



Carl Sylvestre Consulting

Practical Solutions for Managing and Growing Organizations

Death and Taxes: Fundraisers Brothers In Arms

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We've heard it many times. There are two things in life we can't avoid – death and taxes. Fundraisers are quick to point out that contributions to a not-for-profit organization are tax deductible -- it's in the direct mail, the gala invitation and it is often part of the final pitch to seal a gift. We like to remind contributors that in addition to supporting a good deed, they get the chance to reduce those awful tax bills. Everyone wins.

In our tax code, death also has great benefits for not-for-profit organizations, but it is often less spoken about. Saving money on your taxes is one thing, thinking about a donors' death well that's treading dangerous territory; unless you are a major organization and have had the experience of receiving bequests. When someone dies there may be money to disburse and if planned in advance the charity can be a beneficiary. It is a gift that can keep on giving.

If death has such a benefit, why is it that Planned Giving is often absent from the fundraising plan at a number of not-for-profit organizations? It's not on the website, not on the direct mail. In my informal survey many feel that as their organization moves in its life cycle eventually they'll get around to having a Planned Giving program. Many are waiting to reach a specific budget size while wishing and praying that someone will remember them in their will. As the list of excuses grow, the donors are growing older and better-prepared organizations are talking to them about their legacy. What about your organization's legacy? Isn't it time to get on that line?

No matter what the size of your organization, it is not too early to think about and put into action a Planned Giving program. It is often an intimidating process to get started but there are so many resources out there at your disposal. As with anything related to taxes many people have spent their lives figuring how to make simple ideas complicated. From your organization's point of view, it begins with a few simple questions. What is your legacy and why should others be part of it? As with any major fundraising initiative a conversation might start at the board level. Is your organization part of each board member's estate plan? Awkward conversation? Maybe. Revealing? Well, you take it from there. The tools are there if you seek it. The journey begins with a few questions.

The benefits of Planning Giving not only provide estate planning for donors, but using the right tools it can also provide donors with income during their lifetime on assets that have been turned over to your organization. Research continues to show that donors between the ages of 40 and 60 are the ideal prospects and individuals who make bequests give 200% more annually than others.

Our democratic society imposes taxes to curtail the unencumbered passing of wealth from one generation to the next. An exception is granted in assets contributed to charitable organizations. Start planning for your organization's future. As you are putting your fundraising plan in place, make sure that Planned Giving is not put off for another year and then another. The largest transfer of wealth in the United States history has already begun and if you are going to share in this movement, you have to prepare yourself and your institution today.