught at the seminars, the company provided donor communications, individualized training and ongoing fundraising advice. Today Sharpe Group continues enhancing and expanding Jane and Bob Sr.'s foundational vision in innovative and evolutionary ways. See the companion article about Sharpe Group's newest services, "Expanding the Vision of Bob Sharpe Sr."

Fifty-seven years after our founding and building on the vision of Jane and Bob Sr., our uncompromising mission to serve those who serve society remains steadfast. I am grateful for the honor and responsibility to carry their legacy into the future.

Kind regards,

Jim Ross

Chairman, CEO

Expanding the Vision **OF BOB SHARPE SR.**



Today Sharpe Group continues Jane and Bob Sharpe Sr.'s foundational vision in innovative and evolutionary ways. The vision is being enhanced by the utilization of the Sharpe Group Donor Insights program which applies artificial intelligence (AI) to donor data to identify more donor attributes relative to the types and amounts of gifts to the charity. This data is then analyzed by our own experts. Therefore, we think AI is best defined as "augmented intelligence." The robust reports from Donor Insights provide a more efficient and effective approach to developing and maintaining donor relationships. Donor Insights' projection of revenues will help your board and senior management develop fundraising plans that best suit your charity's mission.

Sharpe Group is offering an automated staff hiring platform that utilizes several elements that significantly reduce recruiting efforts, create automated candidate filtering and score viable candidates to make interviewing more efficient. This platform, branded as "Hiring Made Easy," also applies augmented intelligence to tweak development position benchmarking to continually enhance the skills, knowledge, experience and psychometric attributes to hire the best staff and train them, as well as create a comfortable environment and ultimately reduce staff turnover.

Sharpe Group is pleased to offer an upgraded version of the Charitable Gift Tax Service (CGTS), originally developed by R&R Newkirk. Sharpe Group and R&R Newkirk joined forces in 2018. Now available exclusively from Sharpe, CGTS is an online reference library to help you find answers to tax-related philanthropy questions. For decades, it has been a trusted resource for gift planning advisors, including attorneys, accountants, nonprofit executives and charitable gift planning staff.

CGTS offers gift planning officers a comprehensive resource to research the latest IRS regulations, letter rulings and status on all gift and estate tax issues and includes sample gift documents, trust forms and gift deduction worksheets and tables. The sections of CGTS are cited to the Internal Revenue Code and Regulations, plus court cases and rulings—all searchable by keywords or phrases. For more information, visit www.SHARPE.net/charitable-giving-tax-service.

Additionally, Sharpe Group can supplement CGTS with "on-demand" personalized gift planning advice on calls with donors who have complex gift planning questions. More information about these new services will be available in coming issues of *Give & Take* and on our website at www.SHARPE.net.com. ■

Philanthropic Forecast **FOR BEQUESTS**

The Indiana University Lilly Family School of Philanthropy has released *The Philanthropy Outlook, 2020 and 2021* in partnership with Marts & Lundy. Of particular interest to gift planners is the projected back-to-back growth of charitable bequests. The research indicates that charitable giving by estates should increase by 6.6% this year and by 6.5% next year. The projected growth for estate giving is significantly above the historical 10-year, 25-year and 40-year average annualized ratio of growth for this type of giving (see table). For more information, visit www.philanthropyoutlook.com. ■

Historical Annualized Average Rates of Change for Giving

	10-year Average	25-Year Average	40-Year Average
Total	2.0%	3.0%	2.7%
Individuals	1.6%	2.5%	2.2%
Foundations	4.4%	6.3%	5.7%
Corporations	3.3%	2.3%	2.8%
Bequests	0.9%	3.9%	3.5%
Education	3.4%	3.5%	3.2%
Health	3.8%	4.0%	2.4%
Public-Society Benefit	4.1%	3.1%	4.3%

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

The "Philanthropy Puzzler" features gift questions fundraisers may encounter in the field, followed by solutions from our panel of experts. If you would like to send us your own "puzzler," please email us at info@SHARPEnet.com with "Philanthropy Puzzler" in the subject line.

Philanthropy Puzzler

Jerome's three children (ages 48, 47 and 45) are named equal beneficiaries of his IRA. His intent was to allow them to take distributions over their life expectancies and spread out the income taxes that would be owed on the annual withdrawals. He read that under the SECURE Act, the ability to stretch out the distributions has been sharply curtailed. He has asked if he needs to revisit the IRA beneficiary designation.

Puzzler Solution

Under the SECURE Act, the children will have ten years from Jerome's death to completely drain the IRA. If Jerome has charities to which he would like to contribute through his estate plan, he might consider having the IRA pass in equal parts to three charitable remainder unitrusts, naming each child as a beneficiary. There is no income tax owed on IRA funds when the balance passes to the unitrust, allowing the children to receive annual distributions on the full amount over their lifetimes, similar to taking the required minimum distributions from an inherited IRA. When the trusts end, assets will pass to the charities Jerome has named. ■



A Note About Scheduled **SHARPE GROUP** **GIFT PLANNING SEMINARS**

In light of CDC recommendations to limit gatherings for the time being, we will be monitoring the news closely and may reschedule some of our currently scheduled Gift Planning Seminars. We will announce these schedule changes immediately to those who have already registered for our seminars and will update our website as information is available. Please visit www.SHARPEnet.com/seminars for current seminar plans and registration details.

Feel free to reach out to us if you have any questions or concerns about upcoming Sharpe Group seminars. Call 901.680.5300 or email seminars@SHARPEnet.com. ■



How Secure Is Your Organization's Prediction of the **IMPACT OF THE SECURE ACT UPON YOUR FUNDRAISING EFFORTS?**

By Christopher P. Woehrle

Lead with charitable intent

A review of the websites of leading charities would suggest the *SECURE Act* ("Act") will be a fundraising bonanza due to the funding of testamentary unitrusts or charitable gift annuities with IRAs. Perhaps in a decade there will be evidence to gauge the Act's impact on fundraising. For now, let's remember what is known about philanthropy: Gifts are made primarily for reasons other than tax incentives. While it may be true the incentives could impact the timing and amount of a gift, they do not create philanthropic motivation.

The knowable

Here is what we know for certain about the Act, and much of it favors retirees:

For those donors who reached 70½ in 2019 and earlier, they must either commence or continue their required minimum distributions (RMDs). For everyone else, RMD is owed for the year the donor turns 72, though the first RMD could be deferred to April 1st of the next year.

For those donors who had been receiving payments from a stretch IRA from decedents who died in 2019 and earlier, their deferrals may continue under the favorable pre-Act rules (i.e. over their lifetime).

For surviving spouses, nothing has changed or will change. The choice of treating the IRA as the survivor's or as an inherited one remains intact.

For beneficiaries within 10 years of age of the decedent such as a sibling, cousin or friend, the previous rules permitting extended deferrals apply.

The beneficiaries most impacted

If a traditional IRA owner passes away in 2020, the nonspousal beneficiary must generally receive all the distributions at the end of a ten-year period. There is no requirement that anything be paid before such ten years.

Much of the commentary on the Act has focused on the elimination of the stretch IRA which will reduce deferral to 10 years. This change will hurt children and grandchildren of decedents. Gone is the opportunity to take small withdrawals incurring minimal income tax while enjoying decades of tax deferral.

In the aftermath of the passage of the SECURE Act, many in the charitable sector have identified testamentary split-interest income gifts to fund the "stretch" IRA. The charitable community should be aware there are workarounds to mimic the stretch IRA without benefiting a charity. Specifically, the IRA owner may make a series of lifetime Roth conversions to reduce or eliminate the tax bite for future beneficiaries. Additionally, the owner may decide to skip Roth conversions but secure life insurance in an amount to cover the estimated income taxes to be paid by the beneficiary.

The road ahead

Charities should market the CRT as the "charitable stretch IRA" to those with demonstrated charitable intent.

The testamentary charitable trust or gift annuity will be of the most benefit to the charity if the measuring lives are 60 years and older. Knowing your donors and their family members will assist in your market segmentation for how to reach them. Creating a testamentary charitable trust with a young beneficiary likely will leave the charity with very little at the end of a long wait.

Tax commentators have only begun to think through the permutations of the Act. Our next article will explore some of the new challenges of planning for spendthrift beneficiaries or those with special needs. Continue to follow Sharpe Group on our blog at www.SHARPEnet.com/blog. ■

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Christopher P. Woehrle is Professor and Chair of the Tax & Estate Planning Department at the College for Financial Planning in Centennial, Colorado.



WHAT IS AI AND BIG DATA, AND WHY DOES IT MATTER TO MY NONPROFIT?

Sharpe Group believes AI and Big Data is here to stay and will be used by nonprofits in a variety of ways, particularly for donor insights and development team training

Organizations in both the for-profit and nonprofit sector are witnessing an ever-changing growth in technology advances over this past decade. Data and bandwidth capacity in the marketplace have brought us new terms like “AI” and “Big Data,” along with job descriptions like “Data Scientist.” These terms and concepts can be daunting. A recent NewVantage Partners Executive survey found that 98% of executives are trying to create data-driven cultures, and, so far, only 32% are feeling confident about their efforts.

Let’s begin with some basics:

AI, generally meaning “artificial intelligence,” is the use of machine-learning software that performs several correlation, pattern and analytical tasks that previously were performed “manually” by humans.

Big Data generally defines itself: It is data, and it is BIG.

These two terms work together in this way: Big Data is the input that needs to be cleaned, organized, structured and integrated to become useful for decision making. It can be “structured” data (think “numbers”) or “unstructured” data (using actual words and phrases like an email or text). AI is the output or the “intelligence” that results from processing the data. In a nutshell, Big Data gives us facts, whereas AI gives us insights to these facts to make better judgements and, therefore, best decisions.

Google, Microsoft, Amazon and other players with huge consumer databases are developing this space. Most charities simply don’t have the time or resources to devote to AI and make it work for their organizations, donor databases and mission delivery.

We believe AI and Big Data are here to stay and will be used by nonprofits in a variety of ways. Sharpe Group’s historic focus on our clients’ donors, the development team and organizational efficiency and empowerment to grow and achieve their respective missions aligns perfectly with Big Data and AI.

What’s the key to successful AI in analytics? **Augmented Intelligence**—an approach that brings together the best of machine intelligence and human intuition to accelerate time-to-insight, surface new and unexpected discoveries and drive data literacy for users in any role and at any skill level. This is the very approach we are using with donor data sets in consulting with our clients.

Sharpe Group Donor Insights: “Making donor data empowering”

Starting with a client’s donor database, we enhance the data through a proprietary system to append essential information to the records (address, email, phone, wealth, etc.). The appended donor data is processed by our AI programs to produce profiles of bequest donors, major gift donors and current donors that will focus the client’s decisions to best manage their planned giving opportunities and portfolios.

Automated hiring platform: “Hiring Made Easy”

The adage that “a nonprofit is only as good as its mission and its people” remains true today. Hiring the best and most qualified staff is an essential goal. Having an automation tool that takes most of the manual steps out of the traditional hiring process will provide more time to devote to the candidate-hiring decision. The Sharpe “Hiring Made Easy” platform automates the hiring process from beginning to end. It includes job postings, applications, resumes and reviews and adds a layer of application questions that help filter applicants to the specific job requirements. Customized skill testing depending on the job needs is also available to give our clients, providing clear insights on a prospect’s skills and personality to align with job requirements. Best of all, the platform is both cost effective and efficient in its job posting automation, applicant review and assessment and hiring decision assistance.

For more than 50 years, Sharpe Group has focused on three main aspects when providing expertise to our clients:

1. Understanding the donor lifecycle.
2. Providing organizational empowerment.
3. Measuring the development team’s fundraising efforts and providing projections for future success.

We are taking the same approach in integrating AI and Big Data, where it can help the nonprofit most and in the most cost-effective manner. We’d be delighted to discuss these expanded Sharpe Group tools with you. Reach out to us at info@SHARPEnet.com or 901.680.5300 for requests or questions. ■



A Message to Sharpe Group Clients **AND THE CHARITIES WE SERVE**

In the wake of news surrounding the spread of the coronavirus, COVID-19, we feel it is important to update you on Sharpe Group's business continuity plan and response to the pandemic. We have set in motion a plan to protect our employees while continuing to deliver the high level of fundraising support and service those we serve have come to expect over our 57 years of operation. We continue to operate on a normal schedule and have implemented many risk-management steps.

Sharpe Group will continue to take a calm but diligent approach to this ever-changing situation. As the spread of this virus remains a threat, we have contingency plans in place to be implemented, if necessary.

We recommend you proactively communicate with your donors on what your organization is doing with regards to this pandemic. Robert Sharpe Sr. would often say donors believe their nonprofits are like "family." As such, we think your donors will want to know how your organization is doing in this crisis because you are "family" to them.

We thank you for being a part of our family, as well! ■

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.

info@SHARPEnet.com | www.SHARPEnet.com

901.680.5300



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How Secure Is Your Organization's Prediction of the Impact of the SECURE Act Upon Your Fundraising Efforts?



Philanthropy Puzzler



Update on 2020 Gift Planning Seminars



Expanding the Vision of Bob Sharpe Sr.



Philanthropic Forecast for Bequests

www.SHARPEnet.com

SHARPE GROUP[®]

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. ■

Encourage Gifts **FROM RETIREMENT PLANS**

One of the best ways for a donor to give to their favorite charity is by making a Qualified Charitable Distribution (QCD) from an IRA. This gift is attractive because the donor can bypass taxes on the IRA funds directed to charity up to \$100,000 per year.*

Sharpe Group's brochure **Making Retirement Accounts Less Taxing** will help you encourage these gifts by illustrating their advantages. These brochures can be personalized with your organization's name and contact information and are ideal to:

- ➔ Enclose with gift proposals.
- ➔ Send to a donor with a personal note in lieu of a face-to-face visit.
- ➔ Provide in literature racks along with other materials.
- ➔ Distribute as an educational tool for volunteers and development staff.



For more information, visit www.SHARPEnet.com/ira-gifts, or contact us at info@SHARPEnet.com or 901.680.5300.

*The recent SECURE Act still allows for tax-free IRA gifts at age 70½ but the transfer will not qualify as part of a Required Minimum Distribution (RMD) until the new RMD age of 72 for those turning 70½ in 2020 or later.

Give&Take

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