Blended Gifts
How to Secure a Transformational Gift from a Major Gift Donor

Practical Planned Giving Conference
September 25-26, 2017
Dr. Eddie Thompson, CEO and Founder
Thompson & Associates

www.ceplan.com

Fundamental Concepts

1. Interesting Giving Technique
2. Types of Gifts
3. Types of Donors
2. Types of Wealth Accumulators
3. Questions
Where are nonprofits looking for gifts?

What if a donor could choose both?

Annual

Discretionary Income

Planned

Net Worth
Three Types of Donors

- 70% Give Out of Habit
- 23% Give Based on Emotion
- 7% Are Strategic Donors

Two Types of Wealth Accumulators

- 01 Terminal
- 02 Instrumental
Three Questions...

... that must be answered for, and by, clients who are strategic donors!!!

Three Questions...

01 Do I have enough to live on for the rest of my life?

02 How much should I leave my heirs?

03 Would I rather my executor or trustee write a check from my estate to the IRS, or to my favorite charities?
What is a Blended Gift?

Combines the two giving approaches with greater results.

Why haven’t we heard much about blended gifts?

01 LOW DONOR POOL
Low number of donors who can or will make substantial outright gifts

02 HEIRS PLANNING
Even donors who have a large estate may not be able to answer question 2
Why are we hearing more about blended gifts?

01 GOOD FIT
Helps answer a number of questions for those planning their estates

02 MONEY
Money never dies, it just moves

Who would consider a blended gift?

Those who want to give more

Those that have a specific philanthropic goal
Why would one consider a blended gift?

- To change someone's life
- To give back
- To join in a noble effort; belong
- To remember or honor

Blended Gift Options

- **01** Blended gifts typically include two or more options
- **02** Gifts may be paid over an extended period
- **03** Plans using life estate, life income, and other gifts normally require the donors to be age 75 or older

- Require a minimum of 5% of the total pledge to be paid annually with a backup plan to cover amounts not paid during life
Blended Gifts
$1,000,000

- Initial Gift: $100,000
- Each subsequent year: $25,000
- Remainder from estate

Difference by Will, Trust or Irrevocable Pledge: $1,000,000 - $400,000 = $600,000

Blended Gifts
Naming Rights at $1,000,000

#1 Example, $1,000,000 Pledge

- Annual Amount: $400,000
- Life Estate/Income: None
- Difference by Will, Trust or Irrevocable Pledge: $600,000
- Total: $1,000,000
Blended Gifts
Naming Rights at $1,000,000

#2 Example, $1,000,000 Pledge

<table>
<thead>
<tr>
<th>Annual Amount</th>
<th>Life Estate/ Life Income</th>
<th>Make up by Will, Trust or Irrevocable Pledge</th>
<th>Total</th>
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<td>$500,000</td>
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<td>$500,000</td>
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Blended Gifts
Naming Rights at $1,000,000

#3 Example, $1,000,000 Pledge

<table>
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<tr>
<th>Annual Amount</th>
<th>Life Estate/ Life Income</th>
<th>Difference by Will, Trust or Irrevocable Pledge</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>$1,000,000 x 5% = $500,000 x 12 years</td>
<td>$500,000</td>
<td>$1,000,000 - $900,000</td>
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<tr>
<td>$600,000</td>
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<td>$100,000</td>
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Irrevocable Pledge or Bequest

1. Written irrevocable pledge should be understood and signed by all parties
2. Make sure their Will/RLT indicates their commitment to the Irrevocable Pledge
3. The organization should remember that this is a major gift from a donor and should be recognized as any other major gift
4. Nurture the donor
5. Make sure that state laws are taken into consideration
6. Make sure that seasoned counsel is involved each step of the way

Tools to Fund a Blended Gift

01 02 03 04

Outright Gift
- Cash
- Appreciated stock
- Required Minimum Distributions

Bequest

Estate Gifts
- Retirement Plan Assets
- Real Estate
- Life Insurance
- Business Interest
- Collectibles
- Gifts of Remainder Interest

Other Planned Giving Tools
- Charitable Gift Annuity
- Charitable Remainder Trust
- Charitable Lead Trust
What Type of Donor Makes a Blended Gift?

- **Strategic**
  - Most frequent type of donor
- **Accumulator**
  - Instrumental accumulator of wealth & someone who has built their wealth in unrealized income
- **Intentional**
  - High donor intent
- **Organization Proud**
  - Someone who glows when talking about your mission
- **Gives Back**
  - Someone who wants to give back
- **Memorial**
  - Someone who wants to remember a loved one

**Issues To Consider**

1. How will you recognize the gift?
   a. It is crucial for the organization's leadership to agree on how a Blended Gift will be recognized

2. How will the various components of the gift be valued?
   a. Present value/Current value

3. What are the naming opportunities with Blended Gifts?

4. Will the potential Blended Gift comply with your organization's Gift Acceptance Policies?
Where should you start when you get back home?

1. Make sure your gift acceptance policies address the type of gifts used by donors to make a blended gift
2. Establish standards for accounting and counting blended gifts
3. Establish standards for donor recognition
4. Have a strategy meeting with staff to develop a list of good prospects for a blended gift
5. Draft a number of blended gift arrangements and supporting documents to be used to educate and motivate staff, leadership, and donors
6. Visit with professional advisors to educate them on the use and benefits of blended gifts
7. Educate your donors on blended gifts through emails, web site, printed materials and conversations

Summary

• The potential for blended gifts is staggering
• A way for strategic individuals to see a path to a substantial gift, while maintaining their financial security
• We will not secure blended gifts if we do not ask
• Gifts will be larger than many typical annual gifts when donors have set a goal for giving
• Adding the element of time may increase the size of the gift
• We are taking a strategy often used to secure a capital campaign gift and maximizing it
• Helps donors to dream bigger and more exciting dreams
Questions?
PRACTICAL PLANNED GIVING CONFERENCE
SPEAKER EVALUATION

Date: __________________ Speaker: __________________________________________

Name (optional): _________________________________________________________

Please rate the following:

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<th></th>
<th>Excellent</th>
<th>Good</th>
<th>Neutral</th>
<th>Fair</th>
<th>Poor</th>
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<tr>
<td>I. OVERALL</td>
<td>5</td>
<td>4</td>
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<td>2</td>
<td>1</td>
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<tr>
<td>Were your major objectives for this session met? Was the content of the session vital, timely, substantive?</td>
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<td>Comments:_______</td>
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| II. RELEVANCE  | 5         | 4     | 3       | 2     | 1    |
| Was the subject matter directly related to the requirements of your job? |
| Comments:_______|___________|_________|

| III. VALUE     | 5         | 4     | 3       | 2     | 1    |
| Do you believe the benefits of this session were worth the time, effort and cost? |
| Comments:_______|___________|_________|

| IV. SPEAKER    | 5         | 4     | 3       | 2     | 1    |
| How was their presentation style? Did the session move along at the right pace? Did they have appropriate knowledge on the topic? |
| Comments:_______|___________|_________|

| V. MATERIALS   | 5         | 4     | 3       | 2     | 1    |
| Were the materials clear and organized and appropriately helpful for the session? |
| Comments:_______|___________|_________|

| Vi. What did you like the most about the session? |
|__________________________________________________|

| VI. Any suggestions to improve future sessions? |
|________________________________________________|

| XII. How many years of gift planning experience do you have? _______
|________________________________________________|