



**CAP**  
Chartered Advisor in Philanthropy

**INSPIRED PHILANTHROPY FOR  
HIGHEST CAPACITY DONORS**

Phil Cubeta, CLU®, ChFC®, MSFS, CAP®  
Sallie B. and William B. Wallace Chair in Philanthropy  
The American College of Financial Services  
Last edit: 5/1/16

---

---

---

---

---

---

---

---

---

---

**AGENDA**

- What highest capacity donors want
- Conversation starters
- Chris Tall: Case Study
- Our roles across our disciplines

---

---

---

---

---

---

---

---

---

---

**WHAT HIGH CAPACITY  
CLIENTS AND DONORS WANT**

FROM ADVISORS AND NONPROFIT GIFT PLANNERS

---

---

---

---

---

---

---

---

---

---

**WEALTHY DONOR PERSPECTIVE**

- “Donors do not want to feel sold, solicited, handled, or managed” – H. Peter Karoff

---

---

---

---

---

---

---

---

**We are all equal....**

4 schools, total life time giving.  
Data from Peter Wylie 2013 at  
Cooldata.wordpress.com

- Top 10% give 96%
- Top 1% give 81%
- Top 10% of the 1% give 61%
- Top 1% of the 1% give 42%

---

---

---

---

---

---

---

---

**A REVOLUTION IN GIVING**



- “...donors used to support nonprofits to help them achieve their mission. Now we support nonprofits to help *us* achieve *our* personal mission.”

Charles Bronfman and Jeffrey Solomon in *The Art of Giving*, 2010

---

---

---

---

---

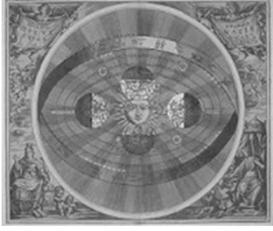
---

---

---

**COPERNICAN REVOLUTION**

"In the realm of nonprofits, it's a transformation as dramatic as the one that Copernicus created in society when he discovered that the sun did not revolve around the earth, but the reverse." *The Art of Giving*




---

---

---

---

---

---

---

---

**HIGH CAPACITY DONOR PERSPECTIVE**

- *I don't have any idea of what all this jargon (major gift, planned gift, ultimate gift) means!*
- *And I don't care.*
- *I am the focus, my family and I, and our vision.*
- *You are one of many causes we support.*
- *Ask me, listen to me, serve me.*

---

---

---

---

---

---

---

---

**HIGH CAPACITY DONOR PERSPECTIVE**

- *How can I use some combination of strategies now, later, at death, and beyond death to get the results I want?*
- *For me? My family? For the nonprofits I care about? And through the nonprofit, for the community?*
- *What makes your organization the best investment of my scarce resources?*

---

---

---

---

---

---

---

---

**Chris Tall**



- C level exec. with Fortune 50 firm
- Age 48, widowed, with children in high school
- Ivy League MBA
- Board member of several nonprofits

---

---

---

---

---

---

---

---

**HOW BEST APPROACH YOU?**

- *“Interesting challenge! I would start by clarifying HOW I would like to interact with a philanthropic advisor. Specifically, that I am looking for someone who could be a mentor and philosophical advisor to me with respect to my philanthropy.”*

---

---

---

---

---

---

---

---

**HOW BEST APPROACH YOU?**

- *“I do not want to be sold products, causes or someone else's vision of what is important. I also want someone who is interested in learning a bit about my family and loved ones so they can better understand what I want for them and what I worry about. Finally, I want someone who could help me to translate what I'd like to accomplish into specific causes or organizations that might share my vision.”*

---

---

---

---

---

---

---

---

**CONVERSATION STARTERS**

---

---

---

---

---

---

---

---

**THE PLANNING HORIZON**

**Why?**

---

**How?**

Adapted from Scott and Todd Fithian, [The Right Side of the Table](#)

---

---

---

---

---

---

---

---

**MICHAEL SHAUGHNESSY**



- What kind of person do you want to be?
- In what kind of world?

Teaches ethics at St. Ignatius College Prep School in San Francisco

---

---

---

---

---

---

---

---

### CHARITABLE PHILOSOPHY



▪ Do you recognize any element of luck, blessing, or grace in your success?

- Via Steenhuisen, "Philanthropy Planning," 2012 National Conference of PPP

---

---

---

---

---

---

---

---

### OBLIGATIONS UNMET



▪ Do have any obligations you have not yet fulfilled?

H. King McGlaughon, JD, M.Div., Former Wallace Chair in Philanthropy at the American College, CEO Foundation Source

---

---

---

---

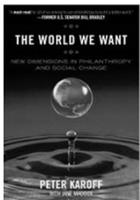
---

---

---

---

### THE WORLD WE WANT



H. Peter Karoff, MFA Founder of The Philanthropic Initiative

---

---

---

---

---

---

---

---

**PETER'S QUESTIONS**

- What is your vision of a better world?
- What conditions are needed to realize it?
- What are the obstacles?
- What parts of the vision are realistic and what ideas, strategies and plans can make it so?

---

---

---

---

---

---

---

---

**INSPIRED PHILANTHROPY**



---

---

---

---

---

---

---

---

**TRACY GARY'S QUESTIONS**

- What would you like to change or preserve in the world?
- Has past giving reflected your hopes?
- What are the causes behind the issues?
- What might change the situation?
- Who joins you in this work?
- How will you experiment and revise?

---

---

---

---

---

---

---

---

**JENNI SANTI, CAP®**




---

---

---

---

---

---

---

---

**ONE OF JENNI'S QUESTIONS**

- What is your giving tribe?

---

---

---

---

---

---

---

---

**ROCKEFELLER PHILANTHROPY ADVISORS**

- Why are you giving?
- What do you want to achieve?
- How do you think change will happen?
- How will you assess progress?
- Who will join you?

- "Your Philanthropic Roadmap"

---

---

---

---

---

---

---

---

**CONVERSATION STARTERS**



- If your family had a crest what would be the motto?
- What keeps you awake at night?

Joe Breitenlecher,  
The late President  
of TPI

---

---

---

---

---

---

---

---

**ESSENTIAL QUESTIONS**



- “What principles have guided your legacy planning to date?”
- “What are you up against with your children?”
- “How wealthy do you want your children to be?”

Charles Collier,  
M. Div. Senior  
Philanthropic  
Consultant, Harvard

---

---

---

---

---

---

---

---

**CONVERSATION STARTERS**



- Jill, when you were younger, were there things you wanted to accomplish in life that you have not yet done?
- How might you get back to that while you still have time?

27

---

---

---

---

---

---

---

---

**CONVERSATION STARTERS**

- Beyond self and family, is there anything else in the world on which you would like to have a positive impact?

---

---

---

---

---

---

---

---

**RABBI MORDECHAI LIEBLING**

- Your last will and testament is your final teaching.
- What do you want it to say?




---

---

---

---

---

---

---

---

**CHRIS TALL: REALIZING A DREAM**

5/13/2016

---

---

---

---

---

---

---

---

**His Situation**



- Raised in middle class family
- Both parents were teachers
- Attributes his success to education
- Wife, Linda, died unexpectedly of a heart attack
- Two children are in high school

5/13/2016

---

---

---

---

---

---

---

---

**WHOSE DONOR IS HE?**

Undergrad where he met his wife

- \$2,000 annually

Business school

- \$2,000 annually

University where he serves on the board

- \$25,000 two years ago for capital campaign

5/13/2016

---

---

---

---

---

---

---

---

**HIGH CAPACITY**

- Portfolio of public securities: \$15 million (basis of \$8 million)
- Qualified plan interests: \$5 million
- Deferred compensation plan: \$10 million
- Life insurance on his life: \$25 million
- Commercial real estate: \$7 million with basis of \$2 million
- Checkbook cash: \$25,000

5/13/2016

---

---

---

---

---

---

---

---

<b>HIS PHILOSOPHY</b>
<ul style="list-style-type: none"><li>▪ Give while living.</li><li>▪ Life is short.</li><li>▪ Set example for children.</li><li>▪ Get specific impact.</li><li>▪ Where possible maintain control.</li><li>▪ Do something in his wife's name.</li></ul>

---

---

---

---

---

---

---

---

<b>HIS DREAM</b>
<ul style="list-style-type: none"><li>▪ A chair named for his wife</li><li>▪ To study heart disease?</li></ul>

---

---

---

---

---

---

---

---

<b>QUOTE</b>
<ul style="list-style-type: none"><li>▪ "Between the dream and the execution falls the shadow....."</li></ul>

---

---

---

---

---

---

---

---

<b>QUOTE</b>
<ul style="list-style-type: none"><li>▪ “I don’t like slippage, and I see way too much of it.”</li></ul>

---

---

---

---

---

---

---

---

<b>TRADITIONALLY: FOR A \$5 MIL. CHAIR</b>
<ul style="list-style-type: none"><li>▪ Donor gives the \$5 million to an endowment at the charity</li><li>▪ Endowment spins off a spend rate of 5%</li><li>▪ The \$250,000 supports the Chair</li></ul>

---

---

---

---

---

---

---

---

<b>GARTH BROOKS</b>
<ul style="list-style-type: none"><li>▪ “A wave of unwelcome publicity has engulfed a nonprofit hospital in Yukon, Okla., hometown of the country music singer Garth Brooks, after a jury last month ordered it to return a \$500,000 gift from the star—and pay him another \$500,000 in damages.”<ul style="list-style-type: none"><li>▪ <i>Chronicle of Philanthropy</i>, Holly Hall, “Hospital Loses to Garth Brooks in Lawsuit Over \$500,000 Donation,” Feb.6., 2012</li></ul></li></ul>

---

---

---

---

---

---

---

---

### GARTH BROOKS

- “The hospital’s \$1million loss contains a lesson for fundraisers about how easily things can go wrong with a big gift. Mr. Brooks sued Integris Canadian Valley Regional Hospital after he said it failed to honor a promise to establish a women’s health center named for his mother.....”

---

---

---

---

---

---

---

---

### Who holds the money?



- I am not Garth Brooks
- How about I hold in a fund I can direct or advise?
- How about my attorney writes the gift agreement?
- How about the University reports annually as to activity and results?

---

---

---

---

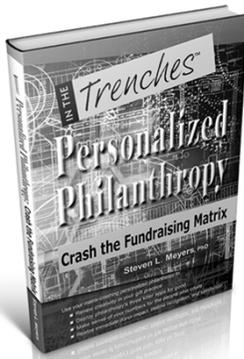
---

---

---

---

### PERSONALIZED PHILANTHROPY



Dr. Steven Myers  
VP of Personalized Philanthropy  
The American Committee for  
The Weizmann Institute of  
Science

---

---

---

---

---

---

---

---

**\$ 5 MILLION UMBRELLA AGREEMENT**

**Endowing The Linda Tall Chair on the Installment Plan**

How much?  
Annual: \$250,000

How much, when, & on what terms?  
Major: Pay down the \$5 mm

How much as ultimate gift?  
Planned: Finish the gift at death

---

---

---

---

---

---

---

---

**FUNDING STRATEGIES**

---

---

---

---

---

---

---

---

**DONOR ADVISED FUND?**

- Give appreciated stock or commercial real estate to DAF and pledge the spend?
  - Question: Will a DAF do a pledge?
- Endow at death with life insurance? Or bequest? Or qualified plan interest?

---

---

---

---

---

---

---

---

<b>FLIP-CRUT?</b>
<ul style="list-style-type: none"><li>▪ Use DAF for current spend?</li><li>▪ Or use cash flow from the CRT?</li><li>▪ Endow at death with CRT remainder?</li><li>▪ Or, use a term of years CRT and pay off early?</li><li>▪ Fund with appreciated assets?</li></ul>

---

---

---

---

---

---

---

---

<b>BENEFICIARY DESIGNATIONS?</b>
<ul style="list-style-type: none"><li>▪ Life insurance or qualified plan interest to charity at death to pay off the principle amount?</li></ul>

---

---

---

---

---

---

---

---

<b>VIA BEQUEST?</b>
<ul style="list-style-type: none"><li>▪ Assets through the will at death to pay off the principle amount?</li></ul>

---

---

---

---

---

---

---

---

**LIFE INSURANCE?**

- Could be owned by charity or donor
- But will pay off the balance at death

---

---

---

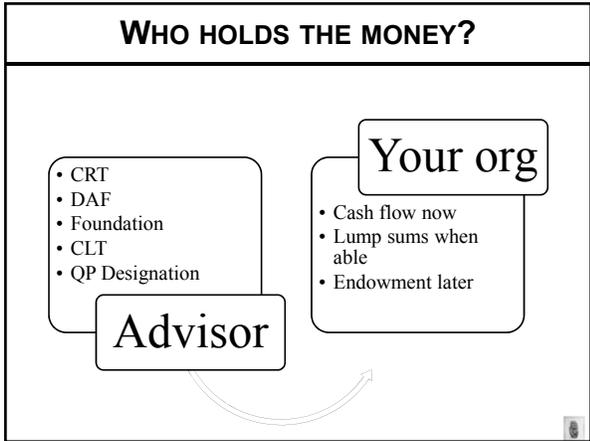
---

---

---

---

---



---

---

---

---

---

---

---

---

**OUR ROLES**

---

---

---

---

---

---

---

---

### COLLABORATIVE TEAM

- Nonprofit gift planner to negotiate the agreement and the project.
- Investment advisor to manage the “charitable fund”
- Tax, legal, ad accounting experts
- Life insurance professional
- Financial planner to run the numbers



Client Advisor  
Gift Planner

Whom will the donor trust and rely on?

---

---

---

---

---

---

---

---

### PERSONALIZED PHILANTHROPY

- “Meshes the compelling interests of donors with compelling needs of organization.”
  - – Steven Meyers
- “...while integrating the gift into the client’s well-considered financial and estate plans.”
  - – Phil

---

---

---

---

---

---

---

---

### YOUR PLACE



The Many Your Org. Serves

---

---

---

---

---

---

---

---