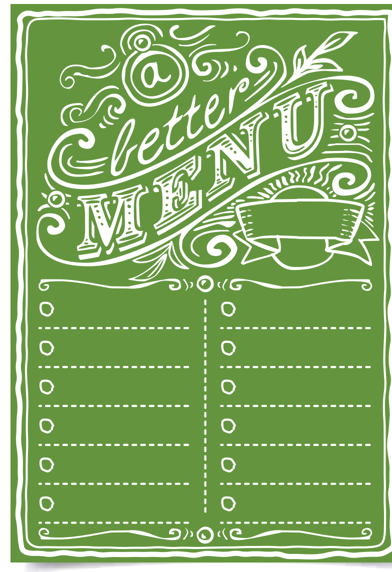
BY Dennis Bidwell

YOU *CAN* LAUNCH A PLANNED GIVING PROGRAM



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One indication of the steady maturing of the land conservation community is the increasing number of land trusts turning their attention to planned giving or legacy gifts. (Or, maybe more land trusts are more mature and successful *because* they have grown more financially secure by cultivating legacy gifts.) No matter the cause or effect, planned giving or legacy giving is a way that a nonprofit works with donors and their advisors to develop charitable giving solutions that meet a variety of the donors' objectives (retirement and tax planning, leaving a legacy, unburdening of surplus assets, simplifying one's financial life, etc.) while resulting in substantial, sometimes transformative transfers of capital to charity. These are gifts that are generally given from wealth, not income; that tend to involve more reflection and complexity; that may or may not be deferred to some time in the future; and that often, though not always, involve non-cash assets like real estate, securities and mutual funds, life insurance and tangible property.

Almost all nonprofits like to think of themselves as being in business for a very long time, but land trusts, by definition, are in the business of *being around forever*. Because stewardship is forever, land trusts and legacy giving are a natural fit.

Land trusts have another attribute that makes them ideally suited to pursuing legacy gifts: their core expertise in real estate transactions. Because real estate (and I'm talking here about primary and second and third homes, apartment buildings, commercial properties, etc., as well as conservation-worthy land) is by far the largest category of wealth for Americans, pursuit of real estate assets is an especially important part of any planned giving program.

Who are likely legacy donors?

The people who are typical legacy donors are the sort of people that land trusts know well: individuals and couples 70 and older who tend to have wealth sufficient to take care of their retirement needs and their heirs. (However, they might not show it—many such donors lead very modest lifestyles and haven't as yet made significant gifts.) They are likely to own appreciated property (stock and mutual funds, real estate, perhaps a family business) and like avoiding capital gains taxes. They are concerned about the time and energy involved in managing their assets as they age, and they are looking for ways to simplify their financial and real estate lives. Sometimes they are attracted to the sort of gifts that leave them with their cash intact. And they increasingly think about the charitable legacy they want to leave behind.

What assets are these donors giving away?

When such potential donors are reminded that they have very significant charitable capacity in assets beyond their checkbook, they are often attracted to the numerous benefits (including tax benefits) of giving away securities (stock of all sorts, bonds, stock options, mutual funds), insurance policies, tangible assets, and, especially, real estate assets.

What are the ways such assets can be given away?

The art of gift planning, or arranging legacy gifts, involves drawing on the wide variety of gift planning structures, taking into account the whole range of assets owned by the donor and devising solutions that maximally address the donor's objectives while yielding meaningful gifts to charity.

The basic menu of gift planning structures includes:

- **Outright gifts**. The simplest gift with generally the largest tax benefits for the donor and the maximum short-term benefit for the charity.
- **Bequest gifts**. Gifts at death, provided for in a will, preserve donor flexibility (they can change their mind) and preserve liquidity.
- **Life insurance policies.** Can benefit nonprofits in a variety of ways, including, most easily, by changing beneficiary designation forms to include one or more charities.
- **Charitable gift annuities.** Funded with almost any type of asset—provide fixed supplemental income for the life of the donor(s) and a flow of capital to the charity upon the death of the annuitant(s).
- **Charitable remainder trusts.** Also fundable with a wide variety of asset types—provide greater flexibility in designing the flow of income back to donors or others, while also leaving capital for charity at death or earlier termination of the trust.
- **A bargain sale.** A combination gift and sale, where the donor sells an asset to a charity at a below-market price, whereupon the charity sells the asset at market value. **A fractional interest gift** can accomplish much the same result.
- **A retained life estate gift.** A residence or a farm allows for the donor or others to continue living in/using the property, knowing that the charity will eventually take possession of the property and sell it to generate cash.

Getting Underway

Many organizations, including land trusts, put off the launch of a planned giving/legacy gift program year after year, thinking they haven't achieved the level of sophistication necessary to proceed with such an effort. I think many of these organizations have the ingredients to proceed *now*, starting with small steps:

1. Conduct a simple SWOT (Strength Weaknesses Opportunities Threats) analysis as a way of assessing your organization's state of readiness. (Often, for land trusts, the Strengths and Opportunities far outweigh the Weaknesses and Threats.)
2. Educate your staff and board by drawing on expertise and resources at local Planned Giving Councils, community foundations, conferences and webinars, journals and publications.
3. Pursue some leadership legacy gifts, likely from current and former board members and other prominent friends of the land trust, to educate and inspire others.
4. Market your interest in legacy gifts in newsletters, on your website, at annual meetings and by establishing a Legacy Society.
5. Train a few key people to be comfortable and conversant in exploring with friends and donors their interest in helping assure the long-term stability of the organization, and their intentions regarding their wealth.
6. Train your easement stewards—critical ambassadors for your land trust—to tune their ears for hints that property owners may be making decisions about disposition of assets
7. Don't be afraid to ask for help!

Just Start

I have talked with many land trust board chairs, executive directors and development directors who look at the success of peer organizations, and colleges, hospitals and museums, in attracting major gifts of capital and wish they had started their own efforts to secure the long-term stability of their organization. You can start right now. Take the first steps this year to put your organization on a path to financial sustainability through the development of transformative legacy gifts.

DENNIS BIDWELL IS THE PRINCIPAL OF BIDWELL ADVISORS (WWW.BIDWELLADVISORS.COM), WHICH SPECIALIZES IN CHARITABLE GIFTS OF REAL ESTATE, REPRESENTING BOTH NONPROFIT ORGANIZATIONS AND PRIVATE PROPERTY OWNERS. PRIOR TO FORMING BIDWELL ADVISORS, DENNIS SERVED FOR 11 YEARS AS NATIONAL LAND PROTECTION DIRECTOR FOR AMERICAN FARMLAND TRUST, WHERE HE CREATED AFT'S FARM LEGACY PROGRAM TO ATTRACT REAL ESTATE GIFTS IN VARIOUS WAYS. HE CAN BE REACHED AT DBIDWELL@BIDWELLADVISORS.COM OR 413-584-2732.

Resources

- Planned Giving Design Center, www.pgdc.com
- Planned Giving Today, www.liebertpub.com/overview/planned-giving-today/235
- Partnership for Philanthropic Planning, www.pppnet.org
- "Are you ready for planned giving?" www.pppnet.org/resource/ready-gg.html
- The Nature Conservancy's planned giving website, www.nature.org/gift-planning