



2006 National Conference on Planned Giving

October 11-14, 2006 • Gaylord Opryland™ Resort • Nashville, TN

MAKING BEQUEST SOCIETIES THE “WOW” OF YOUR PLANNED GIVING PROGRAM

October 13, 2006

Elisa M. Smith, CPA/PFS
Vice President and Director of Financial Planning
STAR Wealth Management
Fort Wayne, IN

Every February 25th, the intention for the 7:15 am Mass at St. Joseph Parish in South Bend, Indiana, is for Alexis Coquillard. Believe it or not, this has been going on since 1890. The reason for this perpetual remembrance is because of gratitude. You see, Alexis Coquillard left St. Joseph Parish \$5,000 in his will, a princely sum in those days. Alexis left this money to St. Joe because he wanted to give a final gift to the community that had been such an instrumental part of his life.

Who was Alexis Coquillard? Alexis was a young boy when Fr. Edward Sorin first came to South Bend. In fact, he was the one who rowed the ferry across the St. Joseph River as Fr. Sorin and the seven Holy Cross brothers made their first visit to the property which became the University of Notre Dame. Later, Alexis was the first student to attend Notre Dame. As an adult, he became a successful businessman and one of the charter members of St. Joseph Parish.

St. Joseph is one parish in the Catholic Diocese of Fort Wayne-South Bend that has found the “WOW” factor of their planned giving program and has established for its donors what is often termed a Bequest Society.

The Bequest Society

I. Wealth Transfer.

In 1999, the Boston College Social Welfare Research Institute released information about the great American wealth transfer. Two researchers, Paul G. Schervish and John J. Havens announced in their report that \$41 trillion would transfer between generations during a 55-year period from 1998 – 2052. They also reported in this study that of this \$41 trillion in estate dollars, \$6 trillion would be bequeathed to charity. Next entered the new millennium and with it came new concerns about the wealth transfer figures released in 1999. The downward trend in the equity markets and Americans living longer and spending down their assets in their retirement years, among other concerns, prompted Schervish and Havens to reevaluate their original findings and produce an updated report in January 2003. Again, they stood firm on their original findings and concluded that the \$41 trillion figure was a valid estimate even in light of recent economic conditions.

The June 2006 issue of *Trusts & Estates* included an article entitled “When Great Expectations Falter,” whereby author Karen Donovan discusses the analysis conducted this spring by *The Chronicle of Philanthropy*. The article states that based on the original research by Schervish and Havens, for the first 20 years of the transfer, \$1.7 trillion would flow to charities. But thus far, only \$127.6 billion has been received in those first five years according to *Giving USA*. To arrive at the \$1.7 trillion figure, charitable bequests would have to average \$120.9 billion each year for 13 years, beginning in 2005, according to *Chronicle* author Holly Hall.

What were contribution statistics for 2005?

- a. Sources of contributions. According to statistics released in June 2006 by *Giving USA*, total charitable giving increased in 2005 by 6.1% with Americans contributing a total of \$260.28 billion. Sources of contributions measured are individuals, bequests, foundations, and corporate. All categories increased their giving except for bequests. Bequests declined 5.5% in 2005, mostly because of fewer deaths. Charitable bequests estimated \$17.44 billion in 2005, comprising 6.7% of total estimated charitable giving for 2005.
- b. Uses of contributions. *Giving USA* also reported that religious organizations received the most charitable gifts in 2005 at \$93.18 billion or 35.8% of total giving. Educational organizations came in second with foundations, health organizations, human service organizations, arts and humanities following respectively.

- c. Number of bequests. Charitable bequest dollars and percentages from the *Giving USA* report include an estimate for estates filing an estate tax return for 2005 and claiming a charitable deduction and an amount for estates that are not required to file a federal estate tax return.

According to the Internal Revenue Service report of federal estate tax returns filed from 1998-2000, 30% of the number of bequests were for religion, 28% health & human services, 17% education, and 25% other.

- d. Dollars for bequests. According to the same Internal Revenue Service report, 10% of the dollars for bequests were for religion, 15% health & human services, 18% education, and 57% other.

Donovan reports in her article that it would seem unlikely that the 20-year estimate amounts for charitable bequests would be met. In addition, although Schervish himself has conceded that his 20-year target may not be met, he remains firm on the long-range total because much charitable giving which happens at death, such as IRA beneficiary designations, does not always transfer in the form of a bequest. He states that the \$6 trillion windfall is still coming.

II. Bequest Gifts

- a. What is a charitable bequest? The term “charitable bequest” is used to describe a gift bequeathed to a charity from an individual’s estate through a will or revocable *inter vivos* (living) trust. The gift becomes available to the charity after the donor’s lifetime. The primary characteristics of a bequest are that it is easy to accomplish and it is revocable. The donor receives no charitable income tax deduction for a bequest since it is a gift made at death.
- b. Types of charitable bequests.
 - i. Specific Dollar Amount. A monetary bequest in a will or revocable trust is most common. This type of bequest specifies that the charity will receive a designated sum from the estate/trust assets. For example, the bequest language may state “... wish to make a bequest of \$10,000 to <<name of charity>>...”
 - ii. Bequest of a Percent of the Residue. A percentage bequest means that the charity will receive a certain predetermined percentage, such as 10%, for example, from the donor’s residual estate. By making a percentage bequest in the will or revocable trust, the donor is assured that all beneficiaries, both family and charities, will share in either the appreciation or depreciation of estate value.
 - iii. Specific Asset Bequest. A specific bequest of property directs that a named asset be transferred to the charity, such as a particular piece of real estate, U.S. savings bonds, or other specific item. If a specific asset is bequeathed in the will or revocable trust and that property is not in the estate at the date of the donor’s death because it has been sold, transferred or consumed, then the specific bequest lapses, and the charity receives nothing.
 - iv. Contingent Bequest. A contingent bequest is dependent on some event. For example, a family member could be the primary beneficiary of the donor’s estate with the charity as contingent beneficiary. Then, if the family member is not living at the time of the donor’s death, the bequest will pass to the charity.

III. Bequest Facts.

In 1992 the National Committee on Planned Giving (NCPG) conducted a donor study about bequests and planned giving donors. The study revealed that with bequests even though donors can change their minds and remove the organization from their estate plans, they are not likely to do so once they have made such a bequest in their wills.

A follow-up to this study, conducted by NFO Research, Inc. in 2000, was “Planned Giving in the United States 2000.” Almost 1,600 households, who identified themselves as planned giving donors, responded to a 4-page questionnaire about types of planned gifts made, reasons for making them, and how they learned of the gift.

Some of the findings in these surveys reflect certain information about bequests and their donors. Charitable bequests were found to be the most popular of all planned gifts in the study. Eight percent had made a charitable bequest in their will which had grown from 5.7% of households in 1992. The average age when most donors made a first will was age 44, whereas the average age of a first charitable bequest was age 49. Over three-quarters of donors did not ever revise their charitable bequests. But of those who had revised their bequests, most did so in order to increase their gift. The average age of a bequest donor was 58, and the average income level was \$75,000. The average age of a bequest donor at death was early eighties. The average age of the donor upon completion of the final will that included the charitable bequest was late seventies, which was about three to five years before death. Over one-half of charitable bequest donors were found to be female, (compared to 56% of charitable remainder trust donors who are male.)

The majority of bequests (52%) are for specific dollar amounts, while 26% are percentage bequests. Residual bequests are the largest type of bequest revenue and reported by 14% of those who responded.

IV. Donor Facts

- a. What motivates donors to make bequests? According to the study of 2000, altruistic motives are the top reasons that motivate donors for making a charitable bequest:
 - i. Desire to support the charity 97%
 - ii. The ultimate use of the gift by the charity 82%
 - iii. Desire to reduce taxes (income or estate) 35%
 - iv. Long-range estate and financial planning issues 35%
 - v. Creating a lasting memorial for self or loved one 33%
 - vi. Relationship with a representative of charity 21%
 - vii. Encouragement of family and friends 13%
 - viii. Encouragement of legal or financial advisors 12%

The study also looked at reasons why people don't make charitable planned gifts. The number one reason was that “all my assets go to my family only” which was cited by 38%, while 33% of people said that “they don't have enough assets.”

- b. Do donors tell the charity about their bequest? As reported in the research of 2000, only one-third of donors reveal to the charity that they have made a bequest. This is an increase though from the 1992 study of 25% who made known their gift. Of those donors who had informed the charity of their bequest, 28% also told the value of their bequest. The most affluent donors are most likely to inform the charity of their bequest, and men are more likely than women to disclose their charitable bequest as well as its value.

The most common reasons for not telling the charity about their gift are that the donor does not want attention (53%), wants to protect their privacy (15%), and does not want to be asked for other gifts (13%.)

- c. How do donors learn about making charitable bequests? According to the survey, most donors hear about bequests as a way of giving through the charity either in the form of printed materials or a personal visit. The next most common way to hear about bequests is from financial advisors (21%) and family/friends (20%). In addition, lower income donors more often learn about bequest giving through religious affiliations or from a personal visit by the charity.
- d. Do donors have an affiliation with the charity? Most donors are likely to have had a previous affiliation with the charity before making a bequest. This is based on membership and/or past recipient of the charity's service by themselves, their family or a friend.

Interestingly though, 21% of bequest donors have had no prior affiliation with the charity itself, but rather have chosen the charity because of the cause or mission in which the donor believes.

- V. Stewardship of Donors and Importance of Thankfulness. According to Susan O'Leary, Director of Research and Product Development for CharityAmerica.com, the challenge for stewards of donor relation programs is to move the recipient to actually read, appreciate and act upon the message of the charitable organization. Donors are bombarded with too much mail, too many telephone calls, and so many asks for commitments. The best marketing efforts consists of saying "thank you" in a thoughtful, respectful, and unique way. Saying "thank you" displays courtesy and enthusiasm for the cause and provides an opportunity to honor donors and prospects, spread the word about the organization's mission, and invite donors to participate in future projects.

In his article, *Remember to Say "Thank You,"* author Robert J. Lloyd expresses that feeling gratitude and not expressing it is like wrapping a present and not giving it. To give thanks one needs to show gratitude in actions by passing on the kindness to others in need of such a blessing.

Roman writer, statesman and orator, Marcus Cicero (106-43 BC), said, "*Gratitude is not only the greatest of virtues but the parent of all others.*"

Moreover, gratitude is also good for one's health! That is why various meditation techniques focus on gratitude. Gratitude can be a powerful human emotion. When in a grateful state of mind, one can feel peace and overall contentment. There is a concept of Gratitude-Bliss Meditation. This form of meditation puts one into a state of contentment with gratitude being a powerful energy force that can release bliss at any moment. The theory is that

Gratitude = Personal contentment = Bliss.

The messages are loud and clear – people like to be appreciated ... donors want to be thanked!

- VI. The "WOW" Factor. American Idol judge Simon Cowell looks for the Wow factor within the Idols' performances. When American Idol finalist, Elliott Yamin sang the Michael Buble ballad, "Home," Simon was concerned. "I'm not sure I would have chosen a lyric saying 'I Wanna Go Home' tonight, Elliott. ... I'm not sure it has enough of a hook, enough of a wow factor."

What is this concept called the "Wow" factor? In his article "The 'Wow!' Factor", author Shep Hyken stresses that the Wow factor is basically about exceeding the expectations of the customer, audience, donor, etc. It brings in the element of surprise. It screams out "WOW! Aren't you glad you gave to this organization and this mission?"

The Wow Factor can tell a story, create inspiration, and make people want to belong.

Alex's Lemonade Stand Foundation is an example of an organization utilizing the Wow Factor.

The mission of Alex's Lemonade Stand Foundation is to raise money and awareness for pediatric cancer causes, primarily research into new cures and treatments.

The story begins with Alexandra "Alex" Scott, a four-year-old cancer patient who wanted to help raise money so that doctors could find a cure for cancer. In July of 2000, Alex and her brother, Patrick, set up their first "Alex's Lemonade Stand for Childhood Cancer" on their front lawn. Then for the next four years, until her death on August 1, 2004, Alex held an annual lemonade stand event raising money for childhood cancer research and had raised \$900,000 for pediatric cancer research.

Alex clearly had an inspiration to help others, despite her own personal fight with cancer. She found a way to make a difference in other people's lives through the very simple idea of a lemonade stand. That simple concept of "fighting childhood cancer, one cup at a time" has a natural and meaningful fit.

Through her lemonade stand, Alex has given others a sense of belonging. Those people who might not otherwise have donated to childhood cancer research are now holding lemonade stands making fundraising simple, fun and fulfilling for everyone. In 2004 and 2005 there were 4,000 Alex's Lemonade Stands held across the country by children, schools, businesses and organizations to benefit Alex's Lemonade Stand Foundation. And as of June 2006, her national campaign had raised over \$6 million for childhood cancer research.

Perhaps the Wow Factor here may be the story of something as simple as the idea of a lemonade stand raising money for pediatric cancer research. Or perhaps it is the slogan which touches the mission of the organization, "Fighting Childhood Cancer, One Cup at a Time." Of course, it may be the founder of the organization, Alex, with her unique passion to the mission of the Foundation. It may be the groups and organizations who have held Alex's Lemonade Stands. Or it may be the children who have benefited from the Foundation.

Another organization which has found the Wow Factor is the Susan G. Komen Breast Cancer Foundation. Founded in 1982 by Nancy Goodman Brinker after losing her sister, Susan Goodman Komen, to breast cancer, the Komen Foundation leads the fight against breast cancer through its support of innovative research, education, screening, and treatment throughout the world.

This story begins with a promise – a promise between two sisters to do everything possible to bring an end to breast cancer.

That promise has evolved to WOW! Programs such as the Komen Race for the Cure, a series of 5K runs/fitness walks, and Passionately Pink for the Cure, encouraging the color pink to be worn on days throughout the month of October. These programs along with its popular pink ribbons help raise awareness to the importance of a positive breast health program.

VII. Bequest Society

- a. What Is a Bequest Society? A bequest society is often called a donor recognition society because it recognizes those good stewards who have made or will be making significant gifts in the form of a bequest or other planned gift to the charitable organization.
 - i. A bequest society THANKS those individuals who have responded to your invitation to include the charitable organization in their estate plans through a bequest in their will or revocable trust or some other type of planned gift.
 - ii. A bequest society HONORS those individuals who support your mission and love your organization enough to create a gift of great significance for them, in that the size of their bequest/gift is likely to be larger than any they have ever made or even could have made during their lifetimes.

- b. Why Is a Bequest Society Important?
 - i. Expresses Gratitude. Because recognizing and thanking a donor is one of the most important roles of an organization, the bequest society allows for the organization to THANK THESE DONORS for their commitment to the mission.
 - ii. Provides the WOW Factor. The bequest society can be that element which exceeds the expectation of donors. Through its membership, the bequest society invites donors to become a part of the organization and gives them a sense of belonging.

VIII. Purposes of a Bequest Society

- a. Charity's Perspective
 - i. Recognize and thank donors for their commitment to the organization.
 - ii. Learn about unknown donors.
 - iii. Maintain communication with donors.
 - iv. Motivate and inspire new donors.
 - v. Market planned giving.
 - vi. Encourage continued and increased giving.
 - vii. Build stronger relationships with donors and prospects.
- b. Donor's Perspective
 - i. Receive appreciation and recognition.
 - ii. Keep in contact with the organization.
 - iii. Have sense of ownership.
 - iv. Receive special benefits.
 - v. Communicate their planned giving commitment to the organization.

IX. Convincing Others (Boss, Board, etc.) of the Value of a Bequest Society

- a. Sources of Uncertainty – A certain skepticism may exist among board members, the executive director, or others about initiating a bequest society for the organization. What are the typical doubts?
 - i. No knowledge about bequest societies. The executive director or the board members may have never heard of a bequest society. They may not know what it is, how it benefits donors and the organization, and what other organizations have established one. Therefore, in order to learn about bequest societies, it is important to
 - 1. Research similar organizations' bequest societies.
 - 2. Talk with other planned giving directors who have established a bequest society.
 - 3. Prepare an analysis of findings.
 - ii. Small number of planned giving donors and thus, bequest society members. The number of planned giving donors relative to all donors of the organization is always going to be a small percentage. This must be acknowledged and accepted early in the planning process. Therefore, a small number of members is still a success! With establishing a bequest society, you may just make a revocable gift an irrevocable gift in the minds of these members.
 - iii. Too much time and money to establish and maintain. Planned gifts can be the largest and most significant gifts an organization can receive. With an appropriate budget and allotted time, a bequest society can be your most effective marketing tool for your organization's planned giving program.

- b. Presenting the Proposal and Listing Benefits
 - i. Promote the mission of the organization.
 - ii. Promote planned gifts.
 - iii. Identify future, planned giving donors.
 - iv. Identify future gifts.
 - v. Open the door to additional current gifts, i.e. annual gifts.
 - vi. Build endowments.

X. Steps to Establishing a Bequest Society

- a. Identify your organization's goals for a bequest society.
 - i. Educate donors about your organization.
 - ii. Educate donors about planned gifts.
 - iii. Excite donors about making a planned gift.
 - iv. Incorporate planned giving as the final step to a stewardship way of life.
 - v. Thank donors currently.
 - vi. Recognize donors publicly if they allow it.
 - vii. Recognize donors annually.
 - viii. Communicate with donors.

XI. Develop Policies for Membership

- a. Write Gift Acceptance Policies – Gift Acceptance Policies are important to an organization as they provide guidance about gifts which the organization should and should not accept. Certain types of gifts should be reviewed and approved prior to acceptance from the donor.

All gifts should be accepted or rejected in accordance with written policies. The policies describe the types of assets that are acceptable, the gift forms that are acceptable, and the organization's involvement in gift administration.

Gift Acceptance Policies though should be flexible and realistic in order to provide a way to make those exceptions to the rule on minimal occasions. Bottom line, they must be consistent with the organization's mission.

- b. Establish criteria for membership. What do you want people to do in order to be members of the bequest society?
 - i. Commit to naming your organization in their estate plan through various planned gifts such as
 - 1. Charitable gift annuities. The donor and charity form a contract whereby the donor agrees to exchange an asset for a gift annuity. The donor contributes the gift and the charity promises to provide a stream of lifetime income to the donor by paying an annuity to the donor over his/her lifetime.
 - 2. Life estate. Real estate is deeded to the charity, but donor retains the life estate on the property and has the right to live in or use it for life. At the donor's death, the charity assumes the usual ownership rights in the property.
 - 3. Charitable remainder trust. Donor contributes low basis assets to a charitable remainder trust. Individual beneficiary(ies) receive a payout for lifetime or for a term of years. At the end of the term or death of the beneficiary(ies), the remaining assets in the trust are distributed to the charity.

4. Charitable lead trust. Assets are placed in a charitable lead trust. Charity receives payout for a term of years. At the end of the term, remaining assets are distributed to individual beneficiaries.
5. Beneficiary designations. Charitable gifts through beneficiary designations transfer to the charity at the donor's death, will typically avoid probate, and can also save estate and/or income taxes in the donor's estate.
 - a. Retirement plan. By naming a charity as beneficiary of a pension plan, traditional IRA, Keogh, 401(k), SEP or other retirement plan at death, the donor's estate and heirs can avoid estate and income taxes on those assets.
 - b. Life Insurance. The charity can be designated as beneficiary of the donor's life insurance policy or can be named as owner and beneficiary of a new or current policy.
6. Organizations can personalize their approach with various options. For example, some organizations may choose to include as members of the bequest society those donors who establish an endowment fund with a minimum contribution amount for the benefit of the organization. The principal remains intact and is invested. It may be set up as a restricted endowment fund which benefits a particular cause of the organization, such as a scholarship fund for a university, the cardiac wing of a hospital, or a new exhibit hall for the art museum. An unrestricted endowment fund, on the other hand, can be established if the donor has no preference on where the funds are to be used.
 - ii. Tell you that they have included your organization in their estate plan. It is important to establish a policy that membership is extended to individuals who disclose the commitment of a planned gift arrangement through written notification. A membership enrollment form completed by the member may offer such written commitment and may ask that donors provide information such as name, address, phone number, email address, and the type of planned gift made. It is not required or recommended that donors reveal the amount of the gift in order to become a member of the bequest society. Rather, first and foremost is just getting them to tell you that they have made a planned gift.
 - iii. Provide you with legal documentation. Your organization may require that members provide the organization with a copy of the provision from their estate plan by which the organization is named. For example, a copy of the member's last will and testament which states that your organization is a beneficiary is good to have on file. In addition, a copy of the beneficiary designation of a life insurance policy or retirement plan should be given to the organization. Asking for too much information at one time can do more harm than good. First, the goals are to get donors to declare their planned gift commitment and to join the bequest society.
- c. Decide on a Name and Logo for the Society. Choosing a name and logo for the bequest society is clearly the most important step and probably most difficult.

Baby names, business names, pet names ... how do we decide on a name? What's in a name?

A name is used to identify someone or something. It remains with that person, place or object forever.

First of all, a name can have family/organizational meaning. The name of the bequest society at St. Joseph Parish in South Bend, *St. Joseph the Worker Guild*, has meaning to the parish. It is named after the patron saint of the parish, St. Joseph. Thus, a religious organization might want to use the name of its patron saint, a beloved pastor, or other religious symbolism.

An independent or private school or a university might choose to name their bequest society after the founder or a highly respected and beloved faculty member, such as a dean, teacher, coach, or principal. Bishop Dwenger High School in Fort Wayne, Indiana, named its bequest society the *Bishop Joseph Dwenger Heritage Society* after the founder of their Catholic high school.

The University of Cincinnati's bequest society, the *Herman Schneider Legacy Society*, is named after past university president, Dean Herman Schneider.

The name can be unique and have historical meaning. A school/university may desire to name its society after a symbolic meaning. The University of St. Francis in Fort Wayne, Indiana, named its bequest society, the *Seraph Society*. Seraphs are angels who are believed to be in close proximity to God and have liturgical significance. In addition, *The Cross and Crown Society* is the name of the planned giving society for Concordia Lutheran High School in Fort Wayne, Indiana.

A significant icon of Ball State University in Muncie, Indiana, is a statue on the campus known as *Beneficence*. *Beneficence* symbolizes the unselfishness of the Ball brothers in their affection, generosity and support of Ball State University and the Muncie community. Ball State University Foundation's bequest society is appropriately named the *Beneficence Society*.

A suggested name for a hospital or health care agency might be the name of a beloved physician from the past. An Arts and Humanities organization might name its bequest society after one of its first or most prominent bequest donors.

The Laura Githens Smith Society, the name of the bequest society for the Indianapolis Zoo in Indianapolis, Indiana, was named after a Chicago debutante who came to Indianapolis in the early 1900's and supported philanthropic causes.

In addition, Ruth Allison Lilly, second spouse of Eli Lilly from Indianapolis, was committed to philanthropy and worked on numerous projects in which she believed. One of those was The Children's Museum of Indianapolis. It is very appropriate then that the bequest society for The Children's Museum of Indianapolis is named the *Ruth Allison Lilly Society*.

The Fort Wayne Philharmonic in Fort Wayne, Indiana, named their bequest society, the *Laureate Club*, in honor of its donors in its particular field of interest.

Moreover, the name of the bequest society can be quite common or can be unique and indicate what estate gifts do. Some generic names include Legacy Society, Heritage Society, Bequest Society, and Founder's Society.

The Nature Conservancy uses the name, *Legacy Club*, as the name of its planned giving society.

Whereas, the Cleveland Clinic Foundation in Cleveland, Ohio, named its bequest society, *PYRAMID Legacy Society*, whose mission is Building a Legacy of Hope.

Another organization may choose to name its bequest society after a point when the organization was founded. Canterbury High School, also located in Fort Wayne, Indiana, named their bequest society after the founding year of the school, *The 1977 Society*.

Clearly, then, the best name for the bequest society is one which calls to mind your organization alone and no other organization.

Donors may recognize and understand the name right away. In other cases, the name may need to be explained and the story told. In that respect, the name leads itself to communicating about the organization and its history.

One way for an organization to decide on a name for the bequest society would be to hold a contest, asking for suggestions of possible names. Requirements could be that the name of an organization's bequest society must have significant meaning to the organization. It can honor someone, emphasize the concept of stewardship, tell a story, and/or indicate how the society will provide a long-term benefit to the community.

In addition, the organization may want to consider a logo for its planned giving society. The logo can be designed by a graphic artist and used on various marketing materials and communications with members. This logo must have meaning to your organization and be recognized as being associated with your planned giving society.

- d. Decide What Perks You Will Offer Members. All memberships provide members with certain benefits and perks. A bequest society is no different. However, the perks should be an expression of gratitude or a way of saying "thank you" and have special meaning for your members.

Once a donor has notified you of their committed planned gift and desire to become a member of your bequest society, you may want to send a "welcome" letter to the new member. The letter may be on special letterhead with the name of the bequest society and the logo of the society. The letter should be sent from your organization's most important leader, i.e. CEO, president, executive director, and thank the donor for his/her commitment. It should also welcome them into the bequest society. Instead of or in addition to a thank you letter, the organization could send members a certificate of membership.

The organization may wish to give members a special gift of appreciation. Because donors typically do not want the organization to spend a lot of funds for thank-you gifts, the gift should be simple, yet dignified. Some ideas may be a lapel pin, a desk ornament, an engraved plaque, or a bookmark. The gift can even incorporate your bequest society logo. Another idea might be a unique piece of artwork as a special thank-you gift.

As a special perk, bequest society members could be invited to a special reception, luncheon, or cocktail party. The CEO or board president could make a special presentation thanking them for their generous commitment and talk about current happenings in the organization. For religious organizations, a special ceremony could be held for society members.

Bequest society members may receive special information throughout the year about estate planning and tax law changes. This could include a special "members only" newsletter about estate and charitable tax planning.

Examples of benefits offered to members of the Doris Day Animal Foundation's bequest society, the *Guardian Angel Society*, are as follows:

- A certificate of membership in the Guardian Angel Society.
- A Guardian Angel Society lapel pin.
- A guardian angel statuette.
- Members' names listed in a special annual feature in the Animal Guardian magazine.

The Jewish National Fund Legacy Society honors its members with these benefits:

- Member's name inscribed in the *Book of Life* that is on display at the JNF House in New York City.
- A listing in JNF's national newsletter.
- A Legacy Society pin.
- Personal invitations to special events and lectures.
- A beautiful ceramic JNF Tzedakah Box – designed by artisans at Tiffany & Co. – and a plaque in the member's name inscribed in Israel.

e. Marketing the Bequest Society

i. Identify Possible Members.

“It takes a noble person to plant a seed and grow a tree that will one day provide shade to those whom one may never meet.”- Dr. David Trueblood

The donor who gives of his/her assets and includes the organization in their estate plan is a very special donor. These donors give in faith because they may never see the fruits of their gifts. Who are these people most likely to be members of your bequest society?

Think about fan clubs and its members or sports teams and its spectators. These fans are loyal to their celebrity/team and feel passionate about the mission, whether it happens to be fashion, music, movies, basketball or golf.

They feel a sense of belonging because they participate in the mission and are involved. The more active they become, the more passionate they feel.

An example is the *Manilow Fund For Health and Hope*. Its founder, musician Barry Manilow, established this fund to support organizations which promote education, health and care. Donors to this fund are typically fans of Barry Manilow. They support his mission because they admire him. A portion of certain Manilow merchandise is contributed to the fund. In addition, with the Manilow Fund For Health and Hope Visa Card, donors can contribute to the Fund each time a purchase is made using that credit card. Moreover, the cardholder proudly shows his/her affiliation with the celebrity and the charity by carrying the custom-designed card.

Consequently, members of a bequest society too are loyal to the organization and passionate about its mission. They want to be involved and feel a sense of belonging.

Of course, the most likely donors to be members of the bequest society are donors who have made a planned gift or have committed to making a planned gift. These donors could be named as the charter or original members of the bequest society. They already hold the organization near and dear to their hearts.

Other potential members may be the following:

1. Board members.
2. Staff – i.e. clergy, physicians, faculty, others.
3. Major donors.
4. Donors who are consistent with their giving.
5. Donors who understand the importance of the mission.
6. Volunteers.

ii. Marketing Strategies.

The Bequest Society may be a new term to donors. They may have never heard of such a membership. Therefore, it is important that the organization communicate and explain the bequest society to its possible members. What are some effective tools to use as ways of marketing the bequest society?

1. Announcement/Kickoff Letter – This letter should be sent from the President, CEO, Board, Executive Director, etc. with a reply card to a target group of donors (for example, donors age 60+, alumni who graduated 35-40+ years ago, parishioners for 10+ years, newsletter recipients) or the entire donor base. The letter should announce the bequest society, state the purpose of the bequest society, identify ways to become a member, and list the benefits of membership. Finally, it should provide individuals the opportunity to enroll in the bequest society and identify their committed estate gift. This letter could be printed on special letterhead which includes the name of the bequest society and the logo.
2. Letter to Known Bequest Donors – This letter should be directed to any donors whom your organization knows have made a bequest or other planned gift, inviting them to enroll as members in the bequest society.
3. Bequest Society Brochure – This brochure gives information about the bequest society, such as the name and purpose of the bequest society, ways to give and requirements for membership, benefits for members, and a cutoff enrollment form/reply form. The brochure should be attractive perhaps using the bequest society logo and appeal to donors by describing how the bequest society relates to the mission of the organization.
4. Charity's Newsletter/Newspaper – An article or ad could be placed in the charity's newsletter, alumni letter, bulletin, newspaper, or other form of written communication announcing the bequest society and listing the requirements for membership and benefits to members. There should also be included a cutout reply that can be completed with the individual's name, address, city, state, zip, phone number, and email address.
5. Charity's Website – For donors who love to surf the web for their favorite charitable organizations, your bequest society information should be on the Development or Ways to Give Menu of your website. Again, this should include all pertinent information about the bequest society and especially information on how to join.
6. Charter Membership – As an extra incentive to introduce your bequest society and to encourage planned giving donors to step forward and

enroll in the society, the organization could create a charter membership. This means that donors who enroll before a specific deadline are considered charter or original members of the bequest society. They could be identified in publications and newsletters with an asterisk next to their printed name indicating that they are a charter member.

7. Welcome Letter – This letter is a follow-up to donors who have completed a written enrollment form indicating that they wish to be a member of the bequest society. This letter should basically welcome them into the membership, thank them for their commitment to your organization, and stress that they will be receiving future communication from you either in newsletters, invitations to special events, or special personal visits.

f. Establish Office Procedures

- i. Prepare a Budget – For many organizations, their boards may feel that a bequest society will cost too much. However, the long term benefits received from bequests will outnumber the cost of a bequest society. Some items to consider in preparing a budget include the following:
 1. Staff v. consultant – Who will the organization utilize to plan, initiate and maintain the bequest society? An employee of the organization such as the planned giving officer or someone from the development staff who is already receiving a salary and employee benefits? Will the organization hire a part-time employee to serve the role? What about hiring a consultant who is specialized in planned giving and starting bequest societies?
 2. Printing costs – These would be costs associated with printing a brochure about the bequest society, an announcement letter, welcome letter, special letterhead, envelopes, invitations to special events, certificates of membership, etc. Costs depend on the quantity, on the type of color such as whether materials are printed on 2-color or 4-color, and quality of paper.
 3. Postage – There are certain discounts for bulk mail and lower postage rates for non-profits. How much separate mailing will the organization have for its bequest society? In addition to the items mentioned in #2, consider special newsletters to members and gifts of appreciation to members.
 4. Gifts of appreciation – Costs for gifts will depend on quantity and of course, the gift upon which your organization decides.
 5. Design of logo – If the organization chooses to adapt a logo for its bequest society, the logo can be designed by a professional graphic artist or by a volunteer of the organization or perhaps someone on staff. An art museum or fine arts center may even find a donor who would design the logo.
 6. Reception – If a special event will take place for the members of the bequest society, costs involved with a reception may be food, drinks, rental space, programs, table set up, and/or speakers.

- ii. Announce Formation of New Society – Although there is no wrong or right time to start the bequest society, certain times of the year may be better than others. For example, summer months may conflict with vacation schedules for individuals. Winter months include the holidays of Thanksgiving and Christmas, which are typically busy times. In addition, many of the bequest society members may be seniors and travel to Florida or Arizona during the winter months.

The organization may want to choose the anniversary of the date when the organization was established or a special time during the year for donors. For example, a university may choose a date during football season when alumni typically “come home.”

Some organizations may simply want to send or mail an Announcement letter to its potential members. Other organizations may decide to hold a Kickoff Gathering. The Kickoff Gathering could include a luncheon for individuals with speakers on various topics. Since most members will be 65 and older, speakers to consider might be

- Estate planning attorneys to discuss the importance of a will, powers of attorney, living wills, living trusts and choosing the appropriate personal representative and trustee.
- CPAs to discuss tax ramifications in the estate area and any recent tax law changes relevant to the areas of individuals, estates, and trusts.
- Nursing home representatives to discuss the costs associated with nursing home care.
- Physicians to discuss ways to maintain a healthy lifestyle.
- Financial advisors to discuss investment options and retirement plan distributions.
- Planned Giving director of your organization to discuss bequests and other charitable planning techniques.

- iii. Maintain Database of Bequest Society Members – It is important that to remain organized with the bequest society, the organization must start out organized. Therefore, all member contact information should be recorded in some type of database system. This should include the name of the member, address, city, state, zip, phone number, email address, and any other pertinent information. Little reminders can be placed in newsletters and other communications that if the members’ contact information changes, to please notify the Development/Planned Giving Office. Updates should be made to the database as soon as they are known.

XII. Create a Marketing Plan To Attract New Members. – Once the bequest society has been planned and initiated, the next goal for the organization is to increase membership in the society. This in turn will create a larger awareness of bequests and planned gifts and increase future gifts for the organization. The goal then is to increase membership in the bequest society; the way to accomplish this goal is to ask people to include the organization in their estate plans through a planned gift. A formal bequest society helps to educate and encourage donors to increase their giving.

- a. Market planned giving to individuals – Education, awareness, and promotion about planned gifts is essential to increasing membership in the bequest society. Choose the three types of planned gifts which are easiest for donors to gift, such as will bequests, charitable gift annuities, and beneficiary designations. Prepare or purchase brochures that explain and educate the benefits to the donor as well as to the charity. Send a special mailing to donors or hand out these materials at special events.
 - b. Continue promoting the bequest society – Create a simple, but attractive brochure that describes the bequest society and includes a form for individuals to enroll in the society or to request more information about membership. This brochure could be sent to donors 65+ each year, placed as an insert in the planned giving newsletter or other newsletter from your organization, included with other planned giving materials, and handed out at various events.
 - c. Newsletter blurbs/tag lines about the bequest society – Perhaps the organization’s newsletter could devote a special column named after the bequest society about planned gifts it has received and how those gifts have helped the organization. Annual pledge cards could include a checkbox that reads “I have remembered the XYZ charity in my estate plans. Please enroll me in the ____ Bequest Society.” In addition, the reply card from your planned giving newsletter could also include a checkbox which requests additional information about the bequest society.
 - d. Newsletter and website testimonials – Individuals enjoy reading stories about other people. The newsletter and website could include stories and testimonials about existing bequest society members and profile why they chose to make a planned gift to the organization and why they decided to become a member of the bequest society.
 - e. Naming the bequest society members – Unless some members remain to be anonymous, the names of bequest society members could be listed in the organization’s annual report each year. Moreover, their names could be listed in a special book or on a designated wall or piece of art in a location where donors would visit. Only the names of the members should be listed and not any dollar amounts gifted or committed.
 - f. Bring a friend special event – Besides the annual reception for the bequest society members, the organization could hold another function such as an estate planning seminar where members could bring a friend (and potential member.) The event could include an announcement about the bequest society.
 - g. Annual reception for members – Each year at the annual reception for members, new members could be inducted into the bequest society. A special ceremony whereby new members are asked to come forward and receive their certificate or other gift of appreciation from the President, CEO, or Executive Director could be an added touch.
 - h. Communication with members on special occasions - The organization may want to remember these bequest society members on special occasions by sending them Christmas cards, birthday cards, or have special cards made for the anniversary of a historical date of the organization.
- XIII. Expand the Marketing of the Bequest Society to Professional Advisors – Attorneys, CPAs, financial advisors, and bank trust officers may all know the organization’s donors better than the organization knows them. These professionals work with donors everyday advising them on charitable planning issues.

- a. Include professional advisors on the mailing list to receive your organization's newsletters and annual reports.
- b. Invite professional advisors to present an estate planning seminar or seminar on end-of-life issues.
- c. Invite professional advisors to a breakfast or luncheon once a year and include a speaker that can discuss recent legal or tax code changes and can provide them with continuing education credits.
- d. Ask professional advisors to submit articles for your planned giving newsletter. It allows them to get in front of your donors.
- e. Send your bequest society brochure to professional advisors and ask them to inform their clients of your bequest society.
- f. Form a planned giving committee and invite professional advisors to chair this committee.

XIV. What Can Happen If You Stop the Bequest Society? Once an organization starts a bequest society, it should never stop or eliminate the bequest society. Remember that there are benefits to the bequest society. In her article, "Creating Giving Clubs: Cultivating Prospective Major Donors," author Iris Nahemow states the benefits of giving clubs.

- A formal giving club program helps educate and encourage donors to increase their giving.
- Giving clubs create a sense of "belonging."
- The benefits included in giving clubs create additional opportunities for more involvement in the organization.
- The giving club provides opportunities to which other donors can aspire.
- Giving clubs provide the organization with an opportunity to show appreciation through individual and personal communication with these important donors.

Author Richard Ely, in his article, "Additions to Your Planned Giving Marketing Program: The Bequest Society – Part II," states that if the bequest society stops, then there has been

- Wasted time and efforts by the board, the staff, and volunteers.
- Wasted funds for printing, postage, gifts and other costs.
- Disappointment for the organization at a failed effort.
- Decreased enthusiasm that may be very hard to get back.
- Disillusioned volunteers who may cut back future efforts.
- Gifts your organization will not get and programs and services not funded meaning lost opportunities for the organization and donors.
- Gifts given to other organizations.

- XV. Communicate the “WOW” of Your Organization. Finally, as the organization starts its bequest society or explores ways to enhance its existing bequest society, it should consider the “WOW” factor of the organization. Find the story, make it inspirational, and give others a sense of belonging.

Christopher Radko is an acclaimed designer of keepsake ornaments for every holiday and special occasion the calendar brings, especially Christmas. Christopher Radko is now in his 21st year of business.

But Christopher’s business all began in an unusual sort of way. In 1984, Christopher decided to replace his family’s rusty old Christmas tree stand with a new aluminum model for the 14 foot tree. His family decorated the tree as always, with his grandparents’ treasured collection of over 2,000 mouth-blown, European glass ornaments. Their Christmas tree was a family diary with a story to go with each ornament. One week before Christmas, the new stand gave way and the tree crashed to the floor, shattering almost every ornament. Heartbroken, Christopher was determined to restore them for his family.

But trying to replace his family’s heirlooms proved to be a difficult task. The only ornaments he could find which were sold in the United States at that time were made of plastic and Styrofoam. The following spring, while visiting cousins in Poland, Christopher began looking for glass ornaments. Even though he did not locate the treasures he set out to find, he did meet a man eager to revive the art of Christopher’s great-grandfather.

Several dozen ornaments were produced for his family, but instead, friends in New York purchased all of them. On his next trip abroad, he brought back more ornaments; many for his family, and some extras which sold out as well. Christopher realized that he had discovered something wonderful. Today Christopher Radko creations are sold in over 2,500 stores.

Through his story and through his artistic work, Christopher’s legacy will live on for generations. Why? The Christopher Radko Foundation for Children supports the operation of an orphanage for Polish children in the countryside near one of the workshops where Christopher’s ornaments are made.

In summary, find the “WOW” factor of your organization and express it through a Bequest Society. This can solidify the relationship between the donor and the organization and make any revocable gift as irrevocable as possible in the mind of the donor.

Elisa M. Smith, CPA/PFS
Vice President and Director of Financial Planning
STAR Wealth Management
127 W. Berry Street, PO Box 10600
Fort Wayne, IN 46853-0600
Tel: (260) 428-7080
Fax: (260) 428.7053
Email: elisa.smith@starfinancial.com

