



PPGC 2024
SAN DIEGO

Blended Giving . . .




This Changes Everything

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Crescendo
Integrated Marketing for Planned Gifts

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WHEN I GROW UP



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WHAT DID YOU WANT TO BE?

The mass of men lead lives of quiet desperation. What is called resignation is confirmed desperation.

~ Henry David Thoreau



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WHAT ARE THE RULES OF PHILANTHROPY?

FINITE

- TRANSACTIONAL
- DEADLINE DRIVEN
- EXTERNALLY MOTIVATED
- METRIC BASED
- ORGANIZATIONALLY INCENTIVIZED


INFINITE

- INTERACTIVE
- RELATIONSHIP DRIVEN
- INTRINSICALLY MOTIVATED
- VALUES BASED
- INTERNALLY ALIGNED




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I WANT... A RIBBON CUTTING MOMENT



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DONOR MAXIMUM IMPACT = BLENDED GIFTS

- Many donors give in order to live out their values
- They give for Impact
- They give to make a difference
- Many give in order to be remembered
- Giving to 'causes' is the primary focus of many estates- not heirs



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WHY BLEND A GIFT?

Short Answer: To make it better!!!
To get a better final-outcome.

Gift commitments that improve as a result of blending more than one type of gift.

Examples of the power of blending to improve the outcome . . .

- Peanut Butter Cups
- Red Wine Blends of Napa
- Gold *and* Diamonds

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DO I ALWAYS ASK FOR A BLENDED GIFT?

Does this mean we should always ask for a Blended Gift?

“If you give a kid a hammer - the whole world looks like a _____.”

NO! Some things are perfect and there is no need to blend them!

Classical Fine Art

Pop Culture

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IF A DONOR SAYS . . .

- I wish I could do more?
- How did “they” get their name on that building?
- I am just not sure how much I may need before I die?
- I hope my little gift makes a difference.
- I would like to do something special for blank .
- I just hope I am not forgotten.

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WHAT ARE BLENDED GIFTS?

Gift commitments that involve:

- A combination of outright/lifetime gifts and planned gifts.

Example: **\$200K commitment:**
 \$100K gift of stock (10K/YR FOR 10 YRS) +
 \$100K bequest

- A combination of different planned gifts.

Example: **\$1M commitment:**
 \$500K gift annuity
 \$500K testamentary CRT



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WHY ARE BLENDED GIFTS IMPORTANT?

- Enable larger gifts
- Provide a service to donors
- Encourage greater collaboration among internal and external partners
- Enhance skills and expertise of fundraisers

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ENABLE LARGER GIFTS

- Involve assets in addition to cash
 - 97% of wealth is in non-cash assets
 - Assets remind donors of their wealth, which makes them more charitable
 - Nonprofits that pursue non-cash assets raise at least **4.5 times more** than nonprofits that focus on cash

Source: 2018 Russell James Study

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PROVIDE A SERVICE TO DONORS

Blended gift arrangements enable donors to:

- Make gifts that are sensitive to their cash flow needs
- Address tax, financial and estate planning needs
- Provide for family and charity
- Make a meaningful impact on the organization
- Benefit from enduring recognition for their contribution
- Engage their family in philanthropy and inculcate humanitarian values in their heirs

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SOME WISDOM FROM INDUSTRY. . .

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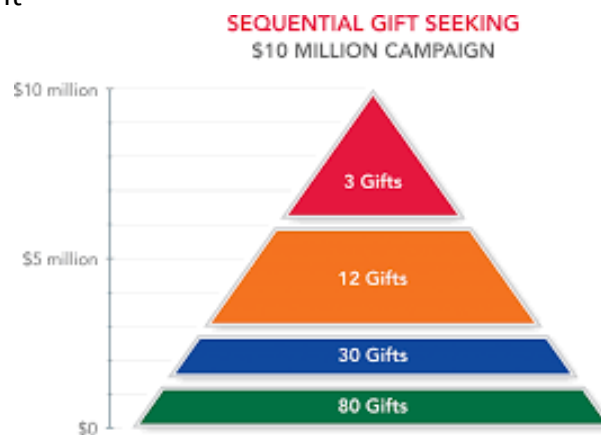
SOME WISDOM FROM INDUSTRY. . .

ENGINEER FOR SUCCESS!!!

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BEYOND ANNUAL & MAJOR GIFTS

- Annual & Major gifts are where we spend much of our time in development



- The donor data suggests there is tremendous missed potential if we only think in terms of annual & major gifts . . . Thinking beyond cash.

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TYPES OF GIFTS THAT WE CAN “BLEND”

- Charitable Remainder Trust - CRUT % / CRAT \$
- Charitable Gift Annuity - CGA
- Cash & Appreciated Cash Investments - Stock
- Appreciated Property – Real Estate
- Life Insurance & Irrevocable Life Insurance Trusts
- Lifetime Gifts (inter-vivos)
- Testamentary Gifts
- IRA & Retirement Beneficiary Designations
- IRA Charitable Rollover - QCD
- Donor Advised Funds
- Corporate & Business ownership transitions
- Family Gifts – Multiple Members or Generations
- Others . . .???

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BLENDING GIFT CASE STUDIES - MINE AND YOURS

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FROM ANNUAL DONOR TO TRANSFORMATIONAL DONOR

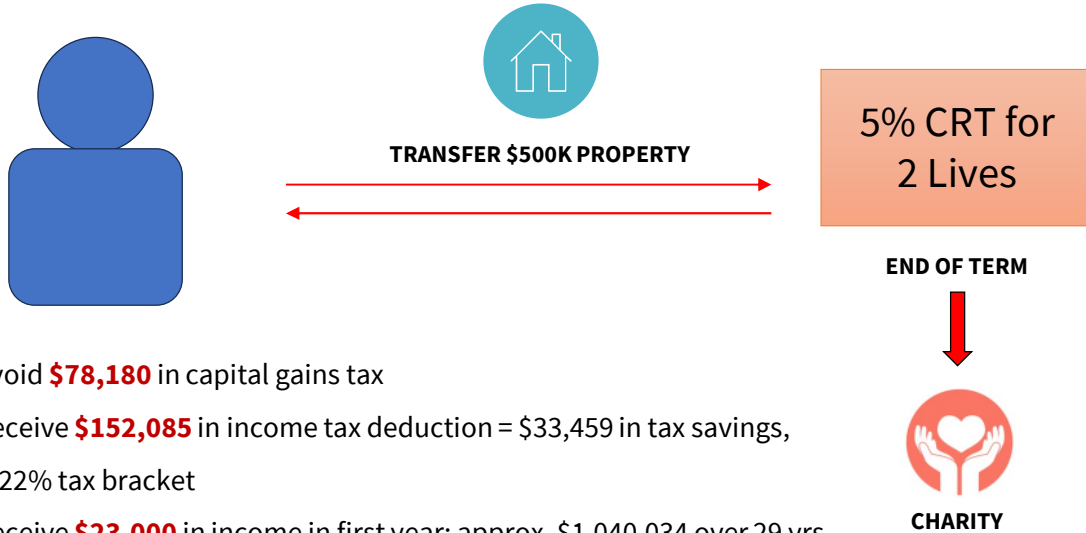
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- Howard and Mary Humble (both 62 years old) are grateful patient parent donors of a community hospital
- They wish to participate in the hospital's campaign and but don't have a lot of discretionary income
- They depend on their assets and social security for income
- Among their assets is rental property that they bought 20 years for \$100K and is now worth \$500K. They are tired of managing the rental but selling it will result in more than \$78K in capital gains taxes and depreciation recapture
- They also want to provide an inheritance for their daughter

MEET HOWARD & MARY HUMBLE

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CHARITABLE REMAINDER TRUST



- Avoid **\$78,180** in capital gains tax
- Receive **\$152,085** in income tax deduction = \$33,459 in tax savings, at 22% tax bracket
- Receive **\$23,000** in income in first year; approx. \$1,040,034 over 29 yrs based on 5% payout and 8% total return

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HOW ABOUT THE DAUGHTER?

- The daughter can be a successor income beneficiary of the CRT after her parents' lives.
- In the years following, the lives of Howard and Mary, the daughter can receive approximately **\$1,456,401** in income stream from the 5% CRT.

Note: tax deduction will be reduced to \$84,110 because of longer trust term of 3-life CRT.

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BLEND OF GIFTS

Annual Gifts

- \$5K a year for 5 years for a total of \$25K

3-Life Charitable Remainder Trust

- Funded with rental property worth \$500K

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BENEFITS OF BLEND OF GIFTS


Annual Gifts \$25K

- Income tax deductions
- Ability to support hospital during the campaign



\$500k 3-Life CRT

- Income tax deduction
- Capital gains tax avoidance
- Increased income stream during retirement
- Income inheritance for daughter
- Meaningful charitable legacy of more than \$1M from CRT remainder at the end of daughter's life

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WHAT IS YOUR CASE STUDY?



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A GRANDMOTHER'S DILEMMA

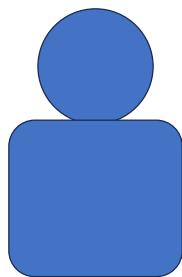
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MEET ANN HOPE

- Lives in a state with state estate taxes; her estate is taxable
- She would like to bequeath half of her assets (\$2.5M) to her grandchildren:
 - \$1M in stock (\$100K basis),
 - \$1.5M in cash
- Interested in providing for four grandchildren (20, 23, 26 and 30) when they are capable of managing money (approximately 40 years old)
- Wants to provide extra help to one grandchild with special needs (30 years-old)
- Would like to support the local community foundation
- Would like to instill philanthropic values and behaviors in grandchildren and expose them to prudent investment stewardship

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CRAT FOR SPECIAL NEEDS TRUST



TRANSFER \$1M STOCK



6% CRAT for
20-year Term

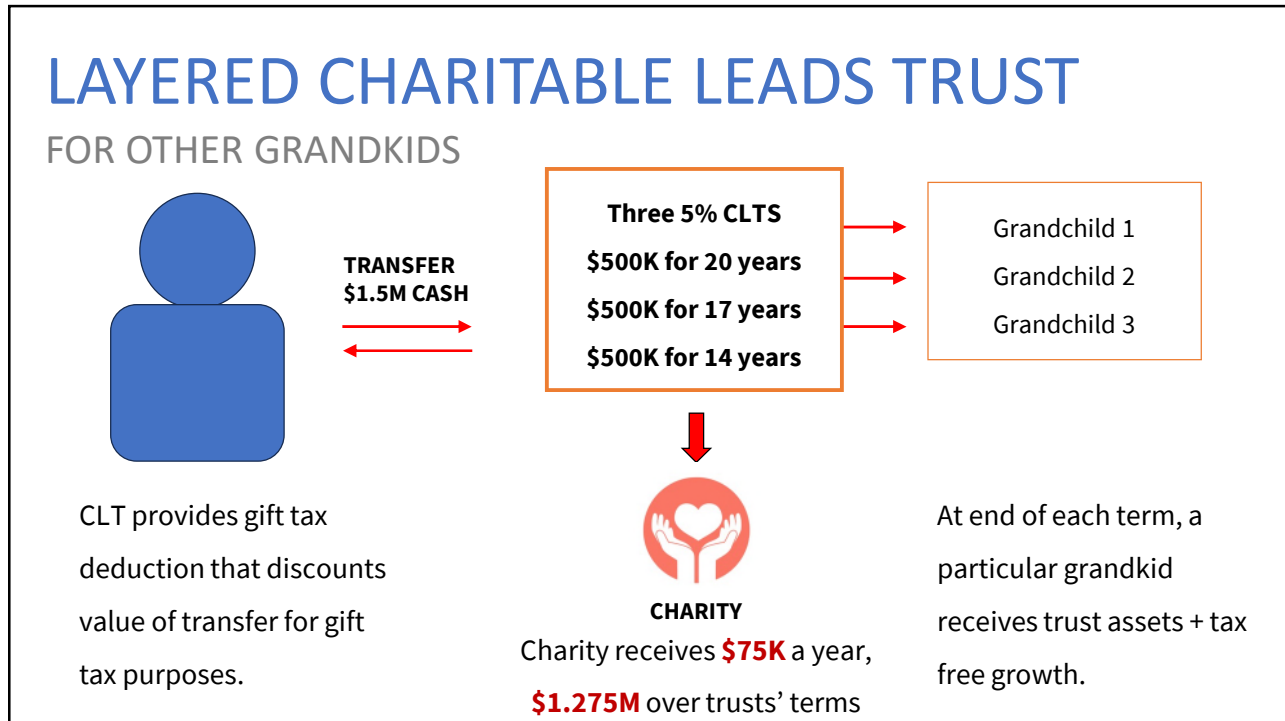
END OF TERM



CHARITY

- Avoid **\$135,000** in capital gains tax
- Receive **\$107,350** in income tax deduction = \$23,617 in tax savings, at 22% tax bracket
- Special Needs Trust of grandson receives **\$60K** in income first year; \$1.2M over 20 years

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BENEFITS OF BLEND OF GIFTS

\$1M CRT for Grandchild with Special Needs	\$1.5M funding 3 CLATs
<ul style="list-style-type: none"> ○ Income tax deduction ○ Avoidance of capital gains tax ○ Income payouts to special needs trust will not compromise supplementary social security benefits ○ Remainder interest of the CRT will support family fund at community foundation. 	<ul style="list-style-type: none"> ○ Gift tax deduction ○ Ability to support family fund at community foundation during their lifetimes ○ Ability to provide a significant inheritance to grandchildren at reduced or zero taxes and at their age of maturity ○ Grandchildren learn philanthropic values ○ Grandchildren also learn about prudent investment management from trustee of the CLTs.

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IT STILL HAPPENS

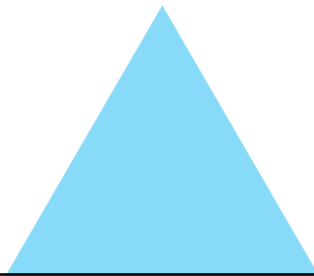
- **Betty White**
- **Kobe Bryant**
- **Matthew Perry**
- **Vin & Sandra Scully**
- **HM Queen Elizabeth II**

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WHY WE PLAN!!!

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THIS IS JUST THE TIP OF THE ICEBERG



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ULTIMATE RESULTS OF BLENDED GIFTS

- Happy and fulfilled donors – WIN/WIN OUTCOMES
- Maximized gifts and impact for charitable organizations and society
- Better engagement of donor families multi-generationally
- Enhanced and meaningful donor recognition
- Other donors inspired to make magnificent commitments

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SPEAKER EVALUATION

COMPLETE THE SURVEY

Please fill out the speaker evaluation by using the QR code.

Powered by CresSurvey:

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The graphic features a large QR code on the left side. To its right is a blue-themed banner with white and yellow text. The banner includes the event name 'PPGC 2024 SAN DIEGO', the title 'SPEAKER EVALUATION', and a call to action 'COMPLETE THE SURVEY'. Below this, it asks the user to complete the evaluation using the QR code. At the bottom of the banner, it mentions 'Powered by CresSurvey:' and the Crescendo logo with the tagline 'Integrated Marketing for Planned Gifts'. The background of the banner shows silhouettes of people in a professional setting.