

The Financial Services Industry: Paul Bunyan or Goliath?

BY K. GENE CHRISTIAN

It has been a storybook time in the field of planned giving. The meadows have been green, the hillsides covered with flowers, and the rivers flowing clear, cold and deep. It truly has been a land filled with milk and honey. However, the sleeping giant has awakened and is roaming about the valley.

Like never before, financial services professionals have become aware of their opportunity to participate in this golden era of planned giving. As the nation ages, wealth builds and the overall combined effect of taxation remains relatively high, astute charitable organizations — and financial professionals alike — are grasping for the brass ring of planned giving.

Simply put, the allegorical question is: *Are we (PGOs and the charities who employ*

us) going to adapt — and even facilitate — the likelihood that the giant will awaken from his long sleep with breakfast, a warm cup of coffee, and the morning paper waiting at his bedside? Or will we do very little and get trampled underfoot by a grumpy behemoth?

As the giant fully awakens, we want him to be in a good mood. Why? Just take a moment to do this mental exercise. Theoretically compile the assets of every charitable organization in America. Then compare them to the aggregate worth of just a few smaller and mid-sized banks, investment firms and insurance companies in our country. If you're honest, the next thought you should have will be sobering: It's not *our* brass ring that is being taken, but quite the contrary!

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may have friends who can. One of your best marketing "tools" is a happy annuitant. What do you think they talk about in those retirement homes? We once had a donor in his 90s who had far outlived his own expectations and was now living off his social security and the annuity checks he was receiving from us. He was so grateful for those checks that he eagerly talked up the program to anyone who would listen!

"Early" Bequests

People who have named you in their wills can change their minds, so never take them for granted. They may adjust their plans as their situations change, and that could work to the benefit of your organization if you have nurtured the relationships. One elderly donor had named our school in her will but wanted to make an immediate gift for a major campaign we were beginning. She decided to make an outright gift now, leaving a smaller amount in her will. Thus we exchanged an immediate outright gift for a future, potentially revocable, gift. There is also a good possibility that she will not go to the trouble of changing her will to reduce the bequest, and we will still receive the full amount later.

Other donors may decide later in life to replace a bequest with a charitable gift

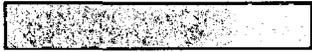
annuity. They may find they need the income stream and they can benefit from the income and capital gain tax savings. Once again, your organization replaces a revocable gift with an irrevocable gift.

When your bequest donor dies, your job is still not completed. Besides an appropriate acknowledgement to the attorney, be sure to write a note of condolence and gratitude to the next of kin, even if you do not know them. Tell them of the deceased relative's connection to your organization and how that person's gift will be used to make a difference to your cause. This is your opportunity to start building a relationship with the next generation of donors from that family.

Having done a magnificent job of stewarding your planned gifts, don't drop the ball when you change jobs. The importance of a smooth transfer from one planned giving officer to the next is all too often overlooked in our haste to move on to another position. Write to all your planned gift donors telling them of your departure and introducing your successor. Leave excellent records for your successor to follow up with your contacts to ensure a seamless transition.

Your planned gift donors have each made a significant commitment to your organization. The least you can do is offer a significant commitment to them. ♦

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Some PGOs, generally at higher profile/elite charitable institutions, have viewed the process of planned giving as a proprietary, centralized process. I've talked with many who have espoused this philosophy over the years. Certainly our collective thinking as PGOs has begun to shift more recently, and most are now willing to admit that we simply can't keep warding off the financial services industry indefinitely. If we keep trying, we could become the figurative ants who get squashed underfoot as Goliath swings his feet out of bed.

To take the metaphor further, PGOs are like thousands of no-see-ums that have systematically and insidiously begun to crawl all over the giant during the last few years. The infestation has become so acute that it's finally wresting him from his sleep. As he opens his eyes, do we want him to see a bunch of helpful little ladybugs scurrying about, or a swarm of no-see-ums biting him?

From Goliath to Paul Bunyan

In our organization, we've been anticipating this great awakening for quite some time. Our idea has been to help shape his thinking as the giant begins to take steps in his forest thick with the prospective donors — clients he deals with every day. Like the story of Paul Bunyan, our goal as smaller creatures much nearer the ground (right-minded PGOs) should be to help Paul maximize the efficiency and swing of his ax down through the forest so that many, many more large trees are deftly cut than we could ever do on our own.

Real Life

It's incumbent upon every planned giving officer to foster an environment where the financial services industry can participate in appropriately formed, and managed, life-income agreements. How can that be done? Through endless e-mails, training sessions, special events, marketing material, written communications and so forth that we develop specifically with the financial services advisors in mind.

Virtually all financial services professionals want to serve their clients completely and at a high level. Many of our prospective donors sleep well at night knowing that their financial representatives have helped them grow and/or sus-

tain their wealth. So, let's be careful not to excoriate or turn our back on our financial services friends when poorly conceived charitable planning strategies are suggested. Let's understand, too, that these gatekeepers manage money in order to make money. We should work to shape the climate — and the level of comprehension — in a way that is productive and fruitful for all.

Sure, the financial services industry has been "baby Huey" in a china shop at times. However, rather than be fearful about his awkwardness and what might get broken, we should remember that he's a large kid who, once mature, could have a tremendous impact on those around him.

Praise to Officials

NCPG governmental affairs representatives have set a good course in my judgment. They've been quick to unearth and then firmly oppose poorly conceived quasi-charitable planning strategies. At the same time, they have chosen not to lambaste an entire industry for the indiscretions or neophyte thinking of a few.

To the government's credit, it has responded likewise. At our recent NCPG conference in Orlando, people like Fran Schafer, Michael Bluenfeld and Tim Hanford demonstrated that they understand the overwhelming power, and potential, planned giving has to change the landscape of our society. Many of us were impressed by the balanced thinking and good sense of humor each of these individuals seems to possess related to the field of planned giving.

For such a large industry, it's truly remarkable how few problems exist. That's a testament to the many good and noble-minded people in the upper echelon of NCPG, and within our government, all working together to keep the high ideals of planned giving on a good course.

Final Thought

It's a mighty big forest! If we work diligently to educate, support and include the financial services industry in this unique planning arena, we will have engaged the assistance of the fabled Paul Bunyan to help cut large, and appropriate, swaths through the trees. If not, PGOs may be reduced to repairing the damage done while the despised behemoth lumbers through the forest. ♦