

# GiveTake<sup>®</sup>

Ideas and Insights from Sharpe Group

# "VIRTUAL" **So here we are!**

## A Message From the CEO

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These days, most of us have adjusted—some of us reluctantly—to working, learning, socializing, worshiping and visiting the doctor virtually. I've discovered you can even attend a wine tasting virtually!

Even for those of us taking responsibility to help control the spread of COVID-19 and immersing ourselves in a new virtual world, we still may be feeling isolated from friends, family and community. There is simply no way to replace the comfort of human interface with a video substitute.

This need became clear to me this past week. One of our beloved Sharpe Group traditions is a monthly birthday lunch. For the first time in five months, we celebrated with a few of our staff. We absolutely followed the CDC's COVID-19 protocols: We wore masks, maintained six feet separation, etc. Lunch was takeout, and only one person at a time was allowed in the food line.

The warmth of the conversations in our large conference room was amazing. This was human-to-human interface, like being with family.

Our founder, Robert Sharpe Sr., writes in *Planned Giving Simplified*, "To be effective, charitable gift planners have to become specialists in human relations." Bob Sr. taught when a donor puts a charity in their will, the charity has, in fact, become a member of the "family." For fundraisers to be successful, they must create and maintain that same relationship with their donors. This is not a new idea.

The challenge for fundraisers going forward will be creating and maintaining relationships, albeit virtually. Listening to what your ultimate gift donor is really saying is more important than being a technician who knows the various gift vehicle details.

At Sharpe, we can help you assess your strengths and provide support in the form of coaching and mentoring while you hone your human-to-human skills.

Our gift planning consultants have the expertise to provide you with the technical support you need while strengthening those all-important relationships with your donors.

All the best,

**Jim Ross**

Chairman, CEO

# Virtual Staff Training Is Key TO SUCCESS IN GIFT PLANNING

By Grant Miller



D'Arcy Steiner is the director of individual giving at World Food Program USA, where she oversees the individual giving team and manages a full portfolio of major gift donors and prospects. In July of this year, D'Arcy and her colleagues attended one of our virtual training events led by John Jensen, a senior vice president and senior consultant at Sharpe Group. The three-day session was fully customized for the World Food Program staff, based on their level of experience, donor base and other factors. Here, D'Arcy shares some of the insights she gained through our virtual training.

**Give & Take:** Tell me about your planned giving experience.

**D'Arcy Steiner:** Most recently, I was the director of philanthropy and strategic partnerships at Competitive Enterprise Institute. There, I worked with teams to secure major gifts and partnerships and created long-term cultivation strategies for about 150 different prospects. Overall, I have four years' experience as a major gift officer. I've been the director of individual giving at World Food Program USA for the past year and have experience with planned giving.

**Give & Take:** What called you to a career in fundraising?

**D'Arcy Steiner:** I have a passion for personal finance, and I love to match donors with the gifts that will help them make their philanthropic dreams a reality. Gift planning provides so many excellent ways for donors to achieve their goals while supporting organizations that are important and meaningful to them.

**Give & Take:** How did you hear about the Sharpe Group training?

**Steiner:** At World Food Program, we wanted to start a planned giving program, and we knew Sharpe Group was a recognized industry leader in group training and could offer us the tools to build a successful program. The training was thoughtful and well-researched, and the experiences John was able to share helped improve my team's understanding of the various gift planning vehicles, along with the current state of planned giving nationwide.

**Give & Take:** What did you find most interesting or surprising about the training?

**Steiner:** I learned so much! For instance, I learned it is not most important to be the charity in a person's first will but rather the last will. This seemed counterintuitive, and not what I had been told in the past, but it certainly makes sense. I also learned that receiving a remainder of an estate often leads to higher gift amounts. I was surprised to learn that a significant number of planned gifts come from first-time givers. John also talked about how it is essential to highlight our core mission through our marketing strategies to potential planned giving donors. In our case, he emphasized including images of our work with children as these often resonate deeply with that group.

**Give & Take:** Would you recommend Sharpe Group's virtual training to other organizations?

**Steiner:** I highly recommend it! It was the most thorough, well-researched, evidence-based planned giving training I have ever received. John's combination of experience and documented research truly presented a clear and holistic picture that explained why certain planned gifts are better than others for certain donors. I have never seen or attended another training that is this thorough, yet as highly digestible and immediately helpful.

**Give & Take:** Due to the pandemic, a lot has changed with how we hold seminars and conferences. Did you find this virtual training format to be productive?

**Steiner:** Our team of major gifts officers has spent a lot of time on the road, so we were accustomed to working remotely. With the customized format John created for us, including plenty of time for questions and answers, I found this seminar to be just as effective remotely as it would have been in person.

*If you would like to learn more about how a Sharpe Group virtual training presentation can help your fundraising staff or board, contact us at [info@SHARPEnet.com](mailto:info@SHARPEnet.com) or 901.680.5300. ■*



Grant Miller is an editor, working with clients to create custom printed and digital communications. He has authored Sharpe Group blogs and is a contributor to *Give & Take*.

# Survey Results Illustrate the State of Nonprofits Across the Country

Sharpe Group recently conducted an anecdotal survey of nonprofit clients to see how they are faring in the current environment. The questions focused on fundraising and budget impacts and organizational changes due to the coronavirus pandemic.

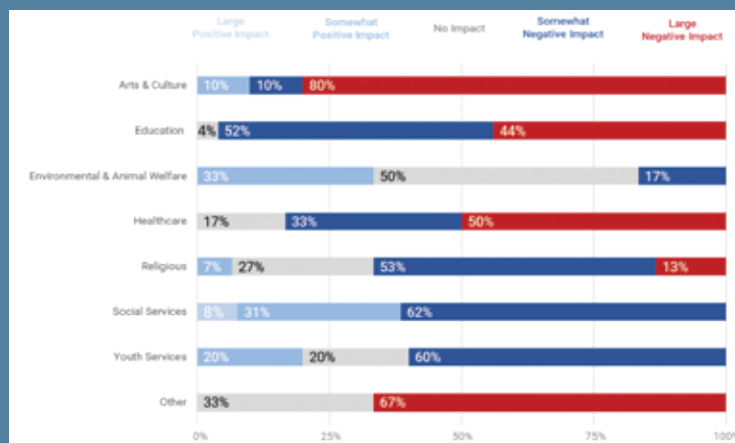
Sharpe collected responses from 91 organizations with a variety of missions. This survey is not intended as a scientific study but to share anecdotal data about how nonprofits across the country have been impacted and how they are changing and adapting to unusual circumstances.

As expected, most organizations' budgets and fundraising goals have been negatively impacted, although to varying degrees. 75.55% of respondents reported a negative impact on their budget health with 32.22% reporting a large negative impact. Many organizations reported the loss of expected revenue due to the cancellation of major fundraising events and an overall decrease in giving. 41.11% expect gifts to decrease by less than 25%, and 21.11% expect a decrease of more than 25%. Despite this, most organizations have been able to successfully alter their fundraising strategies to accommodate the need for virtual events and interactions, a trend that most expect to continue going forward.

The pandemic and economic downturn have forced some organizations to make difficult decisions regarding staff and salaries. 30.34% of respondents reported permanent staff reductions, and 27.78% reported staff furloughs. 47.19% of respondents reported salary freezes or reductions within their organization. Some reported the consolidation or merging of departments or with other organizations, but no respondent has had to close operations.

Many organizations reported improved relationships with donors and among staff as well as improved staff productivity due to necessary changes to fundraising plans and operations. Respondents also feel their organization is more flexible and better equipped to handle a crisis in the future.

To view the full the report, visit <https://sharpenet.com/blog/sharpe-index-state-of-nonprofits-in-the-pandemic/>. ■



## The Sharpe Online Academy **HAS LAUNCHED!**

The Sharpe Online Academy debuted in September with virtual training options based on our popular Gift Planning Seminars. The content will help fundraisers sharpen their fundraising skills and gain the knowledge necessary to help donors find the best gift plans to address both personal and philanthropic objectives during unprecedented times.

Our online training modules will be condensed and taught over the course of two consecutive days by our well-known and experienced faculty. Subject matter for each virtual seminar includes relevant content in light of the current economic environment. Each day features two hours of live presentation with a 30-minute break between the sessions for a total of four hours of training. Participants can ask individual questions from the presenters during Q&A times. The fee is \$295 for an organization's first registrant. Additional registrants from the same organization are \$145. ■

### Our upcoming training:

#### Planned Giving #102—Structuring Blended Gifts

September 29-30

#### Planned Giving #103—Integrating Major and Planned Gifts

October 27-28

Watch for more opportunities added soon!

For more information and to register, visit [www.SHARPE.net/seminars](http://www.SHARPE.net/seminars).

# The Wild Ride of 2020 **ENTERS THE HOME STRETCH**

By Professor Christopher P. Woehrle, J.D., LL.M



What a wild ride 2020 has been for our economy and especially investors! As of this writing, the S&P 500 has recovered most of its losses from a peak decline of 30%. The Federal Reserve Board is resolved to keep interest rates near zero for the foreseeable future. The *SECURE Act* raised the required minimum distribution age to 72. Soon thereafter, the *CARES Act* suspended RMDs for 2020 as well as allowed deductibility of cash gifts to public charities up to 100% of AGI.

In addition to continuing the education on these developments, your organization should be strategizing about accessing popular sources of support, including gifts of cash, before the end of the year.

## Qualified charitable distributions

Both the *SECURE* and *CARES Acts* left unchanged at age 70½ the eligibility to make a distribution from an IRA to a public charity. The donor may exclude from gross income up to \$100,000 of the aggregate amount of qualified charitable distributions (QCD). A QCD operates like a backdoor tax deduction since it reduces the amount of the required minimum distribution. Since the *Tax Cuts and Jobs Act of 2017* dramatically reduced the number of itemizers and thus the deductibility of giving, your donors should give more and more thought about the use of QCDs from IRAs.

## Donor advised funds

In its annual study of donor advised funds (DAFs), the National Philanthropic Trust noted for the ninth consecutive year there was growth in all key metrics: number of individual DAFs, total grant dollars from DAFs to charitable organizations, total contributions to DAFs and total charitable assets in them. During the 2014-2018 cycle, the annual rate of growth in the number of DAFs has been 17% according to the National Philanthropic Trust. During the same period, the growth rate for contributions to them has been nearly 100%.

Donors of all ages and philanthropic interests continue to use them. Your charity needs to be front and center on the minds of your donors as a worthy grantee from a DAF.

## Charitable gift annuities

The volatility of the past year makes locking in gains to be annuitized through a charitable gift annuity attractive. However, the historically low Section 7520 interest rate environment represents traps for unwary charities and opportunities for most donors. Here's how:

## Emerging risk for charities

For a charity's gain on the sale of its charitable gift annuities to avoid taxation as unrelated business income, the value of the annuity to the donor must be less than 90% of the value of the property exchanged for the annuity. Annuities issued at the recommended American Council on Gift Annuities rates to younger donors might fail this requirement. So long as the Sec. 7520 rate is 0.6% or higher, the charitable remainder will exceed 10%. If less than 0.6%, there is risk of incurring unrelated business income tax. Accordingly, the payout rate will need to be reduced. Although a donor can elect to use a Sec. 7520 rate from one of the preceding two months, the charity is limited to the interest rate "at the time of the exchange" per Sec. 514(c)(5) of the Code.

## Opportunity for donors

Although the deduction for a charitable gift annuity is lower when the Sec. 7520 rate is low, the amount of each payment excluded from income under Sec. 72 will be higher. Since the majority of taxpayers are taking the standard deduction, how much of the annuity is a tax-free return of principal will be of even greater interest. To maximize the tax-free portion of the payments, donors will be electing the lowest Sec. 7520 available.

## Final thought

Leading with the appeal to support the good works of your institution remains the best practice. Notice how the deductibility of contributions may be becoming less of a factor under current law. But, of course, the income and transfer tax laws may be dramatically altered depending on the results of the upcoming elections. Stay tuned.

*Sharpe Group has four publications your organization can personalize and print to send to your donors encouraging year-end giving. For more information, see the back panel or visit [www.SHARPEnet.com/year-end-giving-communications-2020](http://www.SHARPEnet.com/year-end-giving-communications-2020). ■*



Christopher P. Woehrle is professor and chair of the tax & estate planning department at the College for Financial Planning in Centennial, Colorado. As one of Sharpe Group's technical advisors, Chris is a frequent contributor to *Give & Take* and authors Sharpe Group blogs.

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## TIMING IS EVERYTHING: THE PLANNED GIVING PROGRAM AUDIT AND REVIEW, PART 2

By John Jensen

In Part 2, we explore how an audit can offer guidance on marketing, donor cultivation and communication and more.

In Part 1 of this article (July/August 2020 *Give & Take*), we outlined the reasons there has been an increased awareness in estate planning and planned giving and the importance of a planned giving audit for your organization. You can access it on our website at [www.SHARPEnet.com/give-and-take](http://www.SHARPEnet.com/give-and-take). Here, we will explore how an audit can offer guidance on marketing, donor cultivation and communication and more.

**Staff considerations.** An audit should include a review of the use of staff time. Is there a standard time frame for responding to inquiries? Are there staff dedicated to planned giving or is it integrated with major gifts responsibilities? How much time is focused on donor contacts and visits? Is the staffing level appropriate to the constituency? What activity is handled internally, and what is outsourced?

Answers to these and other questions will serve as the basis for recommendations designed to lead to improved results.

**Evaluating activity and results.** Is the activity focused largely on routine bequests or on more complex gift arrangements? Are you evaluating results systematically? Planned giving staff should normally be evaluated on factors other than current revenue. Results need to be evaluated based on short- and long-term metrics.

**Marketing to your audience.** Marketing needs to match your target constituency. Materials and approaches that may be wonderful for younger donors may simply not work for seniors age 70+ or more wealthy donors. Are you using the right language to encourage giving?

Are your materials primarily print or electronic? Are you taking a technical or an educational approach? Are you targeting donors or advisors? Certain approaches work well in some situations but will be very wrong in others.

**Legacy society.** If you have a legacy society, the audit will examine current and deceased members. This group's age and demographics speak to the health of your program. How many of your expectancies actually result in gifts? Is the legacy society growing or shrinking? What is the average age of legacy society members? Is it stable, or is it changing?

Some believe: Once in the will, always in the will. This may once have been true, but not today. Donors regularly add and remove charities as they prepare their last will, a process that often

occurs well into a donor's 80s and even 90s. If your results are not what you would like, the assessment will help identify why.

**Donor cultivation and contact.** Do you stay in touch with your planned giving donors? Is there an adequate contact management system? If not, you may find you are being removed from as many wills each year as you are being included in. Your donors give to a variety of charities, and losing touch can be damaging.

For example, one organization I worked with discovered it had lost track of 50% of bequest expectancies. Donors were falling off the active file and heard nothing from the charity. Sadly, bequests were actually received from very few of their expectancies due to this neglect.

**Inside vs. outside.** Many have found that an effective audit is best done by an outside expert with wide experience. Internal staff are too involved with the current system and approaches to provide independent evaluation and will often miss things that are often obvious to an outside professional.

Sharpe Group has extensive experience with a wide variety of nonprofit missions and can raise issues directly and diplomatically with management. With experience from reviewing a wide variety of gift planning programs and their results, we are able to determine what is normal, what is excellent and what is problematic. A typical planned giving cycle runs five or more years, so long-term experience is critical to providing correct recommendations in the short term.

**Summary.** In planned giving, expectations and results don't always match. Issues not addressed can easily worsen and result in missed opportunities. An outside audit can help management tune up a program and ensure your donors don't forget how much they love your mission when they are considering the philanthropic aspect of their estate and financial plans.

To learn more about Sharpe's planned giving audits, visit [www.SHARPEnet.com](http://www.SHARPEnet.com) or contact us at [info@SHARPEnet.com](mailto:info@SHARPEnet.com), 901.680.5300. ■



John Jensen is a Sharpe Group senior vice president and senior consultant based in Washington, DC. He has conducted planned giving program audits for numerous charities across the country.



## Order **PERSONALIZED GIFT PLANNING BROCHURES** Online

Donor communications should be informational, motivational and educational. Even in the age of digital marketing, print publications still resonate with those donors who can and will make planned gifts. We recommend including a full line of print publications in your overall marketing program.

Sharpe Group offers an efficient and appealing way for you to personalize and order printed gift planning brochures through our online platform. Choose an accent color and cover image from the provided selections to create a brochure that aligns with your fundraising strategy and fits your organization. Or upload your own image and your full-color logo to further personalize your brochure.

We continue to add titles to our ecommerce platform at [www.SHARPEnet.com/personalized-publications](http://www.SHARPEnet.com/personalized-publications). For more information, visit the website or contact us at 901.680.5300 or [info@SHARPEnet.com](mailto:info@SHARPEnet.com). ■

Learn more at [SHARPEnet.com](http://SHARPEnet.com) or contact us via phone or email. Sharpe Group consultants know that every organization is different, so every project begins with a conversation about *your* needs.

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**Timing Is Everything: The Planned Giving Program Audit and Review, Part 2**



**The Wild Ride of 2020 Enters the Home Stretch**



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[www.SHARPEnet.com](http://www.SHARPEnet.com)

**SHARPE** GROUP<sup>®</sup>

# 2020 Personalized Year-End Giving Communications



## Develop and Implement an Effective Year-End Fundraising Strategy

Sharpe Group has tools to help you create a multi-tiered year-end fundraising strategy to maximize your fundraising efforts. For more information, contact us at [info@SHARPEnet.com](mailto:info@SHARPEnet.com) or 901.680.5300.

Sharpe Group's **2020 Year-End Giving Brochures** are a convenient and cost-effective way to remind your donors of the advantages of certain giving options before the end of the tax year. Our brochures highlight the benefits associated with the various gifts in light of current economic conditions and recent tax law changes.

Use our online platform to create and order printed year-end brochures targeted to your donors.

- **Select** a brochure from the four available **titles**. (*Giving at Year-End*, *Thanks for Giving*, *The Benefits of Giving in 2020*, *The Gift That Comes From Giving*)
- **Choose** an **accent color** and **cover image** from the provided selections, like the ones pictured, or **upload** your **own image**.
- **Add** your **full-color logo** and **contact information** to the front and back panels to create a brochure branded to your organization.

Visit [www.SHARPEnet.com/year-end-giving-communications-2020](http://www.SHARPEnet.com/year-end-giving-communications-2020) to get started today!

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

- As inclusions with your year-end appeal letter.
- As inserts in gift acknowledgments and thank-you letters to donors.
- As follow-up information requested in response to other planned giving marketing.
- As support materials to accompany gift proposals.
- As "leave behind" pieces following virtual visits with donors.
- To supply information to targeted groups of high-level donors on specific gift plans.
- In campaigns for important year-end fundraising events such as National Estate Planning Awareness Week, National Philanthropy Day and #GivingTuesday.