

Ramping Up for Real Estate Gifts

BY K. GENE CHRISTIAN

For most of us, this period of history marks a unique, uncharted territory in our planned giving careers. While some still claim the financial markets were worse during the 1970s than today, the planned giving field was in its infancy then, and had reasonably little bearing on the revenue charitable organizations received.

Today, the continuing upheaval in the financial markets has had a marked effect on the way we think and do business for our charitable organizations. For instance, three years ago our conversations about gift annuities centered on payout rates being too low and investment strategies too conservative.

Remember how repressive California's mandatory fixed income investment policy for gift annuities seemed to many of us?

Today, we receive surveys from NCPG asking if charitable organizations are considering the use of general fund or endowment assets to keep their gift annuity programs afloat. Oh, to have lived and worked in California and been fully in bond funds these past 36 months!

So, while IRA rollover legislation may yet be coming (which would create a new arrow in our marketing quivers), spending major amounts of money now to create top-of-the-mind awareness among significant stockholders about their charitable planning options seems to be an arrow with a largely broken point.

Opportunity Knocks

Where does that leave us? There is always opportunity in the middle of mayhem, right? So, where is the opportunity currently? Besides gift annuities in exchange for CDs, bonds, money funds and so forth, real property transactions have become an increasingly big emphasis in our marketing efforts these past few years.

While long-term interest rates remain at nearly a 40-year low (as of this writing), the ability for people to borrow money has never been so cheap. Result: The price for commercial, residential rental and farm properties has remained unusually high. In fact, many pundits would say that, while all markets "cycle," real estate is currently enjoying a significant run . . . sitting still on top of its "bubble" in the cycle at the moment.

So what messages — and to what audiences — seem best in the current environment? Clearly we're finding that a "sell

high and buy low" strategy resonates with property owners. Most of these people understand that they have enjoyed a significant run-up in their property's value during a time when borrowed money has become so cheap.

They also understand that the American stock market may be at — or near — a low point in its cycle. So, selling long-held property through a unitrust for a premium (while avoiding capital gain tax), and then investing the proceeds into the financial markets while they are soft, is a message that intelligent people can understand.

Getting Out the Message

But how do we get the message out? Beyond standard publications, flyers, e-mails and traditional marketing to attorneys, accountants and financial/investment advisors, a largely untapped market seems to be with residential and commercial real estate brokers. Much of our attention has been focused on teaching these groups of people through title companies.

As you may know, title companies are always competing/positioning for a broker's business. As a result, many now offer continuing education classes as part of their package of service to lure the real estate community to their doorstep. So get to know representatives from the half-dozen top title companies in your area. Meet the internal marketing or program activities director. If your experience is like ours, they will be delighted to consider having you regularly speak to several dozen real estate professionals about charitable planning options for their clients.

For now, the financial markets are on life support and IRA rollover legislation is still a long overdue — but collectively anticipated — baby on the way. If every PGO focuses more of his and her attention on real estate, admittedly our volume of transactions might not be as high during this turbulent time, but undoubtedly the quality and dollar amount of our PG programs can remain — or eclipse — past performance.

Six- and seven-figure gift arrangements are common when working with real estate. At least that's what we are banking on for the remainder of 2003! ♦

Editor's Note: For a related article on reaching out to real estate professionals, see Aviva Boedecker's article at http://www.pgto-day.com/PGT/Articles/selected_articles.htm.



A "sell high and buy low" strategy resonates with property owners.

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