

# **THE COMPLETE GUIDE TO PLANNED GIVING**

***Everything You Need To Know To Compete  
Successfully for Major Gifts***

***Revised Third Edition***

**Debra Ashton**

Legal Counsel  
Jonathan G. Tidd

**ASHTON**ASSOCIATES

24 Robertson Street, Quincy, MA 02169

6 1 7 . 4 7 2 . 9 3 1 6

[debra@debraashton.com](mailto:debra@debraashton.com)

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

# **THE COMPLETE GUIDE TO PLANNED GIVING**

***Everything You Need To Know To Compete  
Successfully for Major Gifts***

*Revised Third Edition*

*Dedication:*

*This book is dedicated to the memory of  
David M. Donaldson, Esq. (1938-1994)  
and sadly to my dad, John Thomas Thorburn III (1920-2002)*

Copyright © 1988, 1991, 2004 by Debra Ashton  
ISBN 0-9705818-0-7

Library of Congress Control Number: 2004090306

Printed in the United States of America

Reproduction of any portion of this book is permitted for individual use if credit is given to Debra Ashton and Ashton Associates. Systematic or multiple reproduction or distribution of any part of this book, inclusion in electronic media, or inclusion of items in publications for sale is permitted only with prior written permission.

# TABLE OF CONTENTS

---

<b>PREFACE</b> by Paul G. Schervish .....	ix
<b>INTRODUCTION</b> by Debra Ashton .....	xi
<b>PART I: THE PREPARATION STAGE</b>	
<b>INTRODUCTION</b> .....	1
<b>CHAPTER I-1</b> If You Do Not Have A Planned Giving Program .....	3
<b>CHAPTER I-2</b> The Role Of The Board Of Trustees .....	10
<b>CHAPTER I-3</b> Do You Need A Fund Raising or Planned Giving Consultant? .....	20
<b>CHAPTER I-4</b> Developing A Master Plan .....	28
<b>CHAPTER I-5</b> How To Identify Planned Giving Prospects .....	51
<b>CHAPTER I-6</b> Selecting Legal Counsel .....	69
<b>PART II: UNDERSTANDING THE GIFT OPTIONS</b>	
<b>INTRODUCTION</b> .....	75
<b>CHAPTER II-1</b> Creating An Effective Proposal .....	77
<b>CHAPTER II-2</b> General Tax Considerations .....	81
<b>CHAPTER II-3</b> Generation-Skipping Transfer Tax .....	110
<b>CHAPTER II-4</b> Gifts Of Securities .....	118
<b>CHAPTER II-5</b> Life Insurance .....	137
<b>CHAPTER II-6</b> Gifts Of Real Estate .....	157
<b>CHAPTER II-7</b> Pooled Income Funds .....	183
<b>CHAPTER II-8</b> Charitable Gift Annuities .....	208
<b>CHAPTER II-9</b> Charitable Remainder Trusts .....	247
<b>CHAPTER II-10</b> Bequests .....	271
<b>CHAPTER II-11</b> Charitable Lead Trusts .....	293
<b>CHAPTER II-12</b> Income In Respect Of A Decedent .....	306

## **PART III: RUNNING A SUCCESSFUL PLANNED GIVING PROGRAM**

<b>INTRODUCTION</b>	313
<b>CHAPTER III-1</b> How To Create Effective Print Materials For Your Planned Giving Program	315
<b>CHAPTER III-2</b> How To Use Volunteers In Planned Giving	331
<b>CHAPTER III-3</b> Cultivation And Stewardship	347
<b>CHAPTER III-4</b> Working With Your Colleagues	363
<b>CHAPTER III-5</b> Integrating Planned Giving Into A Campaign	369
<b>CHAPTER III-6</b> Planned Giving In A One-Person Shop	383
<b>CHAPTER III-7</b> Planned Giving And Major Gifts: Adversaries Or Partners	388
<b>CHAPTER III-8</b> The Ultimate Gift	395
<b>CHAPTER III-9</b> Managing Your Planned Giving Assets	402
<b>CONCLUSION</b>	410

## **PART IV: ESSENTIAL RESOURCES**

<b>INTRODUCTION</b>	411
<b>APPENDIX I</b> Associations And Networking	412
<b>APPENDIX II</b> Planned Giving Software	420
<b>APPENDIX III</b> Bibliography	430
<b>APPENDIX IV</b> Planned Giving/Fund Raising Consultants	435
<b>APPENDIX V</b> Specimen Agreements	458
<b>INDEX</b>	546
<b>ABOUT THE AUTHOR</b>	551

# Chapter I-2

---

## THE ROLE OF THE BOARD OF TRUSTEES

You are the person hired as a result of the board meeting in the preceding chapter. Or, perhaps you are someone from the inside who has been chosen to take on planned giving. WELCOME! The executive director, president, or director of development has high hopes for you. Sitting down to make a plan for your program is a daunting task. Where do you even begin? Let's start by reviewing the involvement of the Board of Trustees.

Volumes have been written about Boards. For additional reading, there are books listed in the Bibliography to help you or to help them. Admittedly, I have not read any books about Boards, but, from the experience I've had in four different institutions, I can tell you several things about Boards:

- The board is a volunteer group. Thus, the time each member spends on your organization's matters is in addition to his or her other professional and family obligations. Conduct your business with the board efficiently and professionally. Don't waste its time.
- The board is comprised of individuals with varying degrees of fund raising knowledge or experience. Often, members of the board have never been asked to do fund raising. Even more shocking, many members of a board are not contributors themselves and have not been solicited on an annual basis. Hard to believe, but true.
- Some members of a board do nothing but lend their names to the organization on whose board they sit. There could be two reasons for this. First, they were asked to be on the board because their names add prestige, and there was never an expectation that they would be active. Everyone understands and accepts their inactive status. Second, *they have never been asked*.
- Don't assume even the most sophisticated board members know about planned giving. Few do. Fortunately, with the explosion of planned giving in the last ten years, board members with multiple board positions are hearing about planned giving from their other affiliations. This can help you.
- Don't assume the board members will be willing to accept you, work with you, or deem you credible. Many have been on the board for a long time, have relationships with the president or other high-ranking staff members. Their limited involvement is now threatened by your arrival. Unless you are a very seasoned and experienced planned giving professional, you may not be taken seriously. Even if you are a seasoned and experienced planned giving professional, you may not be taken seriously.

Notwithstanding the reality of daily frustration many organizations experience with their boards, there is also good news. In many organizations, the expectations of a board are beginning to shift. Greater expectations for involvement, peer pressure, and more demanding nominating committees are starting to make a difference. Here are some of the positive things that can result when the Board does its job.

- Adequate funds are allocated to the Development Office, including the planned giving program;
- Board members endorse the planned giving program publicly;
- Board members set an example for others by making leadership gifts;

- Board members assume prospect assignments and actually solicit gifts;
- The Board takes responsibility and ownership of fund raising goals, including planned giving.

The impact of a Board on the fund raising success for both large and small organizations cannot be underestimated. When lackluster results are reported from the planned giving office, complaints like the following are all too common:

- “I have no secretary.”
- “I’m too busy working on the Annual Report.”
- “I have no budget for legal expenses.”
- “I was told we need spendable money now.”
- “The campaign doesn’t count deferred gifts.”

But, regardless of the many reasons for failure—inadequate staffing, inadequate budget, or simply that the organization has “other priorities” this year—the real root of the problem is the lack of board commitment. Vision must start at the top.

If you have been hired to do planned giving, you must be ready to accept unexpected changes in your duties because, all too often, the priorities of the development office become blurred over time. For example, you may have a secretary today; tomorrow, your secretary may be working for someone else, too. You may have a mandate to build the bequest program today; tomorrow, you will be told that you need to focus only on current gifts because bequest intentions don’t pay the bills.

When financial problems arise in other areas of the institution, most often it is the planned giving program that gets cut. To minimize the likelihood that your program will disintegrate before your eyes, your work with the board in the first year must be well planned and well executed.

Within your first month on the job, you must determine whether or not the board is available, ready, and accessible to assist you in planned giving. If not, you must take some strategic steps to try to correct the situation.

Your board should be the most visible and influential body of your organization. Its priorities are reflected at every stage of management. Thus, some of the most basic needs for the success of your program may be insurmountable goals—depending on whether or not your board truly understands the importance of planned giving.

For small, start-up programs, unless you have total commitment from the Board, your planned giving program will limp along for years and most likely die before it has ever been given a chance. Still, you will find examples of fairly successful planned giving programs that operate with little or no board involvement; however, closer examination would probably reveal many of the difficulties discussed here. Further, these organizations will never experience the full impact of a program run properly. Thus, they live in perpetual ignorance, complacency, or frustration.

If you run a planned giving program that does not have full board involvement and commitment, you’ll find yourself complaining about the following:

- **Inadequate resources**

Your organization pays for your salary but will not pay for the full-time secretary who is essential if you are to spend the majority of your time out of the office visiting donors. You have no money for brochures and, worse, you are not allowed to hire professional tax counsel. Instead, someone on the board volunteers time to provide legal advice, but is only intermittently available and may not have the proper expertise to support your efforts fully. Or, you are forced to use your general in-house counsel for planned giving questions, a situation that is sorely inadequate.

- **No system support**

The record keeping for the planned giving program is a patchwork system that is never quite right.

- **Low expectations**

At your organization, \$10,000 is considered a large gift.

- **Little or no volunteer involvement**

You make all of the solicitations yourself.

- **Limited access to the top prospects**

The biggest prospects are off limits to you even though gifts from the largest prospects may need to include an element of planned giving.

- **Few gifts**

It should come as no surprise that you enter each performance review with a list of many goals you planned to achieve, but very few you actually did. There is a big knot in your stomach all the time.

Your resources must be brought to bear to convert a doubtful, disinterested, or ineffective board into becoming the proper advocacy group for your planned giving program. Otherwise, your life as a planned giving officer will produce nothing more than frustration, resentment, poor self-image, and, finally, escape to greener pastures.

Not all planned giving programs have the same problems. Some may actually have adequate funds for support staff, brochures, and legal fees, but may not have the financial support or volunteer time of the board. Others may have full or partial board involvement but inadequate resources for cultivation events, computer support, or travel. Small organizations struggling to get going need to understand that few planned giving programs have everything they need. But, one thing is still true. With the board on your side, you'll have as much as is reasonably possible under the circumstances.

Before you can plan a strategy to secure the involvement of the board, you must first assess where you fit into the larger picture. As I mentioned in the Introduction, for purposes of consistency, my ideal reader is the director of planned giving. In this position, you may be far removed from the policy-making rung of your organization's management ladder. As director of planned giving, you don't automatically have direct access to the board. There are layers to go through and that's not necessarily inappropriate. The pyramid structure works because someone needs to control the information getting to the board. Such a situation can be frustrating, but that's the way it is. As you demonstrate your competence, you will get access to and gain the trust of the board members over time.

Consequently, you cannot, by yourself, initiate a strategy to involve the board. You must work through the proper channels from the bottom up. This starts with your boss, let's say the Director of Development.

Your boss wants to do a good job but is a very busy person. He or she may understand fully the necessity of involving the board, but, unfortunately, has little time to think about or to plan the steps necessary to accomplish this objective. Perhaps it is already clear from prior dealings with the board that involving the members in fund raising will be difficult. Or, perhaps your boss, like the board members themselves, is also one of the problems. That would be very unfortunate for you, but it happens.

Let's assume your organizational chart looks like this:

Chairman of the Board  
President or Executive Director  
Director of Development or Vice President for Development  
Director of Planned Giving (you).

In the above structure, the Director of Development is critical. Frequently, the position of Director of Development is not as powerful a position as it should be. As a result, you may be blocked from effectively working through to the higher levels. Early on, you must have a conversation with the Director of Development to evaluate your situation. *(If you are reading this book prior to taking a planned giving position, you can discuss some of these issues during your interviews.)*

You may encounter the following responses:

- "You know I cannot ask for more money for the planned giving program now. You'll have to get along with what you have."
- "You know we cannot afford a full-time secretary for you. Everyone else shares a secretary; why can't you?"
- "Our Board has never been asked to do fund raising. The President will never agree to this."
- "There are some major issues in front of the Board right now. Planned giving will have to wait its turn."

One must assume that if the above statements come from the Director of Development, there is little hope for you. This is the one person who could have and should have helped you.

In the prior chapter, I discussed the usefulness of having select board members conduct a planned giving survey to gather comparison data on other planned giving programs as part of the strategy that got you hired in the first place. When you realize your biggest obstacle is the Director of Development, you may find it necessary to use the same strategy now. If so, you have an up-hill battle all the way.

## **HOW TO WIN THE SUPPORT OF YOUR BOARD OF TRUSTEES FOR YOUR PLANNED GIVING PROGRAM**

Here are suggested steps to recruit the support and commitment of your Board of Trustees:

- Conduct a planned giving survey;
- Increase your technical knowledge about planned giving;
- Develop a list of leadership prospects;
- Write or acquire appropriate sales materials;
- Establish reasonable goals and objectives;
- Hire a consultant;
- Run a planned giving seminar for the Board.

### **Conduct A Planned Giving Survey**

The best place to start is to survey other planned giving officers to find out how they run their programs. This may be the same strategy that your boss used with the board to get you hired. But *your* survey as the planned giving officer will provide much greater detail about the actual gift options, crediting guidelines, and other policy issues. You should select a diverse group, making certain to include one or two from organizations whose service is similar to yours. If you don't know any planned giving officers, you can probably find some by con-



tacting the development office of local hospitals; colleges, universities, or private schools; cultural organizations like museums or symphonies; historical societies; or nature and conservation organizations. Also, many cities have local planned giving chapters. If you are interested in locating the planned giving chapter nearest you, go to the home page of the National Committee on Planned Giving at [www.ncpg.org](http://www.ncpg.org) where you will find links to local planned giving council information. It should be easy to find, but don't hesitate to call NCPG directly if you need help (317-269-6274).

Don't rely on a phone conversation to accomplish this important work unless you have to. I have been called in the past by other development professionals seeking information on the history of my planned giving program. Although I am interested in speaking with them and will share any information I think will help them, there is often no structure to the conversation. In addition, I am usually caught in the middle of a project; therefore, it is hard for me to be as helpful as I would like to be. At the very least, if you find it necessary to conduct telephone surveys, be very organized, have a list of your questions on a form, schedule a telephone appointment in advance, and don't stray far from your list of questions.

You will receive better information if you talk to your colleague out of the office. I would suggest meeting separately with a minimum of seven to ten people (yes, this many) in order to secure good comparative data to bring back to your Board. Always offer to mail a copy of your report to the people who have helped you.

The survey provided at the end of this chapter will help you. If you had either my first edition or my second edition, you'll notice that I have condensed the survey quite a bit from four pages to two because I think the last two versions were a bit overkill. I hope the new one is easier to use.

If necessary, mail this survey to colleagues, but first try to arrange a personal visit. There is a very real value to speaking with individuals in person. Planned giving is not an exact science, and unless you speak with your colleagues in person, you'll miss the chance to ask questions or to clarify some of the less precise aspects of their answers. In addition, although I created the survey myself, I would probably be hard pressed to find the time to complete it myself. Over the years, I have received surveys in the mail from people seeking comparison data. I usually flip through the questions, evaluate how long it would take to complete the survey (frequently, two hours or more), then put it in a pile of "things to do," with every intention of getting back to it. I don't think I have ever completed one of these because the information is not readily available.

Hopefully, you will begin to see some of the possible variations in running a planned giving program simply by reading through the survey questions.

Your interviews with other planned giving officers will generate benefits for you in two ways. First, you will be able to produce a comprehensive report with comparison data. Second, you will gain valuable information from the experience of others, and, one hopes, run a more successful program of your own.

Although each organization is different, the results of your research and interviews will probably lead to some general conclusions like:

- The most successful programs have involvement of the Board;
- In order to conduct the number of personal visits and solicitations required for a successful program, you must have a full-time secretary;
- Gift crediting policies are necessary to maintain fairness and consistency for recognition and campaign crediting;
- Guidelines for acceptance, administration, and investment of planned gifts are extremely important to the performance of the planned giving assets;

- Integrating planned giving into other fund raising activities (annual giving or campaign) will both increase the visibility of the program and enhance the chances for success for all fund raising efforts.
- Retaining independent legal counsel is vital to the integrity of the planned giving program.
- A planned giving consultant can provide objective guidance and advice for an organization seeking to begin or to enhance a planned giving program. A consultant is especially important to a program that needs to mobilize an inactive board.
- Planned giving programs are most successful when the director has access to the leadership (board, trustees, president, principal gifts prospects).

## **Increase Your Technical Knowledge About Planned Giving**

You do not have to become the ultimate tax expert to be successful at planned giving. But, you need a working knowledge of both the tax laws that affect charitable giving and the practical administrative implications of the gift vehicles you intend to offer. You cannot be an effective director of planned giving unless you have mastered the subject. This is your responsibility. This is your job.

There are two ways you can increase your expertise about the subject. First, you can attend any of the dozens of planned giving seminars offered by consultants and fund raising groups nation wide. Many of the consultants listed in Appendix IV run seminars for professionals and will be happy to send you a list of their forthcoming offerings.

Try to attend at least one planned giving seminar each year. Even if you think you know as much about planned giving as you care to, you will always benefit from talking with others who do what you do. Attending seminars and professional conferences is not a luxury; it is part of your job. In addition to learning new techniques and strategies, you can share your successes and frustrations with others who have, no doubt, experienced the same.

Many of you reading this section will surely say, “But, I can’t get the money for a seminar. There’s just no way my organization can afford it.” Or, your organization may have a policy of sending only one person from each department to regional seminars or conferences. Following are a few ideas to get yourself to a seminar this year:

- 1. Add the cost of the seminar (including transportation, lodging, and meals) to your planned giving budget for the next year.**

Newcomers to the business may not think of doing this, but it is an effective way to fund your educational objectives. Let’s say, for example, you have \$15,000 to spend on planned giving activities this year. Carve out a slice to pay for your conference before allocating the balance to programs, mailings, events, or other activities. Hopefully, you can be creative enough with the rest of your budget to make up for the funds you allocated to your own professional development. (*Remember, this is not a frivolous activity.*)

- 2. Get yourself on the program.**

By doing so, you will usually be allowed to attend the entire conference for free and your travel and hotel fees may be covered by the conference organizers. How does one get oneself recruited as a speaker? First, call the conference organizers and offer a compelling topic for consideration. Most organizers of conferences are eager to find new talent and would welcome your initiative. Second, ask a friend to recommend you as a speaker.

### **3. Apply for a scholarship.**

Many local and national fund raising groups offer scholarships for annual membership or for attending conferences. I have been successful at getting three staff members (including a work-study student) into planned giving workshops or conferences by submitting a scholarship proposal. I did this while working at Wheaton College and also at Boston University.

### **4. Plan your prospect visits to a particular city around a conference.**

Even if you must pay for the full conference registration fee plus air fare and hotel expenses, see if you can combine the trip to a conference with a few days of visiting prospects or donors.

The second way to build your knowledge is to read everything you can get your hands on. This sounds easy, but, unless you schedule time to do this each week, you'll never get to it. Setting aside quiet time for reading is one of the hardest things to do when so many pressures fill your day. Nonetheless, to be the best at what you do you must continue educating yourself about planned giving. Often you will read the same article or chapter of a book more than once before fully understanding the material. Just remember that everyone enters this business with a different set of experiences. There will always be people who know more than you do and others who know less. Some excellent resources are listed in the Bibliography. If you cannot find the time during the day, bring the material home.

## **Develop A List Of Leadership Prospects**

Your board will be more receptive to helping you if you develop a list of prospects who can be approached in the coming year. Give them something to do! And, don't forget that many Board members *are* leadership prospects. Refer to Chapter I-5 for a more complete discussion of how to identify prospects.

## **Write Or Acquire Appropriate Sales Materials**

Board members depend on you to provide clear and concise planned giving materials for use on solicitations. It is natural for board members to feel awkward or uncertain when it comes to soliciting others in such a complicated field as planned giving. You will help them overcome their fears—being asked a question they cannot answer, uncertainty about the exact tax consequences of the proposed gift, inability to state the case effectively—by producing or acquiring planned giving materials. Chapter III-1 guides you through a discussion of print materials—what you need and what you don't need.

## **Establish Goals And Objectives**

Planned gifts aren't going to materialize without a plan. You must develop a plan that includes dollar goals and calendar deadlines for each phase of the program. Chapter I-4 provides guidance and gives you the tools you'll need to structure the next 12 months of work.

## **Hire A Consultant**

You may need some outside help when it comes to asking the board to 1) contribute to the program, and 2) make solicitations on behalf of your organization. Many board members have simply not been involved in fund raising before. They will be afraid, unsure, perhaps even angry when they are asked to help with solicitations. This is where a consultant can make a difference. See Chapter I-3 for a discussion of the proper role of the planned giving consultant.

## **Run A Planned Giving Seminar For Your Board Of Trustees**

Many organizations wishing to educate a Board of Trustees bring in an outside consultant for a Planned Giving Seminar. That might seem unnecessary to you when you are capable of running such a workshop yourself. Still, the impact will be greater if the same information is given by a person not connected to the organization. Many of the consultants listed in Appendix IV hold seminars tailored to the special needs and concerns of a Board of Trustees. Such a session can be enormously helpful and can help bring your board to a new level of understanding, commitment, and confidence.

### **MAKING YOUR PRESENTATION TO THE BOARD**

Surely there has been a good deal of excitement as a result of your arrival. The Board and many of your other colleagues will be keenly interested in your master plan. Assuming you have read the appropriate chapters that relate to getting the Board involved, you should be able to produce the following documents for use during a board presentation:

- a comparison report summarizing the results of your planned giving survey;
- a document outlining your dollar goals and program objectives;
- a calendar of activities for the next 12 months;
- an itemized budget;
- a set of recommendations for gift crediting guidelines;
- a set of recommendations for the gift vehicles you would like to offer.

At this important Board meeting, the Board members see for the first time exactly how the program will unfold. They can compare the figures of other planned giving programs to yours and will be better able to understand why you are recommending certain things. Most important, the board should recognize its role in the master plan. This will become clear from the integration of your solicitation plans in the 12-month calendar of activities.

Other agenda items can also be included in this meeting. One is the selection of legal counsel which is discussed in Chapter I-6. Another relates to the advisability of establishing a pooled income fund or a gift annuity program. These two gift vehicles are described in Part II.

At this early stage, it is probably too soon to begin speaking about solicitation assignments which must be undertaken by the board. Nonetheless, introducing the fund raising plan now is critical.

You do not need a brochure at this early stage. It is not possible for you to create a brochure without first knowing which gift vehicles are appropriate for your institution. When you are ready to think about print materials, turn to Chapter III-1.

### **SUMMARY**

I cannot impress upon you how important the Board is to your program. That being said, you may not be in a supportive environment, and some of the above suggestions will appear impossible. Don't give up. Turning around even a few of the best board members will make a difference. It is surely true that people want to be associated with a winning program. Show them how important planned giving will be. In the unlikely event you cannot, by yourself, for whatever reason, get the board involved, you can still run a good planned giving program. However, the day you are offered a job as director of planned giving for a program that does have board involvement, take it.

The next chapter discusses the planned giving consultant. If you do not need a consultant now, you can skip to Chapter I-4 to learn how to develop objectives, goals, and a budget.

## PLANNED GIVING SURVEY

Name of organization \_\_\_\_\_

Address \_\_\_\_\_

Director of Planned Giving \_\_\_\_\_ Phone number \_\_\_\_\_

Year organization was established \_\_\_\_\_ Size of constituency (if known) \_\_\_\_\_

Number/percent contributing annual gift \_\_\_\_\_ Annual Giving dollars last year \_\_\_\_\_

Size of endowment \_\_\_\_\_ Number of board members \_\_\_\_\_

1. In what year did you first have a full-time director of planned giving?
2. How many paid staff are currently devoted to planned giving (including support staff)?

List their titles \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. Does the budget for your planned giving program come from:

\_\_\_\_\_ Operating budget  
\_\_\_\_\_ Matching challenge grant  
\_\_\_\_\_ Campaign budget  
\_\_\_\_\_ Endowment income  
\_\_\_\_\_ Other? \_\_\_\_\_

4. Who have you used as a planned giving consultant? \_\_\_\_\_

Tasks performed by the consultant \_\_\_\_\_  
\_\_\_\_\_

Would you recommend this consultant? \_\_\_\_\_ yes \_\_\_\_\_ no

5. How has your board of trustees participated in your planned giving program?

\_\_\_\_\_ Endorsed the program  
\_\_\_\_\_ Appropriated budget funds for the planned giving program  
\_\_\_\_\_ Contributed financially \_\_\_\_\_ all \_\_\_\_\_ most \_\_\_\_\_ few  
\_\_\_\_\_ Taken on prospect assignments \_\_\_\_\_ all \_\_\_\_\_ most \_\_\_\_\_ few  
\_\_\_\_\_ Actively monitors the planned giving program  
\_\_\_\_\_ Not actively involved  
\_\_\_\_\_ Other? \_\_\_\_\_

6. What is your planned giving budget excluding salaries?

Does this amount include: \_\_\_\_\_ Occupancy \_\_\_\_\_ Overhead \_\_\_\_\_ General Supplies

(Optional) Is your salary \_\_\_\_\_ \$35,000 or under \_\_\_\_\_ \$35,000 to \$49,999 \_\_\_\_\_ \$50,000 to \$64,999  
\_\_\_\_\_ \$65,000 to \$79,999 \_\_\_\_\_ \$80,000 to \$94,999 \_\_\_\_\_ \$95,000 or over

7. How much do you pay annually for professional tax counsel to advise the program? \_\_\_\_\_

How are the fees paid? \_\_\_\_\_ PG Program Budget \_\_\_\_\_ Business Office \_\_\_\_\_ Campaign Budget

8. Are you offering the following kinds of gifts?

	Current Dollars	Managed in- house (Y/N)	Minimum Gift	Fees Paid From Gift Assets (Y/N)
Charitable Gift Annuities	_____	_____	_____	_____
Pooled Income Fund(s)	_____	_____	_____	_____
Charitable Remainder Trusts	_____	_____	_____	_____
Charitable Lead Trusts	_____	_____	_____	_____
Revocable Trusts	_____	_____	_____	_____

9. Do you have a deferred, planned giving, or bequest society? \_\_\_\_\_ yes \_\_\_\_\_ no

What benefits do you provide for the members? \_\_\_\_\_

---

---

Do you include all deferred gifts (life income plans, bequests, *etc.*) \_\_\_\_\_ yes \_\_\_\_\_ no

10. If you are in a campaign, what is the goal?

Do life income plans count \_\_\_\_\_ at face value \_\_\_\_\_ at remainder value \_\_\_\_\_ both \_\_\_\_\_ don't count

What portion of the goal do you expect from deferred gifts? \_\_\_\_\_

Do you allow campaign credit for bequests? \_\_\_\_\_ yes \_\_\_\_\_ no

Describe crediting rules for bequests: \_\_\_\_\_

---

---

11. Do you have a planned giving committee? \_\_\_\_\_ yes \_\_\_\_\_ no

12. What planned giving software do you use?

13. Planned giving is \_\_\_\_\_ a service to other staff \_\_\_\_\_ a program with its own assigned prospects

\_\_\_\_\_ both a service department and has its own prospects

14. What is the total dollars received from life income plans, lead trust payments, life insurance gifts (distributions and cash surrender value of outright gifts of life insurance), and bequest distributions for the last fiscal year?

# INDEX

---

This index is nonconventional in that I added items that are not included in this book. Maybe they will get into the next edition. However, I didn't want my readers to go crazy searching for things that I didn't cover. The book is big enough and I simply couldn't cover everything. Therefore, if something is not covered, there is a listing that says "not included." You won't waste any time trying to find something that isn't here. I apologize for the few entries like that, but I figured it would save you time. There is a lot more in this book than could be covered in the Index, but I tried very hard to cover the bases. Further, if anybody looked up a topic and couldn't find it, send me an e-mail at [debra@debraashton.com](mailto:debra@debraashton.com) and I will include your search words in the next edition. I want to make this book as helpful as possible to you.

- Accelerated depreciation 88
- Acquisition indebtedness 159, 213, 239
- Administering your planned giving assets 402
  - sample "request for proposal" 405
- Advisory committees 342
- AFR 92
- Alimony from CRT 269
- Alternative minimum tax 91
  - tax preference items 91
- American Council on Gift Annuities 209
- Annual gift tax exclusion 279
  - pitfalls for wealth replacement ILIT 152
  - use with gift of income stream in PIF 205
- Annuities (see charitable gift annuities)
- Appreciated long-term property, contribution ceilings for 85
- Appraisals
  - closely-held stock 375
  - for non publicly traded securities 124
  - for life insurance 144
  - for noncash gifts 98
  - Form 8283 98
    - sample 102
    - instructions 104
  - Form 8282 100
    - sample 108
    - instructions 109
  - Statement of Value 99
  - timing of 99
  - who pays for 99, 164
  - who can perform 100
- Art
  - appraisal rules for 99
  - charitable income tax deduction rules for 88
  - created by the donor 88
  - for an unrelated use 94
  - for a bargain sale 95
  - in a CRT 264
- Associations and networking 412
- Attending conferences 15
- Auctions 94
- Bargain sales 95
  - capital gain implications of 95
  - considerations for life insurance with loan 143
  - with art 95
  - with mortgaged property 96
  - with ordinary income property 97
  - with real property 96, 166
- Bequests 271
  - administering a bequest program 287
  - Bequest Income Processing Software© 292
  - bequest program, starting 286
  - capital gain rules at death 280
  - capital gain rules under EGTRRA 280
  - credit shelter trust 282
  - gift and estate tax overview 278
  - gift crediting issues 283, 372
  - gifts within three years of death 280
  - incentives for bequest program 286
  - integrating into PG dollar goals 32
  - of real property 290
  - of tangible personal property to a CRT 264
  - property not passing by will 277
  - property passing under a will 276
  - restricted bequests, dealing with 291
  - some statistics 271
  - state death taxes 281
  - Standard Bequest Form 285
  - types of bequests 275
    - contingent 275
    - devise 275
    - general 275
    - percentage 275
    - residual 275
    - specific 275
  - why everyone needs a will 273
- Bibliography 430
- Bonds
  - appraisal guidelines 124
  - bond power 122
  - considerations for trustee 408
  - in qualified grantor lead trust 297
  - issues of IRD on savings bonds 307
  - series E, EE, H and HH 129
  - tax-exempt bonds in CRT 260
  - tax-exempt bonds prohibited in PIF 203
  - transferring 119
  - valuing 128
  - vs. stocks in CRTs 263

- Board of trustees 10
  - getting support of the 13
- Budget 35
  - asking about it before you get hired 29
  - creating 35
  - increase during a campaign 372
  - paying PIF fees from PG budget 188
  - sample 36
  - volunteer expenses from the PG budget 340
  - cut during a campaign 370
  - worksheet for creating 46
- Calendar of activities 38
- Capital campaigns
  - crediting bequest in 283, 376
  - crediting planned gifts in 372
  - donor presentations in 381
  - integrating PG into 369
  - paying off pledge with CRT 269
  - planned giving in 369
  - steering committee 381
  - term of committee 341
  - when deferred gifts don't count in 370
- Capital gain tax
  - general rules 90
  - holding period 85
  - under EGTRRA 280
  - under JGTRRA 90
- Cash, contribution ceilings for 86
- Charitable contribution ceilings 85
  - cash 86
  - gifts "for the use of" 95
  - long-term capital gain property 85
  - ordinary income property 87
  - short-term capital gain property 86
  - special election to use 50% ceiling 86
- Charitable gift annuities 208
  - acquisition indebtedness 239
  - administering 217
    - computerized administration 221
  - American Council on Gift Annuities 209
  - annuity contracts 214
    - sample 540
  - annuities written before 1987 230
  - appreciated long-term property used for 214
  - assumptions in the rate tables 212
  - calculating tax consequences of 228
  - cash gifts for 213
  - commuted payment gift annuities 238
  - crediting in a campaign 374
  - deferred gift annuities 234
  - disclosure statements 222
    - sample 223
  - flexible gift annuities 236
  - Form 1099-R 220
  - one-life rate table 211
  - payment schedules 215
  - Philanthropy Protection Act of 1995 222
  - property appropriate for funding 238
  - rates 210
  - reinsurance for 226
  - special considerations for donors/annuitant combinations 239
  - state regulations 224
  - tax reporting to annuitants 220
  - two-life rate tables (not included)
  - unrelated business income on 239
- Charitable lead trusts 293
  - additions to 304
  - comparison chart of features 296
  - excess business holdings in 303
  - general operation 294
  - gift crediting in a campaign 376
  - generation-skipping transfer tax issues 303
  - grantor trust rules 295
  - grantor *vs.* nongrantor 295
  - jeopardy investments in 303
  - nonqualified grantor lead trust 300
  - nonqualified nongrantor lead trust 300
  - qualified grantor lead trust 296
  - qualified nongrantor lead trust 298
  - qualified *vs.* nonqualified 294
  - special rule under GST tax for annuity lead trusts 115
  - specimen agreements
    - grantor charitable lead annuity trust 514
    - grantor charitable lead unitrust 520
    - nongrantor charitable lead annuity trust 526
    - nongrantor charitable lead unitrust 532
  - taxation of 302
  - trustee selecting charities each year 304
  - types of 294
- Charitable Remainder Trusts 247
  - alimony from 269
  - calculating the charitable deduction for 260
  - costs to establish and run 263
  - crediting in a campaign 372
  - 5% probability test 252
  - flip triggering event 257
  - funded with mortgaged property 159, 165, 173
  - funding with real property 169, 256
  - funding with Subchapter S corporation stock 270
  - funding with tangible personal property 264
  - getting a tax I.D. number for 264
  - gift tax considerations 267
  - in-kind distributions from 269
  - minimum percentage payout 250
  - maximum percentage payout 250
  - overview and features 248
  - paying off campaign pledge with 269
  - pets as beneficiaries 269
  - private letter rulings on 264
  - prohibition against additional contributions,
    - annuity trust 251
  - reformation of 249
  - reserving right to revoke successor beneficiary's interest 268
  - right to change the charitable remainderman 250
  - selecting a trustee 266, 404
  - selecting income beneficiaries 266
  - selecting remaindermen 265



- specimen agreements
  - intervivos charitable remainder annuity trust 469
  - intervivos charitable remainder unitrust 458
  - intervivos flip unitrust 490
  - intervivos net income charitable remainder unitrust 479
  - intervivos net income with makeup charitable remainder unitrust 503
- tangible personal property in 264
- tax-exempt bonds in 260
- taxation of beneficiary's payments from 259
- 10% remainder requirement 250
- types
  - charitable remainder annuity trust 251
  - flip unitrust 256
  - net income unitrust 253
  - net income with makeup unitrust 254
  - standard charitable remainder unitrust 252
- Charitable reverse split dollar 155
- Closely-held stock
  - appraisals 375
  - gift crediting in a campaign 375
  - gift strategy with ESOP 132
- Community property (not included)
- Commuted payment gift annuity 238
- Consultants 20
  - finding the right 25
  - listing of 435
  - working with 25
- Credit shelter trust 282
- Crediting planned gifts in a campaign 372
- Crummey powers 152
- Cultivation and stewardship 347
  - events 349
  - setting priorities for cultivation 347
- Deferred gift annuities 234
- Depository Trust Company 119
- Depreciation recapture 88
- Developing a master plan 28
- Disarming board objections to planned giving 7
- Disclosure statements
  - PIF 189
  - CGA 222
- Discount Rate 92
- Endowed fund programs 353
- ESOP 132
- Estate tax (see federal estate tax)
- Farms for retained life estate 170
- Federal estate tax
  - exemptions by year 279
  - marital deduction 282
  - overview 278
  - transfers between spouses 282
  - under EGTRRA 279
- Flexible gift annuities 236
- Floating I.R.S. discount rate 92
  - not used for PIFs 93
- Following up leads 329
- Form 8282 100
  - sample 108
  - instructions 109
- Form 8283 98
  - sample 102
  - instructions 104
- 401(k)s, special rule for lifetime withdrawals 311
- Generation-skipping transfer tax 110
  - computing 113
  - exemption 111
  - history 110
  - how it works 111
  - inclusion ratio 113
  - skip persons 112
  - special rule for charitable annuity lead trusts 115
  - types of taxable transfers subject to it 112
  - under EGTRRA 116
- Gift and estate tax
  - overview 278
- Gift crediting of planned gifts 372
- Gift pyramids 33
- Gift tax annual exclusion 279
  - pitfalls for wealth replacement trust 152
  - use with gift of income stream in PIF 205
- Gifts "for the use of" 95
- Gifts within three years of death 280
- Goals, setting 32
- Group term insurance 143
- Identifying prospects 51
- Income in respect of a decedent 97, 306
  - examples of 307
  - gifts of at death 308
  - language for will 308
  - life income gifts at death 309
  - lifetime gifts of 307
  - special rule for 401(k)s 311
- Income tax 82
  - nonitemizers 84
  - tax brackets 82
  - 3% floor on itemized deductions 83
- Integrating planned giving into a campaign 369
  - closely-held stock, crediting in a campaign 375
  - crediting planned gifts in a campaign 372
  - donor presentations during campaign 381
  - planned giving sales tool for campaign 379
- Inventory 87
- Investment trustee considerations 408
- Irrevocable life insurance trust 152
- IRAs and retirement plans
  - crediting in a campaign 378
  - gifts of at death 308
  - life income gifts at death 309
  - lifetime gifts of 307
- IRD (see Income in respect of a decedent)
- I.R.S. discount rate 92
- Legal counsel 69
  - how to pay for 74
  - finding 71
  - reason to hire 69
  - volunteer board member serving as 73

- Life insurance 137
  - acknowledging gifts of 143
  - administrative procedures 141
  - appraisals of 144
  - cashing it in 139
  - charitable reverse split dollar 155
  - considerations after accepting 138
  - converting to a paid-up policy 139
  - creative ideas for 145
  - crediting guidelines 145, 377
  - employer provided 143
  - evaluating life insurance companies 148
  - finding a life insurance agent 147
  - group term insurance 143
  - handling premium payments 140
  - incidents of ownership 138
  - irrevocable life insurance trust 152
    - Crummey powers 152
    - pitfalls 152
  - loans on 143
  - medical exam for 144
  - non paid up policy 139
  - premiums
    - charity pays 140
    - donor pays 140
  - sample chart of insurance costs by age 148
  - tax consequences for donating 138
  - as wealth replacement 146, 149
- Major gifts officers
  - working with planned giving officers 388
- Managing your planned giving assets 402
- Managing your prospect portfolio 347
- Marital deduction 282
- Moves management 395
- Naming opportunities 353
- Networking 412
- Non publicly traded securities
  - appraisals 124
- Oil and gas interests (not included)
- One-person shop 383
- Ordinary income property 87
  - inventory 87
  - artistic property created by the donor 88
  - property subject to depreciation recapture 88
  - Section 306 stock 89
  - life insurance 138
- Philanthropy Protection Act of 1995 222
- Planned giving consultants
  - do you need one 20
  - listing of 435
  - working with one 25
- Planned giving in a one-person shop 383
- Planned giving myths 51
- Planned giving software vendors 420
- Planned Giving Survey 18
- Pooled income funds 183
  - administering 188
  - acknowledging a gift to 198
  - appropriate funding property for 203
  - beneficiary relinquishing income interest from 204
    - cost basis of relinquished income interest 204
  - bequests to 203
  - calculating the donor's tax deduction for gifts to 202
  - community PIFs 206
  - crediting in a campaign 206, 376
  - disclosure statement 189
  - dormant PIF 204
  - drafting considerations for 185
  - example 195
  - general operation 184
  - gift tax issues 205
  - establishing a 184
  - fees and considerations of 188
  - general operation of 184
  - gift of income stream 205
  - instrument of transfer 189
    - sample 192
  - minimum gift size 205
  - payment options 186
  - payment schedules 185
  - property appropriate for 203
  - reserving right to revoke survivor's income interest 191
  - sample letter for inquiries 193
  - selecting a trustee 404
  - setting investment objectives 187
  - short-term gains in 205
  - specimen language 541
  - tax consequences to the donor 197
  - taxation of income payments 203
  - tax-exempt securities in, prohibition against 203
  - units of participation 184, 185
  - valuations 185
  - working with your trustee 194
- Print materials 315
  - considerations for reply mechanisms 322
  - coordinating print materials with your web site 326
  - creating companion brochures 320
  - following up leads from 329
  - getting the most mileage from your print materials 328
  - integrating planned giving into other fund raising materials 327
  - planned giving ads 323
  - planned giving inserts 324
  - planned giving newsletters 325
  - purchasing generic brochures 327
  - "Ways of Giving" brochure 316
- Proposals 77
  - creating effective 77
  - streamlining 79
- Prospect rating systems 61
- Prospect research
  - electronic screenings 65
  - online databases 65
  - research form 67
  - research resources 64
- Quitclaim deed, sample 538
- Quitting your job, reasons for 86, 370
- Real estate 157
  - appraisals 164

- bargain sale 166
- deferred gift annuity funded with 167
- environmental testing 160
- examining 158
- flip unitrust funded with 169, 256
- gift annuity funded with 166
- outright gifts of 165
- percolation testing 163
- phase I audit 160
- phase II audit 161
- retained life estate funded with 170
- sample agreement between fiduciary manager and charity 176
- sample letter of understanding to real estate donor funding CRT with 174
- sample letter of understanding between fiduciary and donor when donor is trustee prior to sale of 178
- site review checklist of 180
- subject to a mortgage 173
- surveys 161
- undivided interests 166
- wetlands on 162
- working with your business office on gifts of 163
- zoning issues of 159
- Reasons you're not getting gifts 356
- Recognition societies 286, 350
- "Request for proposal," sample 405
- Reinsurance of gift annuities 226
- Research resources 64
- Rule 144 securities 125
- Screening sessions 56
- Section 306 stock 89
- Securities 118
  - acknowledging a stock gift 126
  - appraisal guidelines 124
  - closely-held stock 131
    - gift strategy with ESOP 132
  - Depository Trust Company transfer of 119
  - dividend reinvestment plans 134
  - giving part of a stock certificate 124
  - legends on back of certificates 125
  - mutual funds 134
    - transferring 136
  - physical delivery of certificates 122
  - processing a gift of 119
  - registered in charity's name 120
  - restricted 125
  - Rule 144 125
  - Series E, EE, H, and HH bonds 129
  - valuing a stock 125
  - valuing a bond 128
  - when is a gift of securities complete 130
- Selecting a planned giving manager 404
  - sample "request for proposal" 405
- Series E, EE, H and HH bonds 129
- Short-term gain
  - on mutual fund gift 134
- Solicitations
  - when your prospect says no 362
  - working with a volunteer 344
- Specimen agreements
  - charitable gift annuity agreement 540
  - grantor charitable lead annuity trust 514
  - grantor charitable lead unitrust 520
  - intervivos charitable remainder annuity trust 469
  - intervivos charitable remainder unitrust 458
  - intervivos flip unitrust 490
  - intervivos net income charitable remainder unitrust 479
  - intervivos net income with makeup charitable remainder unitrust 503
  - nongrantor charitable lead annuity trust 526
  - nongrantor charitable lead unitrust 532
  - pooled income fund 541
  - quitclaim deed 538
- Straight-line depreciation 88
- State death taxes 281
- State regulation of gift annuities 224
- Subchapter S corporation stock funding CRT 270
- Substantiation requirements for noncash gifts 98
  - Form 8283 98
  - Form 8282 100
- Tangible personal property 94
  - funding asset for CRT 264
  - unrelated use 94
- Tax preference items 91
- "The Ultimate Gift" 395
- 3% floor on itemized deductions 83
- Timber (not included)
- Transfers between spouses 282
- Undivided interests in real property 166
- Unrelated business income
  - from life insurance loan 143
  - on mortgaged real estate gift 159, 173
  - on gift annuities 210, 239
- Unrelated use 94
- Volunteers 331
  - advisory committees 342
  - expenses of 340
  - firing bad ones 342
  - going on a solicitation with 344
  - helping you plan events 343
  - holding an orientation day for 337
  - screening sessions with 56
  - solicitation committees 333
    - job description of committee member 334
    - job description of the chair 333
    - meeting schedules 340
    - recruiting the chair 335
    - recruiting the committee members 336
    - size considerations 339
    - terms of service 341
  - travel considerations for 342
  - why you need them 331
- Wealth replacement 146, 149
- Working with your colleagues 363
  - training seminars for staff 363
  - working in a decentralized development office 366
  - working with major gifts officers 388