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Connecticut Philanthropy Day 2011

Making Moves NOW...Use the Toolbox!



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The Planned Giving Toolbox

Simple Planning Ideas to Start Conversations

Strategies that Focus on Donor Concerns

Hypothetical Situations
Based on Actual Donors

5 Principles for
Planned Giving Success



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Mary

**Strong
Supporter**

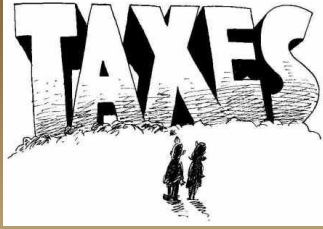
**Wants to
reduce her
income taxes**

Age 71


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Tax Advantaged Gifts

1 Gift Save Twice
Remind Donors to Consider Donating Appreciated Investments



Many Donors Think Gift = Cash or Check



Donated appreciated investments saves on income taxes and capital gains taxes. Make sure the investment was owned for more than a year! Otherwise the donor can only deduct the cost basis of the investment.


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Example Stock Gift

Stock purchased May 5, 2009	\$10,000
Stock value on March 30, 2011	\$20,000

Donor Charitable Deduction = \$20,000

Additional Tax Savings of \$1,500 on Potential Capital Gains Tax (\$20,000 - \$10,000 x 15%)



Donated appreciated investments saves on income taxes and capital gains taxes. Make sure the investment was owned for more than a year! Otherwise the donor can only deduct the cost basis of the investment.


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Tax Advantaged Gifts

If over age 70½, gift directly from IRA
Gift counts towards the donor's required minimum distribution
Distribution not counted as income and is not deducted as a charitable contribution
Excellent strategy for a donor that does not itemize their deductions on their tax return

This is only available to December 31, 2011

Each donor can gift up to \$100,000



Tax Relief, Unemployment Reauthorization and Job Creation Act of 2010

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IRS IRA Gift Matching Program

The IRS and the State of Connecticut match every dollar donated 20 – 50%!



This is an option for planned gifts of any size!


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IRS IRA Gift Matching Program

IRA	\$10,000	Gift
Taxes	\$ 3,000	Match
Net Amount To Non-Profit		
\$ 7,000		



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John & Jane

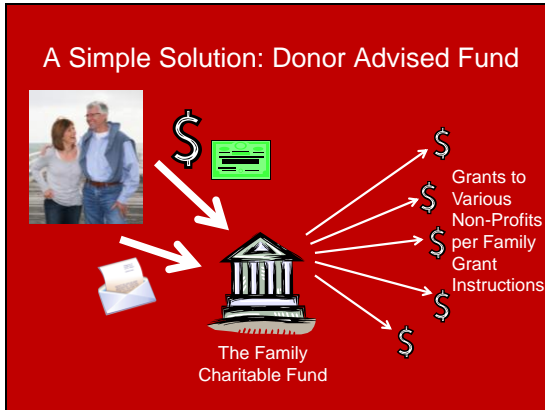
Donate to 15 organizations annually

Can we simplify our giving?

John and Jane - Young professional couple in their 50s

- Very Charitable
- donations to 15 organizations annually
- Frustrated by having to gather and collect gift letters
- Asked if there is a way they could simplify their giving

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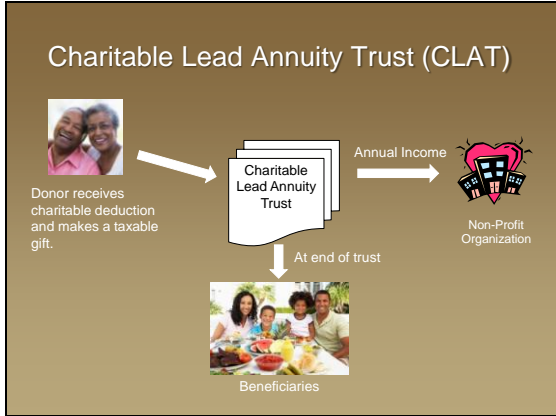
- ### Donor Advised Fund
- Eliminates the need to collect multiple gifting letters. Donor can make a single donation to the Donor Advised Fund.
 - Can make larger donations in higher income years. Funds can be carried over to future year donations.
 - Establishes a charitable fund that can be passed on to future generations.
 - Can be invested in a variety of investments to grow without taxation.

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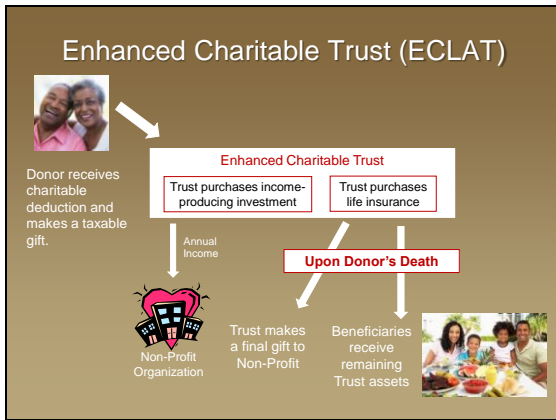
Couple that wants to provide a gift but is concerned about leaving an inheritance to their children

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Here is the typical charitable lead annuity trust...
We can create a bigger impact and legacy to the family and non-profit by enhancing the trust

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By adding life insurance inside of the charitable trust Jerry & Martha leverage their donation to create a larger benefit to the non-profit(s) and to their family

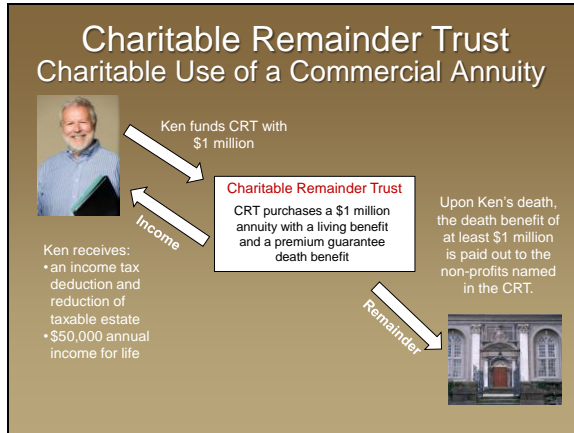
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Ken – 68 years old

Legacy planning to pass on a significant amount to his favorite non-profit and reduce his taxable estate
Income planning to receive retirement income

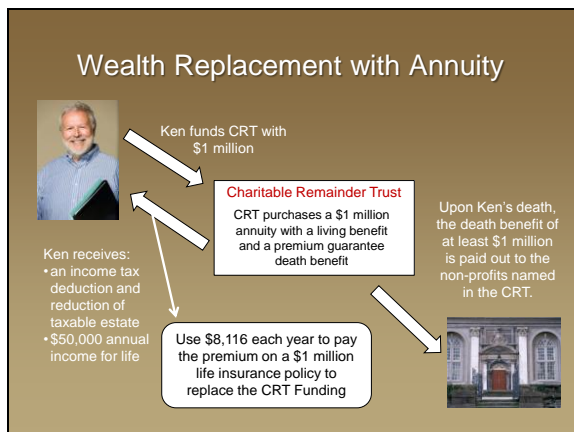
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In a typical Charitable Remainder Trust, unfortunately the non-profit never knows how much it will receive.
Ken does not know if the income will last as long as he lives or that the amount will stay the same. Depending on how the CRT is structured, the income may not increase to offset inflation.

These concerns can be addressed by using a commercial annuity within the CRT.

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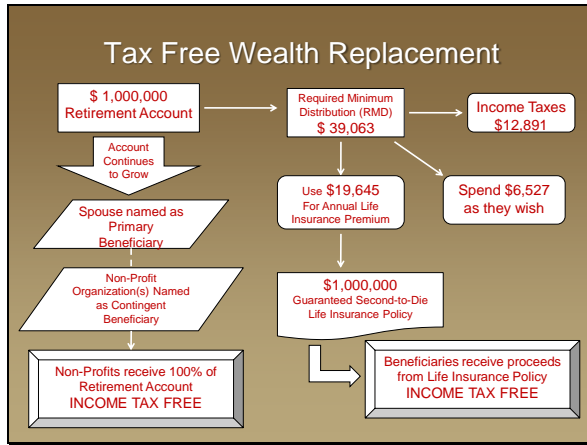
If Ken is concerned about leaving a legacy to his family, we can add in a wealth replacement component of this planning to replace the million dollars that he donated to the CRT by using some of the income to purchase life insurance. This can be protected from estate taxes by using an insurance trust to own the policy.

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Arthur & Michele are both 72 years old. Arthur has a \$1 million IRA. After reaching age 70½ he started to take his required minimum distributions, but they do not need the funds for income.
Their concerns are how they can leave a legacy to their family and the non-profits they care about?
With an IRA of this size, income taxes are going to be a concern and need to be addressed.
We can address all of their concerns through a Tax Free Wealth Replacement Plan.

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A few ideas to create more planned giving conversations.

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**Principle # 2:
Continuously
Communicate**

- Include Giving Information in all Forms of Communication
- Don't Use "Planned Giving"
- Use Stories
- Focus on Donor-Focused Topics

Topics that are Donor Focused

- Maximizing Your Children's Inheritance
- Increasing your Retirement Income
- Crafting Your Legacy
- Creating a Family Vision and Plan

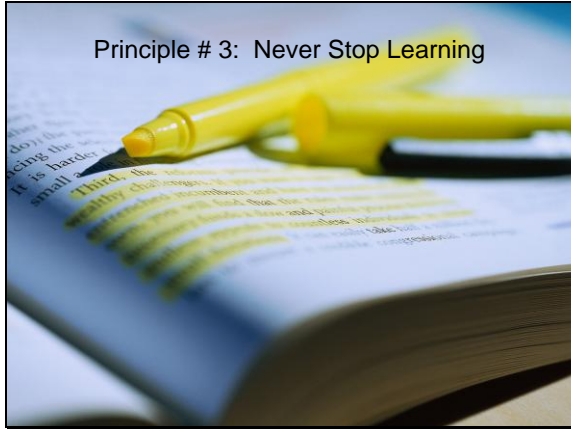
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Use Postcard Mailings

- Highlight your mission, impact and outcomes
- Drive traffic to your website, phone number or have a response card
- Focus on Donor Needs throughout the year
 - Jan 15 – Retirement Plan Designations
 - Mar 1 – Increasing Retirement Income
 - May 1 – Estate Intentions
 - Sep 1 – Increasing Retirement Income
 - Nov 1 – Unlocking Value in Your Assets
- Send an e-mail follow-up
- Track each mailing for results
- Segment List for focused mailings

Source: Brian M. Sagrestano, JD, CFRE
giftplanningdevelopment.com

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Never Stop Learning

- Join Professional Groups
 1. AFP
 2. Planned Giving Group of CT
www.pggct.org – call us if you'd like to attend a meeting

Attend Conferences/Workshops

- Read Industry Periodicals
- Find a Mentor
- Network with Colleagues

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Leverage the expertise of professionals to maximize your time.

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Create a Gift Planning Council

Small Group of Professional Advisors –
include Financial Advisors, Attorneys,
Accountants, Insurance Agents

Review your planned giving materials

Assist with gift planning questions

What do advisors want to gain from Council?

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Create a Professional Advisors Network

- Broad group of professional relationships
- Provide information about your mission
- Provide information on gift planning
- Make two-way referrals
- Potential supporters themselves

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Principle # 5 : Have Patience






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In Summary...


- Focus on the donor's needs
- You can help donors reduce taxes, simplify their giving and guarantee their gifts and inheritances
- You don't need to know all the details
- Develop relationships with advisors that can assist you
- Consistently strive to start conversations

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Connecticut Philanthropy Day 2011

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Remember, when a donor makes a planned gift they are invested in your organization. In a troubled economy, when people have to make a choice, they tend to give to the organizations they are most invested in.

-Greg Hammond, CFP®, CPA



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