



CREATING FRIENDS OF SCOUTING FOREVER

“PLANNED GIVING & ENDOWMENT OPPORTUNITIES”



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COURSE OBJECTIVES

- Legacy Planning
- How Planned Giving and Happiness are tied together
- Why Endowments are Important
- Becoming less philanthropic to the government and more philanthropic to Scouting
- Estate planning and opportunities for legacy giving
- Simple best practice concepts for maximizing giving



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WE ARE ALL FRIENDS HERE
FEEL FREE TO ASK QUESTIONS WHEN NEEDED



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The Oncoming Wealth Train

**Almost \$59 Trillion
will pass from one
generation to
another by 2061.**



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The Oncoming Wealth Train

Statistically, most millionaires and billionaires leave at least 75% of their fortune to their children.

But are these children prepared to receive this much wealth??



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The Unasked Question

It's easy to leave
valuables to others –
But how do you leave
happiness, fulfillment,
and values to those
who come after you?



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WHY AND WHEN DO PEOPLE GIVE?

Moving loyalty to passion -- Move from head to heart

Donor's Emotional Commitment to the Council Mission

Low -----High

Low chance of gift

High chance of gift



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THE REASON YOU ARE HERE!!!

You were Involved
with or touched by
Scouting in a
meaningful way!



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THINK BIG!!!

My Goal is to
give you reason
to support
Scouting **NOW**,
but also **LATER!**



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Community Impact is the Goal!

- What Impact do you want Scouting to have in the Community in 5 Years?
 - 10 Years?
 - Next year?

What resources will be needed to get you there?



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THE IMPORTANCE OF ENDOWMENT



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WHY?

WHY ANOTHER INITIATIVE?

WHY ENDOWMENT?



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THE CAMPAIGN FOR SCOUTING

THE CASE FOR ENDOWMENT

Sustaining Our Outreach Programs

Year	Council Revenue	United Way Funding		Investment Income		Endowment Value
1988	\$1,030,798	\$642,600	(62.3%)	\$1,591	(0.2%)	
1998	\$2,127,044	\$768,361	(36.1%)	\$48,226	(2.3%)	\$2,850,218
2008	\$3,259,443	\$595,843	(18.3%)	\$153,943	(4.7%)	\$2,603,273
2010	\$3,250,280	\$249,417	(7.7%)	\$145,565	(4.4%)	\$4,015,086
2017	\$3,289,736	\$227,705	(6.9%)	\$240,083	(7.3%)	\$7,623,497
2018	\$3,183,152	\$122,263	(3.8%)	\$284,790	(8.9%)	\$7,355,122
Future	\$4,000,000	\$122,263	(3.0%)	\$1,000,000	(25.0%)	\$20,000,000



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THE NEED FOR A LARGER ENDOWMENT

- Capital projects don't maintain themselves –
Endowments support sustainability
- Endowments are:
 - **current, living, breathing sources of income**

What does your endowment do now?

What **Impact** will your endowment have as it **GROWS**?



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THE ENDOWMENT CASE



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ENDOWMENTS MAKE A CURRENT IMPACT



What would be the impact of the Council having a larger endowment to support the programs and services of the council and the youth served.



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THINK BIG!!!

- \$10 Million to National Capital's endowment
or \$10 Million to Georgetown's endowment?
 - **Which has the greatest impact??**
 - **Which is “transformational”?**

Gifts for Scouting don't have to be HUGE to have huge impact



CURRENT ENDOWMENT BUCKETS

Scouting Operations Endowment Fund

- \$105K in annual income supporting the budget

Camp Scholarship Endowment Fund

- \$91K in annual income supporting scholarships

Camp Maintenance Endowment Fund

- \$292K in annual income supporting camp maintenance

... the opportunities are endless



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CURRENT ENDOWMENT BUCKETS

_____ Family Endowment Fund

- \$_____ in annual income supporting your interest area

..... the opportunities are endless



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CAPITAL/ENDOWMENT CAMPAIGNS

Deferred Gifts & Annual Impact

<u>Projects</u>	<u>Amount Needed</u>	<u>Annual Impact</u>
General Endowment	\$17,500,000	\$875,000
Camp Program Endowment	\$1,000,000	\$50,000
Silver Beaver Award Dinner	\$125,000	\$6,000
Eagle Scout Recognition Dinner	\$250,000	\$12,000
Subtotal: Deferred Endowment Gift Opportunities:	\$18,875,000	\$943,000



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MAKING AN IMPACTFUL GIFT

“TIME TO PULL OUT YOUR WALLET?”



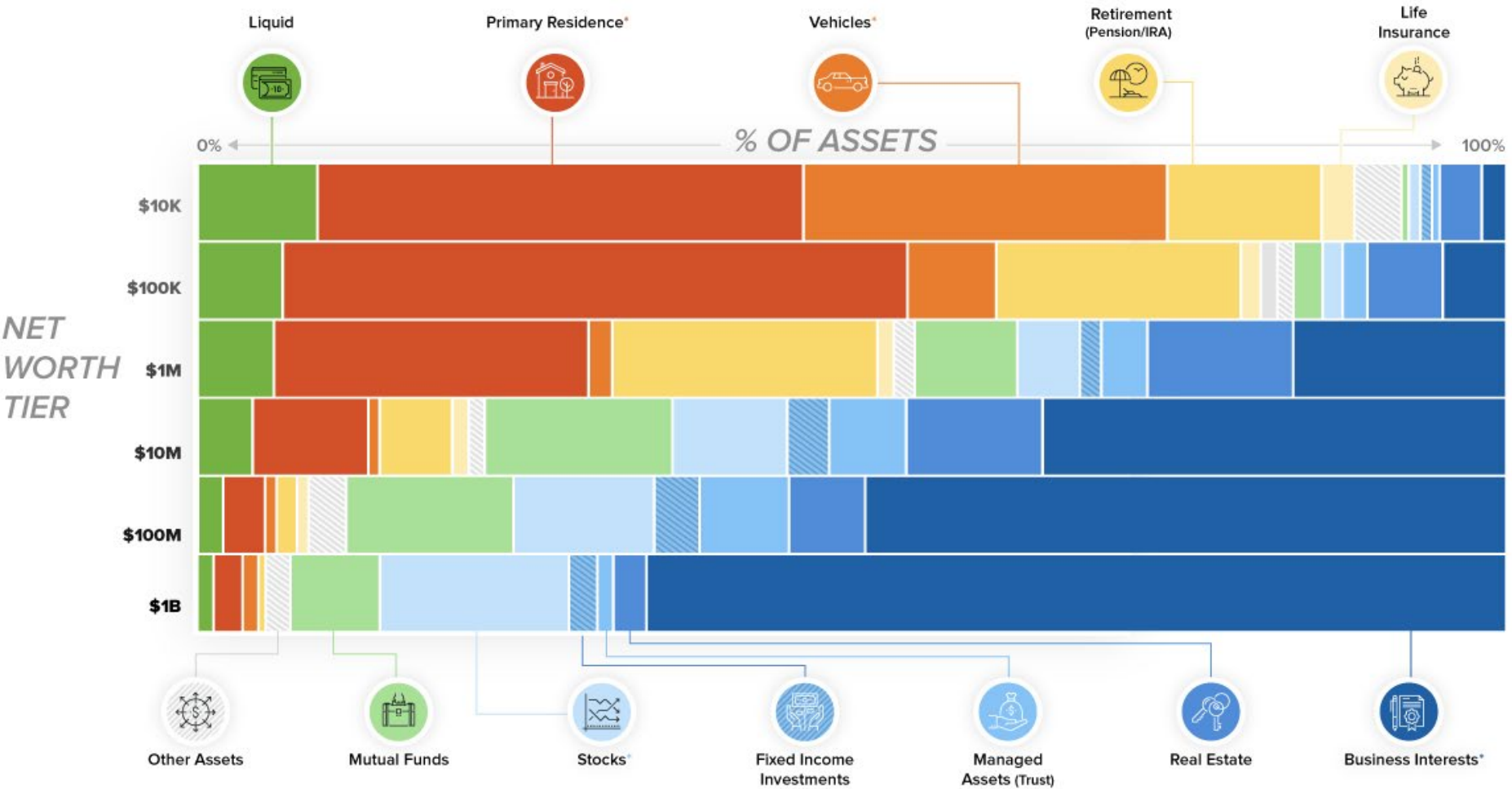
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Major Gifts of Assets

ONLY 9% of wealth is held in cash; 91% is held in assets...

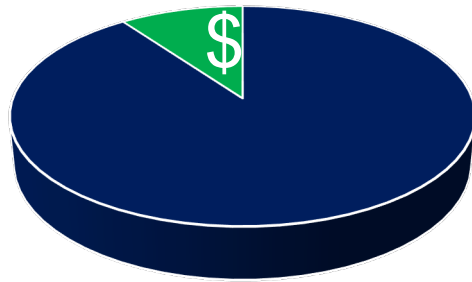


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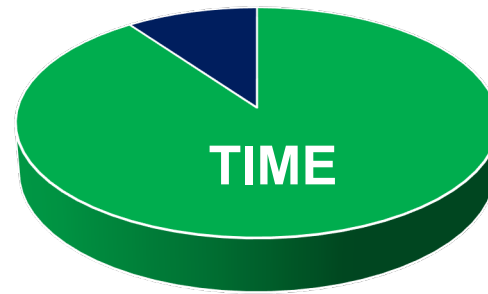


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How do We Spend Our Time?



Less than 10%
of this nation's wealth
is in cash – over 90%
is in assets?



Over 90%
of fundraisers time is
spent pursuing cash
instead of assets?

Courtesy of Planned Giving Tomorrow



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Gifts of Stock



Typically referred to as gifts of Long-term Appreciated Stocks

Long-term: typically referring a stock owned/held by the donor for...

12 months or longer

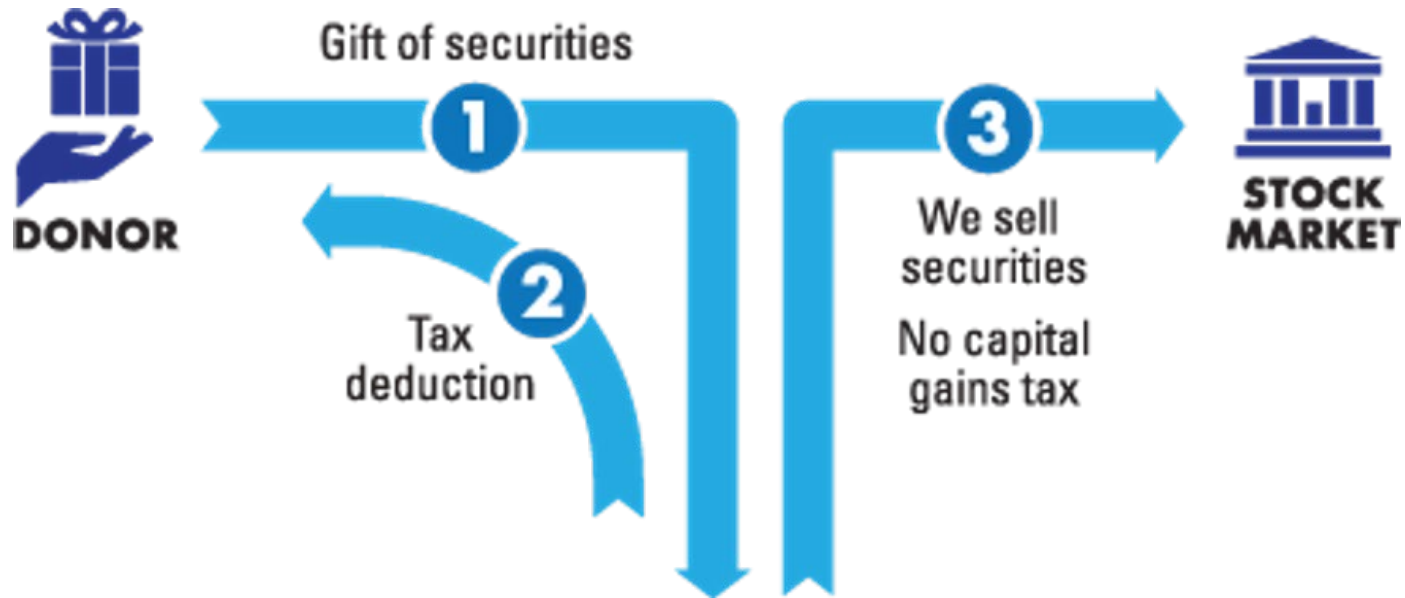
Appreciated: Referring to a stock that has increased in value

Publicly traded^ marketable securities.



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Gifts of Stock



Long Term Capital Gains



- The closing price for **Apple (AAPL)** in 1991 was **\$0.41**, on Dec 31, 1991
 - Current Stock Price- **\$166.47** as of Apr 18, 2023 market close
- The closing price for **Disney (DIS)** in 1991 was **\$8.33**, on Dec 31, 1991
 - Current Stock Price- **\$100.93** as of April 18, 2023 market close
- The closing price for **Microsoft (MSFT)** in 1991 was **\$1.45**, on Dec 31, 1991
 - Current Stock Price- **\$288.37** as of April 18, 2023 market close



Gifts of Stock



STOCK SOLD, PROCEEDS DONATED....

Proceeds from Sell	\$110,000
Tax Owed By Donor	(\$20,000)
Net Proceeds from Sell	\$90,000

Cash Available for Gift	\$90,000
Missed Opportunity	\$20,000

STOCK DONATED TO CHARITY

Tax Owed by Donor	\$0 !!!
Tax Deduction/Gift	\$110,000 (pre-tax gift)

Capital Gains Tax Avoided **\$20,000**



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POSSIBLE STRATEGIES – STOCK GIFTS

- **Stock Replacement**- Donate your stock, use your cash to repurchase the shares
 - *Real time or strategically at a time in the future*
- **Stock Portfolio Rebalance**- Donate your stock as a method to rebalance your portfolio
- **Bunching**- frontloading multiple years of charitable giving in one year may allow you to surpass the itemization threshold, and then you can take the standard deduction in the off years.



GIFTS OF REAL ESTATE



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GIFTS OF LAND/REAL ESTATE

- Property held for 12 Months+ is tax deductible at fair market value
- Tax deduction for \$100,000 gift of land = tax deduction for \$100,000 check
- It may take more trouble, but it may be well worth it
 - What if the property sells for less than appraised value?
 - How is that handled?



REAL ESTATE GIFT CONSIDERATIONS

- Need a recent appraisal on the property
- Likely need an environmental report
 - (some exceptions may exist)
- Need to have an agreed upon plan on how to cover expenses on the property



LIFE INSURANCE GIFTS



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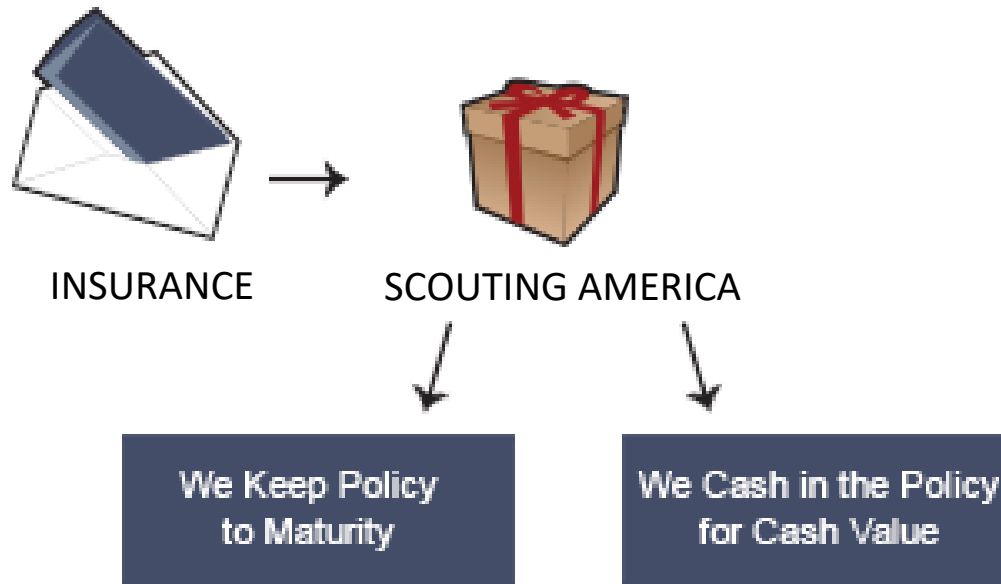
LIFE INSURANCE GIFTS

- Existing policies w/ premiums owed
- Paid-up policies or new policies
- Use to replace other gifts/protect pledges



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LIFE INSURANCE GIFTS



Benefits of gifts of life insurance

- Receive a charitable income tax deduction
- If Boy Scouts of America retains the policy to maturity, you can receive additional tax deductions by making annual gifts so that we can pay the premiums
- If Boy Scouts of America cashes in the policy, you will be able to see firsthand how your gift supports our charitable work
- If we retain the policy to maturity, or you name us as a beneficiary, once the policy matures, the proceeds of your policy will be paid to our organization so that we can use the proceeds to further our charitable work



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LIFE INSURANCE GIFTS



DONOR



Make a gift to us

Scouting  **America**

2

Income-tax
savings



**DONOR'S
CHILDREN**



Premium payments



Insurance proceeds



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IRAS AND RETIREMENT PLANS



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IRAS AND RETIREMENT PLANS

Retirement Plans – not Inheritance Plans
May be hit with Income Taxes *and* Estate Taxes

Often the worst thing to give to heirs
(and one of the BEST things to give to charity)

Some can now make direct, tax-free transfers
of up to \$100,000/year/person from an IRA
to charity (if donor is at least age 70 ½)



IRA Charitable Rollover Gifts (QCDs)



- **Qualified Charitable Distribution:** For donors that are 70½ or older, they can use your individual retirement account (IRA) to support Scouting. Can direct up \$100,000 in one year to charity.

Benefits:

- May satisfy your annual required minimum distribution, or RMD, up to the amount of your gift
- Allows you to give from pre-tax assets and your distribution is excluded from taxable income
- Helps avoid limits on charitable deductions and prevents the donor from being pushed into a higher tax bracket
- Minimizes the effect your giving has on your cash flow. The gift is from your assets, not the donor's checkbook



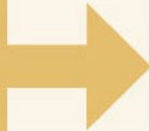
QCD Example

Example 72-year-old couple

required
RMD
of \$24,000

Standard deduction
is \$26,550

**NO TAX
ADVANTAGE**



set up
partial gift
QCD
\$5,000

- reduce taxable income by \$5,000
- potentially THOUSANDS in federal and state tax savings
- make a gift to church or charity
- could fund a charitable life insurance policy for larger gift in future



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Things to Know About QCDs

- Gift Receipt is different than gift of cash or stock
- They eliminate philanthropy to the government, unless that's your favorite charity.
 - There is no step-up in basis associated with philanthropy via QCD compared to stock gift.
- Can combine QCD strategy and standard deduction with your taxes.



Things to Know About QCDs

- Great tool for bequest acceleration
 - See the impact of giving, while you are living
- Can combine QCD strategy and standard deduction with your taxes.



SECURE ACT 2.0 and QCDs

- SECURE ACT 2.0, Beginning in 2024, QCD limit will be inflation adjusted annually!
 - No more \$100K cap starting in 2024



SECURE ACT 2.0 and QCDs

- SECURE ACT 2.0 provides a pathway to fund a CGAs and CRTs using a QCD
 - Many rules associated with the new law.
 - \$50,000 cap per person, but couple can contribute a combined \$100K into same CGA or CRT
 - No additional transfers can be into that life income gift
 - No deferred gift annuities
 - CGA funded by QCD must have a 5% rate.



CHARITABLE GIFT ANNUITIES



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GIFT ANNUITIES

- Guaranteed payments for life, based on age
- Income tax deduction NOW
- Asset not in taxable estate
- Most payments part tax-free

May even be deferred for retirement income



BSA Gift Annuity

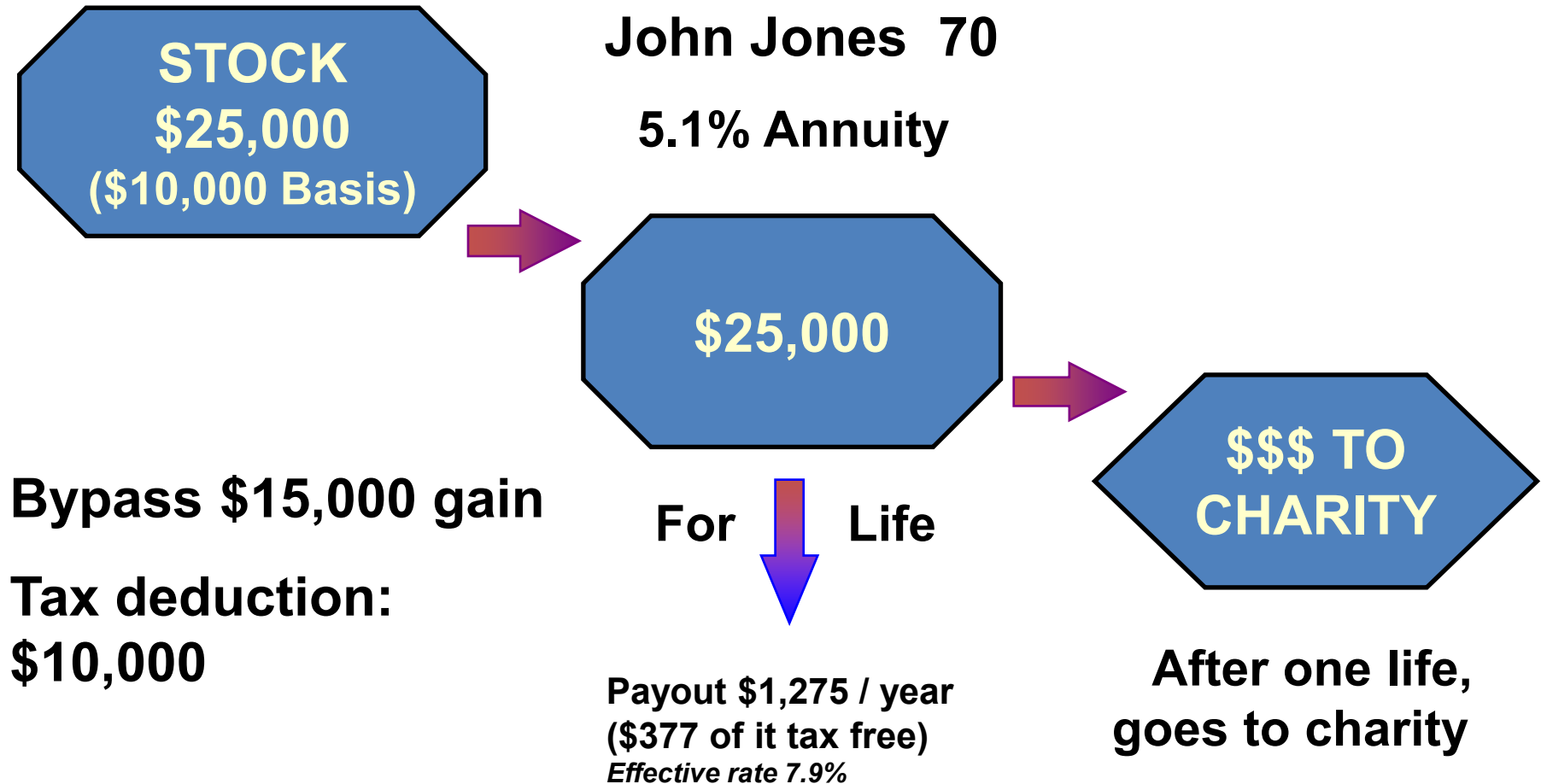
Example

Mr. Jones, 70, has stock worth
\$25,000 (a \$10,000 basis)

Current Dividend = 1.5%
(\$375 a year from dividends)



BSA GIFT ANNUITY



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A GIFT ANNUITY MAY ALSO BE DEFERRED

- Make the gift now, but don't start paying the income until a date in the future chosen by the donor
- Tax deduction and income is *higher* than for gift annuities that start paying right away
- Great option to IRA's and other retirement vehicles



DEFERRED GA's FOR RETIREMENT

Deferred Gift Annuities can be great alternatives to retirement accounts

- E.g. Donor, age 59, buys one/year for 5 years
 - Gets tax deductions now, when he most needs them
 - Delays annuities to start paying when he retires – when he most needs the extra income
- Unlike IRAs, no limits



CHARITABLE REMAINDER TRUSTS



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CRT's – FLEXIBILITY

Donor places almost anything into trust, and determines:

- Who gets income
- How much
- Length of the trust
- Trustee
- Charitable beneficiaries



Remainder Trusts Great For Donors To ...

Make	Make a significant gift to charity in future <ul style="list-style-type: none">• (“I want to do right, but not right now.”)
Benefit	Benefit kids, grandkids, parents, or special needs family members
Get	Get a large, current tax deduction
Use	Use excess cash, or underperforming land or stock
Benefit	Benefit more than one charity/council

CRT's – INCOME INTERESTS

Donor may choose income for:

- one or more lifetimes; and/or
- term of years (20 years or less);

And decide if it will be:

- fixed amount (e.g. \$10,000/year), *or*
- percentage (e.g. 6% a year)



CRT's – Investments and End

CRTs are tax exempt – pay no taxes on earnings or sales of within the trust

When trust ends, income payments cease;
trust assets go to charity



CHARITABLE LEAD TRUSTS



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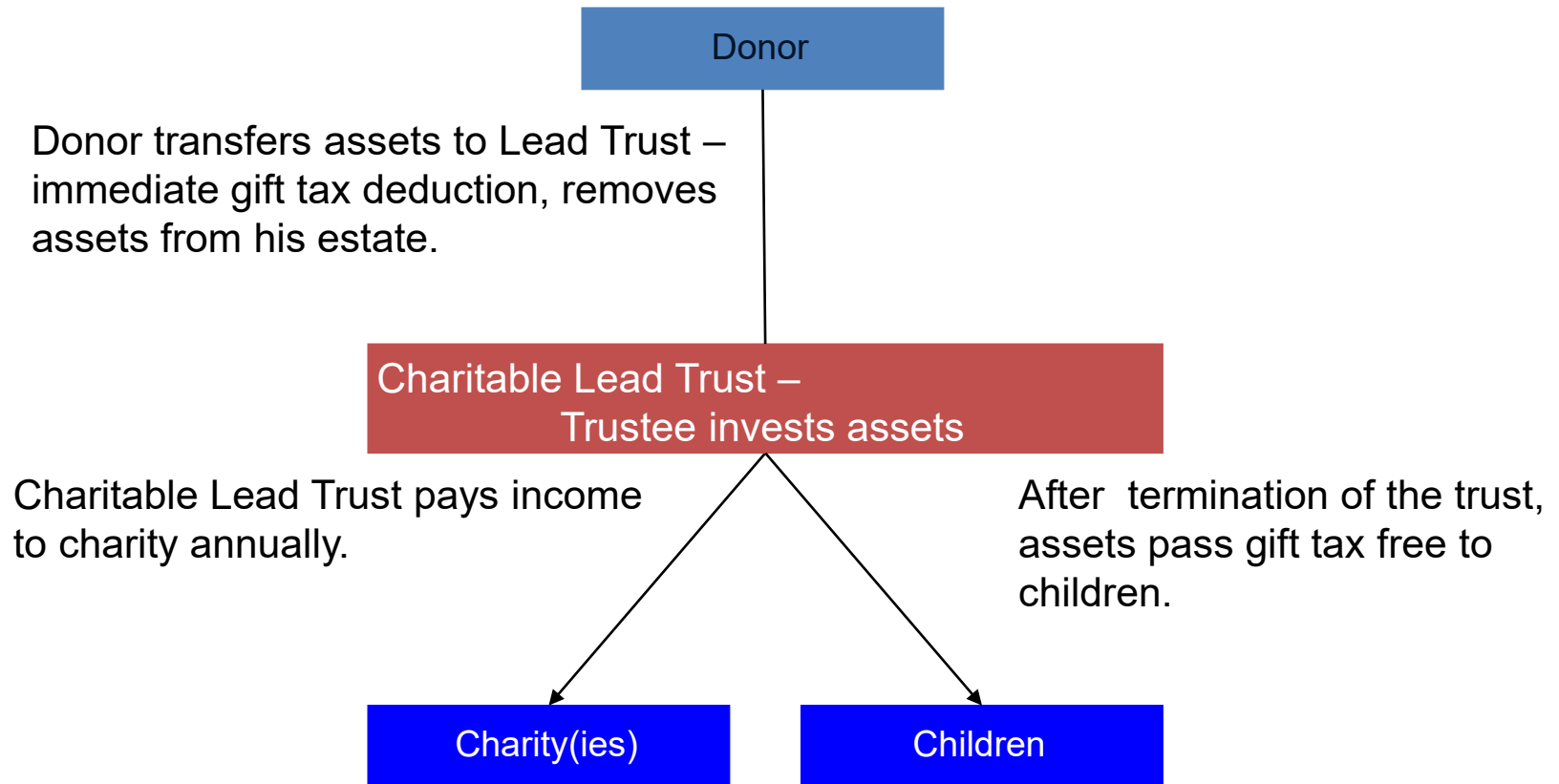
WHY CREATE A LEAD TRUST?

- Pass large amounts of assets to children at lowest cost
- For individuals who have:
 - More income than they can (or want) to spend
 - Estate tax issues
 - Need for large, current tax deductions



Charitable Lead Trust

Charitable Lead Trust



Example: Family Lead Trust

- 20 year, \$1,000,000 CLT with cash – trust earns 7%, distributes 5% to council each year
- Council gets \$50,000/year for 20 years (\$1 million total)
- After 20 years, at 2% growth, trust has grown to \$1,800,000 – this all goes to the children, tax free

Tax cost in Year 1 to transfer \$1,800,000 to kids: **\$97,720**
(and this can be offset by lifetime exclusion)



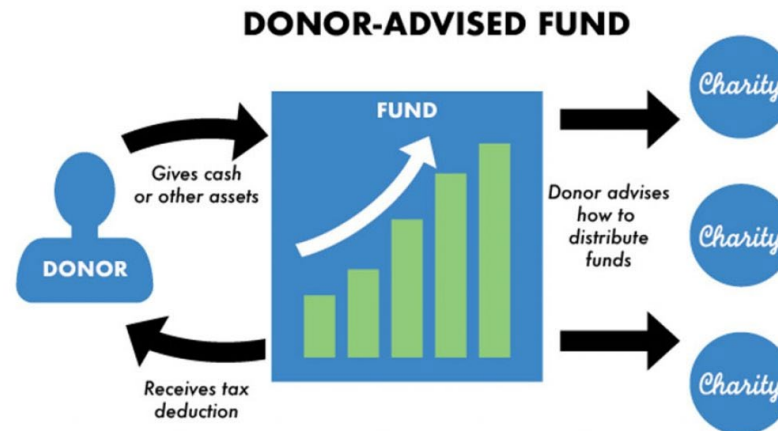
DONOR ADVISED FUNDS



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Donor Advised Funds (DAFs)

- A DONOR-ADVISED FUND, or DAF, is a **giving account established at a public charity**. It allows donors to make a charitable contribution, receive an immediate tax deduction and then recommend grants from the fund over time.



DONOR ADVISED FUNDS

- Donor makes gift to establish Fund
 - “Bill Jones Family Philanthropic Fund”
- Almost any charity – Scouting or non-Scouting – may receive gifts from Fund
 - These may change at any time



DONORS
CONTRIBUTE



ASSETS
GROW



CHARITIES
BENEFIT



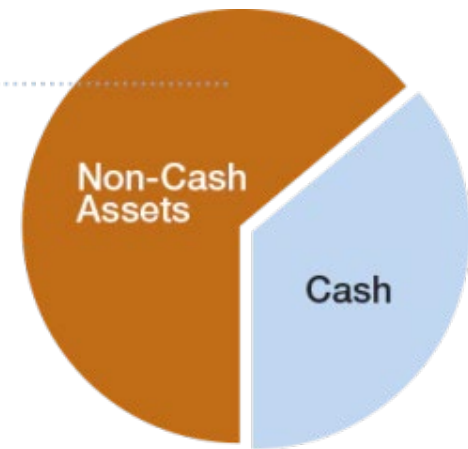
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Donor Advised Funds, Cont.

- DAF donors are typically non-cash donors
- 60%+ of all funds going into DAFs are in non-cash assets, primarily stock
- 79% of DAF Donors are over 50 years old
- Even if you are not getting many non-cash gifts directly donated to your organization, focusing on soliciting gifts from DAFs is another path to that philanthropy.

64%

of Schwab Charitable account contributions in fiscal year 2020 were non-cash assets*



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WILLS AND BEQUESTS



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WILLS AND BEQUESTS ARE CORNERSTONES

- In life as in death, the most significant gifts are gifts of ASSETS not CASH FLOW
- Wills can give assets, and percentages of assets, not just cash
- Wills allow donors you to create your legacy – for your family and Scouting



WHY DON'T MOST PEOPLE MAKE MAJOR CHARITABLE BEQUESTS?

- Every year, approx. 80% of Americans make charitable gifts during their lifetimes
- But, Every year, only 5-6% of Americans who pass away made charitable bequests



WHY DON'T MOST PEOPLE MAKE MAJOR CHARITABLE BEQUESTS?

People see estate planning as planning their death

We avoid reminders of death and find justifications:

- I'm too busy right now
- I don't need it yet – I exercise, I don't smoke
- Not “no” – just “later”



The Average Time Spent By Americans On ...

- Estate Accumulation
 - 40 Years Spent On This
- Estate Conservation
 - 10 Years Spent on This
- Estate Distribution
 - Only 2 Hours Spent on This





The easiest thing for most people is to do nothing



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TAKE THE LEAP

Doing nothing is not an option!



THANK YOU FOR ATTENDING!!!



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