

CATHOLIC DEVELOPMENT + QUARTERLY +

An informational DIGEST to guide development personnel in the emerging field of development.

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CHRISTMAS AND YEAR-END GIVING

Giving is a faith practice and 70%-80% of giving to all charities (Catholic schools, parishes, dioceses, public and private universities, hospitals, the arts, health agencies, etc.) comes from "church going" people.

This publication, since its inception, has advocated expanding the ways in which people can express their faith through their giving. Historically, the Church (with a few exceptions) has "limited and legislated" how people can give. That is one of the reasons why colleges and universities have gotten a bigger share of major gifts.

People should be encouraged to give in at least five or six ways: Regularly, Annually, Special Gift Options (Endowment, Campaigns, Scholarships, etc.), Christmas and Year End and Planned Gifts.

Giving at Christmas and Year obviously has two motivations for the donor: one theological and the other is financial.

THE "CASE" FOR CHRISTMAS AND YEAR END GIVING

Statistically, and psychologically the "case" for Christmas and Year End Giving is superb and Catholic institutions are well positioned to receive charitable gifts.

- 40% of all charitable gifts given every year are given in November and December.
- The Christmas Tradition of gift giving is passed down to us from the Magi who presented gifts in Bethlehem to celebrate the birth of the newborn Savior, Jesus Christ.
- "Gift giving" in the modern era at Christmas, unfortunately, tends toward the material and often overlooks the true Christian Tradition of giving.
- "Gift giving" at Christmas and Year End should include charitable giving.
- Donors should be encouraged to include your Catholic institution on their "Christmas Gift List" much like family, friends, loved ones and business associates would be.
- This important Season of Giving is an opportunity for prospects and donors to "make up" and/or "catch up" on their giving.

- Encourage gifts of appreciated assets (stocks, mutual fund shares, grain, etc.); donors can deduct the full market value at the time of the gift, not just the original investment cost.
- The "clock is running" on the current Tax Year. Gifts made on or before December 31 of the year in which the gift is given qualifies as a charitable tax deduction in that year.

GIFTS FROM "ASSETS" VS. GIFTS FROM "INCOME"

Typically, our Catholic institutions have asked for gifts that are appeals, fundraising, offertory income, stewardship, special collections, annual appeals and pledges. The gifts generated, although important, come from donors ordinary "incomes" rather than from their "assets."

Unfortunately, we also position ourselves as from a position of weakness rather than from a position of strength. Appeals to donors incomes imply a sense of immediacy or urgency thus impairing the idea of "planned gifts" which are predominantly assets. In essence, we're saying we need support now which discourages large, planned gifts that give donors the opportunity to reflect, plan and organize their gift giving. They are compelled to react rather than act.

90% of all wealth is held in "assets." 10% of all wealth is "income."

One of the best aspects of Christmas and Year End Giving is that it encourages people to reflect on gifts of assets as well as the traditional gifts from people's incomes. Once that association is made between gifts of assets and your institution, your institution is making the transition, in the minds of donors, that here is a place where major gifts and planned gifts of assets can be made.

Promoting Christmas and Year End Gifts gets donors in the "habit" of making these types of gifts to your Catholic institution. These efforts move the perception to the college and university style of gift giving. For too long our institutions have been associated with appeals, fundraising and raffle tickets.

ASSETS

Encouraging and receiving gifts of assets is a real "paradigm shift" for many Catholic institutions. Cash gifts are so easy and passing the collection basket isn't complicated. Non-cash gifts are a little bit more sophisticated. We need to change the way we think and our outlook by allowing people different possibilities to express their faith through their giving.

Examples of assets that can be given as charitable gifts at Christmas and Year End or anytime are:

- **STOCK:** publicly traded stock that is listed on the NY Stock Exchange, American Stock Exchange or Over the Counter (NASDAQ) Exchange-perhaps the best type of gift because it is valued each and every day.
- **SHARES IN MUTUAL FUNDS:** same approach as stock.
- **PRIVATE STOCK:** stock that is closely held in private companies by partners, family members.

- DONOR ADVISED FUNDS (DAFs)--a veritable explosion of these types of funding mechanisms. Donors set up DAFs online in their brokerage accounts (Schwab, Fidelity, Vanguard, Wells Fargo, etc.) by transferring stock, cash or mutual funds from their investments to their own Donor Advised Funds then distribute those funds to their favorite charities,
- "QCDs from IRAs"--donors age 70 1/2 years of age or older distribute funds from their Individual Retirement Accounts (IRA) to charity. Gift is called a Qualifies Charitable Distribution (QCD). Must be transferred directly to the charity. NOT to the donor.
- FARMLAND AND REAL ESTATE: land that has appreciated in value and has no encumbrances (mortgages or liens).
- COLLECTIBLES: artwork, coin and stamp collections.
- COMMODITIES: grain, cotton, livestock, etc.

Many other types of non-cash gifts are available to donors most of which will require some type of market appraisal for charitable tax deduction purposes. Remember, your job, the institution's job, the Church's job is "to serve -- not to be served." In other words, these types of gifts may be more complex. It isn't up to the donor to convert the gift to cash so it can be put into the Sunday Collection or mailed for the Annual Appeal. The donor will only have to go and pay significant tax to the federal and state government along the way. Don't "limit and legislate."

More importantly, your Catholic institution will associate itself in the minds and hearts of donors that gifts of assets can be made to your institution. We need to change the culture from gifts of stock to only colleges and universities and buying raffles tickets for Catholic schools and parishes.

CHRISTMAS AND YEAR END GIFT PROSPECT SCENARIO

Here is a brief profile of a Christmas and Year End gift. Mrs. Henry (Adelia) Clark is a parent of three alumni of a Catholic school. She is now widowed. She and her husband were quite active at the school twenty five years ago when their children were in school. She is still on the mailing list and gives \$100 a year to the Annual Fund.

Her husband passed away less than a year ago. Memorials were designated for the school.

Her husband was a successful executive and a large amount of company stock was in the family's portfolio.

The school has sent out a mailing on Christmas and Year End Giving outlining the tax advantages along with a "Christmas List." A large life insurance policy designated Mrs. Clark as the beneficiary. The Catholic school's development officer calls 25 of the 900 people on the mailing list to wish them a happy and holy Christmas and to see if there is anything the school can do for them or if they are interested in the list.

Mrs. Clark decides to give 500 shares of stock worth \$30 each (she and her husband's original cost for the stock was \$2) toward an endowed scholarship fund in her husband's name. Her gift

of \$15,000 is completed by December 31 and she will gain a deduction for this year, and more importantly, advance the mission and ministry of the Catholic Church.

+*QUARTERLY*+ CHECKLIST

This edition's **+*QUARTERLY*+ CHECKLIST** focuses on a brief marketing plan to be conducted within the last month leading up to Christmas and Year End.

- Send a general mailing to key prospects outlining the spiritual message of Christmas and the Tax Advantages of Year End Giving.
- Back out a selected list of prospects for a personalized letter.
- Include your "Christmas List" of gift options for people to select for their gifts; offer gifts of \$15,000 and gifts for \$50.
- Have a countdown of days until the end of the tax year each week if you have access to a weekly bulletin or parent newsletter.
- Give certain people your home phone number in case they get in a rush to make year end gifts of stock. Your institution must receive the gift on or before December 31 for the donor to receive a tax deduction in that year.
- Pick up the phone and personal telephone 25-30 previous donors, regardless of what they have previously given, to thank them for their gifts, remind them that the "clock is running on this tax year" and see if there is anything they might wish to do before the end of the year.
- Some donors might want to accelerate current pledges to be included this year.
- Remember, local media will be assisting you indirectly.
- Stories about charitable giving, the Season of Giving, people assisting others and reaching out will resonate during this time of year. Take advantage of it.
- The holidays are times when people are also remembering loved ones-both those here and dearly departed. Memorial giving opportunities should be presented as part of your Christmas and Year End Giving promotion.
- Host a Christmas Reception for some of your best donors with light entertainment; follow up on those who attended.
- Consider a Year End Tax Planning seminar where tax tips and year end giving strategies are presented (include Christmas Gift Options List in your packet of materials).
- Have a tax attorney or accountant, who is a donor and active in your community, draft a year end tax planning/gift giving memo that can be sent to some of your best prospects; think of personalizing it and include a greeting/cover letter.
- Raise awareness of recent Tax Legislation i.e. the Taxpayer Relief Act of 1997 which was signed into law last August and its impact on charitable giving.

Many exciting opportunities exist for special Christmas and Year End Gifts to your Catholic institution. Presenting this giving opportunity during the Season of Giving when 40% of all charitable gifts are made is an important development program strategy you won't want to miss.

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