Introduction

Nonprofit leaders today are faced with doing more with less. Too few have long-term fundraising plans in place because of the urgency to meet immediate and short-term financial obligations.

Charitable gifts that are planned by donors can help ensure the sustainability of an organization with guaranteed revenue streams, and provide peace of mind for all concerned. They are in addition to annual gifts, memberships, grants, events and other sources of support.

This Planned Giving Toolkit has been developed by the California Community Foundation in Los Angeles in order to assist nonprofits expand their fundraising horizons. Any nonprofit, regardless of size or age, can follow these practical, easy steps and use the ready-to-use template materials to effectively, efficiently and confidently start a planned giving program. Read on and begin today.
Planned Giving: Why and Why Not?

• Planned gifts are essential
  ➢ Sustain organizations with future revenue streams
  ➢ Enable donors to make meaningful gifts
  ➢ Create legacies for both donors and the organization

• Common excuses for not using Planned Giving
  ➢ It’s not worth my time
  ➢ We don’t know rich people
  ➢ It’s too complicated
  ➢ It’s too expensive
  ➢ I don’t know how to talk about death
What is Planned Giving, Anyway?

<table>
<thead>
<tr>
<th>What is it?</th>
<th>Why is it important?</th>
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<tbody>
<tr>
<td>Gifts of assets that require more planning</td>
<td>Gives your donors a unique way of supporting your organization</td>
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<tr>
<td>Gifts of assets that generate income for donors</td>
<td>Provides potential tax income benefits for your donors</td>
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<td>Gifts created in perpetuity</td>
<td>Takes advantage of current market trends</td>
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What’s Your Excuse?

“*It’s not worth my time...*”

Actually, billions of dollars will change hands among Angelenos over the next few years. Just a small piece of that can sustain your organization.
How Much Is It Worth?

• CCF forecast of the growing transfer of wealth:
  ➢ L.A. County’s Net Worth in 2010: $1.3 trillion
  ➢ 10-year Transfer of Wealth: $114 billion
  ➢ 50-year Transfer of Wealth: $1.4 trillion

5% = $5 BILLION
or 100% of the operating expenses of 75% of L.A.’s active nonprofits for 10 years

Overall Transfer of Wealth from 2010-2020
($113.53 BILLION TOTAL)
Comparison of L.A. vs. Other Cities

Comparison of Transfer of Wealth Trend Lines

Index (2015 = 100)

2015  2020  2025  2030  2035  2040  2045  2050  2055  2060

Los Angeles
Brooklyn
Indianapolis
Chicago
Cleveland
Detroit
Philadelphia

Los Angeles County, CA
Cook County, IL (Chicago)
Cuyahoga County, OH (Cleveland)
Philadelphia County, PA
King County, NY (Brooklyn)
Wayne County, MI (Detroit)
Marion County, IN (Indianapolis)

Note: Trend lines were used for all the counties except for Los Angeles County, CA in order to extend transfer of wealth trend line and eliminate distortions.
What is Driving this Growth?

• L.A. is Entrepreneurial
  ➢ Los Angeles has the highest level of entrepreneurial activity among America’s 15 largest cities

• Entrepreneurship Leads to Growth
  ➢ In 2010, the average Current Net Worth for self-employed households was $2 million, 6X higher than non-entrepreneurs

• Immigrants are Entrepreneurs
  ➢ As a safe harbor community, L.A. receives immigrants of higher net worth and entrepreneurial households
What’s Your Excuse?

“We don’t know rich people...”

You don’t need to. Planned gifts are appropriate for donors of all means.
Who is Unprepared for Wealth Transfer?

- **Nonprofits**
  A scan of nonprofits that were CCF grantees showed that…
  - 74% don’t have a planned giving program
  - 76% don’t accept complex gifts
  - 83% don’t have a Legacy Society

- **HNW Households**
  According to a 2010 Bank of America study of HNW individuals…
  - 79% have no established charitable vehicle
  - 53% have no philanthropic provisions in their estates
  - 72% of children not involved in philanthropic decisions

- **Businesses**
  - Only 5% of the top 100 companies with L.A. headquarters have foundations
What’s Your Excuse?

“It’s too complicated…”

The solution is to partner with experts and pro bono professionals who can set up and administer planned gifts for your organization.
You Don’t Have to Be an Expert, Just Know One

• Resource #1: Community Foundation
  • Public charities that serve local communities as nonprofit resources to encourage and benefit from philanthropy, and assist nonprofits with administration of different types of planned gifts
  • Generally do not charge fees to start a fund or for disbursement of fund
  • Usually charge small fee of 1-2% of assets annually to manage the fund

• Resource #2: Volunteer Professional
  • Attorney/CPA willing to donate time on pro bono basis
  • Estate-planning attorney/financial advisor on board of directors
## Community Foundation Partnership

### YOUR ORGANIZATION
- Identifies and qualifies donor
- Informs donor
- Explores your donor’s best planned giving solution

### COMMUNITY FOUNDATION

<table>
<thead>
<tr>
<th>1. Introductions</th>
<th>2. Gift Acceptance</th>
<th>2. Gift Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consults with you and donor</td>
<td>Finalizes gift agreement</td>
<td>If applicable, invests proceeds from asset sale</td>
</tr>
<tr>
<td>Evaluates your donor’s goals</td>
<td>Ensures due diligence is performed, such as appraisals, title transfers, necessary inspections and other issues involving gift</td>
<td>Makes annual distributions from gift to your organization and other beneficiaries</td>
</tr>
<tr>
<td>Prepares gift proposal</td>
<td>Liquidates assets depending on gift type, provides gift acknowledgement record</td>
<td>Provides ongoing philanthropic consultation to you and your donor (if requested)</td>
</tr>
<tr>
<td>No cost to organization</td>
<td>No cost to organization</td>
<td>Approximately 1% of gift</td>
</tr>
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What’s Your Excuse?

“ It’s too expensive… ”

Starting a legacy society costs absolutely nothing. Say you have one and you’re more than half way there.
Legacy Society

A Legacy Society is simply a group of individuals who express their values by pledging a charitable gift to a nonprofit in the future.

- **Costs** *nothing* for nonprofit to establish and requires *no* legal paperwork
- Deepens relationships with current donors
- Honors future donors
- Focuses on giving that begins now and leaves a lasting legacy
- Six easy steps any nonprofit can take:

1. **Create**
   - Creating a legacy society is as easy as saying you have one. You can give it a specific name or not. No legal documents need be established.

2. **Honor**
   - Determine what benefits you can offer legacy society members now; where you can post names, host an annual luncheon, etc.

3. **Recruit**
   - Make donors who have already pledged a planned gift founding members; use the templates to reach out to donors with whom you have existing relationships.

4. **Integrate**
   - Integrate information about the new legacy society into all your materials using the templates. Share information with members about planned giving options that they may not even know exist.

5. **Identify**
   - Establish a Board Member as the chairperson or champion of the legacy society to build awareness among donors and ensure board support.

6. **Work**
   - Work with a community foundation or other resources to set up specific gifts: life income gifts, charitable gift annuities, charitable remainder trust, or a retained life estate.
What’s Your Excuse?

“ I don’t know how to talk about death…”

Sustainability, cultural heritage conservation, and personal legacies are all positive ways to frame the conversation.
Don’t Want to Talk About Death? Don’t.

Focus on the present while talking about the future. For example:

1. **Sustainability**
   “The needs of this community (hunger, homelessness, etc.) are ongoing. A legacy gift ensures that our organization will be around years from now to fulfill those needs.”

2. **Next Generation**
   “Legacy gifts ensure the well-being of future generations and serve as an inspiration to others to do the same.”

3. **Heritage**
   “You understand the importance of preserving our rich heritage and cultural identity. Legacy gifts provide donors a meaningful way to ensure this lasts decades into the future.”

4. **Personal Legacy**
   “Becoming a member of our Legacy Society ensures that the issues you care about and the values you cherish will be long remembered.”
What’s Your Objective?

Building and Strengthening

*Individual*

FUNDRAISING
What’s Your Message?

Live a Legacy.
Leave a Legacy.
The Toolkit for L.A.’s Nonprofits

PLANNED GIVING TOOLKIT

*IT’S EASIER THAN YOU THINK

Secure your future

Any organization can do it
Get started quickly

So much simpler than you might have imagined
Benefits of the Toolkit

The Planned Giving Toolkit for nonprofits will help you…

• Start a planned giving program at no cost

• Engage your Board of Directors

• Deepen relationships with current donors and make the “ask” easy

• Gain the confidence and language you need to start conversations with donors, and then follow through

• Acknowledge pledges with membership in a new Legacy Society

• Place information about planned giving on your websites, annual reports, event programs, etc.

• Customize a brochure that you can hand directly to donors
What’s Included?

- Set of template materials that be downloaded, customized and printed as you need them, including:

  1. Customizable one-sheet brochure for donors
  2. Planned Giving Overview
  3. Strategies for Talking to Donors
  4. Planned Giving Resources
  5. Sample Legacy Society Letters
  6. Sample Letter to Current Donors
  7. Sample Planned Gift Confirmation Letter
  8. Sample Language Template

Download them at http://www.pgtoolkit.org
California Community Foundation (CCF) is a public, charitable organization serving Los Angeles County since 1915, and playing several roles in the community today. It encourages philanthropy by individuals, families, companies and organizations, and serves as a steward of their funds and legacies. It supports nonprofits in the arts, civic engagement, education, health care, housing and neighborhoods, and human development with grants and other assistance, and collaborates in addressing the needs of poor and vulnerable populations. It actively engages in community problem solving with other organizations in the nonprofit, public and private sectors.

For more information, visit calfund.org facebook.com/calfund and youtube.com/calfundtv