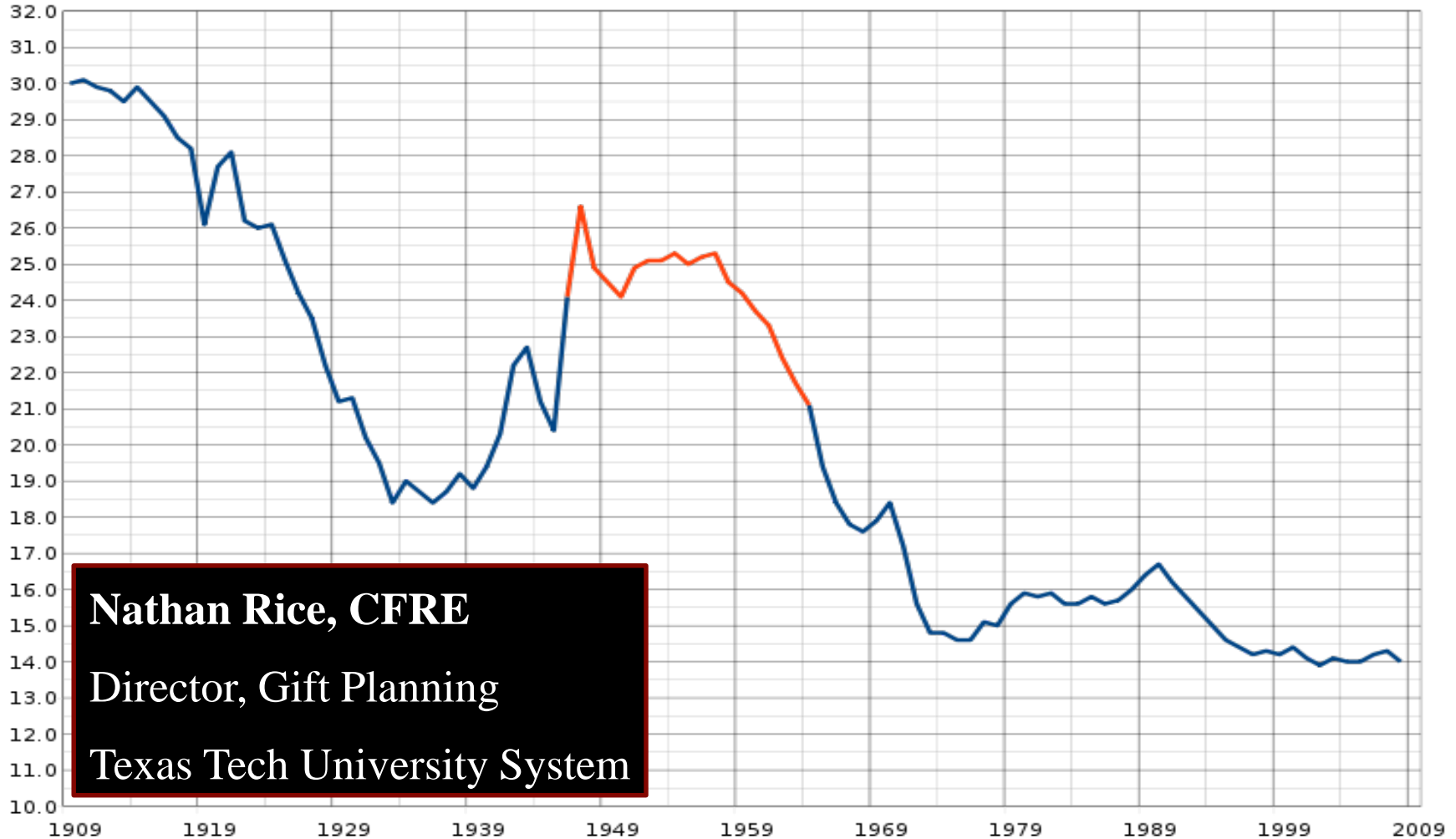




# Charitable Financial Planning: Boomer Edition



**Nathan Rice, CFRE**

Director, Gift Planning

Texas Tech University System

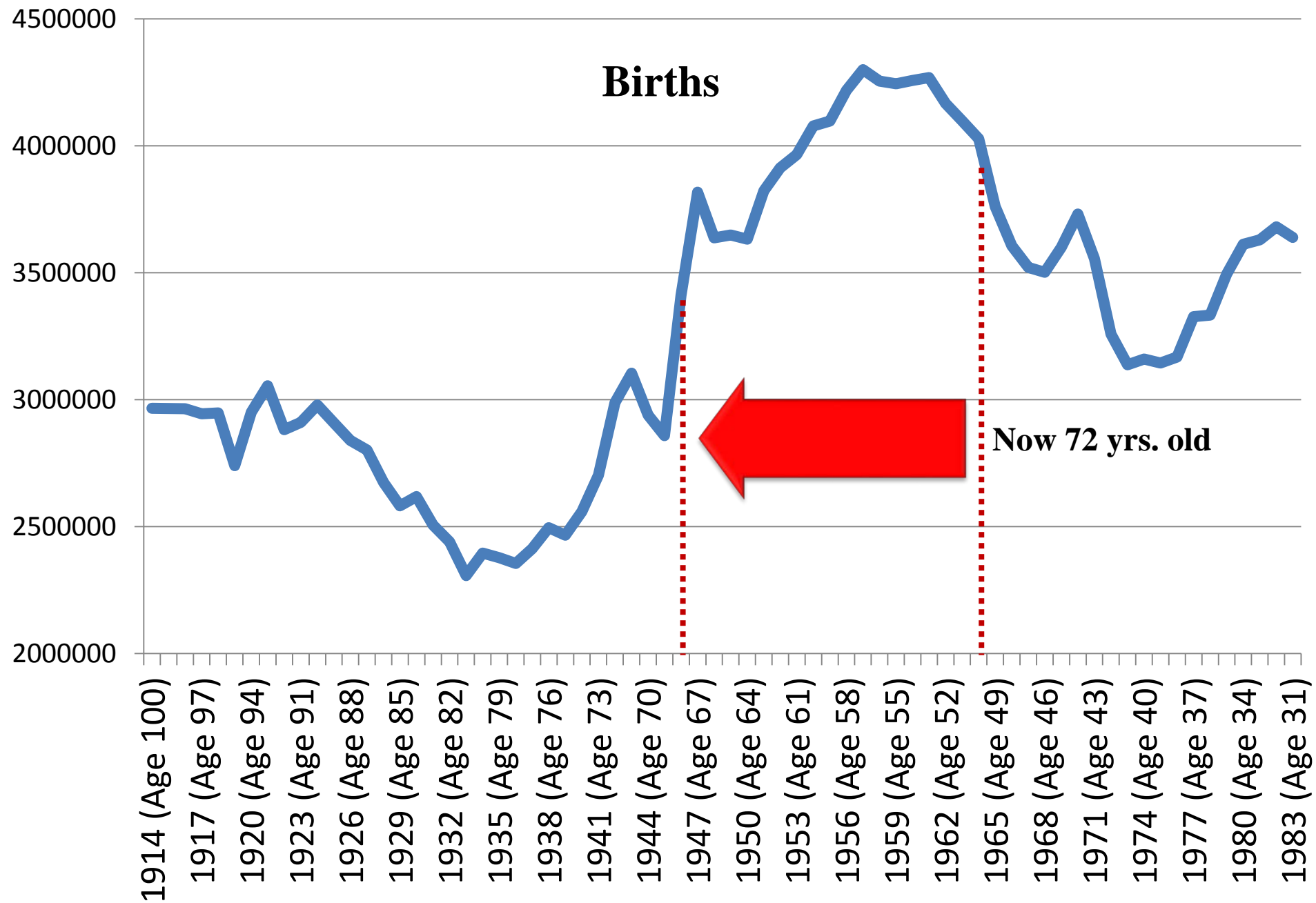
# Overview



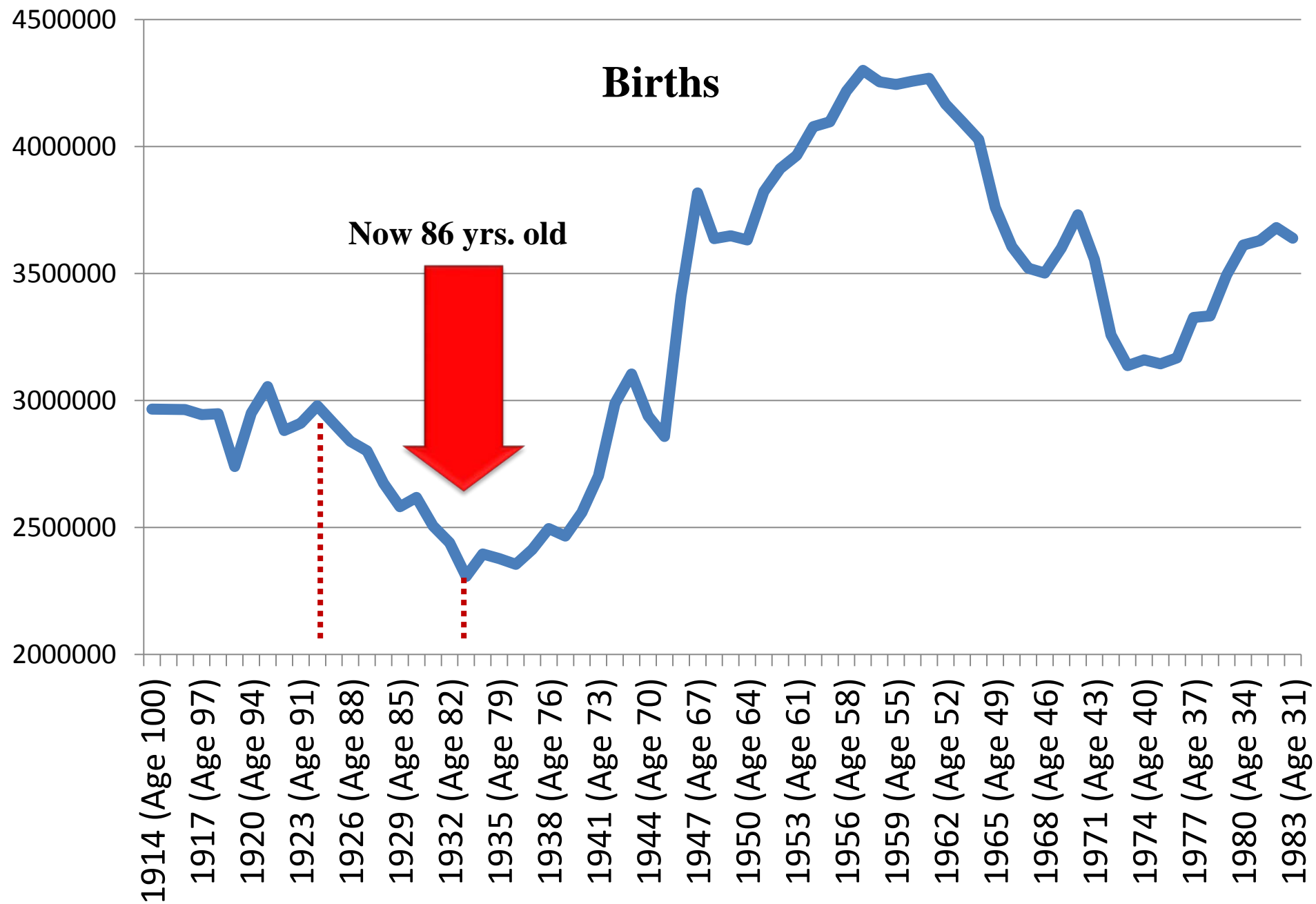
- Who are the Baby Boomers?
  - *Why are charities so interested?*
- Realities of the Wealth Transfer
  - *May be starting now!*
  - *May Not!*
- Charitable Gift Planning & Baby Boomers
- Boomer Donor Examples
  - *Childless donor research*
  - *Self-identifying Surveys*
- Greatest / G.I. / Silent Generations
- Ways to Discuss Gifts with Boomers
- Training Your Staff
- Tax Cuts and Jobs Act



# The Boomers are Still Young



# The “Baby Bust” is Driving Demographics





# Baby Boomer Generational Wealth Transfer

- Largest wealth transfer in the history of mankind
- 41-\$136 trillion
- \$6-\$25 trillion in charitable willed gifts
- The largest gifts will likely go to private family foundations
- Huge opportunity for non-profit / **Charitable Gift Planning** over the next 30-40 years

\*Havens & Schervish Report







# What is Gift Planning?

- Gift Planning:
  - *Charitable giving that considers tax planning, personal finance, and charitable gifts*
  - *Deferred and non-liquid assets*
  - *Includes “cash” as part of the giving picture / Cash is not king*
- 90% of what we do is gifts through willed gifts, beneficiary designations and appreciated assets
- “But Removers”
- **1% - 3 % of US wealth is held in cash per 2017**

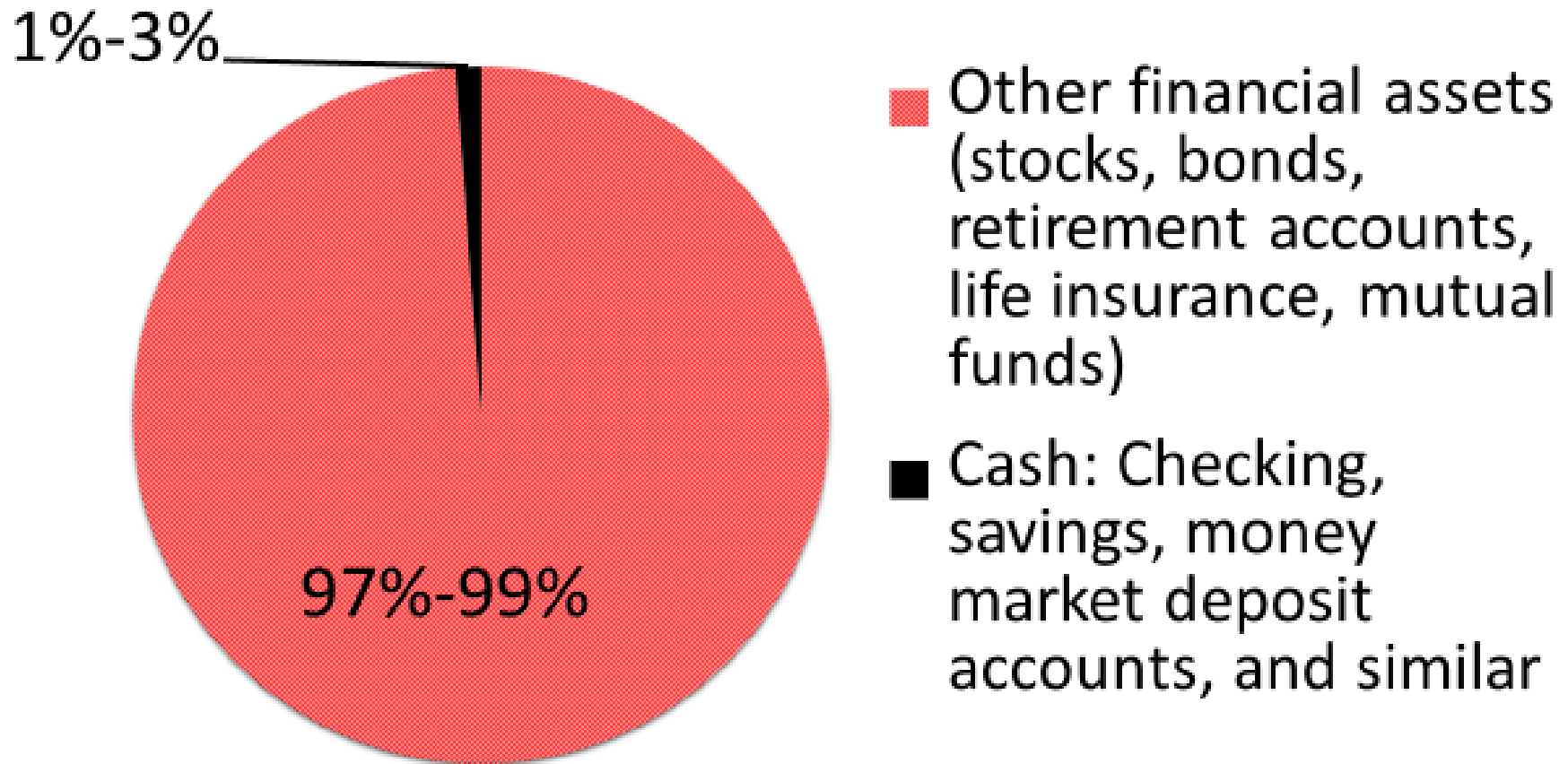
**Census**





## Financial assets held by families (U.S. Census 2017)

<https://www2.census.gov/programs-surveys/demo/tables/wealth/2013/wealth-asset-ownership/wealth-tables-2013.xlsx>





# What Do Gift Planning Donors Expect?

- Help with charitable estate planning
- Help designating charitable beneficiaries
- Help donating appreciated assets
- Help with charitable gift annuities
- Help establishing trusts
- Help mitigating capital gains / income / estate taxes
  - *Tax mitigation does not outweigh charitable intent*









# Insurance Policy - Charitable Gift Annuity

- WCOE and A&S Graduates
- Long professional careers and looking towards retirement
- Love Texas Tech and the impact it has had on their lives and family
- \$450,000 Charitable Gift Annuity (deferred / rate)
- Income for both lifetimes
- Immediate deduction
- Support their existing scholarship



# Qualified Charitable Distribution, Trust Beneficiary & Charitable Remainder Deed



- WCOE and RCOBA Grads
- Both are retired / Full-time job investing their retirement / Tax savvy
- “I was raised by people who grew up in hard times,” he said of his family’s experience during the Great Depression in the 1930s.
- \$52,000 Qualified Charitable Distribution
- Created scholarship endowment (juniors + financial need)
- Increased annual support going forward
- Including gift in their trust
- Charitable Remainder deed discussion





# IRA Beneficiary Designation Gift

- WCOE Graduate
- Petroleum Engineering
- Supported Tech and WCOE for decades before planned gift
- Engaged with TTU and WCOE
- Huge Tech fan, home and office covered in Tech memorabilia
- 25% to create a Scholarship in Engineering
- 25% to create a Scholarship Endowment in Petroleum Engineering
- \$22,500 per year in student scholarship awards



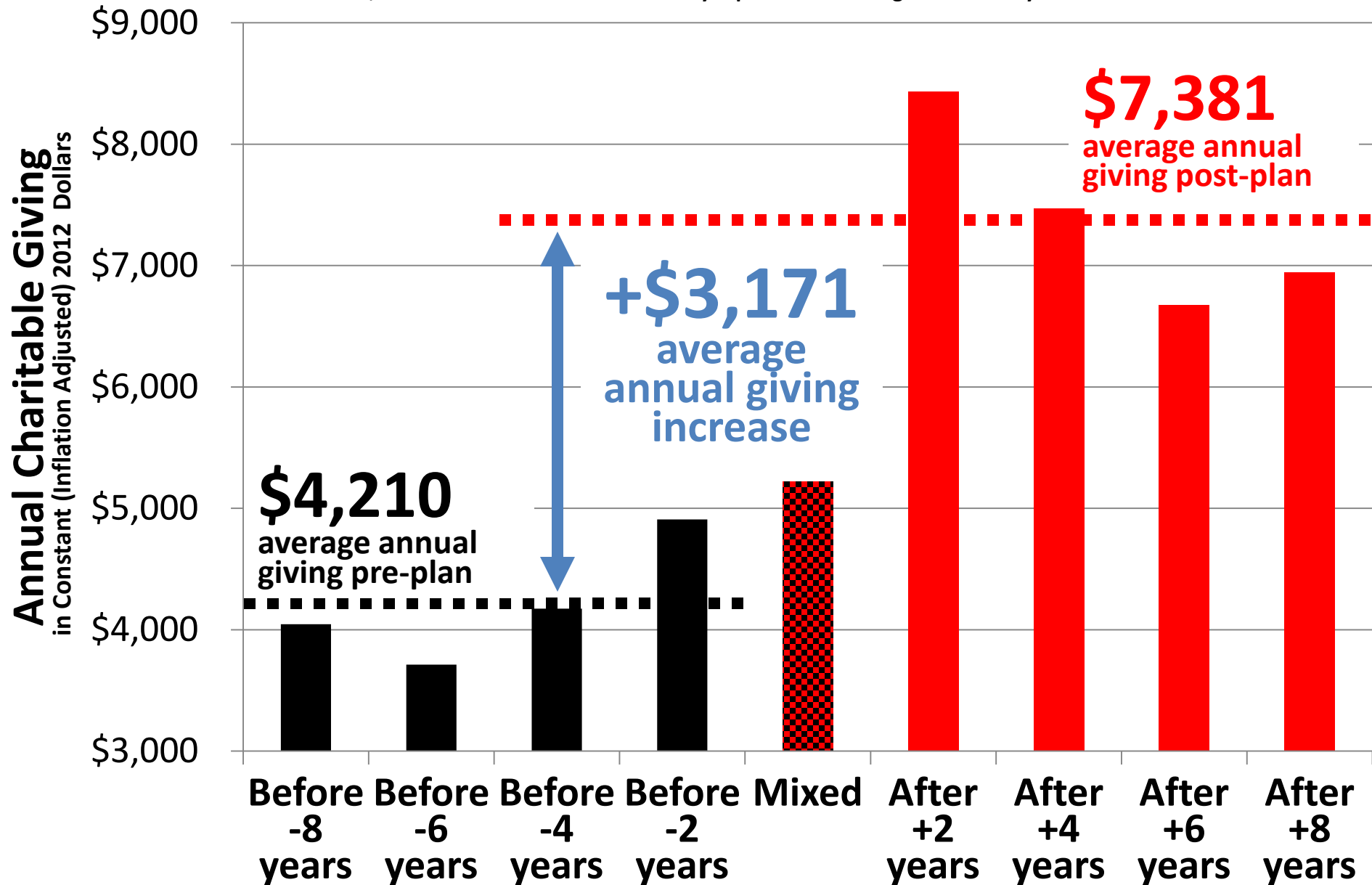




But after a planned gift, donors stop giving...


# Giving Before and After Adding Charitable Beneficiary to Estate Plan

9,439 observations from a nationally representative longitudinal study





Russell James III, Ph.D., JD, CFP



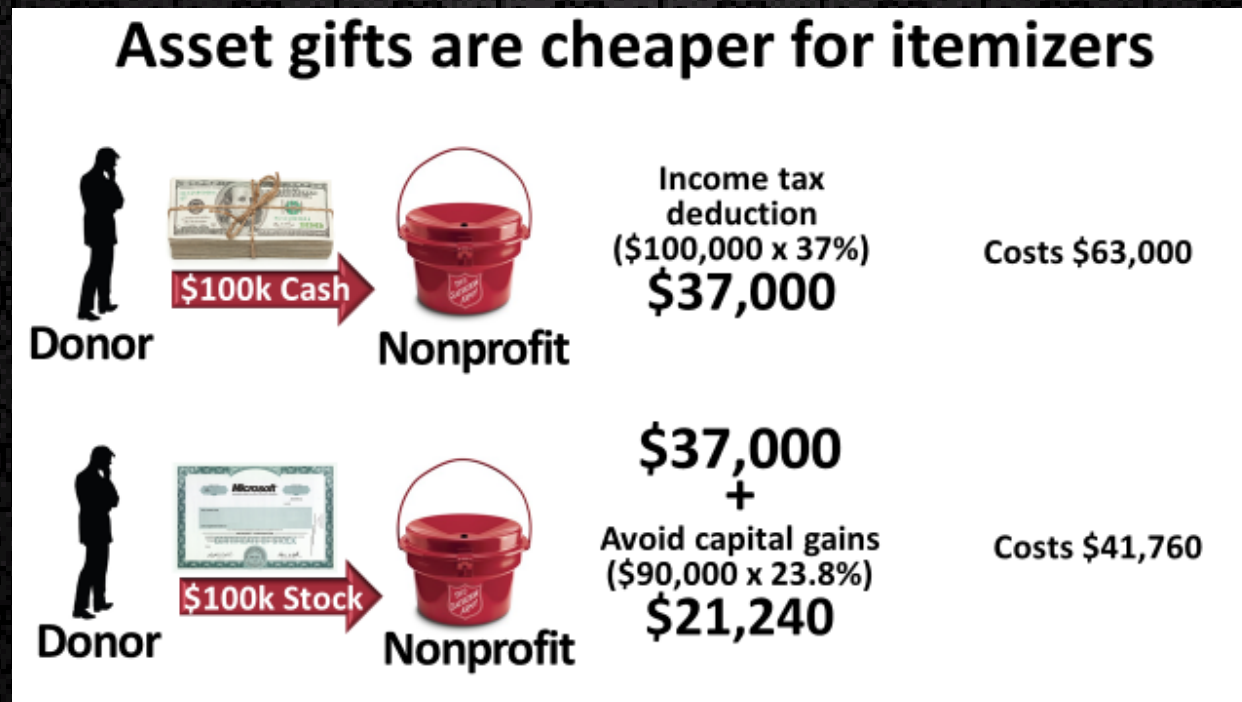
Shifting  
to gifts of noncash  
assets drives total  
fundraising growth in  
every nonprofit sector, at  
every fundraising size, in  
every time period  
(same year and 3 or 5  
years later)





# Gifts of Appreciated Assets / Double Tax Benefit

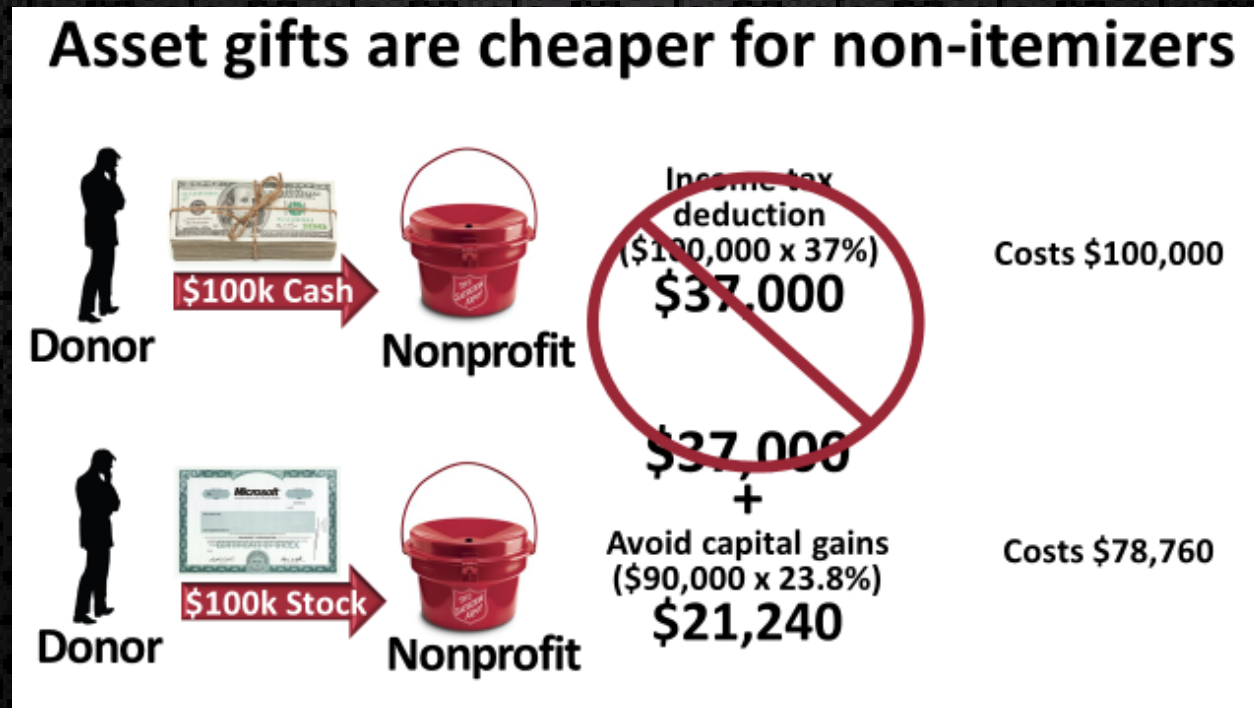
- Particularly effective with stock or real estate
- Non-profits do not pay capital gains tax
- Donor can then purchase stock at current basis
- No “Wash Sale” rule because this is gain property, not loss property





# Gifts of Appreciated Assets / Double Tax Benefit

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# Childless Donor Research

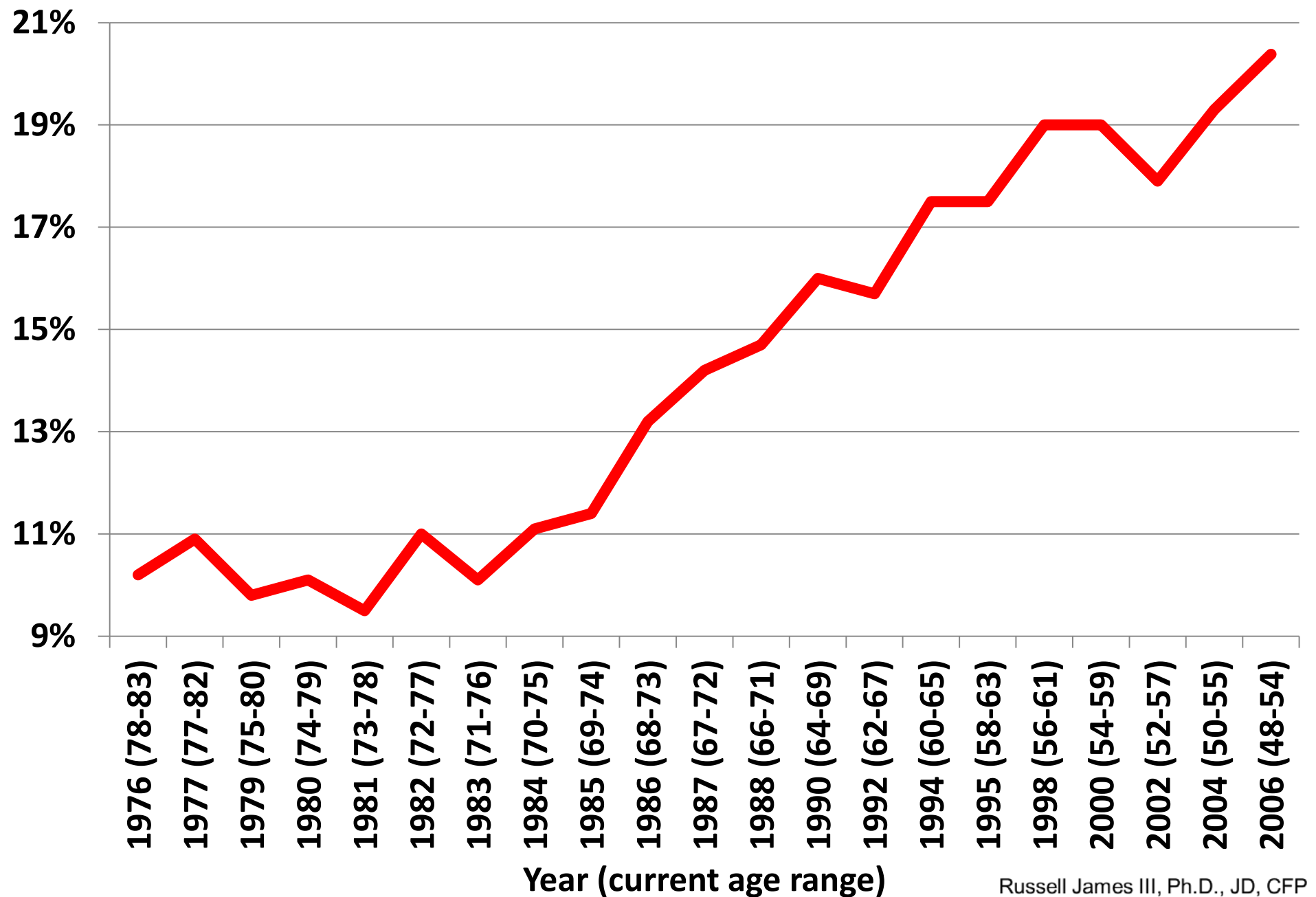
- Why are charities so interested in childlessness?
- Where are these donors?
- What is important to childless donors and donors in general?



# Likelihood for a Planned Gift

1. *% years giving*
2. *No offspring*
3. *Highest giving*
4. *% years reporting funded trust*
5. *Female*
6. *Last reported wealth*
7. *Not married*
8. *Last reported giving*
9. *Growing wealth*
10. *% years volunteering*

# Percent Childless Women at Age 40-44 in U.S.





# Childless Donors



- Difficult to identify
  - Face-to-face visits
- Donor surveys
  - Self-identifying questions
- Internal autobiography
  - MRI studies
  - Drives charitable action
- Treat all donors as if they are your most important donor
- **Focus on impact!** What does their gift accomplish?





# Donor Surveys

## DO

- **Survey the right people**

Spend your time reaching out to donors who are truly passionate about your organization and its mission.

- **Regular check-ins**

The only thing we can all be sure of is change. So, select a survey cadence that makes sense for the size of your nonprofit and its qualified lead donor base.

- **Follow-up in a timely manner**

None of us appreciate it when we take time out of our busy lives to give our valuable feedback and receive nothing in return.

## DON'T

- **Ask for money**

You are surveying to ask for their opinion, not a donation

- **Forget to benchmark—both internally and externally**

Ask, improve, repeat. What is the point of a survey if you're not using it to improve year-over-year? You are wasting your time and your donors' time if you don't use their feedback.

- **Send out a survey without a follow-up strategy**

Surveys yield results. You and your team must be prepared to connect with your donors who ask to be connected with.





# Donor Surveys

- Add these simple **response requests** for legitimate gift planning leads:
  - I would like more information on giving through my will, trust, or other beneficiary designation
  - I am strongly considering including a gift to TTU / TTUHSC / ASU through my will, trust, or other beneficiary designation
  - I have already included a gift to TTU / TTUHSC / ASU through my will, trust, or other beneficiary designation
- Use these statements along with a **response vehicle to generate consistent planned gift leads!**

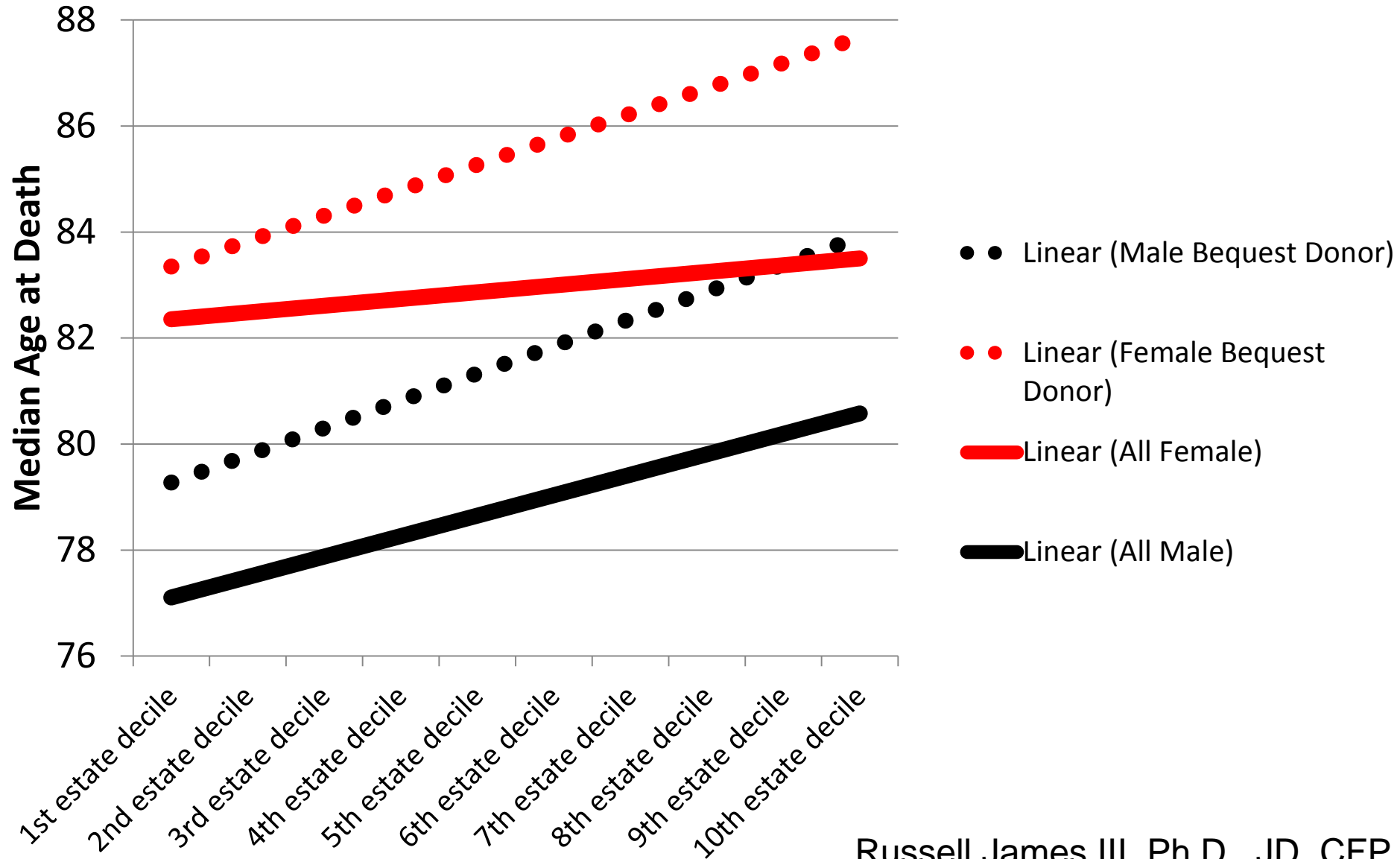


Don't ignore your  
*oldest* supporters



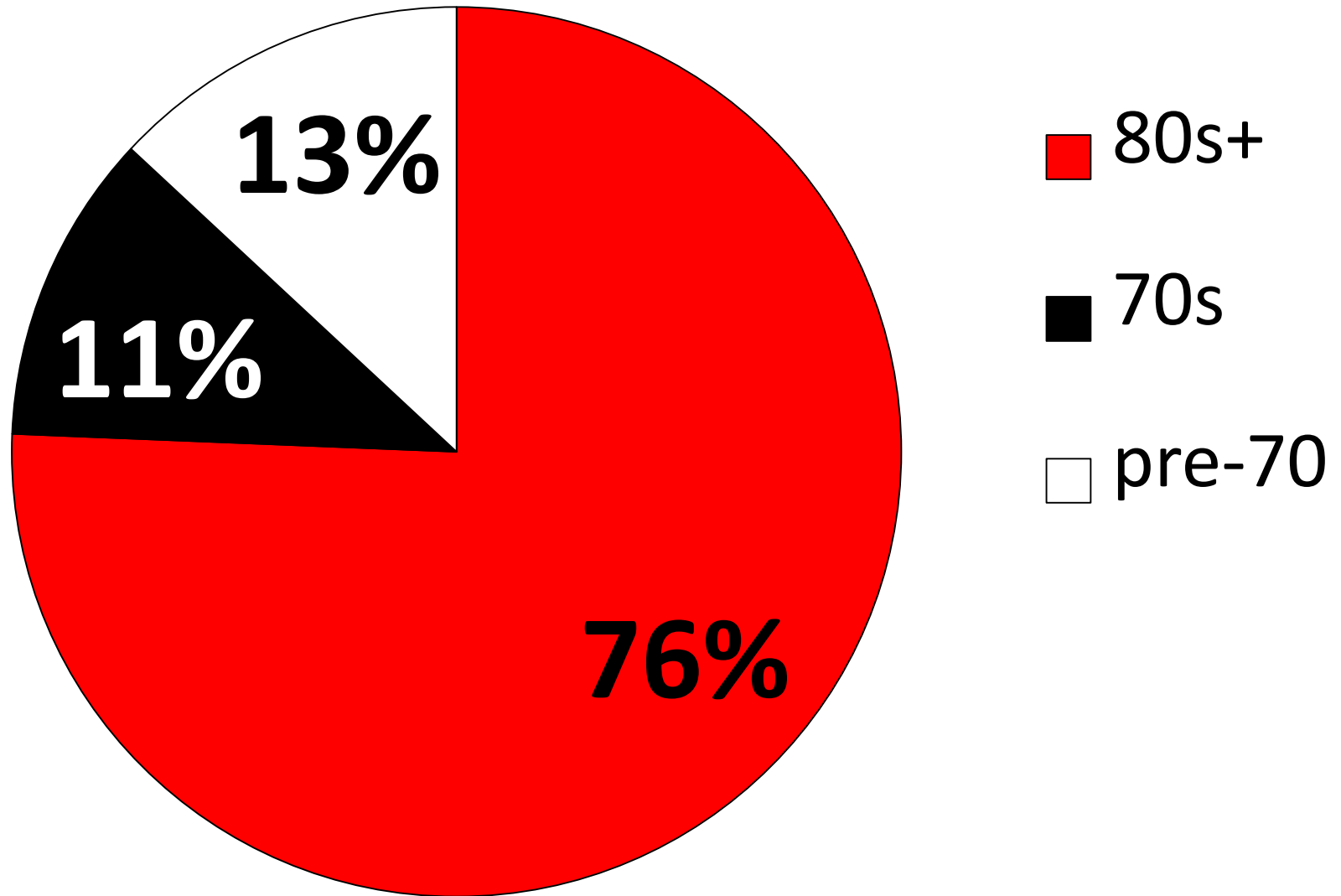
# Wealthy people die old.

## Wealthy bequest donors die even older.



# Age at Will Signing

(by share of total charitable bequest \$ transferred)



# G.I. / Greatest / Silent Generations Donor Examples

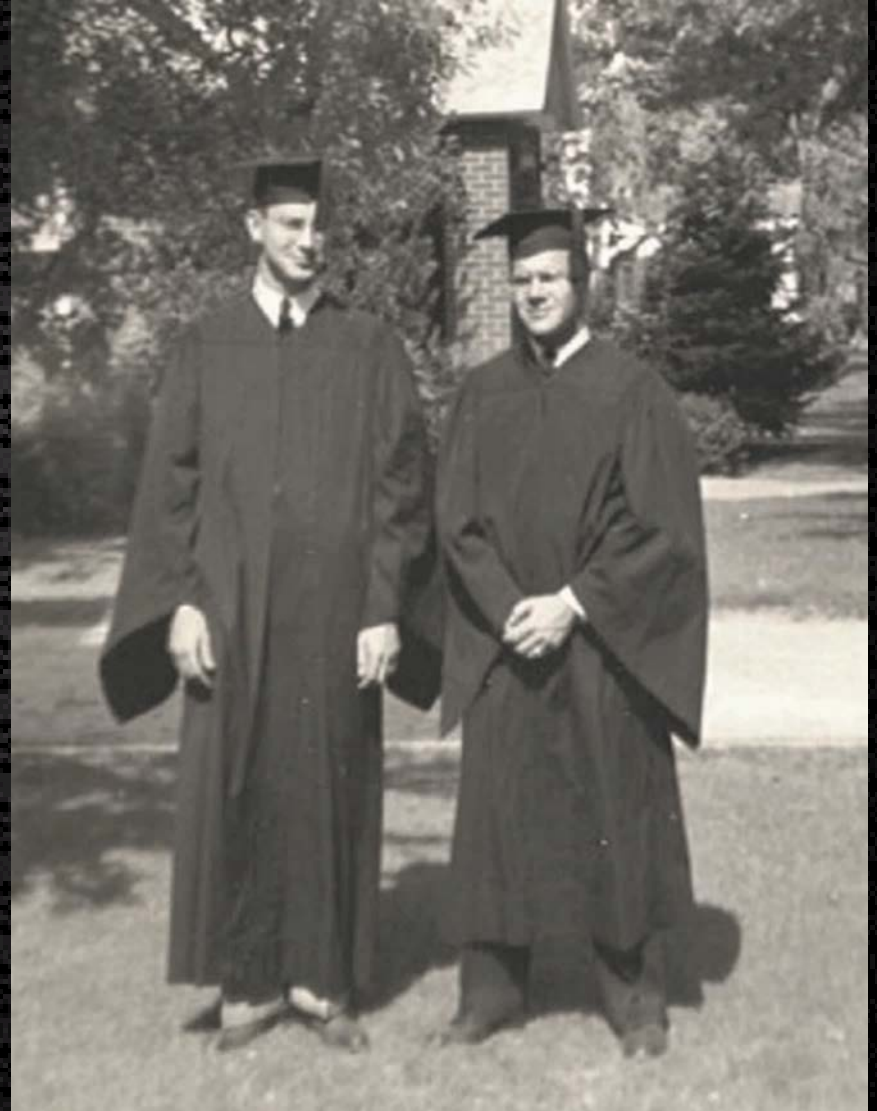






# Frank Mitchell, Jr. / Gifts from Wills & Trusts

- WCOE Graduate
- Electrical Engineering
- Career with the National Security Agency
- Loved Texas Tech and the impact Dr. Bullen had on students





# Gifts from Wills & Trusts

- Combination of Trust and Will
- \$1.7MM to the C.V. Bullen Scholarship Endowment
- \$76,500 per year in new scholarships

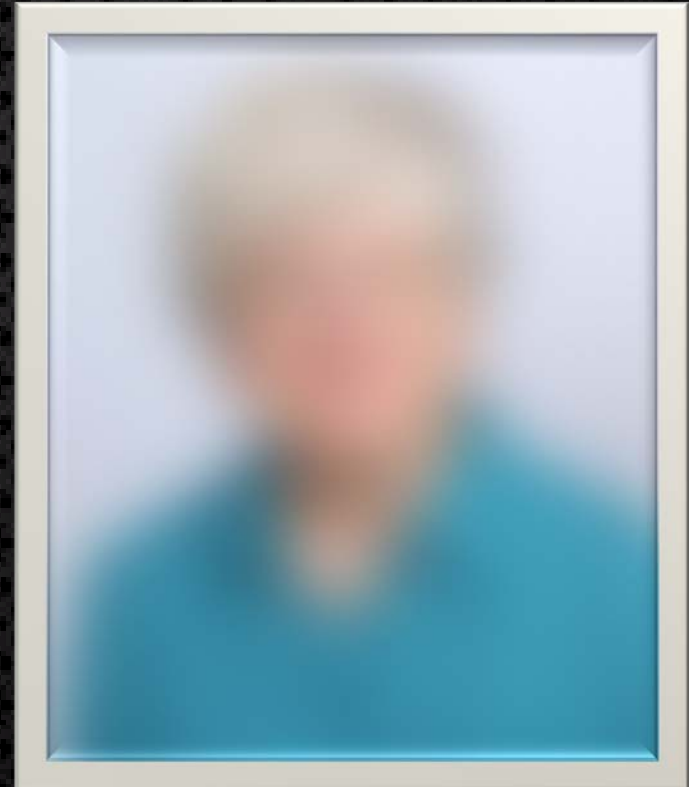






# Gift of Land, Will & Trust

- CASNR Graduate
- Career in Higher Ed.
- Includes cash gifts and gifts of land
- Passionate about Wildlife Sustainability
- Creating a Center & Endowment for Research and Education on Sustainability





# Charitable Gift Annuities

- CASNR graduate & spouse
- Charitable intent and lifetime income
- Eight charitable gift annuities
- Better rates as donors age
- All benefit scholarships for students enrolled in CASNR



# Charitable Remainder Trust - A Cautionary Tale



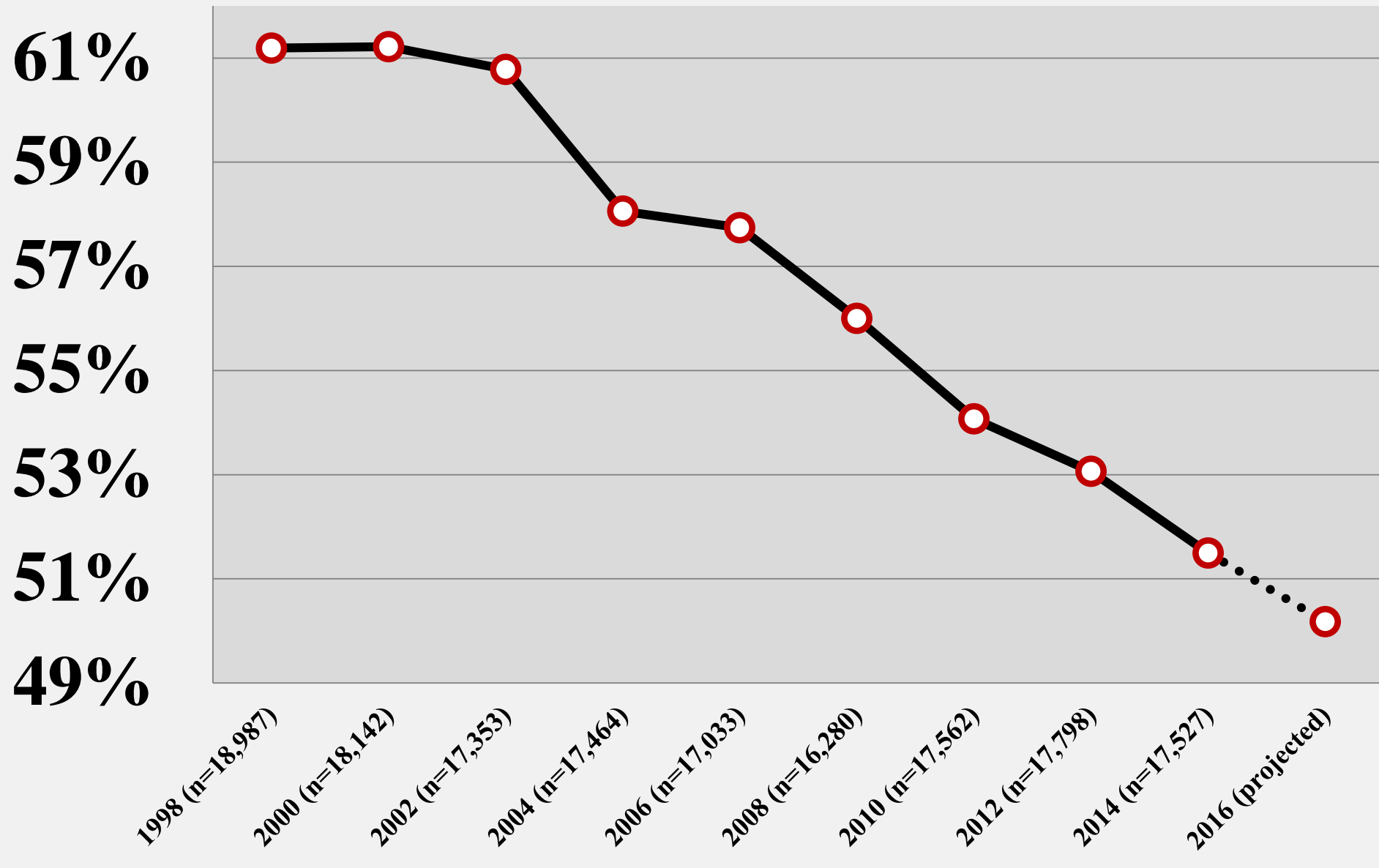
- WCOE graduate
- Industrial engineering
- \$311,000 to create their endowment / \$14,000 per year available
- Best / Highest use funds for Dean Sacco
- No successor trustee
- Not engaged with the college during their lifetimes
- Second distribution spent four years in litigation
- \$33,480 could have been used in those four years



# Not all News is Good News

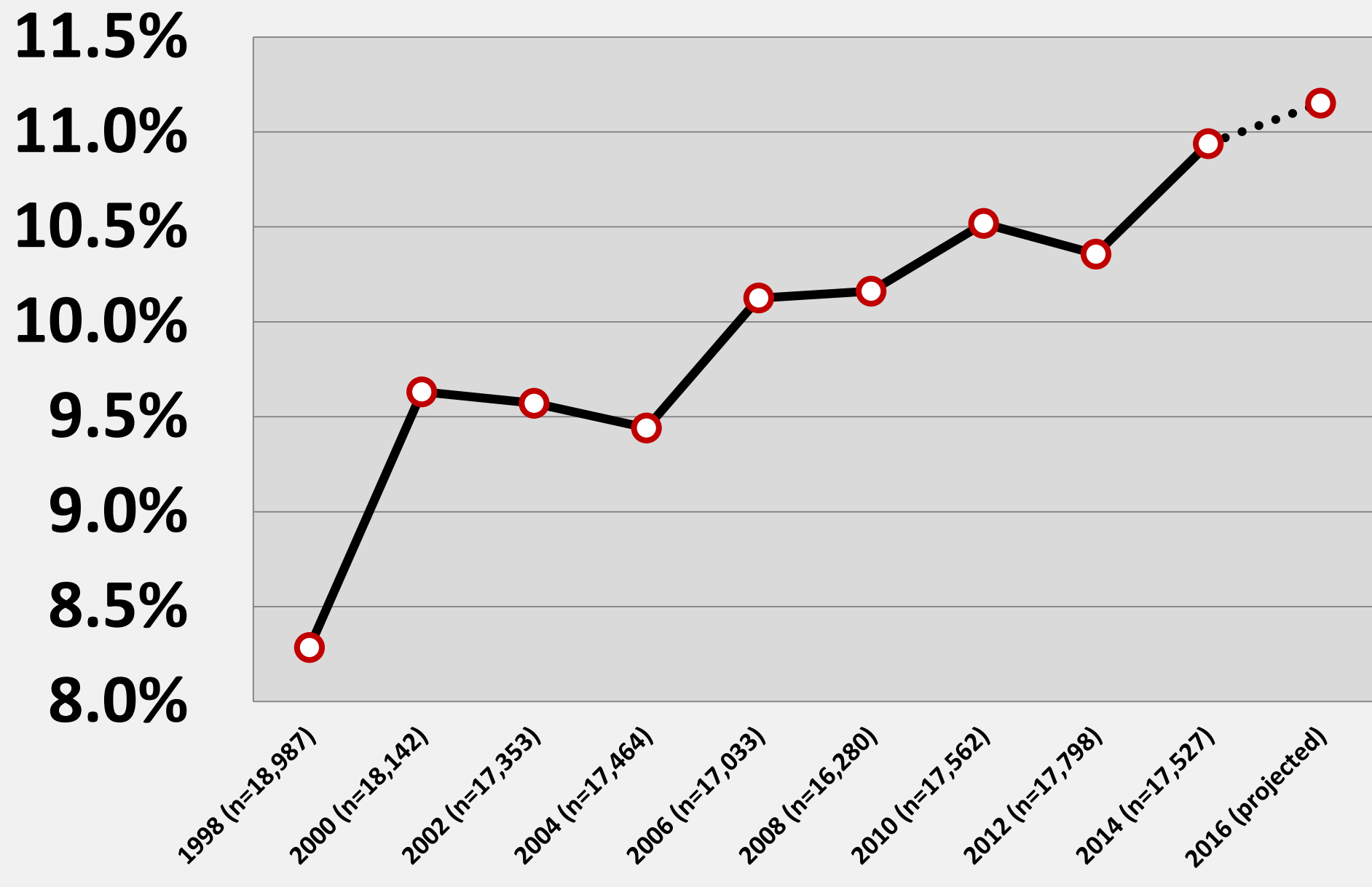


# U.S. 55+ population with a will or trust



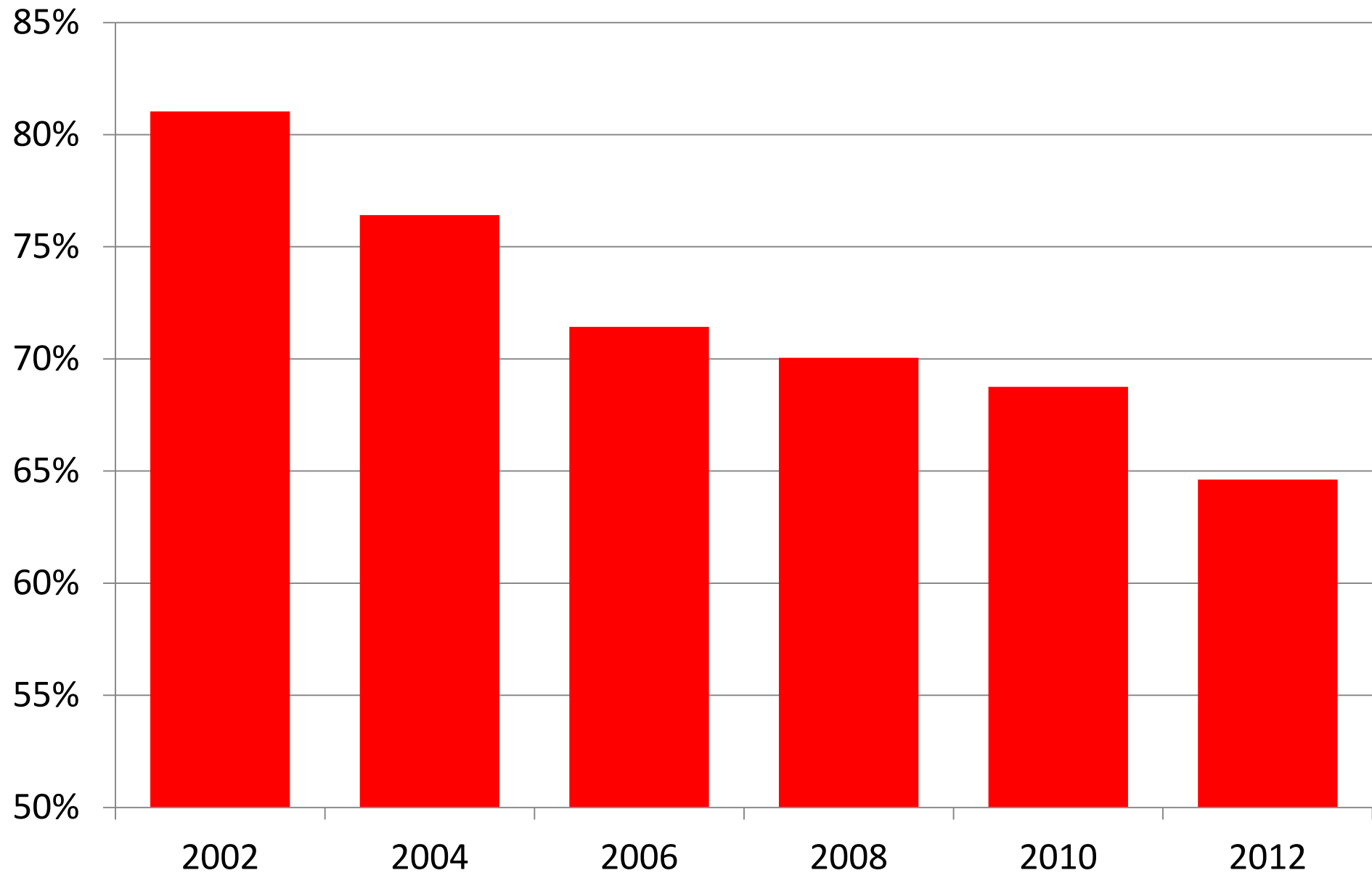


# Charitable beneficiary among those aged 55+ with a will or trust

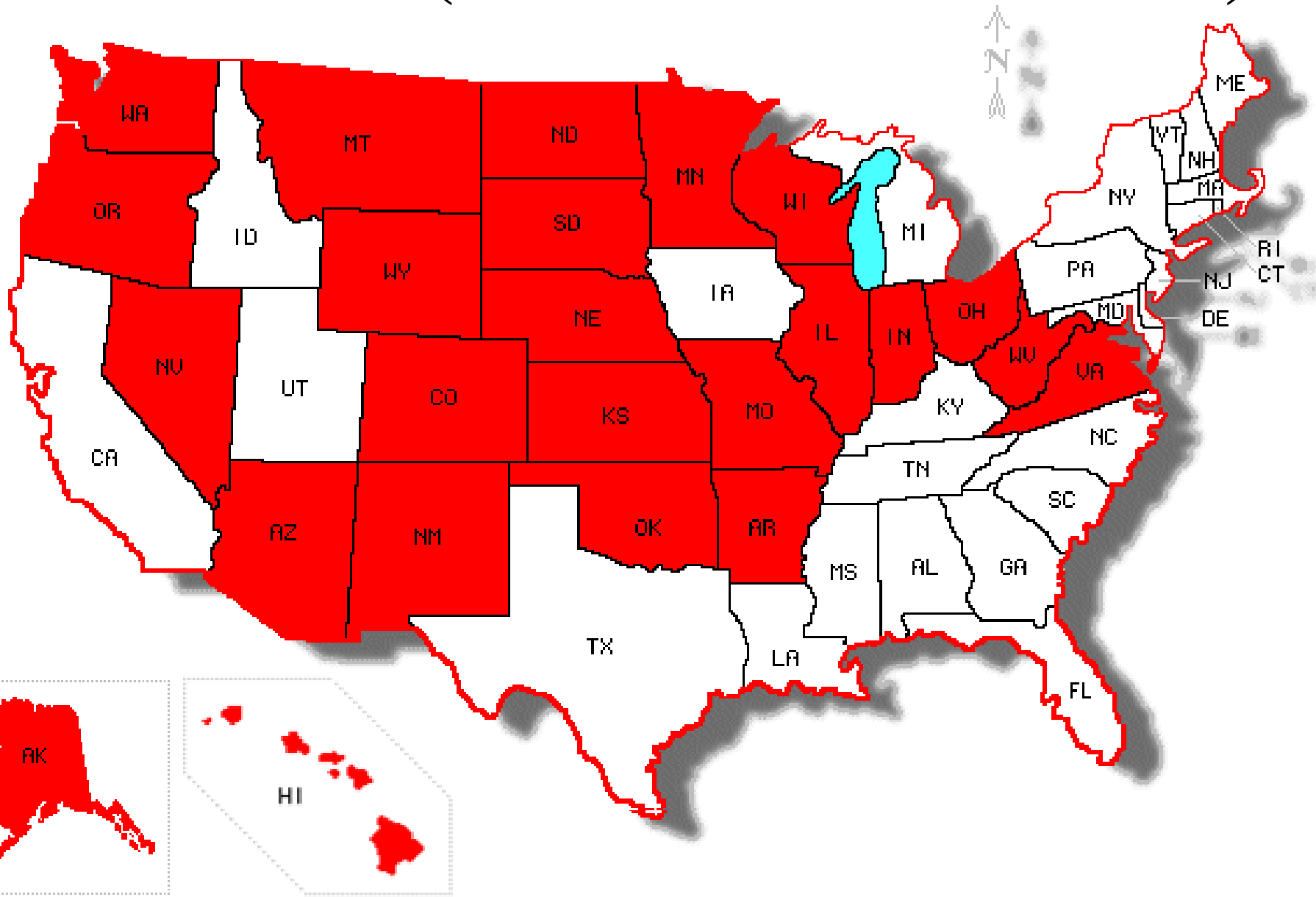


# Charitable Plan Loss Trajectory

Among those still alive and answering the question who reported having a charitable component in BOTH 1998 & 2000



# States allowing “Transfer on Death” deeds 2016 (+ California & Texas)





# Training Staff

## **Training presentations**

- Introduction to Gift Planning
- Basic Gift Types
- Highly Appreciated Assets / Cash is not King
- Complex Assets
- The Magic Words / Words that Work

## **Outside trainings**

- Webinars
- Conferences
- Continuing education seminars

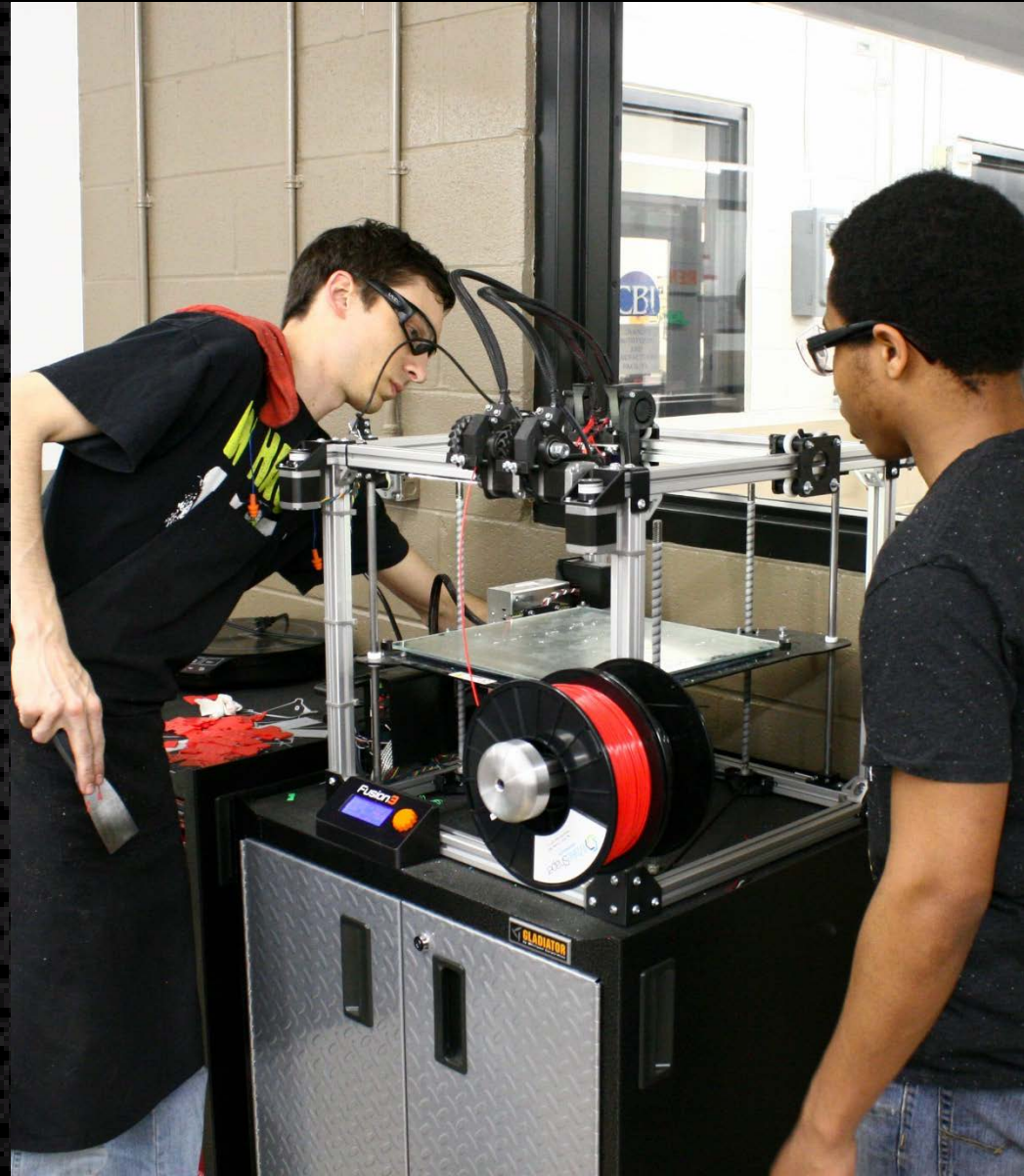
**Content**  
**Clarity**  
**Concise**





# Types of Planned Gifts

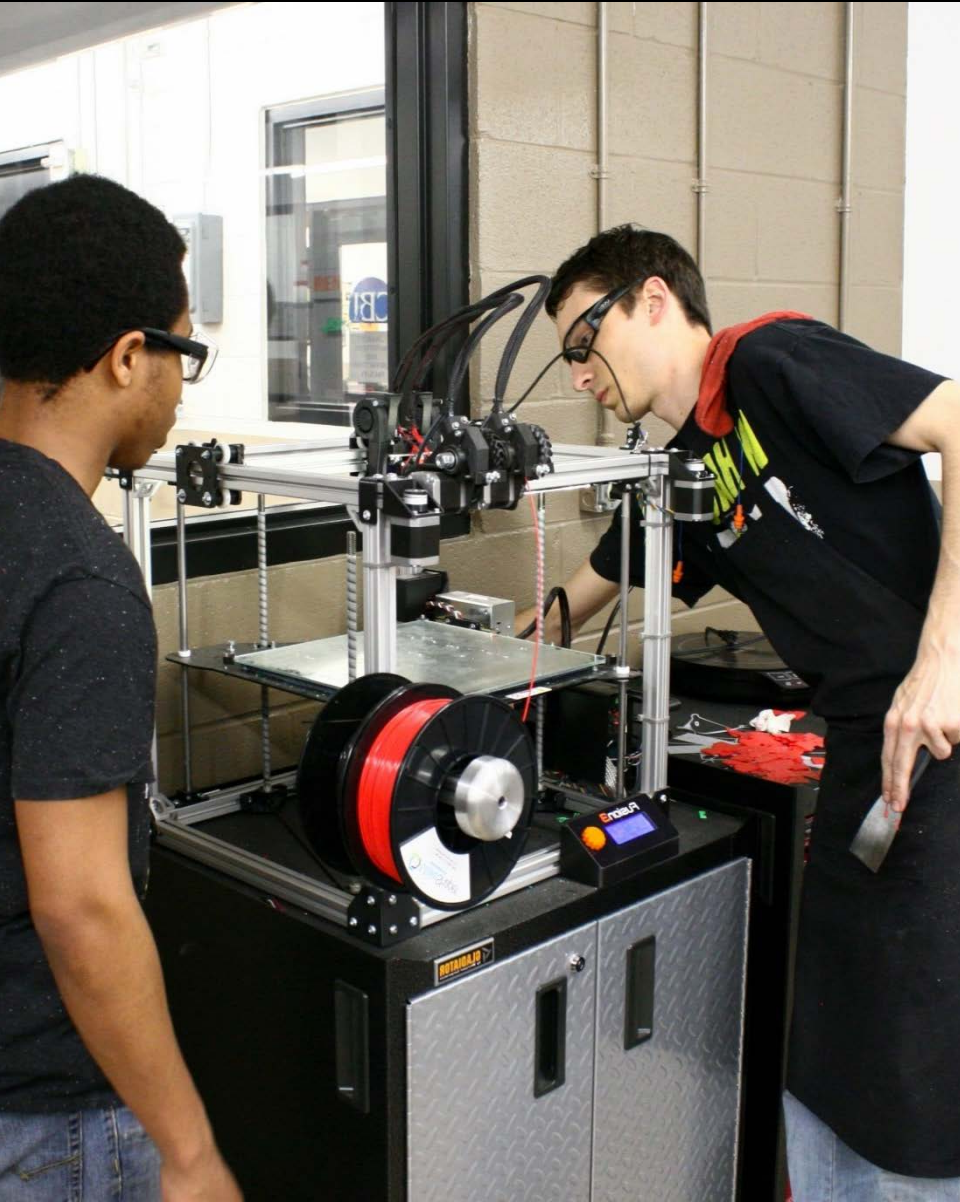
- Estate and designation gifts
- Charitable gift annuities
- Gifts of appreciated assets
- Qualified charitable distributions
- Charitable remainder trusts
- Charitable lead trusts
- Donor advised funds







# Most Common Deferred Planned Gifts



- Willed Gifts — gifts made specifically through your Will document.
- Designation gift — naming Texas Tech a beneficiary of a financial account, insurance policy, trust, real estate (**ToD**), etc.
  - *Tax deferred retirement accounts*
  - *Insurance beneficiary*
- Everyone has the opportunity to make a gift this way
- Planning for your assets ensures maximum impact
  - *TTU can accept complex assets, leave less complicated gifts to family*



# Qualified Charitable Distribution (IRA Rollover)

- Boomers now qualify
- \$26.6 trillion in U.S. retirement plans in 2017
- 70 ½ years old to qualify
- Up to \$100k per individual annually
- Transfers direct to non-profit
- Only applicable to Traditional IRAs







# Qualified Charitable Distribution Benefits

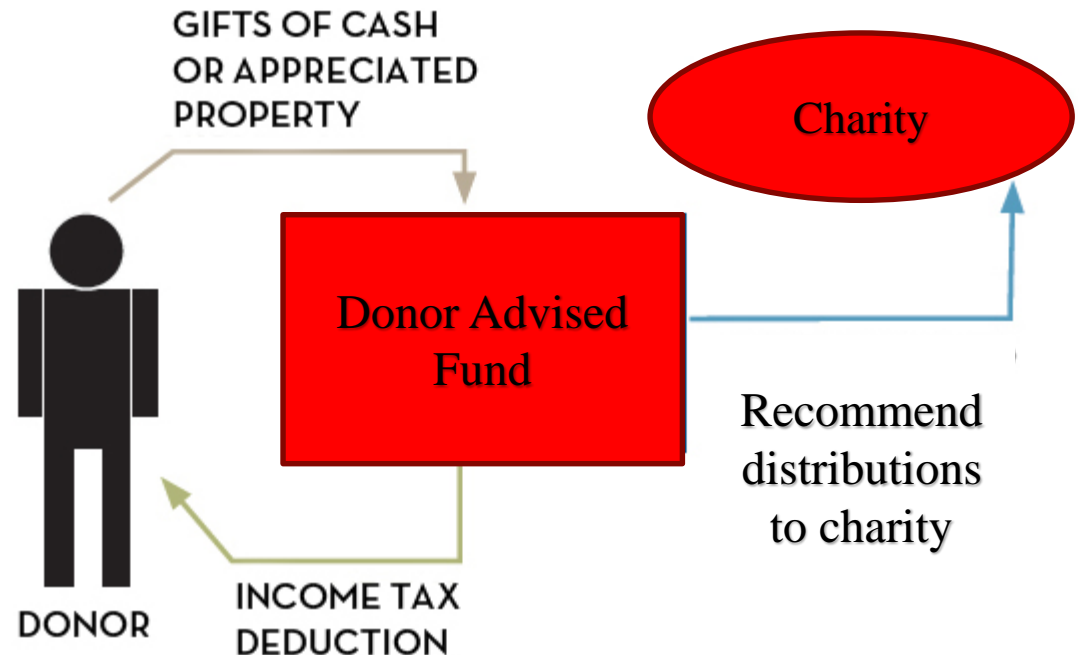


- Distribution not included in Adjusted Gross Income
- Helps to satisfy Required Minimum Distributions
- Support donor's charitable intentions
- No charitable deduction for QCDs
- Be clear to your IRA administrator that you are doing a QCD



# Donor Advised Funds (DAFs)

- DAFs are legally Public Charities (1969)
  - No distribution requirements / No grant disclosure requirements
- Charitable moment happens when Donor gives to DAF
- DAFs are meant to be gifted, not perpetually invested
- Over \$85 billion in U.S. DAFs





# Documenting Planned Gifts



TEXAS TECH UNIVERSITY SYSTEM

In order to support the Texas Tech University System, I/we have completed a deferred gift for the ultimate benefit of Texas Tech Foundation, Inc.

Donor Name(s) \_\_\_\_\_

Gift Description

Estimated value of gift: \_\_\_\_\_

Gift type: ☐ Bequest (Will) ☐ Retirement Account ☐ Deferred Gift Annuity  
☐ Charitable Remainder Unitrust ☐ Life Insurance ☐ Other (describe below)  
☐ Charitable Remainder Annuity Trust ☐ Life Insurance Beneficiary  
☐ Revocable Trust ☐ Charitable Gift Annuity

Gift Purpose My/our gift is designated for the following purpose:  
\_\_\_\_\_  
\_\_\_\_\_

Donor Recognition

☐ I/we agree that the **gift amount** may be recognized in Texas Tech University System publications.  
☐ I/we agree that **my/our name(s)** may be recognized in Texas Tech University System publications.  
**Recognize my/our name(s) as:**  
\_\_\_\_\_  
\_\_\_\_\_

By completing this form, I/we accept membership in **The Matador Society**, and if the information provided herein should change, I/we agree to inform the appropriate personnel of such change.


Please Initial \_\_\_\_\_



Please return to:  
Texas Tech University System  
Office of Gift Planning  
Box 45025  
Lubbock, TX 79409-5025  
806.742.1781

Donor Signature \_\_\_\_\_ Date \_\_\_\_\_  
Donor Signature \_\_\_\_\_ Date \_\_\_\_\_  
Development Professional Signature (and printed name) \_\_\_\_\_ Date \_\_\_\_\_  
Patrick Kramer, Chief Operating Officer, Texas Tech Foundation, Inc. \_\_\_\_\_ Date \_\_\_\_\_

R20171012



ANGELO STATE UNIVERSITY FOUNDATION, INC.

In order to support Angelo State University, I/we have completed a deferred gift for the ultimate benefit of Angelo State University Foundation, Inc.

Donor Name(s) \_\_\_\_\_

Gift Description

Estimated value of gift: \_\_\_\_\_

Gift type: ☐ Bequest (Will) ☐ Retirement Account ☐ Deferred Gift Annuity  
☐ Charitable Remainder Unitrust ☐ Life Insurance ☐ Other (describe below)  
☐ Charitable Remainder Annuity Trust ☐ Life Insurance Beneficiary  
☐ Revocable Trust ☐ Charitable Gift Annuity


Gift Purpose My/our gift is designated for the following purpose:  
\_\_\_\_\_  
\_\_\_\_\_

Donor Recognition

☐ I/we agree that the **gift amount** may be recognized in Angelo State University publications.  
☐ I/we agree that **my/our name(s)** may be recognized in Angelo State University publications.  
**Recognize my/our name(s) as:**  
\_\_\_\_\_  
\_\_\_\_\_

By completing this form, I/we accept membership in the **Oaks Society**, and if the information provided herein should change, I/we agree to inform the appropriate personnel of such change.

Please Initial \_\_\_\_\_



Please return to:  
Angelo State University  
Foundation, Inc.  
ASU Station 11023  
San Angelo, TX 76909

Donor Signature \_\_\_\_\_ Date \_\_\_\_\_  
Donor Signature \_\_\_\_\_ Date \_\_\_\_\_  
Jamie Akin, Vice President for Development and Alumni Relations, Angelo State University \_\_\_\_\_ Date \_\_\_\_\_  
Byron F. Kennedy, Associate Vice Chancellor of Principal Gifts, Texas Tech University System \_\_\_\_\_ Date \_\_\_\_\_

R20171012

## + Supporting Documentation





# Magic Words: Uncovering the Donor's Passions

- What are you passionate about?
- How does Angelo State's mission fit with your passions?
- **What do you find most meaningful or rewarding in your support of TTUHSC?**
- **What values and priorities are most important to you personally?**
- What values and priorities would you like to **convey to your family?**
- **Never use the "B" word**



# Magic Words: Uncovering the Donor's Passions



- Where does TTUHSC El Paso fit in your overall philanthropic priorities?
- You've been such a loyal member of the Texas Tech family, and have supported Texas Tech's mission for so many years, what are your dreams for where you'd like to see Texas Tech go in the future?
- If you had the ability to enhance or expand Angelo State's mission in a specific way, what would it be?
- What do you believe we could do to be more effective in the future?





# Magic Words: Identifying Next Steps

- **Can I send** you some information about how you could leave a legacy at TTUHSC?
- **Can I send** sample legacy gift wording that you could share with **your legal or financial advisor?**
- **There are simple ways to leave a charitable legacy** at ASU, including naming us in your will / trust, or naming ASU as a beneficiary of a retirement plan / insurance policy. **Would you like to know more about those?**
- **Can I provide** an illustration of how a planned gift could increase your retirement income?





# The Question



Have you considered including a gift to our charity through your will, trust or other beneficiary designation?



# The Answer



...because a lot of our donors make gifts through their wills, trusts or other beneficiary designations



# When Faced with a “No” or a “But”



I completely understand...have you considered including a gift to Texas Tech through your will, trust or beneficiary designation?



# Tax Cuts and Jobs Act

- The charitable deduction came through the process unscathed and was even enhanced for some donors
- The final legislation increased the adjusted gross income limitations for the deductibility of some charitable gifts from 50% to 60%
- The repeal of the Pease Limitation makes charitable and other deductions more valuable for many higher income taxpayers
  - *Kudos on your success if you even know what this is*
- Full advantages of gifts of appreciated assets and directed gifts from IRAs also remain
- Increase in the standard deduction can lead to gift clumping over multiple years



# Question & Answer

