

Blended Gifts

How to Secure a Transformational Gift
from a Major Gift Donor

Dr. Eddie Thompson, CEO and Founder
Thompson & Associates



www.ceplan.com

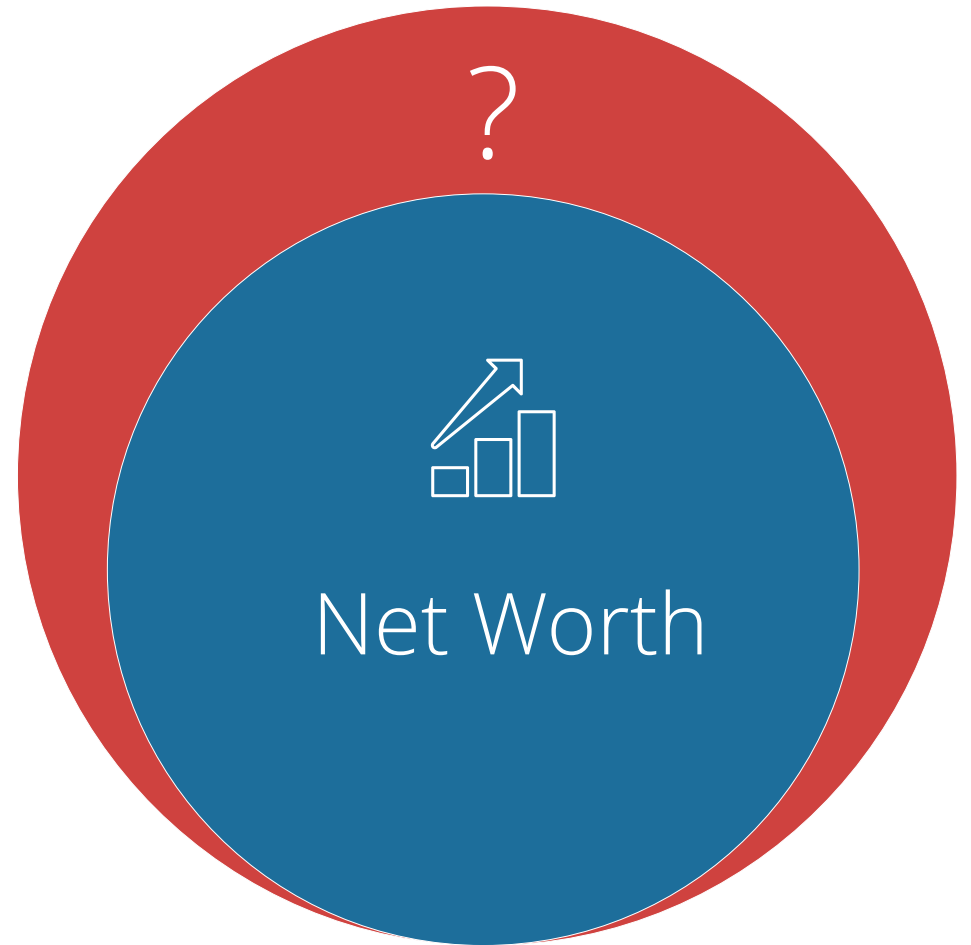
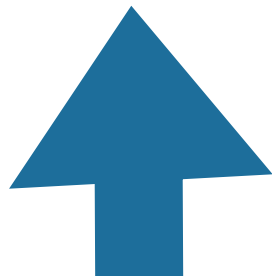
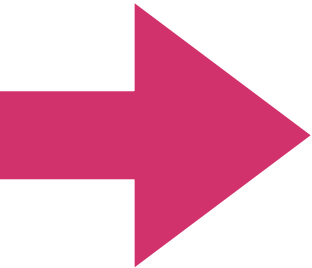
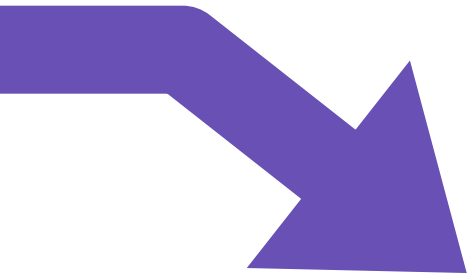
Fundamental Concepts



Where are nonprofits looking for gifts?

Annual

Planned

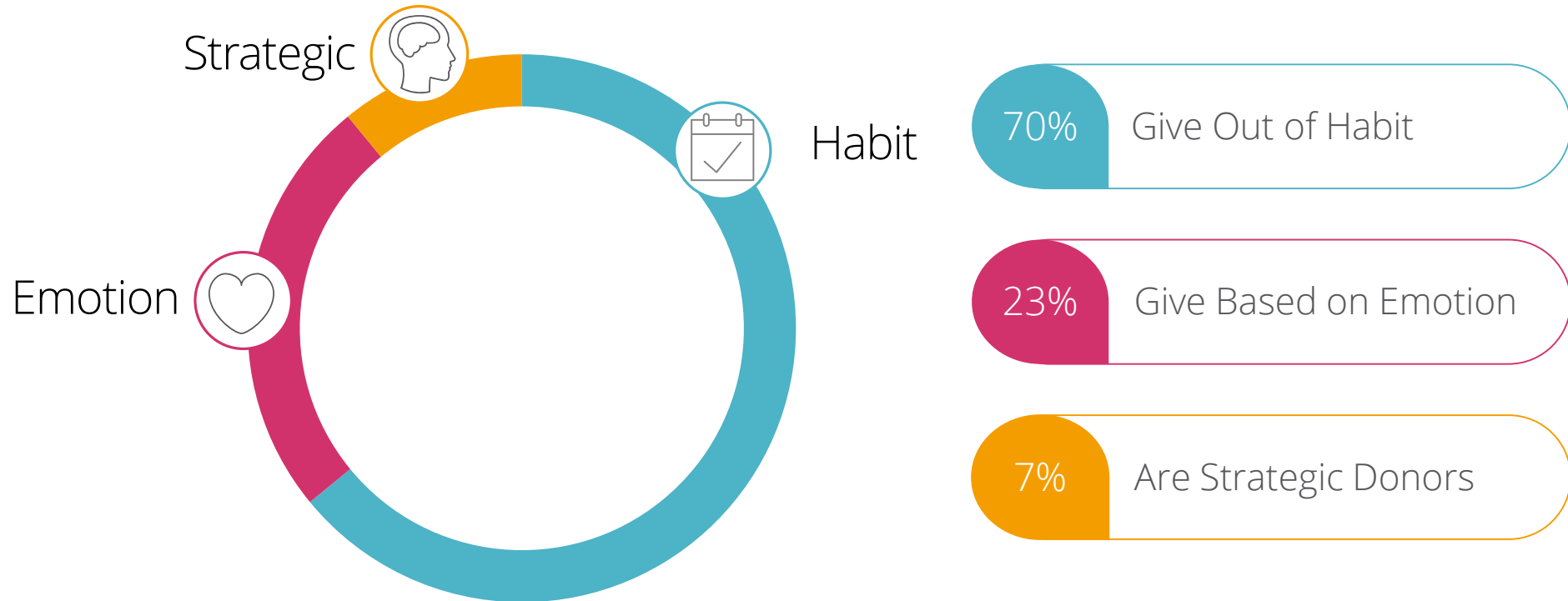


Where are nonprofits looking for gifts?

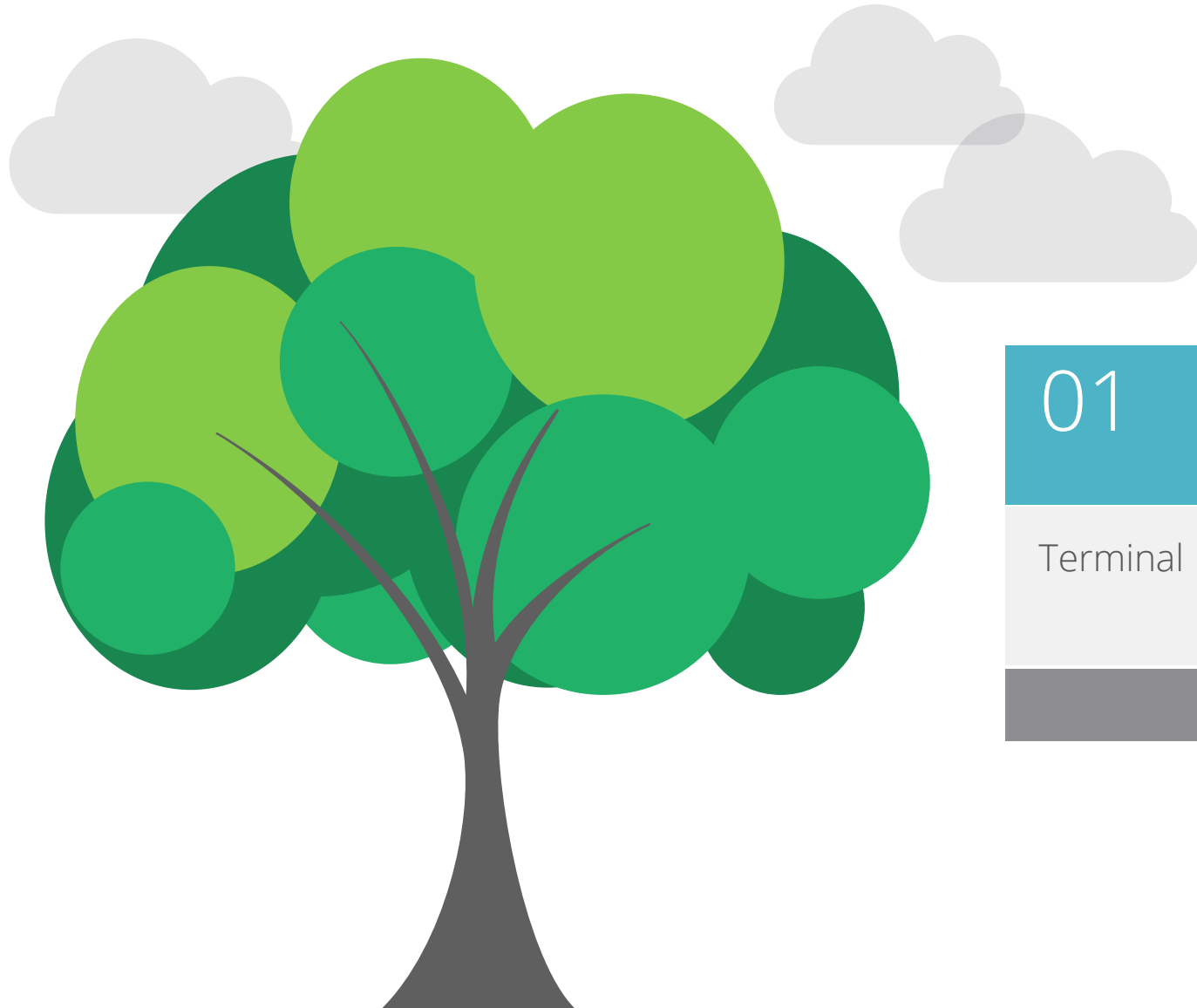
What if a donor could choose both?



Three Types of Donors



Two Types of Wealth Accumulators



01

Terminal

02

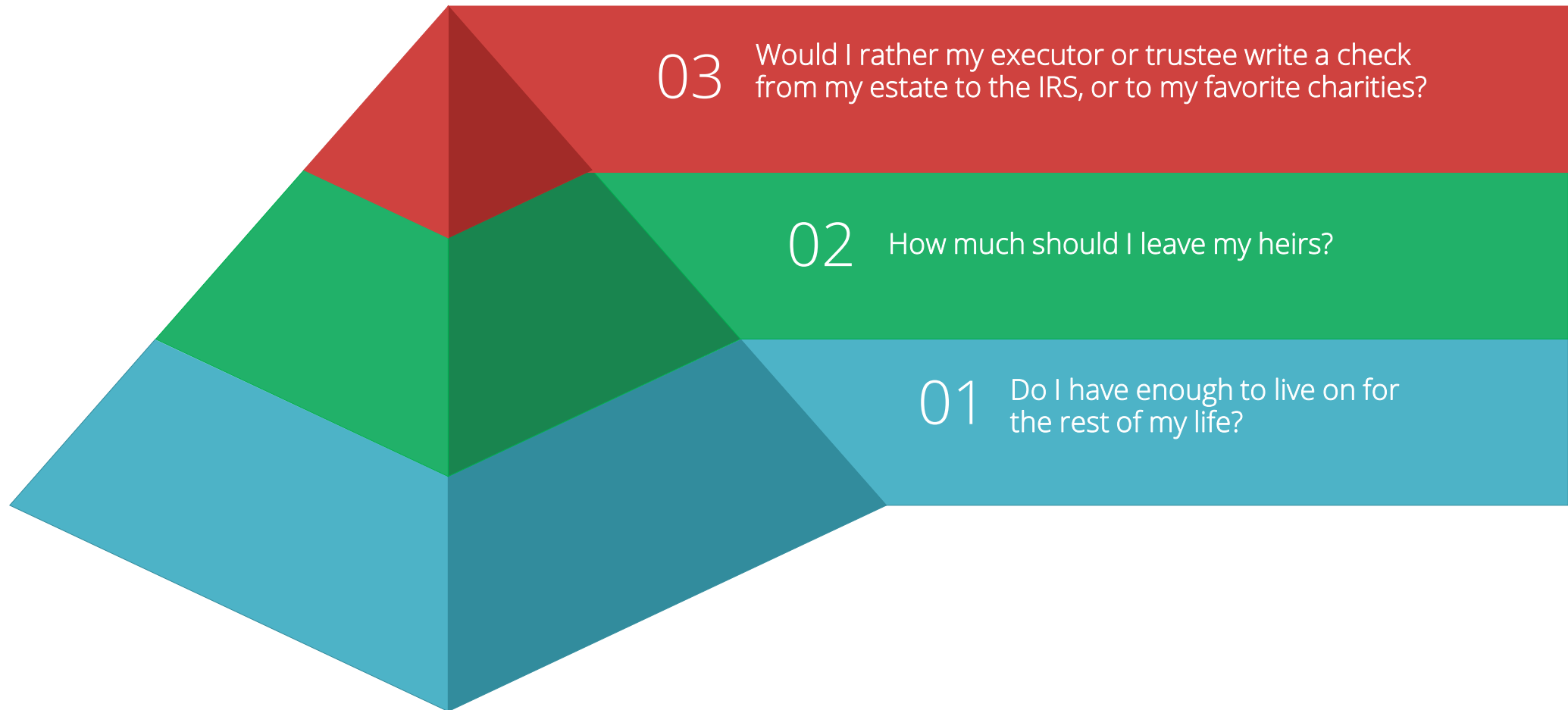
Instrumental

Three Questions...

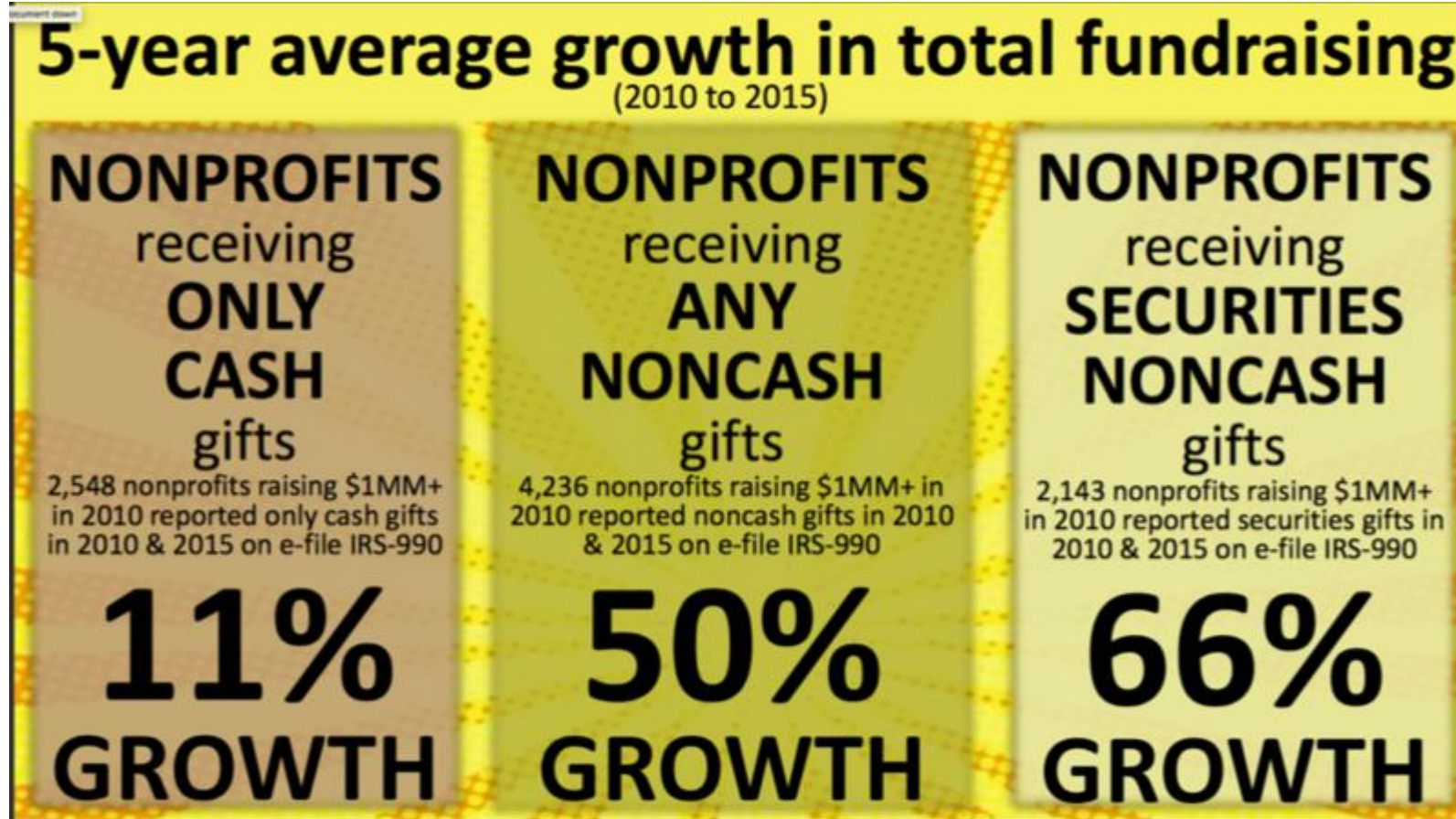
... that must be answered
for, and by, clients who
are strategic donors!!!



Three Questions...



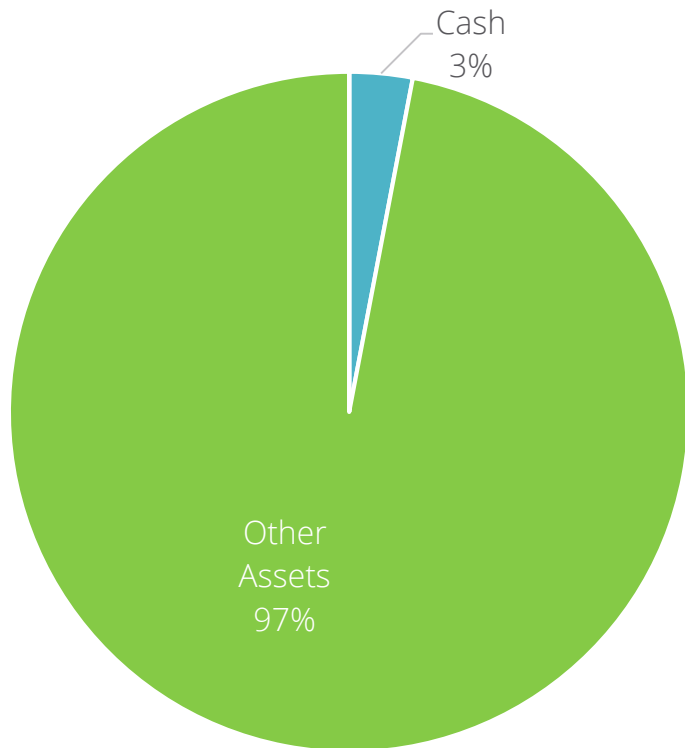
Cash Is Not King



Russell James, J.D., Ph.D., CFP®, Professor of Charitable Financial Planning at Texas Tech University, released new results from a 2018 fundraising analysis of 1 million nonprofit tax returns.

Why cash is not king

Financial assets held by US families
(2013 Census Tables)



Ranking of median value of assets

Home equity	\$81K
Rental property equity	\$80K
Annuities	\$60K
Other real estate	\$51K
401k/Savings plan	\$46K
IRA/Keogh	\$40K
Stocks/mutual funds	\$32K
Life insurance cash value	\$12K
Business equity	\$10K
Interest-earning savings	\$5K
Checking account	\$1K

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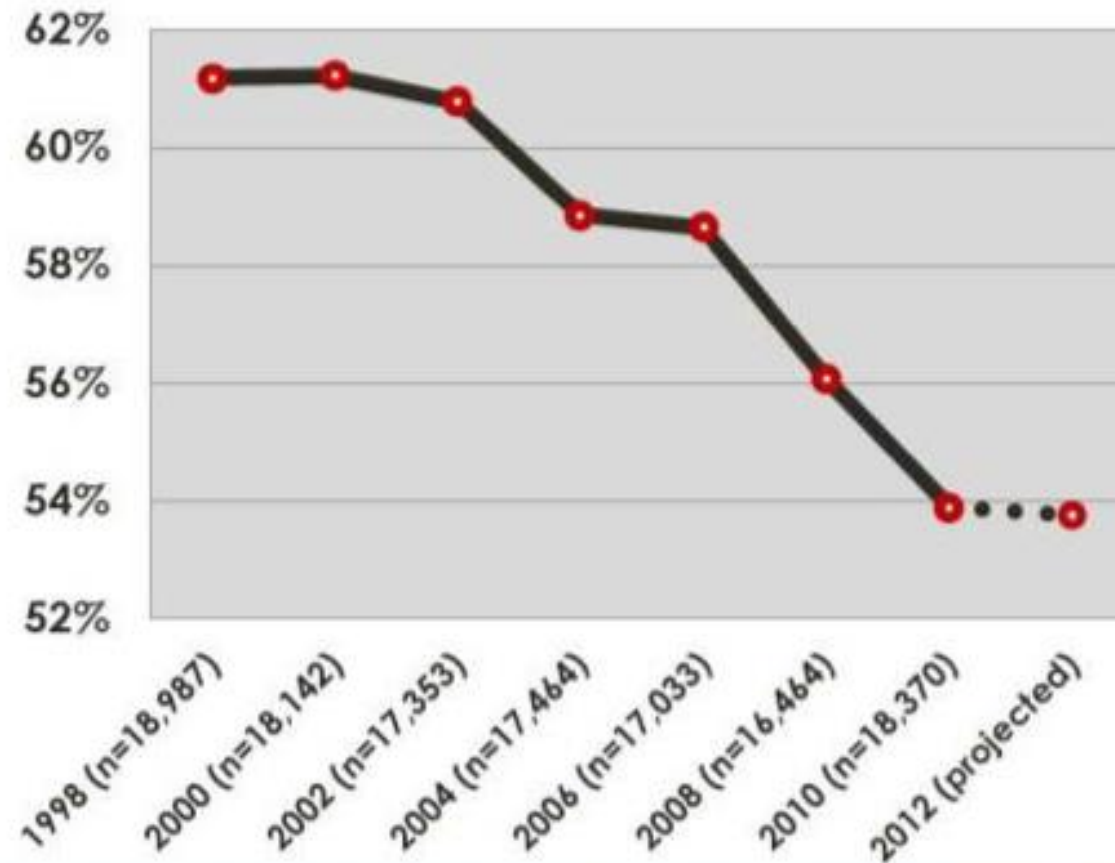
Development Program ROI Comparison



Source: Planned Giving Today, March 2017

Beneficiary designation gifts are promoted as much as bequests in wills and trusts

U.S. Pop. Age 55+ with a Will or Trust



Source: Russell James, J.D., Ph.D., CFP, www.encouragegenerosity.com planned giving advisors

Americans hold more estate planning documents for non-probate transfers

Estate Planning Documents

	White	African American	Asian	Hispanic
A Will	36%*	21%	16%	25%
A living trust	17%	13%	16%	13%
Joint ownership of property that passes to living survivor	29%*	13%	16%	18%
Beneficiary designation on IRA, 401(k) or other retirement account	34%	24%	28%	25%
TOD designation	15%	9%	11%	12%
None	37%	51%	43%	50%

* SSD higher than all other Groups

A great partnership exists between annual giving & planned giving

01

60% of planned gift donors are annual donors

- 40% have been donating for more than 10 years
- 20% have been donating for less than 5 years

Stelter Study, 2012

02

The average gift of annual giving donors increased by 75% in the years after making a planned gift

Russell James Research, 2009

03

Annual gifts of planned gift donors were 2x the size of non-planned gift donors

Indiana University Center for Philanthropy Study, 2007

Forging strong relationships with professional advisors is a priority

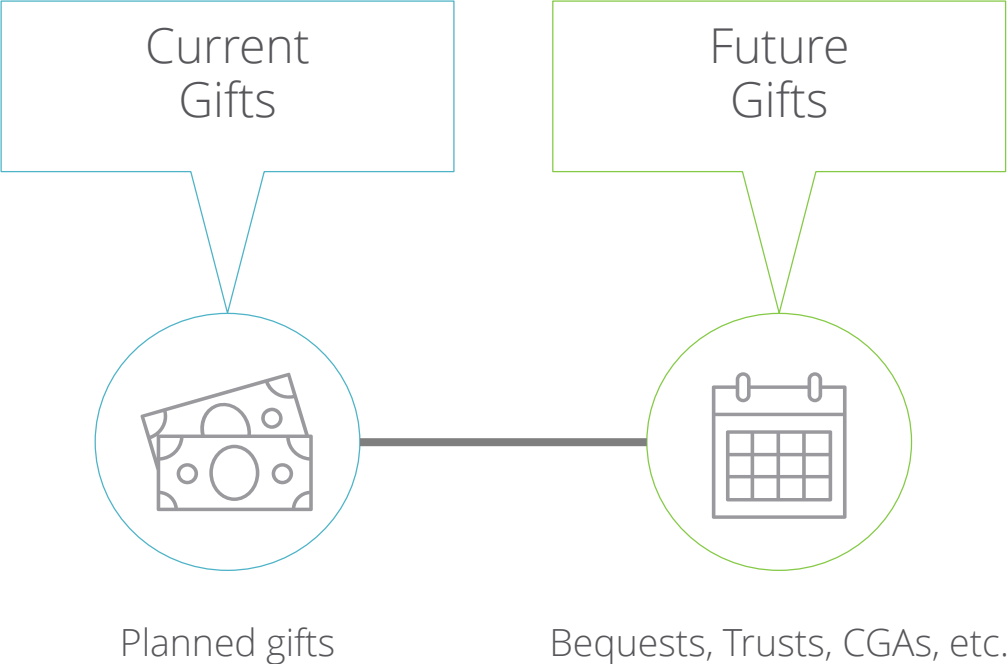


- That 4 of the top 10 in the Philanthropy 400 list are DAFs associated with financial institutions speaks to the power of advisor-enabled philanthropy
- 45.4% of HNW donors reported consulting with at least one professional advisor for charitable giving advice
US Trust 2014 HNW Donor Study
- 74% of advisors believe discussing philanthropy is good for business development and 56% believe it helps build relationships with the client's extended family *Fidelity 2012 Advice & Giving Study*

Where professional advisors want help

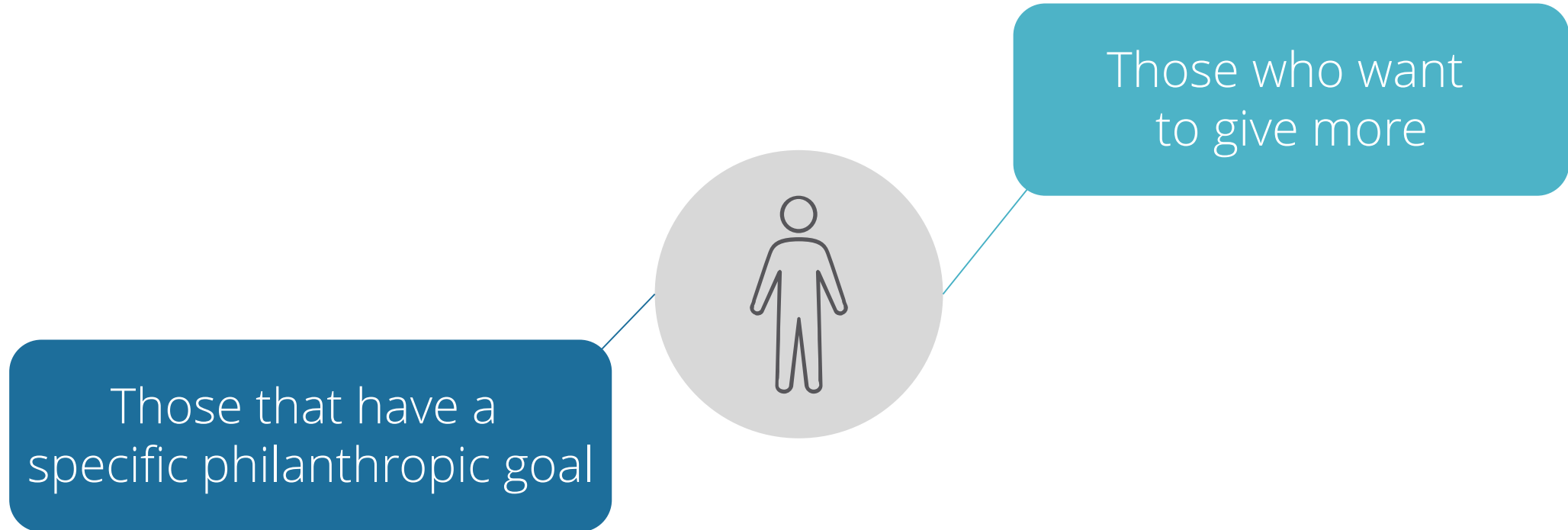
- 55% How to help a client develop a strategic giving plan
- 50% Understanding more about giving vehicles
- 46% Integrating client philanthropic values/goals into overarching wealth management plan
- 45% How to engage the next generation in giving

What is a Blended Gift?

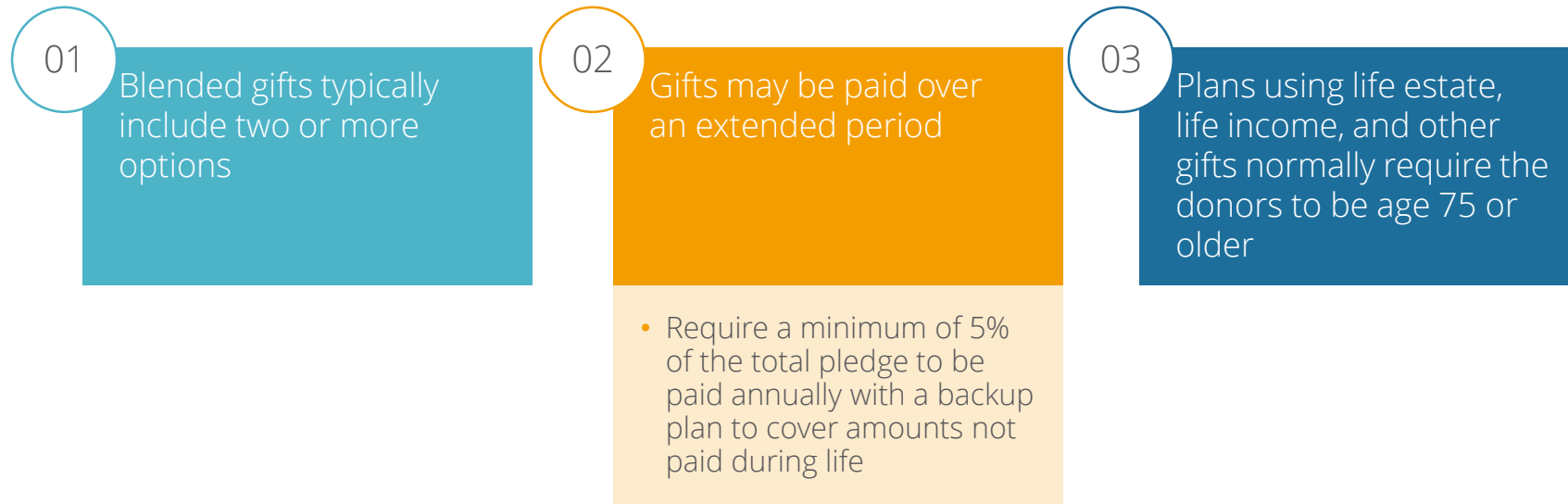


Combines the two giving approaches with greater results.

Who would consider a blended gift?



Blended Gift Options



Tools to Fund a Blended Gift

01

Outright Gift

- Cash
- Appreciated stock
- Required Minimum Distributions

02

Bequest

03

Estate Gifts

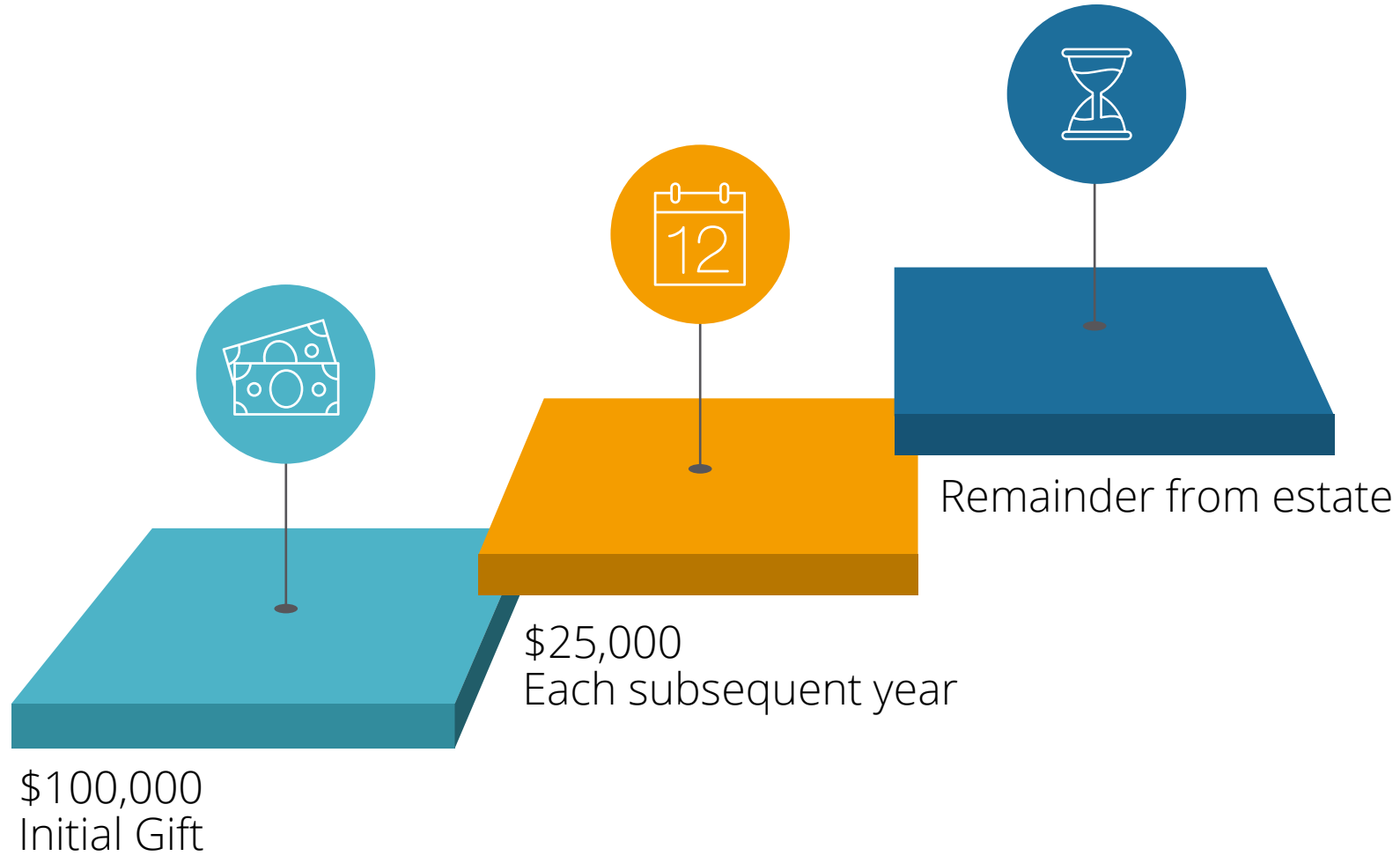
- Retirement Plan Assets
- Real Estate
- Life Insurance
- Business Interest
- Collectibles
- Gifts of Remainder Interest

04

Other Planned Giving Tools

- Charitable Gift Annuity
- Charitable Remainder Trust
- Charitable Lead Trust

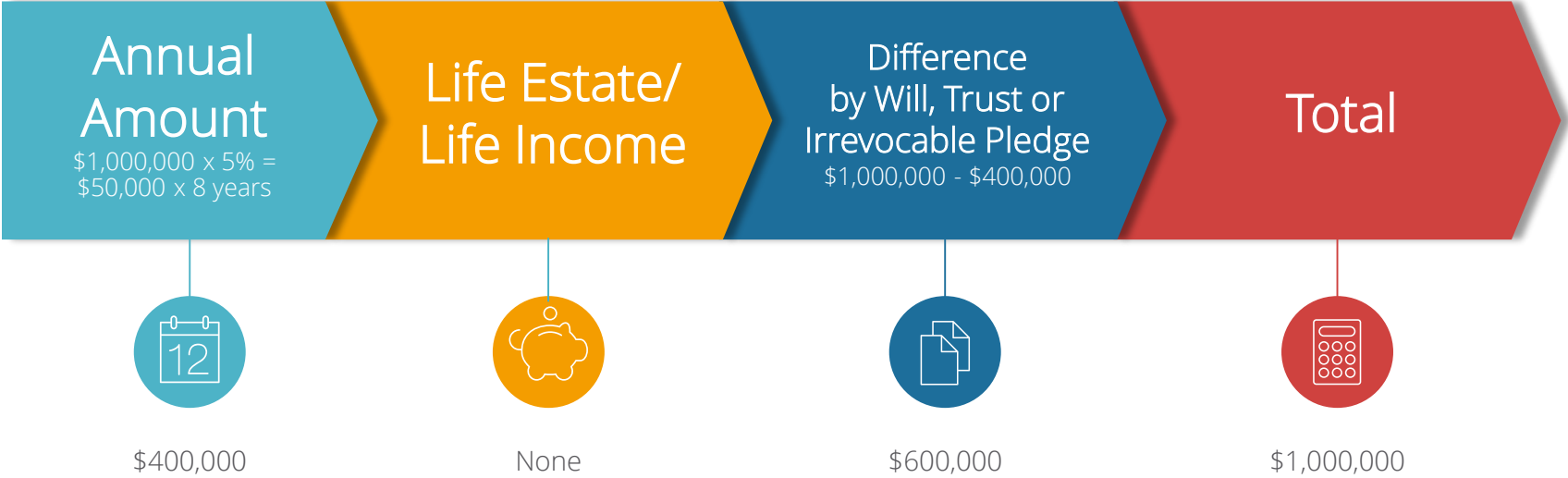
Blended Gifts \$1,000,000



Blended Gifts

Naming Rights at \$1,000,000

#1 Example, \$1,000,000 Pledge



Blended Gifts

Naming Rights at \$1,000,000

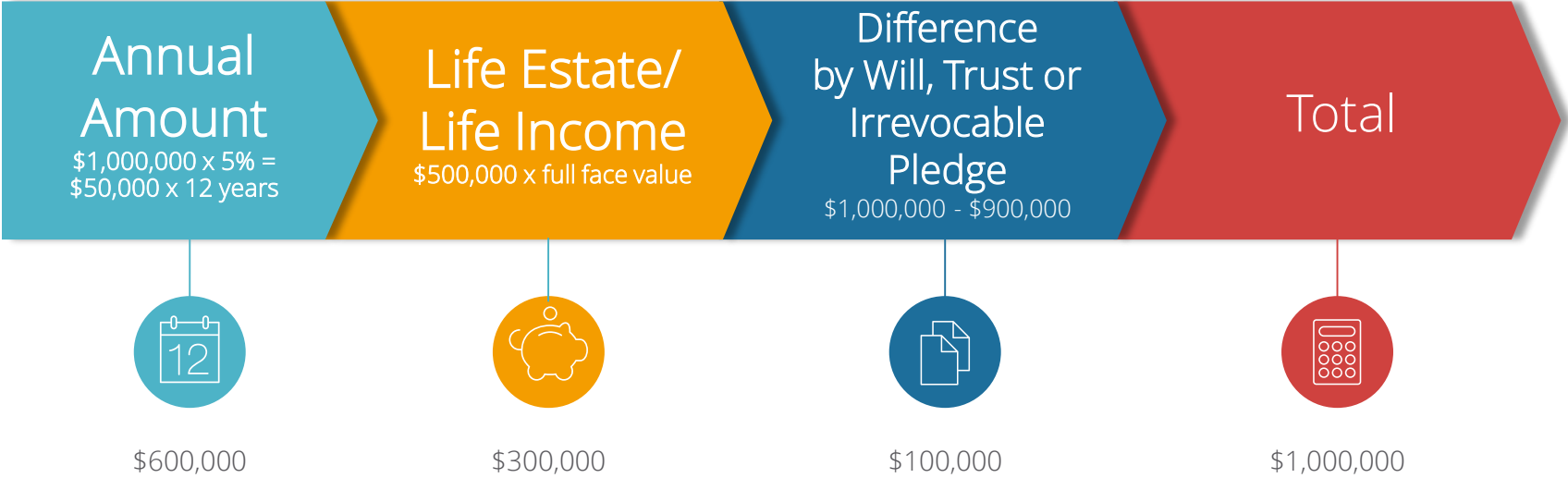
#2 Example, \$1,000,000 Pledge



Blended Gifts

Naming Rights at \$1,000,000

#3 Example, \$1,000,000 Pledge



Irrevocable Pledge or Bequest

1. Written irrevocable pledge should be understood and signed by all parties
2. Make sure their Will/RLT indicates their commitment to the Irrevocable Pledge
3. The organization should remember that this is a major gift from a donor and should be recognized as any other major gift
4. Nurture the donor
5. Make sure that state laws are taken into consideration
6. Make sure that seasoned counsel is involved each step of the way

What Type of Donor Makes a Blended Gift?



Issues To Consider



1. How will you recognize the gift?
 - a. It is crucial for the organization's leadership to agree on how a Blended Gift will be recognized
2. How will the various components of the gift be valued?
 - a. Present value/Current value
3. What are the naming opportunities with Blended Gifts?
4. Will the potential Blended Gift comply with your organization's Gift Acceptance Policies?

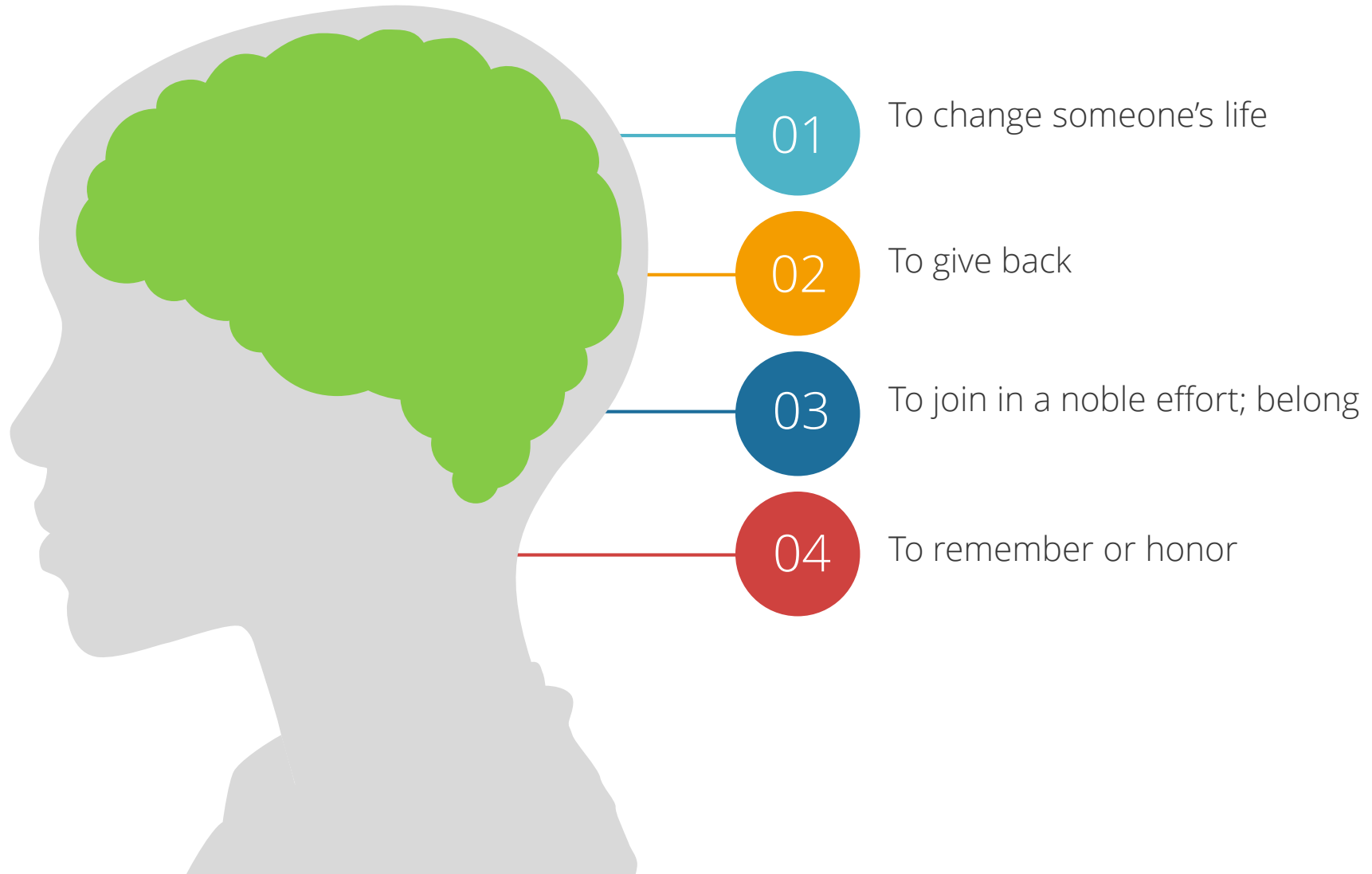
Where should you start?

1. Make sure your gift acceptance policies address the type of gifts used by donors to make a blended gift
2. Establish standards for accounting and counting blended gifts
3. Establish standards for donor recognition
4. Have a strategy meeting with staff to develop a list of good prospects for a blended gift
5. Draft a number of blended gift arrangements and supporting documents to be used to educate and motivate staff, leadership, and donors
6. Visit with professional advisors to educate them on the use and benefits of blended gifts
7. Educate your donors on blended gifts through emails, web site, printed materials and conversations

Summary

- The potential for blended gifts is staggering
- A way for strategic individuals to see a path to a substantial gift, while maintaining their financial security
- We will not secure blended gifts if we do not ask
- Gifts will be larger than many typical annual gifts when donors have set a goal for giving
- Adding the element of time may increase the size of the gift
- We are taking a strategy often used to secure a capital campaign gift and maximizing it
- Helps donors to dream bigger and more exciting dreams

Why would one consider a blended gift?





Questions?