



Legacy Giving 201

What you need to succeed.

CJP's LEAP

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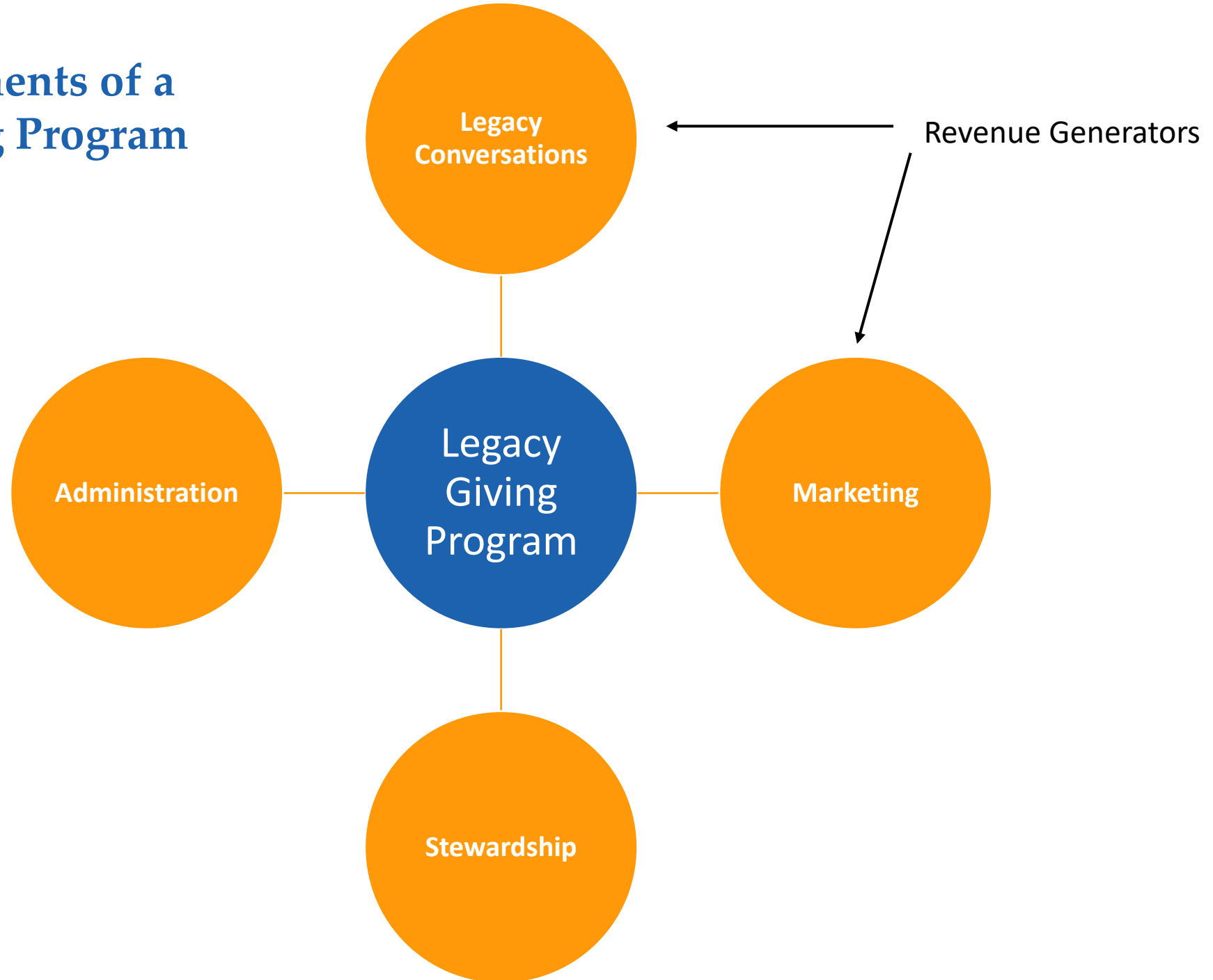
Agenda

- Bringing in Legacy Gifts
- Managing Matured Gifts
- Considering Organizational Legacies
- Q&A

Bringing in Legacy Gifts:

Conversations and Vehicles.

Main Components of a Legacy Giving Program



Legacy Conversations

- Deepen relationships with your donors.
- Help donors think about the legacy they want to leave.
- Ensure donors understand all the ways to fulfill their philanthropic goals.
- Support cultivation and stewardship of annual gifts.
- Give donors the chance to make a significant gift.
- Ensure that charity knows about legacy gift intentions.

Key Legacy Prospects

- Age: 55+
- Family: no children
- Giving history: consistent giving at any amount
- Level of engagement: volunteer, active participant
- Legacy gifts made elsewhere
- Give via DAF or IRA
- Own multiple residencies

Legacy Conversation Starters

“You’ve been such a loyal leader and donor over the years...”

- I wonder if you’ve considered including [charity] in your estate plans.”
- I’d love to talk to you about ensuring the future vibrancy of our [charity].”
- Have you thought about the kind of legacy you want to leave behind?”
- I’d love to explore how you can continue to make an impact, well beyond your lifetime.”

How do I know
[charity] is going to
be around in another
50 years?

I'm leaving
philanthropic
decisions up to my
kids.

I'm not ready for that
conversation.

Donor Objections

I need enough for my
retirement.

I want my estate to
provide for my family.

I already wrote my
will and it's too
difficult to change.

Probing Questions

Don't make assumptions. Ask clarifying questions and repeat back:

- “That’s interesting. Can you share more about that?”
- “Out of curiosity...”
- “What I’m hearing is that you...”
- “Tell me more about...”
- “What’s your thinking behind that?”

Types of Legacy Gifts

Bequest in Will or Trust	Beneficiary Designation	Life Insurance
<ul style="list-style-type: none">• Most common• Specify dollar amount or percentage of estate• Requires estate attorney to draft• Revocable	<ul style="list-style-type: none">• IRA, DAF, or other assets• Easy to implement without an attorney• Often desirable from a tax perspective• Revocable	<ul style="list-style-type: none">• Charity is named owner and beneficiary of a permanent plan.• Great tool for younger donors• Irrevocable

Thinking About Forever:

Managing Matured Gifts.

Endowments are Perpetual Resources.

Think about the future when setting up an endowment program:

- Minimum fund size – assuming a 5% distribution rate, what is the smaller size fund that makes sense for your organization?
- How will you record and track donor intent?
- How will you invest the funds for long-term total return?
- How will you set and monitor a spending policy?
- What are rules for naming funds, and what happens when a name needs to be changed?

Unrestricted, Board Restricted, Donor Restricted

- Unrestricted funds are fully flexible as to purpose and spending.
 - Can have named Unrestricted funds that are still fully flexible.
 - Beware overspending!
- Board Restricted funds have a purpose set by the Board, purpose can be changed or modified.
 - Can be redirected in emergencies.
 - Gifts can be commingled if they have a shared purpose.
 - Great way to handle smaller endowment gifts and bequests.
- Donor Restricted funds have a donor defined purpose.
 - Best option for donor recognition and perpetual support of specific program and priorities.
 - Care must be taken to honor donor intent in perpetuity.
 - Focus on sustainability when creating.

Fund purposes and terms should be sustainable

- Focus on raising dollars with broad and/or enduring purposes, closely linked to your mission and values.
- Ensure that funds have clear written terms approved by donor and the organization's leaders.
- Term should include an escape clause should the purpose become wasteful or irrelevant.
- Beware of allowing donors an ongoing “advisory” role on the use of funds.
- Terms should allow for modifications to fund names should the name impair your mission.
- Avoid separate investment restrictions or variant spending policies.
 - Endowment funds can and should be commingled for investment at scale.
 - Spending policies should be consistent across funds for efficiency and fairness.

Spending Policy and Fund Size

- Endowments must be spent in a way that honors *intergenerational equity*.
- This usually means spending a portion of total return and reinvesting the rest to protect purchasing power against inflation.
- Consider using a “smoothing calculation” for determining spending:
 - Example: 5% of a sixteen-quarter average value.
- Exceptions to policy: set a high bar and require board approval.
- Consider a minimum fund size for named restricted funds.
 - 5% of a \$10,000 fund is a \$500 distribution.
 - There are costs to tracking and spending funds of that size.

Consider Your Organization's Legacy.

How are you planning for demographic changes?

- Mergers
- Dissolution
- Jewish Community Legacy Project (JCLP)

Q&A