

Why a Planned Giving Program?

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Planned giving is the fastest growing segment of philanthropy in America today. It has been that way for sometime now and should continue to be so for many years to come.

According to "Giving USA 2004" bequest giving in 2003 reached \$21.6 billion, an increase of 12.8% over total bequest giving in 2002 of \$19.15 billion. Compare this to the growth rate of only 2.8% of total charitable dollars between the two years. Additionally, there has been a steady growth rate of an average of 7% a year in bequest giving over the six year period of 1998 to 2003. These are very strong indications that bequest giving is on the rise. These figures do not include life insurance and split interest gifts since these have not been effectively measured. However, I believe it is safe to say that more and more individuals are also giving through life insurance, gift annuities, charitable trusts and pooled income funds because more and more organizations are out there promoting them.

More organizations are becoming sophisticated in marketing planned gifts to their constituents because of two demographic factors. First is the rapid aging of the American population, and second is the occurrence of a huge transfer of wealth from the WWII and Korean War generations to the Baby Boomer generation.

Americans Over 65 Now 12% of Population

According to 2000 Census statistics, some 35 million Americans are 65 years old and older, comprising more than 12 percent of the population. Of this group, the fastest growing segment are individuals age 85 and older. This segment of our population may hold as much as 70% of the nation's individual wealth. Mature households contribute to charitable causes 12% more than the average household. Men and women in this age group are at the high point of their lives in terms of personal disposable income and assets. The WWII generation in particular has been the fortunate recipient of incredible appreciation in the value of their property over the last 50 years. They are better educated, healthier and more affluent than their parents were at the same age. Many are in a transition from caring for children and full-time employment to the anticipation of a long retirement and increasing concern about how to dispose of their estates when they do finally pass away.

But the real mother load of America's aging population is rapidly on the way as those "Baby Boomers" out there are getting older and older. In fact, the fastest growing segment of America's total population is the age group of 45 to 54 years old which now comprises more than 37.7 million people.

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\$40 Trillion To Be Transferred

As America ages and the older generations pass on, the transfer of their wealth to the next generation will be in gargantuan proportions. According to a Cornell University study recently updated by Boston College, we are looking at upwards of \$ 40 trillion wealth that will be transferred over the next 40 years. Only those charities that are diligent in cultivating and securing planned gifts will realize a reasonable share of this wealth transfer.

A planned giving program demonstrates a long-term commitment of your organization to its mission and enhances its fiscal health into the future. Individuals who will establish deferred gifts for your mission are making very personal long-term commitments to its future. Life income gifts such as charitable trusts and gift annuities require a lifetime commitment to your donors. Endowments typically are established in perpetuity and will provide for your mission long after you, your current leadership and your donors are gone.

Planned Giving Helps Donors Maximize Gifts

Planned gifts allow for more donor options that go beyond the cyclical character of the annual fund campaign. Gift planning, coupled with an array of optional giving vehicles, helps your donors maximize what

they can give. Gifts for life income or bequeathed contributions are often the largest gifts that your donors will make. A recent study of 170,000 American households conducted by the National Committee on Planned Giving indicated that 42% have made wills and 57% are considering it. Will your donors think of your charity when they make their will plans?

Finally, planned gifts optimize your organization's fund raising opportunities in a competitive market. Can you sit on your hands and allow other worthy charities offer planned gifts to your constituents? Suppose your donor supports you and Charity B and wants to do a charitable gift annuity for \$25,000. Charity B has a gift annuity program and yours doesn't. Who gets the gift annuity? There are trillions and trillion of dollars accumulating in 401 (k) retirement plans and IRA's. For many donors, such retirement accounts are the main source of their wealth. Are you showing your donors how to include your charity as a beneficiary or even as a contingent beneficiary of these growing assets?

The old adage that you don't get the gift because you didn't ask for it, is certainly true for the various planned giving options.

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