**9 Surprising Truths About Legacy Giving**

*Presented to SEWEPC 2.22.2011 by Tracy R. Richardson, JD, LLM*

#1 - Most Americans Do Not Have a Will

* Depending on the study 60-70% don’t have wills and of course don’t have a living will, DPOA,DPOA HC, or other ancillary documents
* Of the 30% that have a will, only 8% of those contain a charitable gift
* \* Lots of benefits to a good estate plan

#2 - Avoiding taxes is not the main reason to give

Studies show: Belief in Mission is the number one reason to give, others include:

1. To change the world for the better
2. To save the world
3. To make a positive, demonstrable difference
4. Confidence in leadership
5. Confidence money will be handled responsibly and spent as donor wishes

Tax Considerations fall somewhere between 6-10 on the list.

#3 - Estate Planning process is often the introduction to philanthropy

* I have heard this from attorney friends and colleagues who ask a question of their clients like” how much would you like to go to each pot”:

Children

Uncle Sam

Charity

* \* You all play a key role in philanthropy in making our communities and state better

#4 - Women give more than men

* Historically women looked to men to guide philanthropy - changed profoundly in the last 15-20 years.
* Women live longer than men
* UW Charitable Gift Annuity pool-largely made up of women
* Single women give more than single men- research shows

#5 - Charitable Life Income Instruments provide higher ROI than market

* Current rates range from 5.5%-9.5% for ages 65-90
* Example - $1 M CGA we are looking at, donor is currently earning 1.8% in Treasuries; CGA will pay her 8.1%
* Donor receives up-front deduction when funding CGA, portion of income is tax exempt, so 5.5% becomes effective rate of 7.0% +
* Compare current 10 year USTN yield 3.4% + 5 year CD of 2.4%

\* We have seen a real uptick in CGAs as of late

#6 - It’s not about the money-Really

* Intangible aspects such as self-fulfillment, gratification, self-worth, involve higher “value” then tangible aspects
* Legacy planning is telling life stories, and investing in those values that eventually serve others becomes “priceless”
* See aging Gracefully vs. Crotchety

#7 - Irrevocable is not as scary as it first seems

* We like scary words in our business -“actuarial”, “internal compounded rate of return” and “irrevocable”
* When you explain the benefits of a gift annuity or CRUT in simple terms, the benefits and life fulfillment outweigh the scariness!

#8 - Legacy giving extends life expectancy

* Research shows physical, emotional and spiritual benefits for givers -the “helpers high” is real
* Example – Donor with 2 CRT’s, 102 years old (funded in 2004) at age of 95!
* Giving provides lots of benefits to the giver beyond tax and financial benefits

#9 - Opportunity to impact the world through legacy giving in underestimated

* Most think of giving in terms of annual giving- tithing at 10%, or 1% club for 1 % of net income or net worth annually
* Transfer of capital of assets can easily involve 20, 50, or 100 times annual giving
* EXAMPLES
  + $750,000 to COED through Estate
  + Modest annual giver during life (700 times annual support)
  + $1.5 M to Athletics and Geology
  + $500-$2000 annual giving (750 times annual support)
* Nelson Henderson Quote: “The true meaning of life is to plant trees, under whose shade you do not expect to sit”.