

## **THE POWER of PLANNED GIFTS in our COMMUNITY**

*Donors want their gifts to make a real difference in their communities. Through planned giving their gifts can multiply for generations.*

*By Brad Haga*

When it comes to digging into our pockets to help support religious institutions and other non-profit organizations, Americans are as different from the rest of the world as lightning is from the lightning bug.

We give more in total dollars, more as a percentage of Gross National Product and more as a percentage of personal income than any other people on the planet. At over \$250 billion in 2004 charitable donations--nearly 2% of Gross Domestic Product--American generosity is just plain staggering. (Spain is next on the giving as a percentage of GDP list, at about 0.8%. France gives a paltry 0.2%, and Japan barely appears on the chart at 0.1%). When it comes to really significant gifts, the kind that fund museums or build university libraries, the differences between America and the rest of the world are equally impressive: according to J.P. Morgan Private Bank, affluent Americans start giving away 'serious' chunks of their wealth once they reach a net worth of around \$20 million. In the rest of the world, that threshold is not reached until around \$100 million We give out of altruism, from the tenets of our faith, from our political or social philosophy or, sometimes, just so we can leave a little less to Uncle Sam when we head to the great beyond. And what we give makes a real difference in the quality of life in our community; private and public education, the arts, religion, social services, and environmental and humanitarian programs all rely on the generosity of donors to meet their objectives.

Nowhere is that difference more visible than in our own back yard, where the impact of giving can be seen in person. From simple park benches to public fountains, community youth centers to emergency family shelters, and from local history exhibits to 4<sup>th</sup> of July

fireworks displays, charitable giving has an enormous impact on the quality of life right here at home.

And yet, many people might be surprised to learn that despite the strong level of giving, and the clear intention of donors to do good works, the impact of charitable giving in local communities is nowhere near what it could be. In fact, it's fair to say that there is a huge disconnect between what donors would like to see happen with their gifts and what those dollars ultimately deliver.

Why? According to Certified Wealth Consultant Larry Van Oort, the disconnect can be summed up in one word: planning --or, in this case, the absence thereof.

"90% or more of the bequests made to non-profits come to the organizations as something of a surprise," says Larry. "Donors typically make bequests in their wills without notifying the recipient organization in advance. One day, the mail arrives, and there is a check from someone we may not even have known. Someone who simply believed in the organization, in its mission, or who may have had a wish to have that organization carry out some specific objective with their gift."

All gifts are as welcome as they are needed, of course, but the fact is that without adequate advance planning, the desire of the donor when they created the bequest and the genuine needs of the organization when that gift arrives unexpectedly may be way out of sync. In the real world, the needs, plans, programs and objectives of the non-profits programs can change dramatically from year to year. "It's not about being unappreciative," Van Oort is quick to add. "Organizations are truly thankful for every gift. But, they would also like to make sure that the wishes of the donor are honored, and that's much easier when we have planned with them prior to the bequest."

Then there is the issue of leverage. When an organization knows they will be receiving a specific bequest at some point in the future, it is often possible for them to leverage that promise through a carefully planned campaign designed to bring other donors on board.

In that way, the true intent of the original donor has a much greater chance of being realized. “The most important thing a donor can do to ensure that their gift will accomplish what they really care about is to have a clear vision of what they would like to achieve,” adds Larry. “It must be a vision that they can articulate clearly. That way, they can they sit down with the leaders of the programs they want to support, and play an important role in mapping out an effective strategy that will maximize the value of what they give. That’s better for them, better for their families, and much better for the future of the organization in which they believe.”

Another benefit of planned giving over ‘surprise’ gifts is that planned gifts may be the key to the survival of the smaller programs that do so many important things in the community. For local organizations that work with at-risk youth, or fund scholarships, provide emergency shelter services, or deliver meals to shut-ins, it is often a hand-to-mouth existence. The energy and hours they must devote to raising money to keep the lights on often detracts from their primary mission to serve the community.

Through planned giving, the donor can actually see how their gift can help to stabilize and secure smoother and more focused long-term operations, which will enhance the organization’s ability to achieve their mission, including realizing the donor’s wishes. Plus, the donor can see how the impact of their gift can be multiplied through leverage with like-minded individuals and families in a way that might accomplish much more for the organization and its mission than they had ever imagined possible.

So much of the good work of non-profits depends entirely upon the generosity of donors for project funding. When local groups stand in the gap to provide emergency services to families and individuals, for example, cash on hand is critical. When long-term capital building campaigns, or educational programs, training and counseling services are needed, wise planned gift development and prudent asset stewardship are essential.

To accomplish all of these tasks, organizations have traditionally had to keep one hand at work raising money, even as the other hand struggled to achieve their mission. Surprise

gifts from donors can certainly help plug holes in the levee, but, just as in the private sector, the key to long-term health is based on the ability to secure and plan with stable, long-term funding.

Planned giving provides another important benefit: when the donor involves his or her family in the process of choosing and working with their preferred organizations to design and plan the gift, a legacy of philanthropic commitment is created within the family. That is a positive multi-generational tradition we should all be working to support and encourage.

If you are considering making a bequest to a non-profit as part of your estate planning, you can do yourself, your family and the non-profit organization a big favor: plan to make your gift as powerful, lasting and significant as possible. Plan for a future where your gift provides ongoing support to the non-profit, even as it lifts up, encourages and teaches generations of your family about the power of planned giving that comes from the heart.

Families and individuals who match their giving with their values are truly helping to secure the future of their communities, says Larry Van Oort.

*For more information on how your gifts can make a powerful difference in your community and in your own family for generations to come, please contact:*

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