

Creating a Pipeline for Testamentary Gifts

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Policy Decisions

- ▶ Valuing and Counting Revocable and Irrevocable Bequests and Beneficiary Designations
- ▶ Industry Standards:
Partnership for Philanthropic Planning
Council for Advancement and Support of Education

AFP

AHP

Policy Decisions

- ▶ Counting revocable bequests and beneficiary designations
- ▶ Counting irrevocable bequests (possible in Texas when special language is used)
- ▶ Documentation requirements to count bequests and beneficiary designations in fund raising reports, campaigns, donor society membership

Policy Decisions

- ▶ Value assigned when donor doesn't give a value - \$0 or \$ value of smallest typical gift when received?
- ▶ Authority to accept testamentary distributions and execute receipt of distributions; seek court interpretation or changes; file suit as beneficiary – all designated by the BOR to the UT System Office of Development and Gift Planning for all UT Institutions.

Identification of Likely Donors

- ▶ Indiana University Center on Philanthropy study – now the Lilly Family School of Philanthropy – indicated that Americans most likely to have one or more testamentary gift provisions for charity were ages 40-60 with an advanced degree or an undergraduate degree.

Identification of Likely Donors

- ▶ Other studies have indicated that the arrival of one or more grandchildren changes estate planning priorities.
- ▶ Another study indicated that 25% of those 65 years old and older said that they would consider a testamentary gift to charity.

Identification of Likely Donors

Analysis by Dr. Russell James, Texas Tech,
of a 20 year longitudinal study found
that:

- ▶ The strongest predictor of adding a charitable gift to a testamentary plan is being in the final years of life.

Identification of Likely Donors

Other strong predictors include:

Mortality –related events

- Increased mortality (decline in self-reported health status)
- Diagnosis of cancer, stroke, or heart problems

Change in Family Structure

- Becoming a widow or widower or leaving a marriage
- Having a first grandchild

Identification of Likely Donors

- ▶ But, mortality-related events and change in family structure also drive deleting charitable gifts from testamentary plans.
- ▶ Take-away: keep asking older donors and volunteers to make a testamentary gift even if their annual giving has changed.

Identification of Likely Donors

- ▶ Strongest indicator of likelihood of making a gift of assets (as opposed to income) to charity after death is regularity of giving plus volunteering
- ▶ Affinity an important factor – volunteer groups, advisory councils, grateful patients, community members, alumni

Educational Methodology

- ▶ Biggest challenge continues to be that over 50% of Americans don't have a will or estate plan.
- ▶ Education/marketing must start here and continue to hammer away at what happens under state law without a will and/or beneficiary designations.

Educational Methodology

- ▶ Publications and printed materials – move away from newsletters to shorter, more concise pieces to most loyal donors.
- ▶ Blackbaud's recent study found that baby boomers – the largest group of current givers to charity – prefer e-mail marketing.

Educational Methodology

- ▶ Age-segmented e-mail marketing has been successful for The University of Texas at Austin. More traffic to website and more donors calling with questions after reviewing web site information.
- ▶ Phone calls to discover gifts in place or interest in learning more about life income and/or testamentary gifts.

Educational Methodology

- ▶ Donor stories about gift motivations, gift decision process, gift option, desired impact through in-person testimonials, stories in publications, and videos.
- ▶ Social media marketing – give through will, name us as a beneficiary, get a life income, loan us assets, could all be options in the “Make a Gift” section.

Making the Ask

- ▶ Members of Giving Society
- ▶ Peers and Volunteers (professional advisor council members?)
- ▶ President/CEO
- ▶ Empowering all development personnel to ask about bequests and beneficiary designations (need to train to increase comfort level)

Celebrating and Maintaining Gifts in the Pipeline

- ▶ Donor recognition society - purposes?
Celebrate intent/desire to make a future gift. Acknowledge the impact received gifts have at the organization.
- ▶ Documentation requirements for membership?
- ▶ Benefits – tangible and intangible.

Celebrating and Maintaining Gifts in the Pipeline

- ▶ Stewardship Schedule
- ▶ Assignment of stewardship responsibility – staff and volunteers, including governing board.
- ▶ Annual contact expectation and tracking.

Celebrating and Maintaining Gifts in the Pipeline

- ▶ Regular reports to staff, facility and program managers, about gifts in the pipeline and likely future distributions to garner and maintain their enthusiasm and support for the future gifts effort and budget allocation

Staying Visible to Maintain Program Investment

- ▶ Notification of new testamentary gift commitments (other than anonymous) with assignment to send note or e-mail of thanks.

Staying Visible to Maintain Program Investment

- ▶ Involvement in donor identification and solicitations.
- ▶ Periodic (at least annual) pipeline report of known future gifts – type of gift, total # and \$ amount.

Staying Visible to Maintain Program Investment

- ▶ Updated total # and \$ amount in pipeline.
- ▶ Mature programs with regular distributions from the pipeline include projections of likely distributions in next fiscal year or next 5 fiscal years.

Monitoring Probate and Non-Probate Distribution of Gifts

- ▶ The average baby boomer has more assets in non-probate assets that pass outside the will and/or trust - life insurance proceeds, retirement plan and IRA balances, jointly owned property, bank and brokerage accounts – than will be distributed through the probate process.

Monitoring Probate and Non-Probate Distribution of Gifts

- ▶ Receiving life insurance proceeds and balances in bank and brokerage accounts can be fairly simple and quick.
- ▶ Receiving gifts from IRAs and retirement plans can be problematic because many custodians are treating these like assets inherited by surviving individuals instead of by charitable organizations.

Monitoring Probate and Non-Probate Distribution of Gifts

- ▶ Policy needs to authorize positions to accept and acknowledge receipt of distributions.
- ▶ Process needed to monitor receipt of testamentary gifts according to state law in timely manner.
- ▶ Audit regularly that gifts are credited to correct accounts and used as the donor intended.