



WHY PLANNED GIVING IS IMPORTANT FOR RURAL AZ NPOS

Rural Policy Forum
Safford, AZ
2018

SOME CONSIDERATIONS FOR RURAL ARIZONA

Smaller population to draw from

- **651,358** in rural AZ (less than 2,500 people)
- **5,740,659** total AZ population
 - *2010 US Census*

Almost 90% of Arizonans live in an urban or urbanized area.

Millennial (b. 1981-2000) migration from rural to urban

- **Apache and Navajo Counties both lost 20% of millennial population 2005 - 2015**
- **Millennials have passed Boomers as the largest population segment**
 - *2015 Cronkite News*

SOME OF THE HEADLINES

Report Shows Many Challenges Rural Schools Face in AZ – KJZZ

Medicare Doctors Waning in Rural Arizona -- Arizona Republic

Doctor Shortage in Rural Arizona Sparks Another Crisis in 'Forgotten America' – The Hertel Report

SO, WHAT DO WE HAVE TO WORK WITH?

About 10% of the state's population

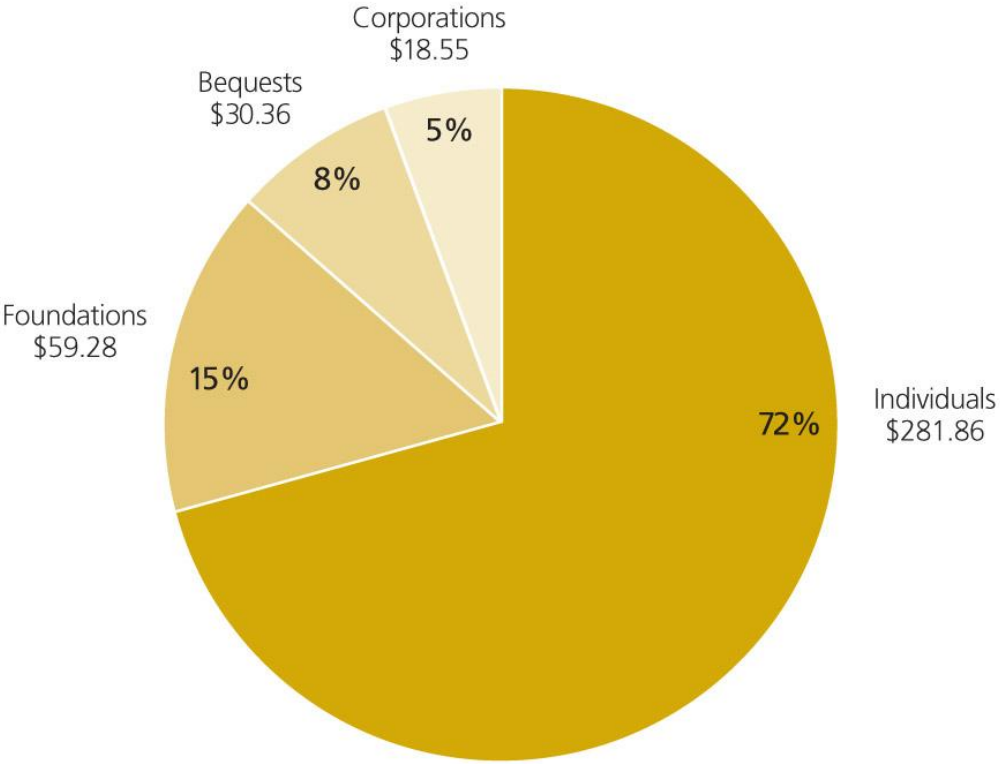
Many older adults – Boomer and older

- That is where the concentration of wealth is

Businesses are mostly locally owned

- 25% of philanthropists are Communitarians – give to make the place they live better.

GIVING USA 2017: SOURCES OF GIFTS



WHAT IS PLANNED GIVING?

Some characteristics:

Typically assets, not cash

Involves consideration, often with a planning professional

Usually takes into account tax considerations

- **Income tax**
- **Estate tax**
- **Capital gains tax**

DON'T CALL IT "PLANNED GIVING"

Studies indicate that many donors don't know the term.

Instead, ask your donors to consider a legacy gift or

Ask them to make a gift in their will.



NEARLY EVERYONE HAS AN ESTATE

Everyone has the right to choose what happens with things they own when they pass away.

If they don't make the choice themselves, through a will or trust, the state will make the choice for them.

OPPORTUNITIES FOR PLANNED GIFTS

Donors 55 and older

about 54% have a will or trust

about 10% include a charity in their will or trust

That's a pretty big opportunity gap !

WHO ARE THESE PEOPLE?

#1 criteria: no kids

The more education, the better

May have made a \$500 gift to your organization

Frequent/regular/recent modest gifts

Likely to volunteer

Note: income did not influence the statistics

Note: most bequests in 2016 were from estates of less than \$1 million.

WHAT PROMPTS ACTION?

Serious illness or diagnosis

Change in family status/loss of loved one

Advancing age

Significant travel

Birth of a grandchild

These factors can cause an organization to be added OR subtracted as a charitable beneficiary!

HERE IS A PROFILE OF A “TYPICAL” PLANNED GIVING DONOR (HARRIS CONNECT)

Drives a relatively new American-made car

Pays off credit card balances monthly

Pays cash when eating out

More likely to have a cat than a dog

Other observations:

supports several organization:

Age 70 and older: 11

Boomers: 7

Gen X: 5

AN ORGANIZATION THAT SUCCEEDS WITH PLANNED (LEGACY) GIVING

Is well established / respected in their community

Understands the need for sustainability

Is working to assure their future

Stewards their legacy donors

Has policies that nurture gifts of assets

IT'S NOT HARD TO GET STARTED

You do not need

fancy software

attorney on staff

You do need

A committed board and executive staff

Professional advisors you can call on for technical questions

A website and existing publications to incorporate pg messages

POSITION YOUR ORGANIZATION: EASY PLANNED GIFTS

Promote accepting gifts of appreciated stock

- **Donors get an income tax deduction for the current fair market value**
- **They don't pay capital gains tax on stock they've owned for 366 days**
- **It's a way for some donors to make a smarter, larger gift.**

If you don't have a brokerage account, talk to your banker.

If they can't help you, ACF will accept stock gifts on your behalf for a fee

Start promoting in early fall. November and December are the biggest months for giving stock.

POSITION YOUR ORGANIZATION: EASY PLANNED GIFTS

Promote *gifts from IRA's*

1. Qualified Charitable Distribution

- Standard IRA's have a Required Minimum Distribution (RMD) at 70.5
- Donors can request all or part of RMD go **DIRECTLY** to a charity; \$100K annual max
- Donor does not pay income tax on the distribution; does not get a deduction
- Cannot benefit in any way because of the gift.

2. Income Taxable Gift

- Donor takes RMD for income tax purposes.
- Donor makes a regular charitable contribution; **DOES** get income tax deduction
- Fewer restrictions on benefits from the gift

3. Legacy Gift

- Tax-heavy asset is wonderful for charitable giving
- CPA can advise on tax consequences

POSITION YOUR ORGANIZATION: EASY PLANNED GIFTS

Promote *bequests*

- **The most frequent planned gift**
- **May be in a will or trust**
- **May be a specific asset, a percentage, or the remainder of an estate**
- **Donors will want to work with their own attorneys to complete this.**
- **Although it will remove assets from an estate, there may not be an estate tax benefit.**
- **There is no income tax benefit to the donor.**
- **Note that these gifts are revocable until death.**

POSITION YOUR ORGANIZATION: EASY PLANNED GIFTS

Beneficiary Designations

Easy to make. Easy to change.

Usually can be for a portion of the asset.

In some cases, can be done online. In other instances, usually a one-page form.

Spouse *MAY* have to sign, if married

Works for *life insurance policies, brokerage accounts, some pension accounts.*

POSITION YOUR ORGANIZATION: EASY PLANNED GIFTS

Life Estate

Donor and charity execute a deed giving home.

Donor gets immediate income tax deduction.

Donor continues to live in home.

Donor and charity have MIT Agreement (maintenance, insurance, taxes).

To the world at large, there is no evidence of the gift.

At donor's demise, charity has the home.

PROMOTE YOUR LEGACY GIVING PROGRAM

Your website *MUST* have information.

Brochures are optional.

Use the media and communication lines you have.

Profile donors who have made a gift.

Add a tagline to your email signature / business card

Develop a legacy society.

CREATE A BENEFICIARY DESIGNATION FORM TO TRACK YOUR DONORS.

Legal Name

Name as it should be listed /permission to list

Contact info for donor and family and advisor

Recognition / membership

See sample.



CONSIDER YOUR POTENTIAL

See Worksheet

RESOURCES

Crescendo

- Sandra Henningsen, Assistant VP, Sandra@crescmail.com, 800-858-9154

Stelter

- Jeremy Stelter, Director of Business Development, Jeremy.stelter@stelter.com, 720-233-3264

Pentera

- Chandra Towers Blatt, Senior Marketing Consultant, Chandra@pentera.com, 317-875-0910 ext 251

Association of Fundraising Professionals, 3 AZ Chapters

Planned Giving Roundtable of AZ and Planned Giving Roundtable of Southern AZ



FOR MORE INFORMATION

Judi Smith, MA, CFRE

Director of Planned Giving

Arizona Community Foundation

2201 E. Camelback Road, Suite 405B

Phoenix, AZ 85016

314-484-2112 or 928-282-2042