



The Power of Planned Giving

FFTC Center for Nonprofit Sustainability

A nonprofit leader's guide to planning for legacy gifts

**FOUNDATION FOR
THE CAROLINAS**

Planned giving represents approximately 9% of total charitable giving in the United States. In fact, Giving USA's 2023 report on philanthropy estimates that \$45.6 billion was given to charities via bequests in 2022 alone.

Behind every number and dollar is a desire to make a positive impact. From addressing urgent community needs to permanently funding an important cause or nonprofit, donors want to make a difference.

How can your nonprofit benefit from your donors' generosity? This guide will help.

What's Inside

▶ **Planned Giving Basics**

Learn how planned giving can transform assets into major impact for your nonprofit.

▶ **Getting Started**

Take the initial steps to introduce planned giving to your organization.

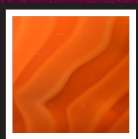
▶ **Creating a Comprehensive Program**

Learn how to evaluate your readiness and design a planned giving program.

▶ **Partnering with FFTC**

Learn how your local community foundation can help you through the process.





What is Planned Giving?

Estate Giving

Gift Planning

Bequests

Legacy Giving

Endowment Building

Planned Giving

Deferred Giving

There are many ways to say it, but they all mean the same thing: Someone cares enough about a cause or nonprofit that they wish to plan now for a charitable gift that will take place in the future, usually after their lifetime.

Why is Planned Giving Important for Nonprofits?

Planned gifts can be transformational.

For many donors, planned gifts are an opportunity to leave a large gift at death which they may not be able to make during their lifetime.

Planned gifts can turn challenges into opportunities.

What would happen to your organization if one of your largest donors passed away this year? Or if your annual large gifts didn't materialize again?

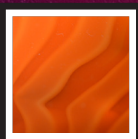
Now, ask yourself what your organization could do with a \$1 million bequest.

Planned gifts can help you establish or build an endowment

Planned gifts can be a source of working capital to support growth

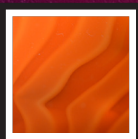
Planned gifts can be a way to build stronger relationships with donors today

Donors with a planned gift often increase their annual giving



Types of Planned Gifts

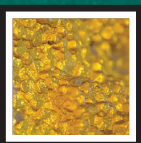
Asset Type	Method	When Payable to Charity
Bequest	A gift made by will. A specific bequest is a stated dollar amount or a specific asset (e.g., 100 shares of Apple stock). A residuary bequest is either the entire estate which remains after all other gifts are made, or a percentage of the remaining estate.	Upon death
Retirement Assets	Donors can name a nonprofit as a beneficiary of their retirement account, such as a 401(k) or IRA.	Upon death or during lifetime as a Qualified Charitable Distribution
Real Estate	A donor can transfer all or a fraction of their interest in real estate to a nonprofit.	During lifetime or upon death
Business Interests	A donor can donate a percentage ownership in a business.	During lifetime or upon death
Life Insurance <i>(beneficiary)</i>	Nonprofits can be designated as a beneficiary of a life insurance policy, either to receive all or a percentage of proceeds. They can be the primary or contingent beneficiary.	Upon death
Life Insurance <i>(transfer of policy)</i>	The ownership of a paid-in-full life insurance policy can be transferred to a nonprofit while the insured individual is still living.	During lifetime
Charitable Remainder Trust <i>(lifetime or testamentary)</i>	A trust which makes annual payments to the donor or designated recipient for a term of years - or the donor's lifetime. Once the term expires, the nonprofit receives the remaining assets.	Depends on terms of trust
Charitable Lead Trust <i>(lifetime or testamentary)</i>	A trust that first makes annual payments to the nonprofit for a term of years, then passes the assets back to the donor or heirs.	Depends on terms of trust



The Planned Giving Process

Depending on the type of planned gift and asset being transferred, the process can include a team of professionals, such as attorneys, financial advisors, insurance agents and more. Donors often work with their local community foundation to establish planned gifts to support multiple nonprofits in a streamlined way.

Type of Asset	What assets will the nonprofit receive?	What professionals are primarily involved?
Bequest in Will	Assets as described in will, including cash, stocks, real estate or a business interest	Lawyer
Retirement Assets	IRAs, or other tax-deferred accounts	Financial Advisor
Stock Accounts	Shares of publicly traded stock	
Life Insurance	Policy proceeds at death	Insurance Agent
Real Estate	Deeded interest in real estate	Financial Advisor and Lawyer
Business Interests	Percentage ownership in company	
Trust	Income or assets described in trust	



Tips for Getting Started

Even if you're not ready for a comprehensive campaign, you can still start having conversations with donors on a smaller scale.

Start with reasonable goals and learn what works for your organization. This will be valuable as you decide whether to pursue a larger initiative in the future.

Review your donor list and identify **twelve donors based on their giving.**

Consider your largest donors, most frequent donors or donors with the longest gift history.

Commit to scheduling **one planned giving conversation each month.**

See the next page for tips on speaking to donors about legacy giving. Bring a board member who is a champion for planned giving or who knows the donor well. Don't expect an answer right away – just plant the seed.

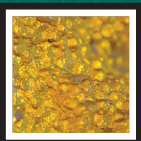
Track each conversation and set a reminder to follow up.

The timing depends on the specifics of the relationship – the next conversation may be four weeks, four months or even one year later.

Report to your board of directors on this work.

Remind them of the importance of planned giving and prepare them to receive an invitation to a similar conversation in the future.





Starting the Conversation

It may feel awkward to bring up the idea of planned giving with your donors – because ultimately you are talking around or about their death. But the conversation doesn't have to begin there. Your goals should be to understand their motivations and how they feel about your organization – and introduce the idea of them creating a lasting legacy.

Important Reminders

- ▶ Take time to establish a rapport and put your donor at ease.
- ▶ Be sure to listen and be interested in what they have to say.
- ▶ Demonstrate your own passion for your organization's mission.
- ▶ Always send a thank-you note, even if they decide not to make a gift.

Conversation Starters

- ▶ **Talk about the donor's loyalty**
 - What inspired you to make your first gift to the organization?
 - What has been your most meaningful or memorable experience with the organization?
 - Tell me more about your experience as a volunteer with the organization.
- ▶ **Talk about the donor's values**
 - Tell me why the organization is important to you.
 - What are the values or principles of the organization that are most important to you?
 - What is important to you in terms of the impact of your support of the organization?
 - One of our donors has shared with us that they believe they can best demonstrate their charitable values within their family by making a planned gift to the organization.
- ▶ **Ask the donor's advice**
 - What would inspire you to make an estate gift to the organization?
 - You've been a loyal donor to the organization for many years and because you are so committed to our organization, we want your feedback on a planned giving program we are launching. There are three areas that we want to focus on – would you be willing to let us know if these priority areas are inspiring to you?
- ▶ **Help the donor honor someone else**
 - Several donors have made gifts in honor of a parent or a spouse for their birthday or wedding anniversary. Would you consider honoring a loved one in this way?
 - Is there someone you would like to thank, remember or recognize with a planned gift made in their honor? A favorite teacher, professor, friend, coach or mentor?
- ▶ **Honor the donor**
 - Would you be willing to let us feature your gift in an article in our newsletter?
 - We would like to highlight your gift and reasons for making such a commitment with the hope that it will inspire others to consider their own legacies and planned gifts.



Assessing Your Readiness

Have you had some success with your initial planned giving conversations? The checklist below can help you evaluate your organization’s readiness for a comprehensive planned giving program.

	Answer	Ready for Initiative	Needs Work
Is your organization established and stable?			
How long has your organization existed?			
Is there a strong, stable board in place?			
Have board members made a planned gift?			
What is the stability of the organization’s leadership?			
Years of service?			
Experience with planned gifts?			
Does your organization have a recognized track record of success?			
Do you follow your stated mission?			
Do you accomplish organizational goals?			
Is your organization financially successful?			
Are donor gifts used wisely, effectively?			
Is there a positive “community buzz”?			
Is there sufficient staff and volunteer support?			
Would the planned giving program be staff-led or volunteer-driven?			
Any volunteers to champion planned giving efforts?			
Do you have staff to support planned giving efforts?			
Does your current staff have the requisite expertise? If not, will you hire additional staff?			
Do you have an existing donor base?			
Do you have an annual fund?			
Is your annual fund successful?			
How long has it been in place?			
How well do you track donors and giving records?			
How well do you know your donors?			
Do you meet with donors regularly?			
Do you thank donors for their gifts? How?			
Do you discuss donor’s motivations for giving?			
Do you know why your donors give to you?			
Do your donors know your organization?			
Do your donors know and understand your mission?			
Do your donors know your organizational history?			
Do your donors know your plans for the future?			
What are your greatest challenges/opportunities?			



Getting Buy-in Within Your Organization

From the start, engaging your board is critical to a new planned giving program. Work with your board to:

- Determine how planned giving ties into your organization’s strategic plan.
- Review your gift acceptance policy and discuss willingness to accept restricted funds.
- Consider creating a committee to oversee the planned giving program.
- Create a risk management scenario (e.g., what if your largest donor died today?).
- Create an organizational wish list in the event of a large bequest.

► Other important activities at this stage

- Be sure your mission/vision/core values speak to the future and sustainability of the organization. Planned giving is not about present operational dollars.
- Include planned giving in your next strategic planning process.
- Consider your budget, reserves and present fundraising to verify that current financial needs are properly addressed.
- Analyze your donor base and patterns of giving. Understand the four stages of individual donor fundraising – identification, cultivation, solicitation and stewardship.
- Determine if board members and other key leaders made planned gifts.
- Establish record keeping and stewardship processes.
- Prepare templates for correspondence and messaging to donors about planned giving. See samples at www.ffc.org/nonprofit_resources.

Getting Your Board “On Board”

You may need to make the case to your board that a planned giving initiative is the right decision. When preparing a case statement, include the following information:

- What makes your organization unique?
- What is your value to the community?
- Why do you need planned gifts?
- What would you do with amounts received?
- Prepare talking points: Include personal stories, as well as information about how many people you serve and how many lives you impact.



Nailing Down Details

▶ With your board

- Discuss and vote to allocate adequate resources in the form of staff time and marketing dollars to planned giving.
- Create a planned giving subcommittee or task force, if possible. Nominate a single board member to champion planned giving.
- Seek a commitment from board members to make a planned gift to your organization. The dollar value is less important than the firsthand experience and emotional commitment.

▶ With staff or volunteers

- Decide on an investment plan and fiduciary for dollars raised. It is important to be able to tell donors where and how endowment dollars will be invested and managed.
- Discuss creating or building an endowment. Write endowment policies and talk about endowment purpose.
- Determine how to recognize donors with planned giving capacity. Explore creating a legacy society.
- Write policies and procedures for gift acceptance which include:
 - Types of gifts you will or will not accept; minimum gift levels, if any.
 - At what level gifts can be restricted for certain use or named by the donor.
 - Whether gift agreements are needed.
 - Sample language for bequests and trusts.
 - How anonymous gifts can be made and the donors' privacy protected.



To Endow or Not to Endow

The purpose of an endowment is to create a permanent source of funding, providing dollars year after year. For a fund to exist in perpetuity, the principal is generally preserved, and grants are typically distributed from what is called the spendable or spending rate.*

This doesn't mean, however, that only the income generated by an endowment can be spent while the principal must always be preserved. Under modern endowment law, spending from endowments can be based on a percentage of the total endowment value, rather than all of its income. And the strict preservation of the principal – the historic gift value – has been relaxed. North Carolina and South Carolina both allow flexibility in the spending of endowments based on factors outlined in UPMIFA – the Uniform Prudent Management of Institutional Funds Act – adopted in 2009 and 2008 respectively.

**The spending rate – the percentage or stipulated amount which can be spent from an endowment each year – is set by the governing body of the endowment, whether that is a nonprofit board, university trustees or the managers of a financial institution. Nationally, most endowments pursue a target spending level of between 4% and 6% of the endowment's market value. The spending rate acts as a 'ceiling' on distributions; if annual income is greater than the spending rate, the retained income is invested with the principal to grow the endowment.*

Power of Legacy



Lucille Puette Giles gave generously throughout her life to a variety of charitable causes. She capped her tradition of philanthropy with an extraordinary, unrestricted bequest of \$35 million to Foundation For The Carolinas in 1996.

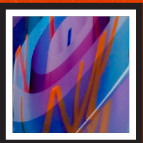
The endowed gift entrusts FFTC to honor Giles' legacy in perpetuity by addressing ever-changing needs and opportunities in our community.

To date, \$59 million in grants have been awarded to nonprofits from the fund, while maintaining a current market value of more than \$35 million.**

Gift of
\$35M
↓
\$59M
in Grants*

**As of November 2023





Considering a Legacy Society

As you think about a planned giving program, you will want to think through ways to recognize and thank donors. A legacy society is a membership association for those who commit to leaving a planned gift to your organization. This can be a useful way to keep donors engaged – and may even result in more current gifts and positive word-of-mouth.

See sample planned giving letters at www.ffc.org/nonprofit_resources. Below are some details to consider when planning a legacy society:

► **Qualifications for membership**

Regarding the gift:

- Is there a minimum gift level for membership?
- Must the dollar amount be disclosed or estimated?
- What evidence of the gift will you require?
- Will any type of planned gift qualify?
- May the gift be contingent? May the gift be a future interest?
- Can the gift be either revocable or irrevocable?
- Must the gift be endowed?

Regarding the donor(s):

- Is there a minimum age?
- Will a specific form need to be signed? Will you allow the gift to be anonymous?
- Will survivors of the original donor be included as members?

► **When a member dies**

Sympathy Gestures:

- Flowers or memorial gift at funeral
- Condolence letters to spouse/partner/children
- Permission to tell the gift story

Honoring the Gift:

- Will there be special recognition for gifts as they ‘mature’?
- How will you tell the donor’s story and the impact of the gift?
- Will there be a reporting of how the gift was used?

► **What benefits will you offer?**

Name listing:

- Annual report/publications
- Wall of honor
- Website

Recognition Mementos:

- Pins or token gifts with your logo
- Paperweight, book, bricks, plaques
- Photo opportunity with your organization’s president

Events:

- Invitations to same events as current donors
- Exclusive events
- Special recognition at events

Mechanics:

- Are the names of deceased members marked with an asterisk on public listings?
- How do you indicate gifts which will be complete on the death of the second-to-die?



Preparing a Prospect List

▶ With your board

- If your organization does not have legal counsel, identify a lawyer or firm who will work with staff as needed to answer questions or review proposed planned gifts.
- Request one or two planned gift prospects from each board member.

▶ With staff or volunteers

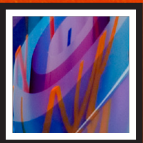
- Draft a letter to prospects that inspires them to consider a planned gift to further your mission – programming, scholarships or new projects. Include examples of deep need or powerful solutions brought to fruition through a legacy gift.

- Pre-screen professional advisors for your referral list to share with donors who do not have advisors of their own. You want friendly and competent advisors who will support and help implement strategies that will benefit your organization.
- Make a list of people who have already included your organization in a will, estate plan, life insurance policy or other gift. Preserving anonymity where desired, publish the list in your annual report or on your website.

Potential Prospects

- ▶ Current/past board members and your other leaders
- ▶ Long-term donors
- ▶ Clients and family members
- ▶ Other donors and community members





Kicking Off a Successful Program

▶ With your board

- Board members could accompany development staff or executive director on meetings with planned giving prospects.
- Board members could phone or write a thank-you note when a planned gift is confirmed.
- Host or sponsor a luncheon or other recognition event for planned givers.

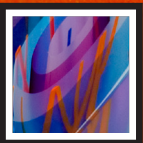
▶ With staff or volunteers

- Integrate planned giving messages into all communications. Be sure information is available on your website that is easy to understand and user friendly.
- Add a planned giving tag line to every gift acknowledgment letter.
- Network whenever possible with professional advisors. Let them know you welcome the opportunity to work out planned gifts for their clients who wish to benefit your organization. Remember you are a referral source *to* them as much as they can be a referral source *to you*.

▶ With donors

- Schedule time for planned giving conversations.
- During your initial conversation, discuss their past connection to you and set a time to meet to discuss planned giving.
- When setting up a meeting, determine the date, time, location and whether a spouse or child(ren) will be joining.





Ongoing Administration and Promotion

► Recognize donors who make planned gifts

- Send personalized, handwritten thank you notes.
- Recognize Legacy Society members, if applicable.
- Include donor stories on website/newsletters.
- Plan a special dedication ceremony for surviving family members.

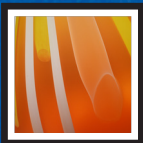
► Continue to promote planned giving and its impact

- Provide general information about planned giving (e.g., language for bequests), as well as legacy society enrollment forms, on your website for convenience.
- Promote your campaign with an annual fund mailing that communicates how planned giving makes a difference and be sure to include information about planned giving opportunities.
- Promote the campaign in your newsletter or on your website:
 - Include testimonials of why donors make planned gifts.
 - Link the receipt of a planned gift to the impact of the organization.
 - Bring attention to new Legacy Society donors.
- See sample planned giving prompts at www.ffc.org/nonprofit_resources.

Building Your Expertise

► Resources

- NC Council of Charitable Gift Planners: <https://ncccgpc.org>
- South Carolina Planned Giving Council: www.scplannedgiving.com
- NC Center for Nonprofits: www.ncnonprofits.org
- Together SC: www.togethersc.org
- Association of Fundraising Professionals: www.afpcharlotte.org
- Sharpe Group for planned gift promotional materials: www.sharpenet.com
- Planned Giving Design Center for tax resources and web solutions: <https://pgdc2.com>
- Pentera: www.pentera.com
- Stelter: www.stelter.com
- Planned Giving Tomorrow: www.plannedgiving.com
- Crescendo Interactive: www.crescendointeractive.com
- Thompson & Associates: www.ceplan.com



What is a Community Foundation?

You've likely heard of family foundations like the Bill & Melinda Gates Foundation or the Leon Levine Foundation, or their corporate cousins such as the Ford or Walmart Foundations. These organizations were created with the wealth of the families or companies that run them, and the causes supported by these foundations are chosen by the family members or company.

By contrast, a community foundation is a collection of funds created by many residents of a city or region – and may include families, businesses and even nonprofits. Each of these “fundholders” can choose the causes or charities they want to support – such as establishing a scholarship fund or supporting a single nonprofit or a broader area of community need (such as the environment or animal welfare).

Many community foundations believe that, in addition to helping fundholders achieve their philanthropic goals, the foundation itself should also be involved in efforts to address pressing issues in the region by building partnerships and encouraging generosity.

FFTC is your Community Foundation

Foundation For The Carolinas is the community foundation serving a 13-county region surrounding Charlotte. We work with charitably-minded individuals, businesses and nonprofits throughout the region by helping each one maximize the impact of their gifts.

How does FFTC support local nonprofits?

Foundation For The Carolinas is committed to helping nonprofits thrive. Through our Center for Nonprofit Sustainability, we offer expert guidance and a wide array of solutions – including FFTC Agency Funds and endowment management – designed to help ensure nonprofits' financial stability.

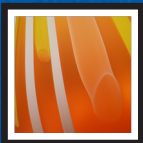
We also offer complimentary meeting space to local nonprofits during weekday business hours, as well as seminars and networking opportunities.

How can we help you ensure financial sustainability?

Our FFTC Agency Funds offer nonprofits expert fund management and diversified investment options.

We support all facets of fund management, including spendable income calculation, distinct fund accounting, monthly fund statements and online access to accounts. We administer and report on each fund, allowing fundholders to manage and track dollars earmarked for specific uses.

We partner with nonprofits to identify the right investment strategy for their goals. Our investment options provide increased diversification, top quality managers and professional oversight at low costs.



How can FFTC support your planned giving?

A leader in planned giving since 1958, FFTC works with generous individuals and families – as well as their professional advisors – to integrate giving into their estate plan. Donors can create a planned gift at the Foundation, with the proceeds directed to the nonprofits and causes they value.

With decades of experience in this space, our team has learned a great deal about how donors approach their legacy planning. We can share those insights with you to help you create an impactful planned giving program.

We can also help your donors plan and document their gifts to your organization.

- Do you have a donor who is interested in giving real estate or business interests? We are experts in accepting these complex gifts.
- Do your donors want to create an endowment that provides your organization with annual distributions? We can help them plan for an FFTC Designated Fund, with you as a recurring recipient.
- Do you have a donor who wishes to give to a few favorite organizations, but thinks it's too complicated? We have vast experience helping donors create plans that meet their unique needs and goals.

Contact us at philanthropy@fftc.org or 704.998.6412 to learn more about how FFTC can help. Visit our website at www.fftc.org.

