

# GIVE & TAKE®

News and Ideas for Development Executives of Nonprofit Organizations

November 2007

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## Going to Bat for IRA Gifts by Barlow T. Mann

**T**hose who have been following the progress of the Pension Protection Act's charitable IRA provisions have compared the situation to watching a baseball game when a batter hits an infield pop fly that should easily be caught.\* This should become an easy out to end an inning, since there are several players in position to reach the ball. However, the shortstop, second baseman, outfielder, and pitcher all assume that someone else will get the ball. As a result of the confusion of roles, the player reaches base and the inning continues.

### Over \$100 million given

The National Committee on Planned Giving (NCPG) recently reported that charitable IRA distributions under special provisions of the Pension Protection Act of 2006 totaled more than \$102 million as of August 30, 2007. Most of these gifts were reported to the NCPG by those responsible for gift planning at their institutions.

#### NCPG Survey of IRA Gifts Through August 2007

Total Value	\$103 million
Median Gift	\$5,000
Average Gift	\$17,690

It is likely that many IRA gifts have not been reported to the NCPG. If only 10% to 20% of the IRA distributions have been reported, it is



**Join The Sharpe Group for the training seminar "Integrating Major and Planned Gifts" in Washington, D.C. this December. See page 3 for more details.**

possible that actual IRA distributions to charity could be in the \$500 million to \$1 billion range. The \$100+ million IRA gifts reported thus far could be the tip of the iceberg, or could represent the end of tax legislation to encourage such gifts.

The charitable IRA provision allowing those over 70½ to direct tax-free gifts from traditional or Roth IRAs to qualified charities is scheduled to expire on December 31, 2007. With each passing day, it is becoming increasingly unlikely that the legislation will be expanded or extended before the end of the year. Therefore, the time to encourage major outright gifts from IRAs may be running out.

Under current law, the \$100,000 limit per individual (\$200,000 for couples) has been an annual cap, so

there are only a few weeks left to take advantage of this opportunity for gifts this year. Transfers must be completed by December 31. Last year, many IRA plan administrators were not equipped to deal with these requests and were unsure how to report distributions. Likewise, numerous tax and financial advisors, caught unaware, were not prepared to advise their clients. These factors should be much less of a challenge this fall.

### Major gift strategy

As we examine the data collected by NCPG, it is also clear that IRA giving has in reality become a major current gift planning strategy—the NCPG reports that only 17% of the number of gifts reported thus far fell below \$1,000. Moreover, gifts under

*Continued on page 5*

**INSIDE:** Last wishes of the "Queen of Mean"

Seeing things from a donor's perspective

# What Did Leona Helmsley Really Do?

When Leona Helmsley passed away in August, the national media had a field day at the departed “Queen of Mean’s” expense. Much ado was made over the fact that she disinherited two of her grandchildren and left two others less than she left her dog!

About the only kind words came, remarkably, from Donald Trump, who observed that “At least Harry Helmsley seemed to be happy whenever Leona was around, and isn’t that the most important thing?”

A closer reading of Leona Helmsley’s will reveals that her actions and intentions may not be quite as clear as what was reported in the press.

## Trust for Trouble

Article One Section F of the Last Will and Testament of Leona M. Helmsley states:

**“I leave the sum of twelve million dollars (\$12,000,000) to the trustees of the Leona Helmsley July 2005 Trust,...to be disposed of in accordance with the provisions of that agreement. I leave my dog, Trouble, if she survives me, to my brother...if he survives me, or if he doesn’t survive me, to my grandson...I direct that when my dog, Trouble, dies, her remains shall be buried next to my remains in the Helmsley Mausoleum...”**

Based upon the language in the will, Ms. Helmsley established a

trust that will apparently in some way benefit her beloved pet, Trouble, who was to be cared for by her brother or grandson. Nothing in the will actually states that any funds are “left” to Trouble. The terms of the July 2005 trust are not public. A reading of the remainder of her will, however, may shed light on what can be inferred regarding the eventual destination of the \$12 million used to fund that trust.

## Gifts for others

The “Trouble” trust is only a small part of the Helmsley legacy. In addition to providing for

## The conditions for receipt of income may serve to call new attention to the fact that donors can place reasonable restrictions on the receipt of income from a unitrust.

Trouble, as well as funds for the perpetual care and maintenance of the Helmsley Mausoleum so that it remains in “mint condition,” her will specifies that the bulk

of her estate will be left for charitable purposes through the Leona M. and Harry B. Helmsley Charitable Trust. This trust is the residuary beneficiary of her estate and several other 5% charitable remainder unitrusts that were established for her brother and two grandchildren.

There is an interesting twist contained in the unitrusts established for her grandsons. In order to receive their 5% payments from their unitrusts, they are required to visit their father’s grave at least once a year. If they do not comply with this provision, their trusts are to be terminated and the remainder of the trusts distributed to the Helmsley Foundation.

These conditions for receipt of income may serve to call new attention to the fact that donors can place reasonable restrictions on the receipt of income from a unitrust. Just as so-called Crummey Trusts date from a famous case brought by a Mr. Crummey, we may now see increased use of what may be referred to as “Helmsley Provisions,” used by creators of trusts to dictate desired behavior on the part of their heirs. (See IRC section 664(f) for more information on what are known as “qualified contingencies.”)

All told, it has been estimated that as much as \$2 billion will be devoted for charitable purposes. It appears that the “Queen of Mean” did have a charitable side. And now you know the rest of the story.

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## GIVE & TAKE.

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# Sharpe Seminar Series

## Featured Seminar: Integrating Major and Planned Gifts

The number of donors in the traditional age range for making bequests and many other planned gifts is now declining as the G.I. Generation passes from the scene. At the same time, the Silent Generation and unprecedented numbers of Baby Boomers are moving into their prime years for major and planned gifts. As a result, strategic organizational structures will be constructed around

the age and wealth of donors rather than the timing and use of gifts.

Economic uncertainty and changes in tax laws make it necessary for development executives with various responsibilities to do a better job helping donors structure larger gifts. Learn practical ways to assist donors in making gifts most appropriate to their age, wealth, and other factors while you meet needs for current, capital, and endowment funding.

Special emphasis will be given to working with donors' advisors to



create gifts with the greatest charitable benefits on an immediate and long-term basis.

## On the Agenda for 'Integrating Major and Planned Gifts'

### Day One

- Understanding The Donor Life Cycle
- Tax Incentives for Charitable Gifts—What's Left?
- Managing the Gift Planning Matrix
- The Best Planned Gifts in Today's Environment
- Helping Baby Boomers Make Cost-Effective Major Gifts
- Making Gifts Using Pre-Existing Estate and Financial Planning Tools

### Day Two

- Meeting the Needs of the Silent Generation
- Gift Planning for the G. I. Generation
- Estate Planning After Estate Taxes
- Communicating Gift Planning Opportunities
- How to Terminate Deferred Gifts
- Working With the Donor's Advisors—Are They Friends or Foes?

See [www.sharpenet.com/seminars](http://www.sharpenet.com/seminars) for a complete agenda and dates for this and other Sharpe seminars.

## What Attendees Are Saying . . .

*"The information you shared regarding practical ways to integrate age and wealth into donor gifts was exactly what I had hoped to take away from the presentation. Thanks!"*—Anne Marie Chastain, Indiana University Foundation, Bloomington, IN

*"For an experienced development officer, this has been a great refresher and a re-energizing two days."*—Doug Smith, Church World Service, Pomona, CA

*"This seminar opened my eyes to gift plans suitable for different age groups and situations. The Gift Planning Matrix will be valuable for me."*—Richard Juday, Central Michigan University, Mount Pleasant, MI

## UPCOMING SEMINAR TRAINING DATES

**An Introduction  
to Planned Giving**

**San Francisco  
November 28-29**

**New York  
January 7-9**

**Integrating Major and  
Planned Gifts**

**Washington, D.C.  
December 3-4**

Multiple registration discounts are available. For more information or to register, please contact The Sharpe Group. Phone 1-800-238-3253, ext. 5313 • Fax 901-761-4268 • Web site: [www.sharpenet.com](http://www.sharpenet.com) • E-mail: [seminars@sharpenet.com](mailto:seminars@sharpenet.com)

## What's Their Motivation?

Much has been written about how you may better serve donors' needs throughout the gift planning process by determining the age and wealth level of constituents. With accurate age and wealth data at their disposal, fundraising professionals may be more successful at prescribing the right plan for the right individual at the right time in his or her life.

Another equally important aspect of successful gift planning, however, is determining the goals and motivations of donors and potential donors. While every constituency is different, as is each and every donor, most organizations and institutions have multiple groups of donors whose reasons for making charitable gifts must be examined in order that appropriate gift planning vehicles may be explored. By finding out what is on donors' minds, what they hope to accomplish, and why they want to give, you will be in a better position to help them maximize their giving.

### Tailoring to fit life circumstances

Whether meeting with donors one-on-one or planning a broader planned giving communication, a one-solicitation-fits-all approach isn't likely to be effective. We must consider the donor's perspective when it comes to making a charitable gift. For example, one donor may wish to provide for family in the future, while another donor may have no heirs. One donor may be married and still in the workforce, while another may be a retired widow. Understanding and addressing each donor's differing needs and goals is critical if you want to help them make the best gift for their circumstances.

For example, let's examine the common concerns of two groups of potential donors: mid-life, working

couples and single donors with no children.

### Mid-life, working couples

Middle-aged couples still in the workforce may be receiving the largest paychecks of their lives. However, they may also be facing a myriad of financial obligations. They may be worried about upcoming college expenses for their high school age children. Perhaps they are responsible for taking care of aging parents. They may also be starting to worry about outliving their own financial resources.

**While many parents consider their children to be their legacy to the future, singles without children may be asking themselves what legacy they will leave behind, and/or what impact they can make on the world before they pass on.**

When you stop and consider the typical mid-life couples' concerns, it is easy to imagine that, even if they would like to make gifts to your organization and "on paper" have the means to do so, they may naturally be reluctant to part with large amounts of cash or other assets to make major current gifts.

### Giving ideas to consider

Here are some options to think about when working with these couples.

- **A term-of-years charitable remainder trust** designed to unlock generous payments from appreciated, low-yielding assets to them for the period of time they anticipate needing funds for educational expenses or other more temporary needs. This approach can provide donors with immediate capital gains and income tax savings, while funding a significant gift in the near term.
- **The charitable gift annuity** could be another attractive giving option. Funding a gift annuity for an aging parent would provide the parent fixed payments for his or her lifetime, as well as a tax deduction for the couple when the gift annuity is funded. Or, if the couple has adequate income now but is worried about their future income during retirement, a deferred gift annuity making larger payments to them in future years may offer a solution.

### Singles with no children

Whether never married, divorced, or widowed, single donors without children may be especially concerned about how their assets are eventually distributed. While they may want to provide bequests for nieces and nephews and other relatives and friends, these donors may be more keenly aware of their need to plan their estates.

While many parents consider their children to be their legacy to the future, singles without children may be asking themselves

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## IRA Gifts... continued from page 1

\$1,000 accounted for just \$378,000, or less than one-half of 1% of the total. The most popular distribution was \$1,000, at 11% of all reported IRA gifts so far. But in dollar totals, less than 1% has come from donors of \$1,000. In fact, more IRA gifts of over \$25,000 were received than those under \$1,000. Ten percent of IRA gifts were over \$50,000 and 7% reached the \$100,000 maximum gift amount. Perhaps most important, as the chart

understand the opportunity and did not take advantage of the resources available through their planned giving departments to capitalize on it. As is often the case, we have seen many of the gifts being received by relatively smaller shops that were able to communicate a clear and timely message to their constituency.

In some other instances, there may have been an overreliance on e-marketing.

The latest Pew Internet Survey indicates that only 32% of those over 65 are online, and that number continues to decrease with age. Perhaps as many as 75% of persons over the age of 70½ do not have access to the Internet and studies show that the

Regardless of the reason, senior managers responsible for overall fund-raising efforts may wish to consider promoting IRA gifts now, in a more appropriate and effective way, while there is still time to do so.

### A bird in the hand?

Regardless of whether the current provision is extended, expanded, or allowed to expire, time is running out for PPA/IRA gifts in 2007. To avoid having a “pop fly” land between two infielders with a major “error” as the possible result, all players should consider their roles and the steps they can take to win the 2007 game in the final innings.

In addition to those prospects over 70½ that should be personally contacted between now and the

**Make sure that your staff and key volunteers are aware of this opportunity and prepared to mention this strategy with appropriate donors.**

end of the year, you may want to consider a multi-tiered strategy that involves various members of the development team. Those responsible for major, planned, and annual gifts should all be included in various ways.

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### Amount Received from IRA Gifts of Various Sizes

Gift Size	Amount (millions)	Percent of Total	Cumulative Percent
\$100,000	\$43.80	40%	42%
\$50,001-\$99,000	\$12.50	12%	54%
\$25,001-\$50,000	\$20.80	20%	74%
\$10,001-\$25,000	\$13.60	13%	87%
\$5,001-\$10,000	\$6.30	6%	93%
\$1,001-\$5,000	\$5.20	5%	98%
\$1,000	\$0.67	0.6%	99%
Less than \$1,000	\$0.38	0.4%	100%

Source: NCPG Survey of IRA Distributions to Charity. Results as of September 26, 2007, percentages rounded to 100%.

on this page illustrates, over 90% of the funds received thus far have come from gifts over \$5,000.

While some qualified charitable organizations and institutions have received significant support from IRA gifts, others have received little or nothing. There are many reasons for this.

Some institutions are supported primarily by younger persons and have few donors over 70½. In other cases, IRA giving may have been seen as a planned giving strategy; yet any gifts received would be credited elsewhere, so there was little incentive to those responsible for planned giving to promote gifts that would likely be credited to the major or annual fund area. In other organizations, those responsible for major gifts did not

majority of those who do have access are limited to relatively slow dial-up connections. Therefore, those who relied largely on e-marketing to promote IRA giving may have missed a large portion of potential IRA givers.

Other organizations and institutions may have relied on postcards, buck slips, or receipt enclosures to communicate to mass numbers of donors this relatively complex new way of giving through IRAs. The chosen medium simply may not have featured enough information to effectively educate and motivate donors to participate in this novel form of giving. Attempts to use limited mail to drive readers to web sites may have been as ineffective as more direct e-marketing.

## Motivation? . . . continued from page 4

what legacy they will leave behind, and/or what impact they can make on the world before they pass on.

Many widows and widowers would also like to pay tribute to their late spouse in some significant way.

### Giving ideas to consider

When assisting singles with no children, you may want to explore the following plans.

- **A bequest by will** may be a fitting choice for those with no or few heirs, who also wish to make a difference through a worthy organization or institution.

- **Giving through other arrangements these donors already have in place**, such as retirement plans and life insurance, may also be an appropriate option when no children or spouses are available to receive such assets.
- **Funding a tribute gift**—whether in their own name or that of a deceased spouse—may be especially appealing to this group. The idea of having one's name and influence live on in perpetuity is something of value that charitable organizations and institutions can offer these donors. In the same vein, honoring a beloved spouse by funding a program—or building or other

capital need—in their name at an organization they cared deeply about allows these donors to make sure their loved ones are remembered and their values perpetuated.

### Listen and learn

As a fundraising professional, it is important to listen to your donors and learn as much as possible about their giving motivations and concerns. Only then can you determine if and how a gift planning vehicle can best help them fulfill their goals. When you keep the donor's best interests at the forefront, you can be their best advocate as they make what may be their ultimate gift of a lifetime.

## IRA Gifts . . . continued from page 5

Targeted mailings to IRA gift prospects capable of larger gifts this fall should contain materials explaining the benefits of the PPA. In addition to a special IRA mailing, consider including a brochure or flyer clarifying the IRA provisions with a year-end giving appeal that is already planned. This approach may uncover “needles in the haystack” who may not otherwise be found among the ranks of major donors. Make sure that your staff and key volunteers are aware of this opportunity and prepared to mention this strategy with appropriate donors. Designate someone on the development team as the IRA gift expert to whom questions can be channeled.

the needs of their own unique constituency and will have different game plans, the most important thing is to make sure your development team shows up to play the game in the first place! With limited time remaining to promote PPA benefits, if you seize the opportunity to educate the right donors about this special provision in the law, you may have a winning season in 2007.

*\*See comment by Sheila Hard on GIFT-PL, Sept. 3, 2007, [www.listserv.iupui.edu/archives/gift-pl.html](http://www.listserv.iupui.edu/archives/gift-pl.html).*



**Barlow T. Mann is an attorney and chief operating officer of The Sharpe Group. He designs planned giving programs for a number of America's nonprofits, presents seminars, and authors many articles on gift planning.**

### Final analysis

While each organization's IRA communication efforts must address

## Year-End Approaches

Statistics show that the majority of charitable gifts arrive during the final months of the year. Are you ready for the most charitable time of the year?

The Sharpe Group has created four brochures designed to help you make the most of this critical time period. These attractive brochures offer a convenient and economical way to communicate with a broad group of donors this year about ways they can maximize their giving before the end of 2007.

**“Giving at Year-End”** points out the advantages of making gifts with various assets, such as cash, appreciated property, retirement plans, and others. This brochure is offered in two unique designs.

**“Giving Thanks at Year-End”** accentuates the spirit of Thanksgiving and how it can carry over and motivate charitable giving throughout the fall months.

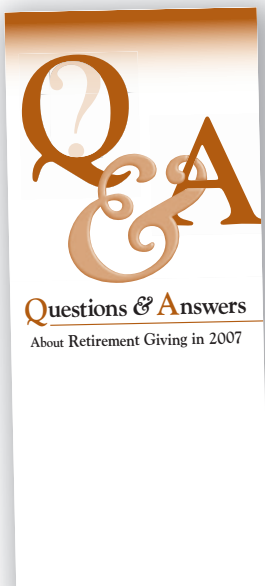
**“Giving Before December 31st”** emphasizes the importance of timing one’s charitable gifts for maximum tax benefits. This brochure may be especially appropriate for use in communications with donors near the close of 2007.

While these brochures are an excellent resource for encouraging current gifts before December 31, each brochure also features references to the importance of reviewing long-range plans at year-end as well. All of these publications also reflect current tax laws regarding gifts of IRAs that are available until the end of 2007.

Each brochure may be personalized with your logo and contact information on the front and/or back cover or may be totally customized to fit your needs. See [www.sharpenet.com/yearend](http://www.sharpenet.com/yearend) to view each brochure in its entirety. Call 1-800-238-3253 for more information or to place an order with a Sharpe representative.



## Last Chance for Special IRA Gifts



The more informed your donors are about the opportunities still available for IRA giving due to the Pension Protection Act of 2006, they more likely they will be to act. But time is limited—the provisions are set to expire on December 31, 2007. Consider giving your donors the information they need with the Sharpe EZ Reader™ brochure **“Questions & Answers About Retirement Giving in 2007.”**

Printed in an easy-to-read, enlarged typeface, “Questions & Answers About Retirement Giving in 2007” is designed especially for donors 70½ and older—precisely the same group who can take advantage of the charitable IRA rollover provision allowed by Congress until the close of the year.

These brochures may be personalized with your logo and contact information on the front and/or back covers at no additional charge. Or, for the quickest possible turnaround, these pieces may be sent to you simply folded with no imprint.

Don’t miss your chance to remind your donors about the benefits of giving retirement plan assets this year thanks to the Pension Protection Act. To view the “Questions & Answers About Retirement Giving in 2007” brochure, visit the Sharpe Web site at [www.sharpenet.com/pubs](http://www.sharpenet.com/pubs), then click “Brochures,” and then click “EZ Reader Series.” If you would like to speak to a Sharpe representative or place an order, please call 1-800-238-3253.

# Sharpe Gift Planning Seminars

Development executives have relied on The Sharpe Group for premier training for over 40 years. If you want to increase your awareness of gift planning techniques and help your program reach its full potential, there is still space available in the following Sharpe Training Seminars:

## November

An Introduction to Planned Giving	San Francisco	November 28-29
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## December

Integrating Major and Planned Gifts	Washington, D.C.	December 3-4
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## January

An Introduction to Planned Giving	New York	January 7-9
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Registration is always limited to allow for more interaction between participants and instructors. Previous seminar presentations have sold out. Register early to ensure your spot.

For more details or to register, see page 3, call 1-800-238-3253 ext. 5313, or visit [www.sharpenet.com/seminars](http://www.sharpenet.com/seminars).

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The Sharpe Group  
8700 Trail Lake Drive West  
Suite 222  
Memphis, TN 38125

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