



How to Get Volunteers Talking About Bequests

PG Calc Featured Article, September 2015

By Gary Pforzheimer, President, PG Calc

This month we take a small departure from offering advice and giving information for gift planners to give information intended for you to share with your volunteers. You may learn something along the way, and you will need to tailor the handout below for your own institution's ground rules, but the purpose of it is to provide practical information for those who come in contact with people who can help you encourage more bequest gifts.

This document is derived from one we created for a consulting client. In conversations with that client we wanted to ensure that they were augmenting an excellent marketing effort with on-the-ground cultivation and solicitation. To add to the ranks of a bequest society, a planned giving officer often needs volunteers to help, and volunteers are more willing if they are informed enough to be comfortable. The best volunteer solicitors are ones who have made a gift, but there is still a gulf between making a gift and feeling prepared to ask another to do the same.

There are several items that will need to be reviewed with respect to state law, the legal name of your charity and its website, and certain policies or by-laws of your organization. [Click here](#) to download a Word version of the below handout so you can adopt it and use it as you see fit.

Sample Volunteer Handout

Frequently Asked Questions About Bequests at State University

The purpose of this FAQ document is to help you in your conversations with potential bequest donors. In addition, we have a Legacy Society brochure and there is also more information on the website, <http://www.state.edu/giftplanning/legacysociety.htm>, including contact information for Donna Moss, our Director of Planned Giving, and encouragement to join the Legacy Society.

These FAQs list some of the most frequently asked questions by volunteers looking to solicit bequest gifts. Some are universally asked and some are specific to State. If you have any more questions, please call our lead volunteer Jane Smith during the day or in the evenings at home or send an e-mail to jane@state.edu anytime. Jane has been trained on soliciting bequests and is very knowledgeable.

Fun fact: 95% of people put charities in their will because of their relationship with the charity, not for other reasons such as their lawyer suggested it or they're trying to avoid taxes. And that's why reaching out to people personally is so important. Not all bequest donors make a gift every year, although many do, but all have an interest in seeing their money (legacy) doing good at the University long after they are gone.

Are all bequests done through a will?

No. As mentioned below, Revocable Living Trusts and various forms of Beneficiary Designations are just as effective as a bequest in a will to pass money to charity at death. It all depends on what kind of planning and documentation the donor already has. For some, the notion of changing a will seems like an obstacle; our job is to let our donors know that if they want to make a gift at their death, we are very appreciative and want to work with them, and/or their advisors, to make it happen. For most of this FAQ the word "bequest" is about the concept, not the specific form.

How does a Codicil work and how is one executed in Massachusetts?

A Codicil is a fancy term for an amendment to a will. If done correctly, and usually by the same attorney who drafted the will or has a copy of the will, it can be a simple way to change beneficiaries or adjust how charity can benefit from an estate without having to change the whole will. The Codicil must meet all of the same legal requirements as a will or living trust and should be drafted by a competent estate planning attorney and signed in the presence of witnesses. If a donor wants you to give an opinion on whether he/she can simply write up a Codicil themselves and clip it to their will, you might want to be bold enough to discourage that shortcut. And if the donor's residence is not in the same state where our organization is located, things can certainly be different.

How about if someone has a Revocable Living Trust?

If a donor mentions that this is a part of their estate plan, you can certainly work with that. A Revocable Living Trust, like a will, governs the distribution of the donor's assets at death.

Does State accept Life Insurance?

Life Insurance gifts come in a few flavors, and in the main if someone has an existing, paid-up policy that he/she doesn't need (that is, children are grown, etc.), then making State the beneficiary of that policy is an excellent way to leave a legacy. It can be done in several ways, the easiest being to have the donor change the beneficiary designation to State. But there are other things that can be done, including making State the owner, which is even better because then a charitable deduction can be taken by the donor because the gift is irrevocable. We do not encourage donors to take out new policies just to make a charitable gift.

What are other examples of Beneficiary Designations?

In addition to making State the beneficiary of a life insurance policy, a donor can designate all or a portion of their retirement accounts (such as a 401(k) or an IRA) or any other financial account such as savings or brokerage accounts.

Retirement accounts like an IRA already require the plan holder to name a beneficiary. It's easy to request a beneficiary designation form and direct that State receive whatever is left in the account at the donor's death. There are tax benefits for donors whose retirement assets go to charity instead of family. Even if both family and charity are involved in the will, retirement assets are the worst things to pass to family, as the family eventually has to pay the deferred income tax on the inheritance. The account holder can also use a beneficiary designation to avoid probate by directing that their brokerage or bank accounts transfer directly to State upon their death.

Keep in mind that a beneficiary designation, whether through life insurance, retirement accounts or other financial accounts, is not an all or nothing proposition. If a donor is concerned about disinheriting an heir or benefitting multiple charities, they can divide those gifts among multiple beneficiaries, just as in a will.

Can a bequest be restricted?

Yes, but restrictions should be discouraged for two reasons. First, State discourages restrictions on current gifts anyway for reasons clear to all of us. Second, even if the restriction works today it might not in 50 years, and so it increases the chances that the donors' wishes will be hard or perhaps impossible to honor. If a donor has a strong desire to fund a specific program or aspect of the University, the donor should work with State to put their preferences clearly in writing, and also include language allowing a future Board to redirect the gift to Endowment if the purpose is no longer possible.

What happens if a bequest is unrestricted?

According to our policies, unrestricted bequests are deposited in State's Permanent Endowment and income from the gift is spent according to the same policies that govern all expenditures from undesignated funds in the Permanent Endowment.

What are the most popular forms of bequest via a will?

A provision for charity to be included as a contingent beneficiary is very popular, especially for younger donors. In this case, our charity gets paid only if one or more people who would otherwise be first in line are no longer alive or for other contingent reasons. Residual bequests allow donors to divide their

estates among heirs in specific amounts and gives charity whatever might be left. Finally, some donors prefer to designate a fixed sum (or items of property such as real estate), and others wish to give a percentage of their estate to charity.

What language should they use?

The most important information to provide the donor and/or the estate planning lawyer is the full legal name of the University, which is The Permanent Educational State University. You don't want people just saying "State University" because that could and probably would be misinterpreted at death. In addition, their gift, whether by will, living trust or beneficiary designation, should include State's Federal tax identification number 04-XXXXXX and current address of 477 Main Street Ave, Andover, MA 01105. This information ensures there is no confusion as to whom the donor intended to benefit.

Do we have to see a copy of their bequest?

No way. That is, we don't need to see a copy. Are there reasons to do so? Yes! The most important one is to make sure that they have correctly identified State in a totally unambiguous way to a probate judge and executor, especially if they die outside our state. The second reason is to help ensure their wishes can be carried out if they impose any restrictions on the use of their gift. Anyone who says we are in their will or are a beneficiary of any assets at death should be thanked and immediately invited to become part of the Legacy Society.