Building a Planned Giving Program into your Fundraising Efforts

MN SSO Conference ~ February 2020
Learning Objectives

By the end of this training, you will be able to:

- Articulate the benefits of planned giving both to the donor and your affiliate
- Name two ways to start or strengthen your planned giving program
- Access the HFHI resources available to help your planned giving
Today’s Agenda

• The what/why/who of Planned Giving
• Explore most common gift options
• Blueprint for getting started
• Resources available at HFHI
A look at Planned Giving
WHAT is a Planned Gift?

A planned gift is one that is made today that may not fully mature until a future date - either a number of years from now or at the donor’s death.

This is your donor’s chance to leave a legacy to Habitat. Invite EVERY donor to make a legacy gift.
WHY Focus on Planned Giving?

- Solidifies the donor’s relationship with Habitat.
- Enables Habitat to more strategically steward and manage the relationship.
- Creates future revenue streams to ensure long-term financial stability.
WHO makes planned gifts?

- Your most engaged donors.
  - Those who have made gifts for 5 consecutive years / 10+ years
  - Present and former Board members
  - Regular volunteers (in your office, Restore and on the build sites)
- Individuals over 55 (upon making their first Will).
- Those who inherit twice (from parent and spouse).
  e.g., Mary inherits from her parents and from her husband when he dies before her.
- Individuals and couples with no children.
- Women (because they live longer) + are the charitable decision makers.
WHY do donors leave planned gifts?

- EVERY donor (time, talent or treasure) wants to see the causes they support continue after their lifetime.
- Increased retirement income.
- Income, capital gains and estate tax savings.
- Teaching the next generation about philanthropy.
Common Planned Gifts
The Details: Bequests + Will Substitutes
Charitable bequest

1. Create a will or trust leaving part of your estate to family and part to Habitat for Humanity.

2. Your death

Your family

Habitat for Humanity
Bequest Language

“I, [name], of [city, state, zip], give, devise and bequeath to CHARITY NAME HERE [written amount or percentage of estate or specific property] for use at [Affiliate Name] in [City, State].”

OR

"I, [name], of [city, state, zip], give, devise and bequeath to Habitat for Humanity International [written amount or percentage of the estate or description of property] for use in [city, state or geographic region]."
Will Substitutes

- Retirement plan beneficiary designations
- “Transfer on Death” or “Payable on Death” provisions on investment and savings accounts
- Beneficiary designations on life insurance policies and commercial annuities
The Details:
Current Income Gifts
Gifts that Help Your Affiliate Today

- The Qualified Charitable Distribution (QCD) from IRAs:
  Donor must be age 70.5+
  Donate up to $100,000 each year directly to the charity from plan provider
- Gifts from Donor Advised Funds
- Gifts of real estate
The Details: Annuities + Trusts
Charitable gift annuity

1. Create a gift annuity.
2. Receive an income tax deduction and fixed payments for life.
3. Designate remainder to Habitat for Humanity after your lifetime.

You ➔ Charitable gift annuity ➔ Habitat for Humanity
Annuity Fundamentals

- Governed by a contract between Habitat headquarters and the donor
- Payment of an income stream for life based on age, not health
- Payable over one life or two. If payable over two, income stream continues until the second annuitant passes away
- Minimum contribution is $10,000
- Good to use appreciated stock for funding to avoid, in part, capital gains
The Details: Additional Gift Options
Deferred Gift Annuities
Charitable Remainder Trusts
Charitable Lead Trusts
Retained Life Estates
Bargain Sales
Life Insurance
Ima and Hesa Donor

65 + 71 years old
Retired social workers with a fixed income
Have an IRA + need to take a Required Minimum Distribution
They don’t need the money and don’t want to pay taxes on the distribution
Increased annual giving from $500 to $2,000.
They won’t itemize deductions on taxes
Bess Twishes

62 year old donor. Unmarried without children
Largest asset is an inherited IRA.
Won’t give up control in life by giving annually and isn’t interested in lifetime income
No impact on her finances today if she gives 1/3 of her IRA to Habitat upon her death
Miles Tagoe

90 years old. Widower with 3 children.
Significant inherited assets – parents and wife
Wants to leave a future gift and also receive a current deduction
He is interested in getting lifetime income because he is concerned that his money won’t last through his lifetime
Wants to support Habitat’s local and global mission
Tools for the ASK: Sample Scripts
HOW to make the ask

• It is easier than you think!
• 85-90% of all planned gifts nationally are bequests
• In the current economic climate it is an easier conversation to have
• Bequests require no current financial burden.
Be mindful of your language

- Donors do not identify with “Planned Giving,” “Estate Gifts,” “Testamentary Gifts” or “Bequests.”
- Family words (simple language and stories) outperform formal words (technical, contract, marketing terms).
  - The gift from Margie’s will illustrated her passion to help tomorrow’s Habitat Homeowners.
<table>
<thead>
<tr>
<th>YOUR GOAL</th>
<th>YOUR GIFT</th>
<th>HOW TO GIVE</th>
<th>YOUR BENEFITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Make a quick and simple gift</td>
<td>OUTRIGHT GIFT</td>
<td>Donate cash, securities or personal property</td>
<td>Income tax deduction; avoidance of any capital gains tax</td>
</tr>
<tr>
<td>Defer a gift until after your lifetime</td>
<td>BEQUEST IN WILL</td>
<td>Name your church or favorite ministry in your will</td>
<td>A donation exempt from federal estate taxes</td>
</tr>
<tr>
<td>Make a large gift with little cost to yourself</td>
<td>LIFE INSURANCE GIFT</td>
<td>Give an old or new policy with your church or favorite ministry named as beneficiary</td>
<td>Current income tax deduction, possible future deductions</td>
</tr>
<tr>
<td>Avoid the twofold taxation on retirement plan assets</td>
<td>RETIREMENT PLAN GIFT</td>
<td>Name your church or favorite ministry as beneficiary of all or part of the remaining assets after your lifetime</td>
<td>Avoidance of heavily taxed gift to heirs</td>
</tr>
<tr>
<td>Avoid capital gains tax on the sale of a home or other real estate</td>
<td>REAL ESTATE GIFT</td>
<td>Donate the property or sell it at a bargain price</td>
<td>Immediate income tax deduction and avoidance of capital gains tax</td>
</tr>
<tr>
<td>Secure a fixed and often improved income</td>
<td>CHARITABLE REMAINDER ANNUITY TRUST</td>
<td>Create a charitable trust that pays you a set income annually</td>
<td>Immediate income tax deduction and fixed income for life</td>
</tr>
<tr>
<td>Create a hedge against inflation over the long term</td>
<td>CHARITABLE REMAINDER UNITrust</td>
<td>Create a trust that pays a percentage of the trust’s assets, valued annually</td>
<td>Immediate income tax deduction, annual income for life that has potential to increase</td>
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<tr>
<td>Supplement income with fixed annual payments</td>
<td>CHARITABLE GIFT ANNUITY</td>
<td>Enter into a contract that pays you fixed payments annually</td>
<td>Current and future savings on income taxes; fixed payments for life</td>
</tr>
<tr>
<td>Reduce gift and estate taxes on assets passing on to heirs</td>
<td>CHARITABLE LEAD TRUST</td>
<td>Create a trust that pays a fixed or variable income to your favorite ministry for a set term and then passes to heirs</td>
<td>Reduced size of taxable estate; keeps property in family, often with reduced gift taxes</td>
</tr>
<tr>
<td>Make a gift that allows flexibility and your input on how funds will be used</td>
<td>DONOR ADVISED FUND</td>
<td>Create an agreement where the Foundation manages assets, you suggest beneficiaries</td>
<td>Immediate income tax deduction, option to provide input on how funds will be used</td>
</tr>
</tbody>
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Borrowed from Minnesota United Methodist Foundation
Work to not...

- Use vague language regarding death
- Be afraid to ask! EVERY partner deserves the opportunity to be asked to participate
- Assume a planned gift precludes a cash gift now
- “Set it and forget it” – stewardship is essential to actually getting the gift!
The Script:

“We really appreciate your support so far. Working together we’ve impacted millions of individuals, but there’s still much work to be done.

How would you feel about making plans to continue building after your lifetime?”
Alternative Script:

“Loyal donors like you often want the satisfaction of knowing their work will continue after their lifetime.

How do you feel about making a gift to help future Habitat homeowners experience the (strength, stability, self-reliance) that you’ve seen in the families you’ve worked with over the years?”
Getting Started
It’s a lot easier than you think!
First Steps

• Have a goal that is both measurable and achievable.
• Review the “case for support” for long-term vision.
• Develop an initial target list of your most engaged donors.
  • Ask board members to participate first.
  • Ask about planned gifts already made.
• Add bequest language and/or a donor story to website/social media/newsletters, or link to Habitat’s microsite.
  • Tell the story of a PG that you have already realized.
• Add language to reply cards and annual appeal letters.
Leaving a Legacy

Support Habitat with a gift today and beyond your lifetime because every child deserves a safe, decent home. Learn more about leaving a legacy gift today for yourself or your loved ones.

- Stocks, retirement accounts
- A charitable gift annuity
- A gift in your will

Letter of Intent for Estate Gift

Uwe desire to provide for the future well-being of Habitat for Humanity through a provision in my/our estate plans, and with this letter, I/we are informing DPM of my/our plans. I/we understand that this future commitment can be revoked or modified by me/us at any time.

Name: ___________________________ Name: ___________________________
Address: _________________________ State: ___________ ZIP: ___________
Phone: __________________________ Email: __________________________
Date of birth: _____________________ Date of birth: _____________________

I/we have made a provision to leave a legacy to DPM through my/our:

PG Language on Website

PG Language in Newsletter

When you make a plan, you make a difference! Your planned gift to Habitat will help generations to come. You can plan a gift in several ways by including Habitat in your will, opening an charitable gift annuity, or designating Habitat as a beneficiary of an insurance or retirement account. Contact us at development@habitatsavannah.org to learn more.
A RESOURCE DEVELOPMENT EXPERTISE HUB PRESENTATION

Build It Forward: Legacy Society

Habitat for Humanity of Greater Greensboro’s Build It Forward Legacy Society was created to recognize the important role our donors play in continuing our mission of providing homes, communities and hope for Greensboro families into the future. We invite you to join our Build It Forward Legacy Society, a secure and affordable housing by including Habitat Greensboro in your Will or Estate Plan.

"My introduction to Habitat began as an office volunteer. As I got to know some of the Habitat homeowners, I learned how much having a stable home means to them. Home ownership plays such a major role for low-income families, shaping how they view themselves as community members and most importantly, giving their children the many benefits that a secure and safe home offers. Observing first-hand the commitment and determination of the Habitat homeowners and volunteers, I decided to get more involved. I began donating and brought my family to volunteer on the construction site as they could see and appreciate the work that Habitat has been doing in Greensboro for 30 years. My experiences with Habitat moved me to leave a lasting legacy by including Habitat Greensboro in my Will. I am proud to be a member of the Build It Forward Legacy Society and invite you to join me to ensure the future success of Habitat Greensboro."

Habitat Greensboro Legacy Gift Staff

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Legacy Gift Letter of Intent

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Legacy Gift of Appreciated Stock

If you have already made a planned gift to Habitat Greensboro, we especially request that you complete a Legacy Gift Letter of Intent Form. This form enables you to designate how your gift will be used. It also gives you the choice to allow us to publish your name in our Build It Forward Legacy Society materials that will inspire others to make a gift, or to indicate you would prefer your plan for a legacy gift remain anonymous.

PG Donor Story on Website

PG Microsite
Asheville Area Habitat for Humanity (NC)
Legacy Builders Campaign
#1 Treat it like a campaign

• Name it.
• Create a distinctive look for: stationery, notecards, a statement of intent, website, publications and a lapel pin.
• Establish an Advisory Board with Chairs from the community.
• Build a Legacy Builders Society.
#2 The “Quiet Phase”

- Identify and approach core donors and volunteers first.
- Strategically reach out to targeted key constituents, in phases.
- Broaden the reach to include more constituents in your database and revisit your core frequently.
#3 A Home – Something Tangible

Create a Legacy Builders Society House annually funding it with realized estate gifts and gifts made in memory.

- Keep Legacy Builders Society engaged with the homeowner (A special event or a programmed annual event.)

Publicize the Legacy Society and planned giving throughout the year.

- Utilize website, social media, annual report, mailings, postscripts, update letters, press releases, etc.
Resources & Support via HFHI
Resources on MyHabitat

Funding Activities page
    Planned Giving, under Major Gifts

Resource Development,
    Affiliate Operations Manual
    Chapter 9: Planned Giving

Resource Development Expertise Hub
HFHI Planned Giving Team

Habitat for Humanity Legacy Society
myhabitatlegacy.org/legacy-society/

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Thank you!!