

Strategic Planning Session I Knowing the Donor

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PearTree

- “Goal of your fundraising efforts should be to identify people who might want to donate to your organization-----cultivate relationships.”
 - Garecht
- “3 principles- Donors are customers
 - 1) Offer a valuable product –
 - 2) Provide great service
 - 3) Build a donor-focused approach-”
 - Haguewood

- Internet Fundraising AI?
- So how does a traditional charity sell its programs? Relationships, donor-focused approach, how to build relationships?

Is strategic gift planning one answer?



- Creates a knowledge level of the donor which is unique- relationship
- Offers more efficient giving mechanisms- saves the donor money- service
- Done one at a time- donor focused
- Confidential- What is the perceived number one trait of a successful fundraiser- trustworthiness
- Needs admin, finance ability- can that knowledge be leveraged for better service
- Strategic planned giving is an answer if it is a ***process*** not a product

- Intel- knowledge of donor
- Based on knowledge- educate potential mechanisms
- Evaluate mechanisms
- Choose the best
- All the above over time- building the relationship

Intersection of

- Needs of Charity (capital, short-term, long-term)
- Needs of Donor (????? Quite diverse)
- Financial Transfer (planned giving)

- Businesses are changing dramatically
 - how they sell to us
 - how they communicate with us
- Charities are changing as well
 - how they package product
 - but most of all, given the reality of their products, the change can come with relationship with wealthy donors
- Moves management
- Strategic planned giving can be the lever to moves management

- “The word as we have created it is a process of our thinking. It cannot be changed without changing our thinking.”
- Albert Einstein
- “Yesterday I was clever, so I wanted to change the world. Today I am wise, as I am changing myself.”
- Rumi

- Product- of value to donors, with confidence
- CRTs, private company shares, mining Flow-Throughs, marketable securities, etc.
- And not necessarily fancy stuff
- Effect- relationship, trust, feeling of the charity helping the donor, feeling of expertise
- What does each do for you?
- Even if the donor does not “buy in” what does it do for you?

- 1) Learning- to be product leaders, be constant learners. Evaluate possibilities- use lay people- do it properly. When you learn the benefits are terrific- not always evident.
- 2) The philanthropic review- a process of opportunity for the donor- relationship for the charity.
- 3) Become teachers- spread knowledge, give courses open to your donor list.

- Is it possible to change ?

Yes _____

No _____

- 1) Where are the taxable incomes?
- 2) Is estate gift planning advantageous?
- 3) Are mechanisms appropriate
 - Marketable securities
 - Insurance (estate planning)
 - Charitable mining Flow-Throughs
 - Gifts involving private companies
 - Trusts
 - Real estate
 - Other

- 1) John, age 45, is a partner in a law firm- makes good money (in a company?).
- 2) Mary, age 60, has a successful marketing company.
- 3) Eric, age 55, is a well known money manager.
- 4) Bobby, age 73, built a successful lumber company. His children run the company today.

- 5) June, 89, is a widow. Her husband built a tool business, now run by the children.
- 6) Jane and Sam, both 82, retired, Palm Spring snowbirds. No children.
- 7) Dev, age 40, has brought his company public. The shares have gone wild.
- 8) Linda has reportedly sold her business to a private equity firm.

- Professionals have incorporated so is his income earned in a company or personal?
- Age 45, needs money to live
- Probably a big personal tax return
- Mining Flow-Through Shares (FTS)
- Also executives of major companies or even private companies

- 1) Age 58, probably looking at estate planning
- 2) Probably owns OPCO through a HOLDCO where assets have accumulated
 - Marketable securities
 - Mining FTS
 - Insurance
 - There are so many like Mary

- 1) Earning substantial income- in a company
- 2) Invests in marketable securities probably in HOLDCO.
 - Marketable securities
 - Mining FTS
 - Trusts (not for Eric)

- HOLDCO with lots of assets
- Did an estate freeze
- Big RRSP income
- Marketable securities
- Mining FTS
- Preferred shares
- Insurance

- HOLDCO and preferred shares from freeze
- Estate taxes looming
- Corporate marketable securities- ****
- Preferred shares- ****
- Or will gift

- Nice assets
 - No children
-
- Charitable remainder trust
 - Big opportunity

- Will own public shares in HOLDCO
- Corporate marketable securities *****

- Huge capital gain in HOLDCO
- DAF
- Cumulative preferred shares (insurance)
- Marketable securities

What is most common to the donor group?



- Companies!!!!
- As Canadian as maple syrup
- Major gifts source- companies
- Next seminar will focus on
- Marketable securities and mining FTS
- But always looking as well at the corporation

- June Grandma
- Value of Holdco is \$5m
- Tax on death \$1.25m
- Gift of \$1m Bank Shares (ACB \$200,000)
- Value of Holdco is now \$4m (TOD \$1m)
- Capital dividend account +\$800,000-
- Tax free dividend of \$800,000
- Value of Holdco is now \$3.2m (TOD \$800K)

- Devtech
- Wishes to buy a \$2.5m condo
- A dividend to net Dev \$2.5m about \$4m
- Gifts \$1m of shares- CDA \$1m
- Sells \$3m of shares- CDA \$1.5m
- Tax free \$2.5m dividend
- Tax income from sale \$1.5m less gift \$1m
- Equals \$500,000 – tax \$250,000
- Total cost- \$2.5m CDA + tax .25m +gift \$1m
- Equals \$3.75m

See you!!!
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10:30 am est