

Proposals that Stand Out: Adding Financial Illustrations to Blended Gift Requests

NCGPC

MAY 2024



SESSION OVERVIEW



01

Overview of Blended Gift
Requests

02

Gift Illustrations in
Proposals

03

Case Study with
Blended Gift Request

PRESENTERS



KELLY CIOTTI

Vice President
CCS Fundraising



LISA MASTERS

Senior Director
CCS Fundraising

ABOUT CCS FUNDRAISING

Celebrating 75 years of transformational partnerships with nonprofits



Leading experts in campaign and development strategy for 75 years



Experienced across nonprofit sectors and locations



Full-time professional staff plans, implements, and manages fundraising projects.

OUR SERVICES



FUNDRAISING
CAMPAIGNS



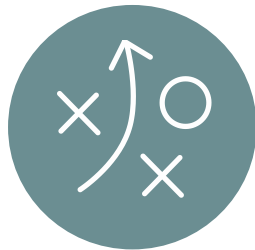
INTERIM DEVELOPMENT
MANAGEMENT



DATA ANALYTICS,
SYSTEMS, & RESEARCH



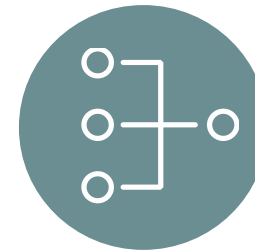
ASSESSMENTS &
AUDITS



STRATEGIC
PLANNING



TRAINING & LEADERSHIP
DEVELOPMENT



SYSTEMS
PROJECTS



FEASIBILITY
STUDIES

OUR EXPERIENCE



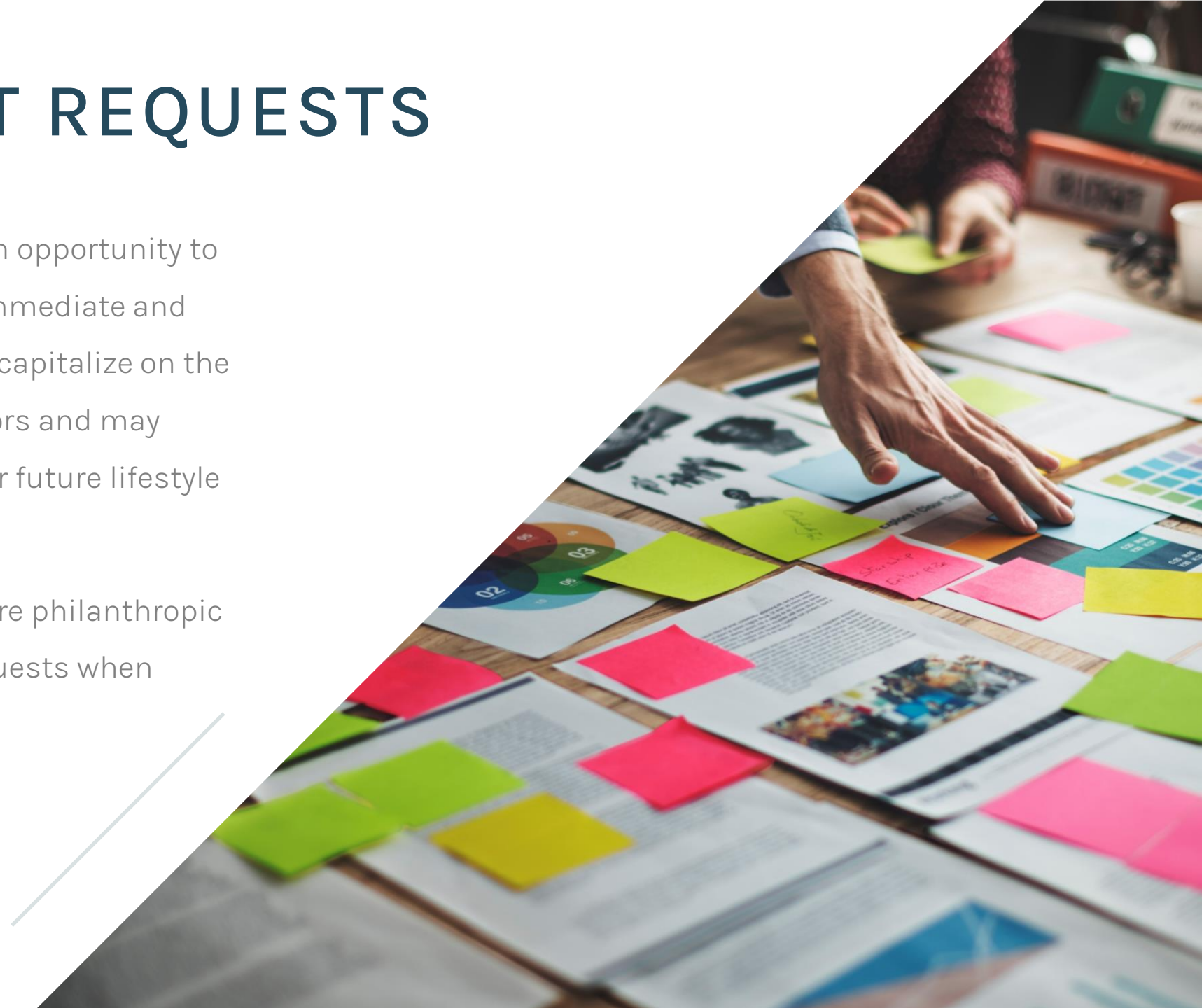


Overview of Blended Gift Requests

BLENDING GIFT REQUESTS

Blended gifts provide donors with an opportunity to impact an organization with both immediate and future gifts. These requests work to capitalize on the various types of assets held by donors and may address their concerns for current or future lifestyle obstacles.

Organizations with current and future philanthropic needs should prioritize blended requests when meeting with donors.



PROSPECT IDENTIFICATION

Key Demographics



- Age
- Marital status
- Legacy
- Longevity of giving
- Assets & wealth

Life Events



- Increase in assets
- Marriage / Divorce
- New child
- Death of spouse
- Sale of business
- Real estate sale

Assets to Include



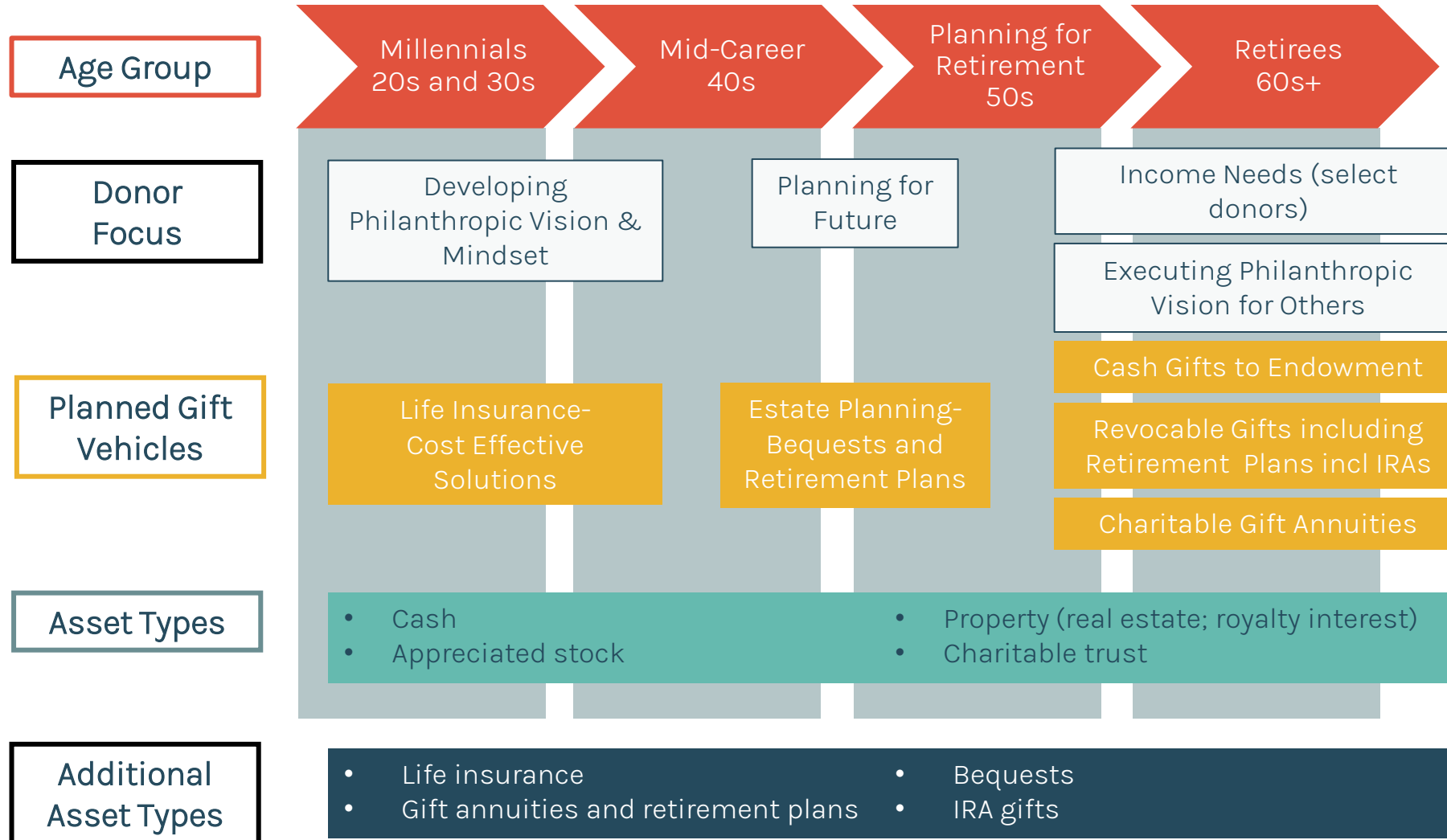
- Cash
- Appreciated securities
- Qualified retirement assets
- Real estate
- Insurance policies
- Tangible assets
- Business interests

Gift Planning Vehicles



- Immediate use gifts
- Deferred gifts
- Split interest gifts
- Life income gifts

LIFE STAGE FRAMEWORK



GIFT VEHICLE FRAMEWORK

Metric	Outright Cash Gift	Outright Gift of Securities	Cash Gift from IRA	Charitable Gift Annuity	Bequest	Gift of Life Insurance	Charitable Remainder Annuity Trust	Charitable Remainder Unitrust	Gift of Retirement Assets	Charitable Lead Trust	Gift of Real Estate
If Your Goal Is To:	Make a quick and easy gift	Avoid tax on capital gains	Make a quick and easy gift that's tax-wise	Receive fixed annual payments that are partially tax-free	Defer a gift until after your lifetime	Make a large gift with little cost to yourself	Secure a fixed life income while avoiding market risks	Create a hedge against inflation over the long term	Avoid the twofold taxation on IRA or other employee benefit plans	Reduce gift and estate taxes on assets you pass to children and grandchildren	Avoid capital gains tax on the sale of a home or other real estate
Then You Can:	Simply write a check now	Contribute long-term appreciated stock or other securities	Simply contact IRA administrator and ask to do a QCD to a charity	Create a charitable gift annuity	Put a bequest in your will (give a charity cash, specific property, or a share of the residue)	Contribute a life insurance policy you no longer need	Create a charitable remainder annuity trust	Create a charitable remainder unitrust	Name a charity as the beneficiary of the remainder of the assets after your lifetime	Create a charitable lead trust that pays income to a charity for a specific term of years	Donate the property to a charity or sell it to a charity at a bargain price
And Your Benefits Are:	An income tax deduction and immediate impact for a charity	A charitable deduction plus no capital gains tax	Reduce your taxes by reducing taxable income	Current and future tax savings on income taxes, plus stable payments	Donations that are fully exempt from estate tax	Current and possibly future income tax deductions	Tax benefits and often a higher rate of return	A variable income for life and tax benefits	The ability to leave your family other assets that carry less tax liability	Reduces your taxable estate and your family is able to keep the property	An income tax deduction, plus reduction or elimination of capital gains tax

STRATEGIC QUESTIONS

Clues for starting a blended gift conversation are...



What motivated your first gift to our organization? What inspires you to keep giving?



What issues do you weigh when making decisions about your estate plans?



Thinking back on the philanthropic decisions you have made, what has brought you joy?



What do you hope to accomplish with your philanthropic investment? What impact do you think that investment could have on (our community, nation, world)?



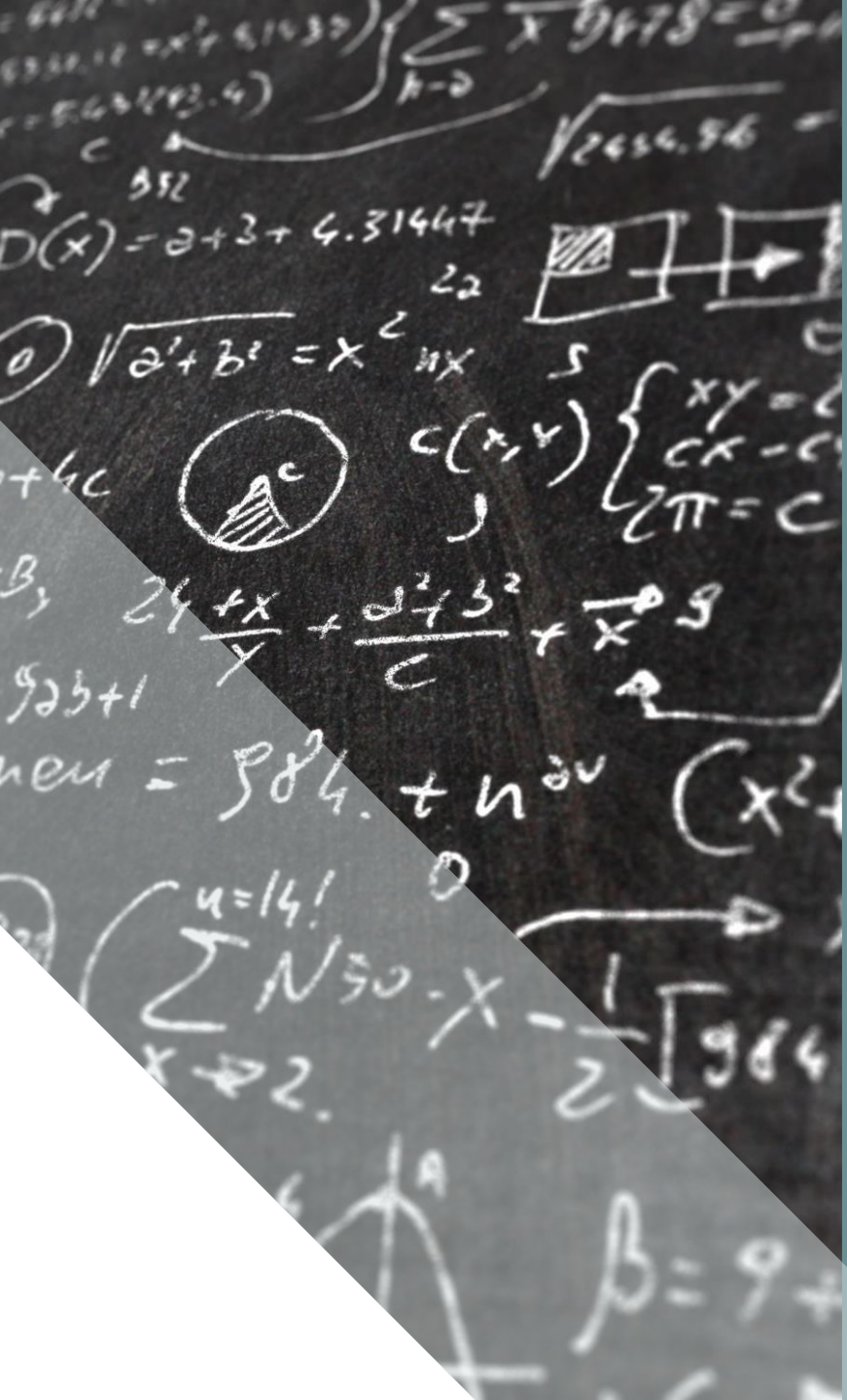
As you think about the future of (the people we serve, our planet, the arts, education, etc.) what are some of your worries? Hopes? What role do you see our organization playing in addressing these concerns (aspirations)?



Who should be part of a future conversation? Do you involve your family in decision making? Attorney? Financial advisor?

DONOR MEETING

Donor Concern	Possible Gift Option	Introductory Talking Points
<ul style="list-style-type: none"> Concerned they'll outlive their money High health care costs 	<ul style="list-style-type: none"> Testamentary Gift Bequest Intention 	<p>"Would you consider a pledge commitment that isn't paid until you pass or when you no longer need it?"</p>
<ul style="list-style-type: none"> Want to provide for children's/grandchildren's college costs 	<ul style="list-style-type: none"> Gift Annuity Testamentary pledge or Bequest Intention 	<p>"Would you be open to exploring ideas to ensuring you have income sufficient to help your grandchildren with tuition while also helping our organization? We'd love to show you some ways you can keep funds available while committing to this effort."</p>
<ul style="list-style-type: none"> Concerned they won't have enough to support retirement 	<ul style="list-style-type: none"> Gift Annuity CRT 	<p>"If we could show you a way to maintain or increase your income while also supporting your favorite charity, would you be interested?"</p>
<ul style="list-style-type: none"> Not enough cash right now Has an extensive art collection 	<ul style="list-style-type: none"> Gift of tangible property 	<p>"Would you be interested in giving art to beautify our organization's walls as part of the blended gift you are considering?"</p>
<ul style="list-style-type: none"> Worried about retirement Want to continue support of organization's gala 	<ul style="list-style-type: none"> Multi-year pledge to gala Testamentary pledge 	<p>"Your continued commitment is so appreciated! Would you consider a multi-year pledge to ensure support for the gala and a significant campaign pledge that is fulfilled once your estate is settled?"</p>
<ul style="list-style-type: none"> Inherited commercial real estate for retirement income which has become a burden 	<ul style="list-style-type: none"> A FLIP unitrust with the commercial real estate property Bequest Intention 	<p>"Would you be interested in hearing how you could receive a steady stream of income while no longer managing the property and ultimately supporting our organization?"</p>



Gift Illustrations in Proposals

BLENDING PROPOSALS

Current Needs

- Background information and context to request
- What need the donor's gift will address

Gift Components & Illustrations

- Combination of gift vehicles
- Demonstrate benefit to donor and organization

Vision & Goals

- Share vision of organization or project
- Articulate how donor can help achieve these goals

Gift Impact

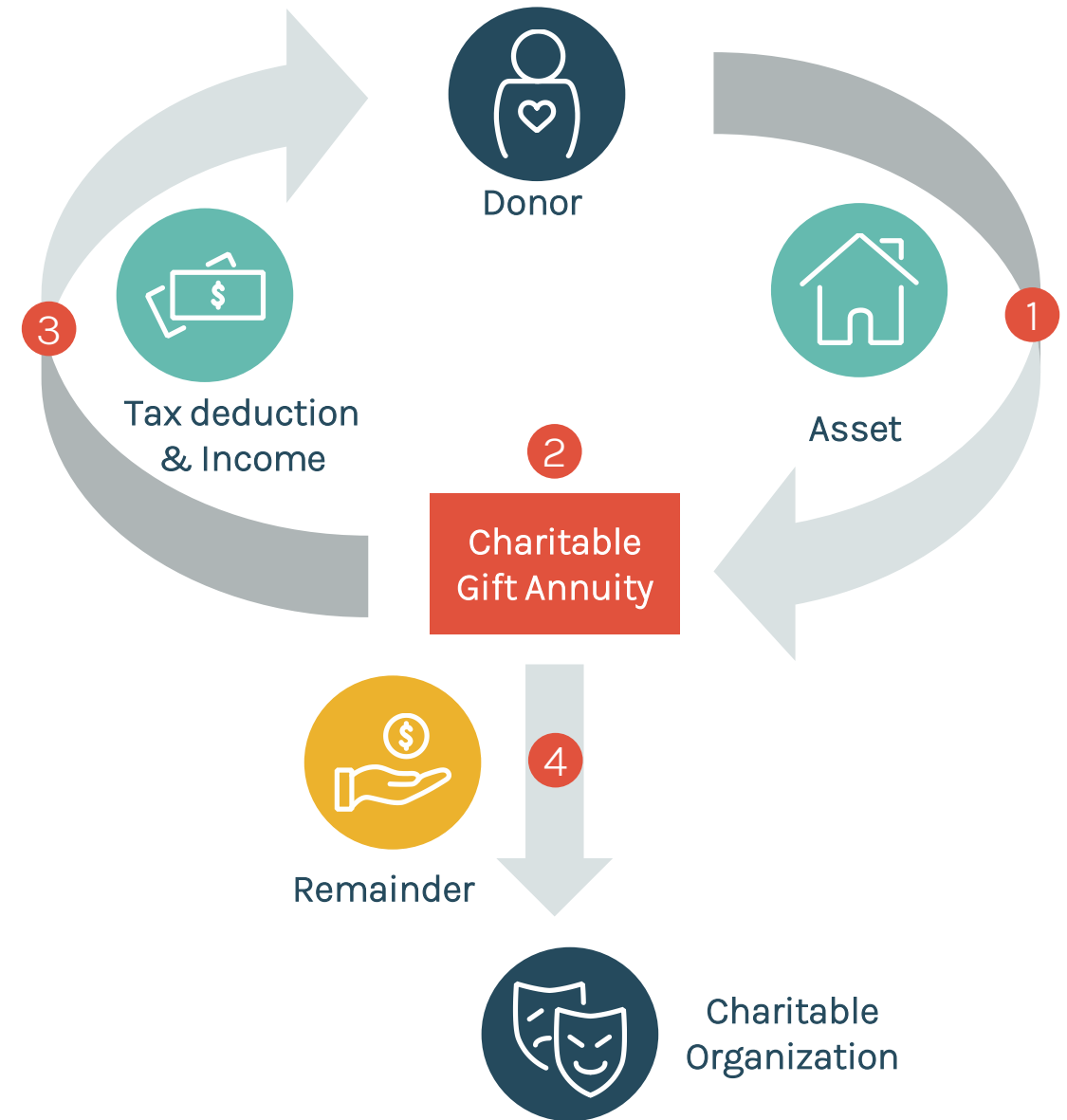
- Reiterate how support will strengthen the organization for the future



GIFT ILLUSTRATIONS

Blended gift illustrations provide suggestions of gifts of cash and non-cash assets in a manner that make tangible a larger gift commitment to the organization. Nonprofits can use an illustration to identify gift strategies that they anticipate might appeal to a donor. Illustrations might demonstrate:

- Gift options
- Income streams to donors
- Potential donor tax savings
- The benefit to the organization



SOFTWARE SUPPORTED

Donors give because they are emotionally connected to a cause. A gift illustration in a proposal helps to connect with a donor's head and instills confidence in their giving. Illustrations can:

- Introduce complex planned gift concepts
- Offer charts, diagrams, and gift descriptions for greater understanding
- Resource donors with materials they can discuss with their financial planner(s)

	Cash Gift of \$1M	Part Cash and Part Planned Gift of \$2.5M	Part Cash and Part Planned Gift of \$5.0M
	CASH	CASH & Charitable Lead Trust	CASH & Charitable Remainder Trust
Amount	\$ 1,000,000	\$ 1,250,000 (Cash Gift) \$ 1,250,000 (Lead Trust)	\$ 2,000,000 (Cash Gift) \$ 3,000,000 (Remainder Trust)
Payout Percentage / Payment	N/A	5% / \$ 62,500 to Nonprofit	5% / \$ 150,000 annually to grandchildren
Charitable Deduction	\$ 1,000,000 (if made in cash, 2021) (if use appreciated assets, 30% of AGI)	\$ 2,404,106	\$ 3,807,000 (can use \$2M at 100% if funded with cash in 2021)
Taxes Owed	N/A	On income produced by trust, annually	Just on income (beneficiaries pay)
Payments to Family	N/A	N/A Assets returned in Yr. 20	\$ 1,080,000 (after tax)
Other Benefits	Organization receives immediately	Organization receives annual payments over 20 years	Bypass capital gains taxes

MANUAL CALCULATION

While gift illustration software is helpful, it's not required to create impactful proposals. If you don't have software, simplify illustrations.

Show estimated amounts that are illustrative and that exemplify the type of savings a donor could enjoy.

Utilize simple math with federal tax rates to demonstrate how a donor at X income level could enjoy tax savings like Y.

Working in generalities is fine as it prompts thought for the donor to consider giving beyond cash.

EXAMPLE: If demonstrating amounts isn't possible, share why, based on the donor's general age, a CRT or bequest or some other vehicle might be worth their consideration.

Cash Gift Amount	\$1,000,000	
Fair Market Value of Assets	\$100,000	
Cost Basis	\$25,000	What the donor originally paid
Income Tax Bracket	24%	
Potential Charitable Deduction	\$1,100,000	<ul style="list-style-type: none"> • Deductible up to 60% of AGI • Deductible up to 30% of AGI for appreciated property over 1-year • Unused amount may be carried over up to five-years
Potential Income Tax Savings	\$264,000	Based on donor's tax bracket
Capital Gains Tax Elimination	\$11,250	<ul style="list-style-type: none"> • Based on long-term capital gains rate of 15% on the difference of your cost basis and the FMV • Assumes gift of appreciated real estate or marketable securities

CASE STUDY



FUNDRAISING



OVERVIEW: A LOYAL DONOR

Donor

- Founding member of an organization
- Widow in her mid-seventies
- Plans to move in the coming years

Giving

- Makes regular contributions for over 35-years (including a capital campaign pledge)
- Recently began giving through qualified retirement plans
- Giving decreased over the years, some years does have an increase of contributions
- Supports other causes (amount unknown)

Wealth/Assets

- Owns real estate properties, including a rental investment property
- Management of rental has become a burden
- Plans to move in the coming years

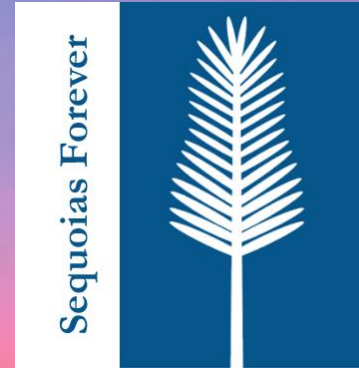
OVERVIEW: STRATEGY

- Donor attended prior gift planning seminar, engaged
- Blended gift request could support a planned gift request
- Goal to increase annual support and aspirational gift of non-cash assets
- Endowment to support her annual contribution may appeal
- Prior capital campaign gifts, but no campaign currently
- Deferred maintenance = future cost



A Legacy for Fundraisers

A Special Proposal Prepared for
Margaret Johnston



FUNDRAISER NOTE:

- Background information and context for request
- What need donor impact will address
- Share vision and goals
- Articulate how donor can help meet goals

Margaret,

You have been a loyal supporter to our organization for many years. Your generosity has helped us reach a wider audience. We would like to share with you an exciting opportunity to make a significant impact through our mission. In recent years our organization has grown considerably to meet the needs of our community. With this growth comes a need to sustain our operations now and into the future. Thank you for your continued support and for considering a gift to our organization to further our mission.

This year has been one of our most exciting to date. We have grown our membership ten percent. Along with this growth has been an increase in the services we offer. Our Roundtable has always been a featured event for many gift planners in our region. In recent years we have also seen significant growth in participation in our monthly webinars as well as our in-person networking events. With this growth has come added costs that have not been fully covered in our membership growth.

On the heels of this growth, we would like to share with you a few pillars for our future growth. Our vision is to make a permanent impact in this community. Last year we updated the Master Plan for our organization that details a ten-year growth plan including additional services we plan to provide our membership.

Furthering Your Support

Your continued ongoing support makes a meaningful difference in the programming we offer throughout the year. Your asset-based gift will work to ensure Sequoias Forever sustains its mission in support of fundraising professionals for years to come.

FUNDRAISER NOTE:

- Clearly articulate combination of gift vehicles
- Demonstrate benefit to donor and organization

Continuing your personal impact

\$6,000 cash

Impact: Sustain high-quality educational programming and networking for gift planning professionals.

Benefits to You: Potential income tax deductions, credits, or avoidance of capital gains taxes.



Sustaining Sequoias Forever for the Future

\$150,000 real estate

Impact: Build our long-term vision to be the best Gift Planning organization in the West.

Benefits to You: Different gift vehicles may avoid capital gains tax, provide income tax deductions, lifetime income or other benefits.

Thank You, Margaret.



We are grateful for your support and want you to know the impact it has makes. A gift of \$6,000 makes a significant contribution to our operations. Membership dues only cover a portion of our mission. The generosity of donors like you currently covers 55% of our operating costs including cost of programming and networking events.

A legacy gift could help us to sustainably grow our impact and plan for the future. We are seeking to raise \$4,000,000 in endowment to support our operations growth. In recent years we were reminded that changes in annual giving can have large impacts in our organization's operations. We seek endowment funds that will provide permanent funding for twenty-five (25%) of our operating costs to provide revenue stability.

We are honored to have you as part of our Sequoias Forever family and appreciate your consideration of supporting our future.

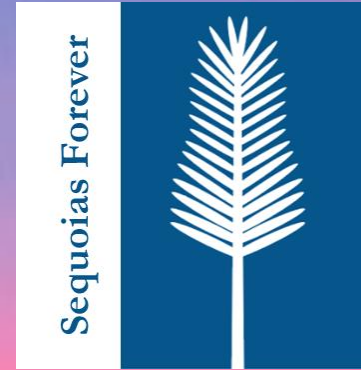
	Direct Gift of Real Estate	Bequest	Retained Life Estate	Charitable Trusts (CRAT, CRUT, CLAT, CLUT)	Charitable Gift Annuity (CGA)	Donor Advised Fund (DAF)
Donor Benefits	Allows large gift; Sale of real estate handled	Gift when your estate is settled; Easy to incorporate to your current will or trust	You can reside in property while transferring ownership to <u>SE</u>	Greatest flexibility to design gift and control investments; Receive Income (CRAT & CRUTS); Receive Remainder (CLAT & CLUT)	Provides you stable income for life, ensured by <u>Sequoias Forever</u>	You control gift timing; Option to support other organizations
Potential Tax Opportunities	Income Tax Deduction; Avoid Capital Gains Tax Reduce Estate Tax	Reduce Estate Tax	Income Tax Deduction; Avoid Capital Gains Tax Reduce Estate Tax	Partial Income Tax Deduction Defer or Avoid Capital Gains Tax Reduce Estate Tax		
Organization Benefits	Receives a large immediate gift	Receives a large deferred gift	Irrevocable	Often used for larger gifts	Scalable, to provide regular income	Identify prospects with giving strategy
Limitations	Must give full amount of property to organization		Must give full amount of property	Irrevocable, Trust cannot be changed once created	Fixed terms set by organization	Similar flexibility to foundation
Appraisal Required?	Yes	No	Yes	Yes	Yes	Yes
Additional Costs		Lawyer Fees		Lawyer Fees		DAF Fees

FUNDRAISER NOTE:

- Providing a 'leave-behind' with more information can be beneficial
- ALWAYS remind the donor to seek advice from their professional advisor

A Legacy for Fundraisers

Gift Illustrations Prepared for
Margaret Johnston



FUNDRAISER NOTE:

- Remind donor that these illustrations are for informational purposes and should not replace the advice of personal professional advisors.
- Offer to join professional advisor conversations.

Margaret,

Gifts of Real Estate provide donors like you the opportunity to turn assets that have been part of your daily life into a gift that benefits others.

The illustrations provided in this document demonstrate the how real estate can be used to impact Sequoias Forever. The gift strategies may have benefits to you in addition to our mission. The gift strategies we have included are:

1. Sale of Real Estate & Charitable contribution
2. Direct Gift of Real Estate
3. Donor Advised Fund
4. Charitable Gift Annuity
5. Charitable Remainder Trusts

We are honored you are considering making such a thoughtful contribution so Sequoias Forever can thrive now and into the future.

Option 1 Real Estate



Sale of Real Estate & Give Annually

Estimated Property Value	\$130,000
Closing Costs	(\$10,000)
Capital Gains Tax (15%)	(\$15,000)
State Cap. Gains (6.8%)	(\$6,800)
Sale Proceeds	\$98,200

Proceeds from the property sale could be used to support your ongoing commitment to Sequoias Forever, or support Sequoias Forever's vision for the future.

Note: Illustrations are an example, seek input from a professional advisor

Option 2

Gift Real Estate



Transfer Property Deed to Sequoias Forever

Estimated Property Value	\$130,000
Closing Costs	(\$10,000)
Sale Proceeds for Sequoias Forever	\$120,000

Additionally the sale could provide you tax benefits:

Income Tax Deduction	Avoid Cap. Gain Tax
\$28,600 (federal)	\$15,000 (federal)
\$8,840 (state)	\$6,800 (state)

Note: Illustrations are an example, seek input from a professional advisor

Donor Advised Fund

Option 3

Funds Available to Gift:

Estimated Property Value	\$130,000
Closing Costs	(\$10,000)
DAF Fee	(\$10,000)
Adjusted Value	\$110,000

Gift Considerations:

- DAFs provide flexibility to grow contributed assets, direct grants, and name a charitable beneficiary
- Contributing property to establish a DAF may provide tax benefits:
 - \$15,000 estimated federal **capital gains tax** savings
 - \$6,800 estimated state **capital gains tax** savings
 - \$28,600 estimated federal **income tax** deduction
 - \$8,840 estimated state **income tax** deduction

	Year	Amount	DAF
Gift From Donor Initiation	Initiation	Adj. Appraised Value \$110,000	
		Tax Deduction	
Charity 	Year 1	\$6,000	
	Year 2	\$6,000	
	Year 3	\$6,000	
	...		
	Year 10	\$6,000	
Charity 	Termination	Charitable Gift: \$101,949	

Note: Illustrations are an example, seek input from a professional advisor

Charitable Gift Annuity

Option 4

Gift Considerations:


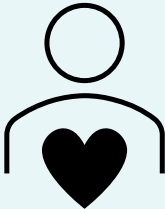


CGAs provide you with income for life (or a term of years), while leaving the remainder to Sequoias Forever.

An income tax deduction will likely be allowed for the present value of the amount gifted to SE at termination:

- \$12,810 estimated federal tax savings
- \$3,960 estimated state tax savings

At termination, the CGA is estimated to make a \$60,000 impact on Sequoias Forever

Our current payment rates are 6.4%

	Year	Amount	Charitable Gift Annuity (CGA)
Gift From Donor Initiation	Initiation	Recognized Gift: \$120,000	
		Tax Deduction	
	Year 1	\$7,680	Payout of 6.4% 
	Year 2	\$7,680	
	Year 3	\$7,680	
	...		
	Year X	\$7,680	
Charity	Termination	Charitable Gift: \$60,000	

Note: Illustrations are an example, seek input from a professional advisor

Charitable Remainder Trust

Option 5

Gift Considerations:


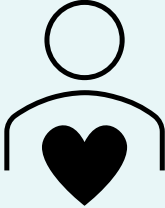



You have the option to select an annual (fixed) or percentage payment of 5-50% of the total assets in the trust.

You will likely avoid the entire capital gain tax both federal \$15,000 and state \$6,800.

You may receive an income tax deduction on the present value estimated to be given to Sequoias Forever.

- \$16,264 in federal income tax savings
- \$4,959 in state income tax savings

Assuming the trust earns 5.5% over time and pays out at 5%, the remainder would make an extraordinary impact on SE.

	Year	Amount	Charitable Remainder Trust
Gift From Donor Initiation	Initiation	Recognized Gift: \$120,000	
		Tax Deduction	
Donor 	Year 1	\$6,000	Payout of 5% 
	Year 2	\$6,000	
	Year 3	\$6,000	
	...		
	Year X	\$6,000	
Charity 	Termination	Charitable Gift: \$135,350	

Note: Illustrations are an example, seek input from a professional advisor

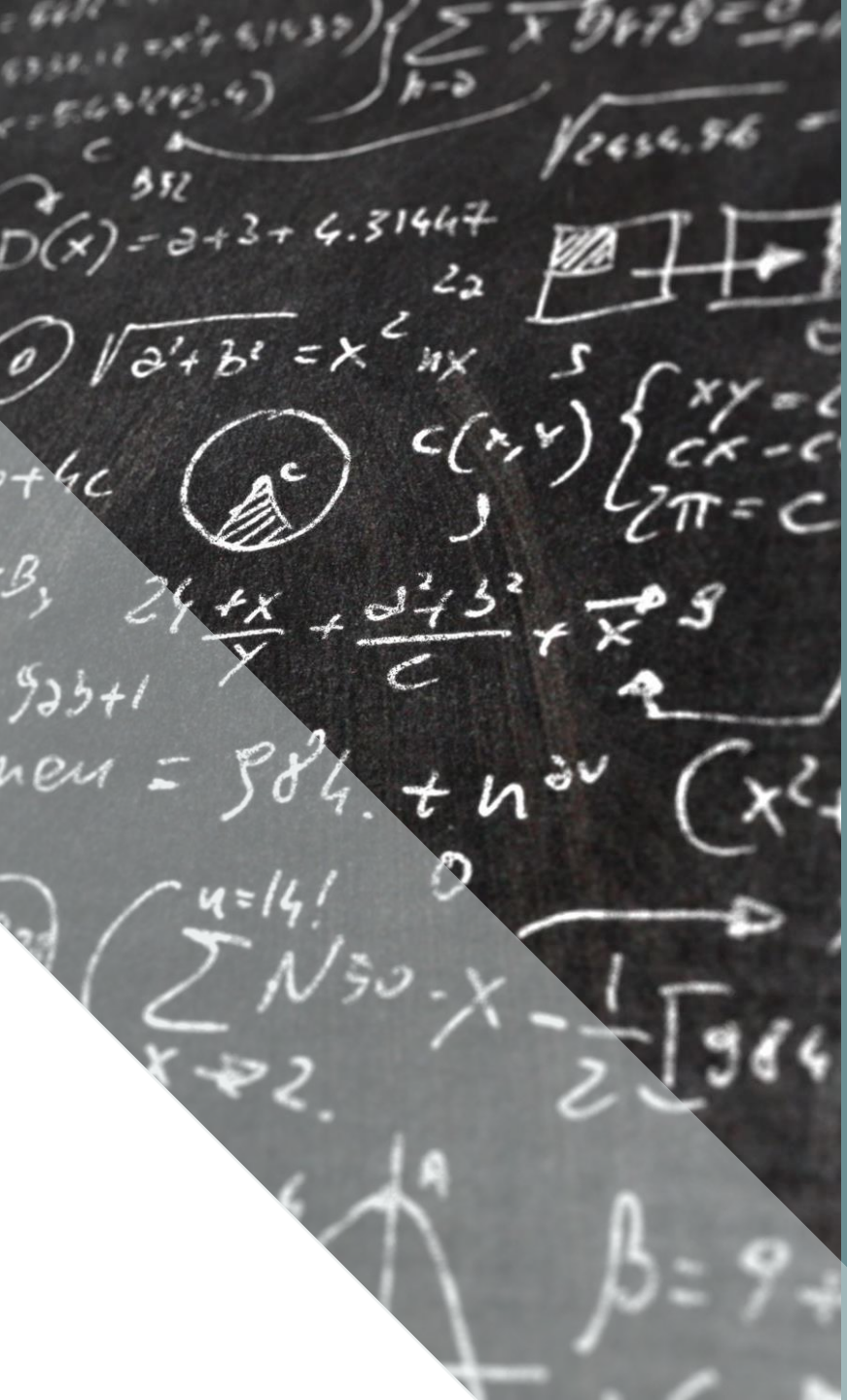


Sequoias Forever



Thank you, Margaret!





Discussing Proposals and Illustrations

CONVERSATION PREP

Preparation is critical for successful meetings with donors, partners, and advisors.

- Know prospect and background information
- Review and understand case and gift impact
- Outline meeting objectives
- Strategize potential outcomes and associated next steps
- Determine any steps to prepare associated partners
- Practice your talking points and responses to potential questions that may arise during meeting



DONOR MEETING

Preparation is critical for successful meetings with donors, partners, and advisors.

- Emphasize impact on organization
- Highlight benefits of their support and how various gift options also benefit the donor
- Use plain, clear language
- Open door for participation in future conversations with donor's family and/or professional advisors
- Be prepared to offer additional gift illustrations based on information learned



ADVISOR MEETING

Technical Expert, Financial Professional, Attorney

- Work to make sure your organization is an easily accessible resource for information
- Demonstrate your expertise by showing how various gift options may make an impact at the organization
- Advisor Point of View:
 - Is this in my client's best interest? Will this maximize their investments?
 - How will you (charity) work with my client?
 - Can I trust you?

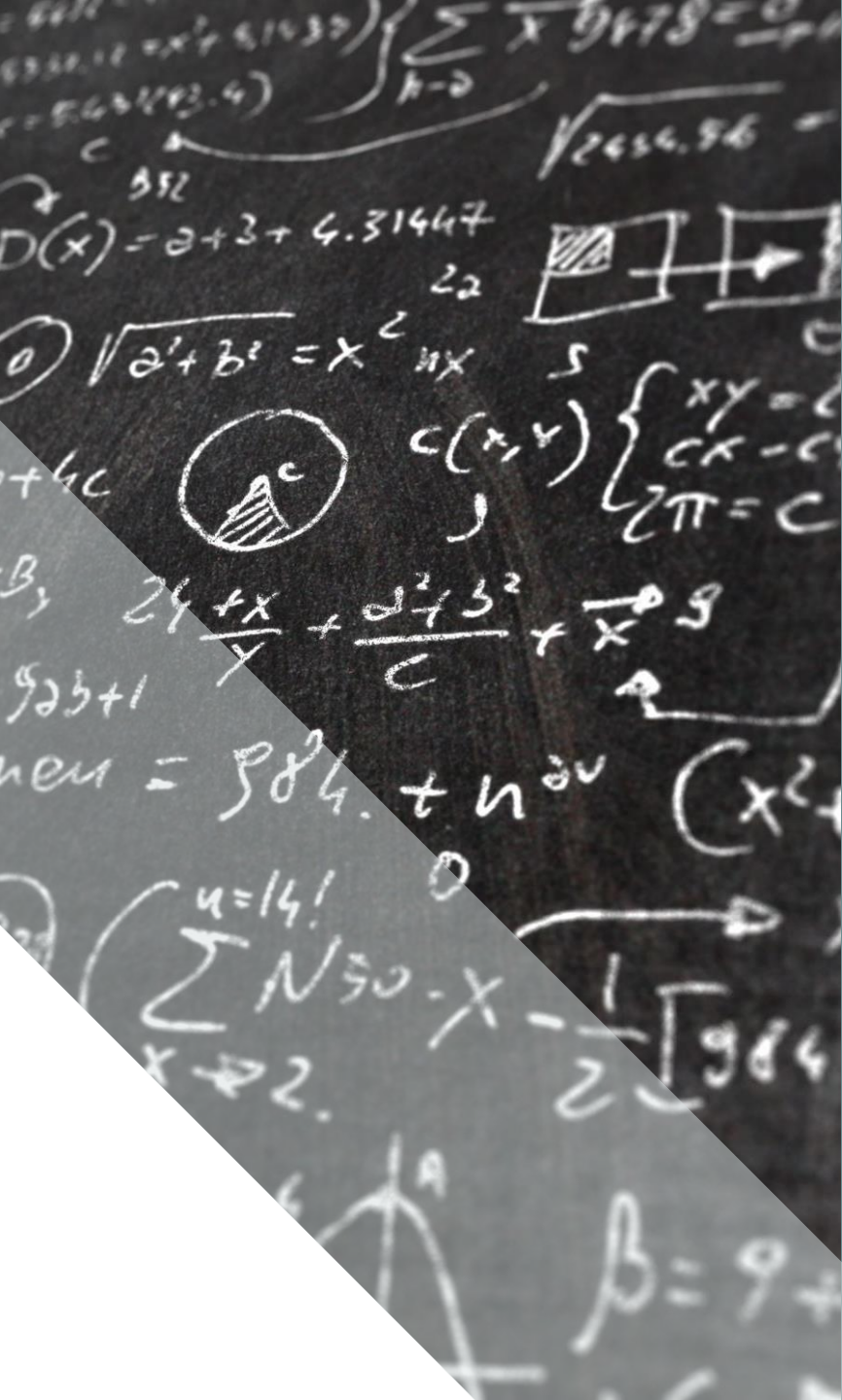


PARTNER MEETING

Executive Director, Other fundraisers, Finance Team

- Joining meeting? (CEO, Fundraisers)
 - Relay background information and relevant research
 - Assign specific roles
 - Review talking points
 - Strategize potential responses and next steps
- Approval of gift acceptance? (CEO, Finance)
 - What do GAPs say?
 - Special considerations - UBIT, timing, ethics
 - Recognition options
- Supporting documentation? (CEO, Finance, Operations)
 - Relay relevant background information
 - Determine what information they need from donor/advisor to document and book gift according to organization policies





CLOSING THOUGHTS & REACTIONS

A photograph of four diverse professionals in a meeting. From left to right: a man with a beard in a blue shirt, a woman with short blonde hair in a tan blazer, a man with glasses in a dark blue shirt, and a woman with curly hair in a light blue shirt. They are all smiling and appear to be in a collaborative discussion. The background is a bright, modern office setting with large windows.

KEY TAKEAWAYS

EXPANDED KNOWLEDGE

In understanding
importance of asset-
based giving

ENHANCED CONFIDENCE

In preparing for and
asking for blended
gifts

ELEVATED SKILLS

To build and talk-about
gift impacts, utilizing
illustrations as a tool

INSPIRED TO TAKE ACTION

To make your next ask,
a blended request
utilizing asset-based
fundraising principles

