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Planned Giving News

Catholic Diocese of Rockford

July 2009

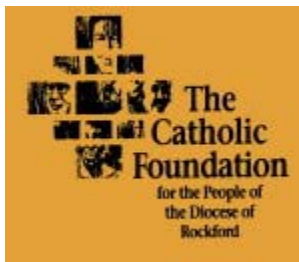


In This Issue
Behind Closed Doors
Bulletin Blurbs

Behind Closed Doors: The Rise of Anonymous and Private Giving

(by Robert Sharpe, The Sharpe Group - Used with permission)

Numerous recent reports in both the popular and industry presses have called attention to the rapid growth of both the number and dollar amount of anonymous and private giving to America's nonprofits⁽¹⁾. In one of the more noteworthy instances, an anonymous donor or group of donors recently gave a total of nearly \$70 million to more than a dozen colleges on the condition that the identity of the donor or donors remain unknown and that the recipients make no attempt to discover the source of the gifts.



**From Greg Urban,
Diocesan Director of
Planned Giving**



Dear Greg :

In this edition I have included an article from Robert Sharpe, an acknowledged planned giving expert. In the article he explores anonymous giving and the possible reasons donors might prefer to keep their intentions and donations private. Even though this article was written primarily

There is apparently nothing new about periods of increased interest in anonymous giving. Similar trends were reported in the press as early as 1913⁽²⁾. A number of possible explanations exist for the current growing trend in this type of giving. Understanding the various possible motivations behind both anonymous and private giving can help those responsible for fund development accommodate what appears to be an increasingly important segment of donors.

First, it is important to distinguish between truly anonymous giving and behavior we instead refer to as private giving. Anonymous giving is precisely that - a donor makes a gift and desires that the recipient and all others except a confidential agent remain unaware of his or her identity. Private giving, however, refers to a donor whose identity is revealed to the charitable recipient but not to anyone outside the charitable organization or institution through traditional donor recognition methods and/or press reports. In some cases, only a limited number of top management and/or volunteers within the recipient nonprofit are allowed to know about the gift.

Privacy, please

Let's take a closer look at anonymous gifts. A number of very different reasons underlie donors' decisions to make gifts in this way. In some cases, more than one of these reasons may be working in concert to motivate an anonymous gift.

1. Religion can play a part in the desire for anonymity. Many religious traditions teach that anonymous giving is more spiritually rewarding than gifts that are accompanied by public acclaim. As early as the twelfth century, for example, the Jewish philosopher Maimonides taught that anonymous giving was among the highest forms of philanthropy.
2. Others may be shy or naturally humble and are not comfortable being in the limelight for any reason, including the acceptance of recognition for

for planned giving professionals, I hope you find its contents useful, especially when working with potential donors at your parish or school.

As those of you who have Foundation accounts have seen in the recent account statements that have been distributed, the market has seen a significant recovery this past quarter. Granted, there is much more recovery necessary to make back prior losses, but this recent gain should serve as a ray of hope. Word on the street seems to favor the thought that the recession is over. I guess only time will tell. However, it is clear that those who stayed the course with their investments and have continued to add to their Foundation accounts during this recession should profit handsomely. And no, it's not too late to invest!

I pray your summer is going well and hope that you've had a chance to "renew" yourself preparing for another exciting year!

P.S. Have you scheduled an Estate Planning Seminar at your parish for this year yet? Do it today! And

Keep planting seeds!

Ministry Quicklinks

[Rockford Stewardship web](#)
[Catholic Foundation web](#)

making a significant charitable gift.

3. Some give anonymously because they do not want to raise expectations that they will make a similar gift in the future. Such donors may have received an inheritance or other one-time economic windfall and do not expect to regularly repeat the gift. Remaining anonymous serves to relieve this pressure.

4. Other donors may not want their family or friends (perhaps including a spouse) to know they are making certain charitable gifts. Here, anonymity may stem from a perceived disapproval by others of the mission of the charitable recipient or of the giving behavior in general.

5. An often-mentioned reason for anonymous giving, especially in lean economic times, is the concern by donors that they will be identified as a source of major philanthropic support and will be deluged with appeals from other entities. Board members and volunteers who understand how "donor research" is conducted may be especially prone to this concern.

6. In still other cases, a donor may have succeeded financially in an environment in which many of his or her peers suffered losses. This donor may believe decorum and good taste dictate that large gifts be made anonymously.

7. In some instances, donors don't want their gifts to one organization compared to their gifts to another. After making relatively modest gifts or reducing their gifts to some charitable interests, donors may wish to conceal larger gifts and/or a decision to increase their giving to other organizations.

8. A donor may be concerned that the publicity surrounding a larger gift could discourage others from giving either out of concern that a smaller gift compares unfavorably or perhaps that the nonprofit's needs have been met.

9. In the case of schools and certain other types of charitable recipients, a donor may wish to remain anonymous out of concern that a gift could bring unwelcome attention to a child or other loved one who is a student, employee, or is otherwise associated with the institution.

10. Donors involved in politics or who otherwise lead public lives may be sensitive to the controversy they themselves may inspire and therefore give anonymously to protect the recipient from the possible backlash of their own detractors.

11. Lastly, some donors might even be concerned for the safety of their family, fearing that large, public gifts could make them targets for kidnapping or other criminal activity.

While the above list is not exhaustive, it covers many of the reasons donors choose to give anonymously. Donors who permit their identity to be known to a limited group within the recipient organization or institution, but not publicly, often choose to give "privately" for many of the same reasons.

How is it done?

Donors have many options when it comes to giving anonymously. In some cases they give through an attorney, fiduciary institution, or other agent who delivers a cashier's check or a check drawn on the third party's

account. Donor-advised funds made available through community foundations, financial services providers, and other sources can also be an effective way for a donor to give anonymously. When properly structured, gifts can be completed anonymously while still preserving tax benefits to which the donor is entitled.

In other cases donors may use more sophisticated gift planning vehicles either alone or in combination to structure anonymous gifts. For example, a donor may choose to create a charitable lead trust that eventually transfers funds to heirs after first distributing income directly to charities on an anonymous basis or to a donor-advised fund where the donor then anonymously advises gifts.

Remember also that anonymous giving need not necessarily involve large sums. Change deposited in a container on a store counter or dropped in a receptacle at a drive-through window and gifts added when paying for purchases are other examples. Donors who give in these ways not only receive no acknowledgment of their gift from the charitable recipient, but they also forego any tax benefits as these gifts lack documentation.

How to proceed

Gifts from anonymous donors have been a welcome addition to the income of many charities in recent months, but such gifts are in many respects bittersweet.

When gifts are completed anonymously, the recipient obviously never has the opportunity to thank the donor or to fully understand what motivated the gift and how others might be similarly moved to give. It is also not possible for the donor to serve as an example for others. The latter circumstance is unfortunately a corollary of a number of the reasons for the anonymous or private gift in the first place.

In the case of an anonymous gift, there is also no way to report directly to the donor on how his or her gift was used or take other steps to properly steward a relationship. It is of course possible to announce anonymous gifts in press releases and in that way acknowledge gratitude and the intended use of a gift in hopes the donor and others will take note.

Steps can be taken in some cases to help mitigate the downsides of anonymous giving. For example, when a gift is received from an advised fund or through a third-party intermediary, request that the donor's representative deliver an expression of thanks. If appropriate, extend an offer to maintain the donor's privacy if he or she would like to become a "private" donor by making his or her identity known only to the charity. In some cases, a donor may prefer to carry on most correspondence via e-mail rather than in person or on the telephone.

In the case of a private donor, take all steps necessary to respect the donor's wishes. Put procedures in place to ensure relevant files and other records are kept private and are not available to unauthorized persons. It may also make sense to determine whether release of gift information can be compelled through a court order so the donor is aware of that possibility, if it exists.

Also consider communicating as part of your overall fund-raising efforts that you understand and are respectful of the desire for some to give anonymously or with a lesser degree of privacy. When promoting giving societies that offer recognition for gifts at various levels, consider including language to the effect that, if desired, donors can be listed in those

societies as "anonymous" while still maintaining a behind-the-scenes relationship with the charitable recipient.

Many campaigns in recent years have heavily emphasized naming opportunities and other public recognition for both current and deferred gifts. While public recognition will continue to motivate a key segment of donors, when planning campaigns it may be wise to consider the possible impact of what appears to be increased interest in anonymous and private giving.

Recognizing bequests

When making plans to encourage bequests and similar gifts that take place as part of a donor's overall estate and financial planning, it is important to realize that a greater percentage of these donors may wish to maintain anonymity than those who make outright gifts. Keep in mind the contents of one's will and other estate planning documents are considered to be extremely private by many persons; others may wish to maintain the flexibility to change their plans if necessary in the future.

Organizations with the most experience in planned gift development know that for a variety of reasons only a small percentage of bequest donors, almost never more than 25% to 30%, will ever notify a charitable recipient of an intended bequest. Ivy League institutions with the most sophisticated planned giving efforts in place for decades report, for example, that they know of only one-fourth to one-third of bequests in advance. Even after years of efforts to discover these expectancies, it is not unusual for some organizations to know about less than 15% of estate gifts prior to their receipt.

It is nevertheless important for most organizations to have a well-conceived and properly managed bequest recognition society. Those bequest donors who do tell you in advance about an estate gift will often be receptive to well-considered and tasteful efforts to recognize them.

Tracking a planned giving program's success by the number of bequest intentions discovered each year is, therefore, likely to be inexact. Different organizations will experience widely varying degrees of success in identifying bequests in advance, even if they ultimately receive similar numbers of bequests over time. The nature of the mission, how donors are acquired and stewarded over time, and many other factors affect the number of bequests discovered in practice.

Bequest recognition society marketing materials should allow for anonymity if desired, just as in the case of current giving societies. The core of marketing efforts should be aimed at identifying those who fit the age, giving history, and other aspects of what experience reveals to be the profile of an organization's typical bequest donor.

Over time the success of a planned giving program should be judged not simply by the number of responses to mailings or the number of bequest notifications and similar measures of future intention. In the final analysis, results should be measured by the number of persons who decide to raise a charity to the level of a family member through actual inclusion in the final estate plan-whether or not they seek or accept recognition for their gifts during lifetime.

Anonymity in the world of bequests has been around for a long time. Anonymity and private giving in the world of outright gifts appears to be growing in popularity in today's environment and is likely to be here to stay

for a while.

(1) See "Anonymous Giving Gains in Popularity as the Recession Deepens," Chronicle of Philanthropy, April 30, 2009

(2) See "Anonymous Philanthropy Is Greatly Increasing," The New York Times, November 23, 1913.

Bulletin Blurbs

The following messages can be appropriately inserted into your weekly bulletin:

The Best Gift?

"I wish my weekly offering could be more..." Did you know that your estate can make a one time gift at your death in a way that you may not have been able to while you were alive? Just have your attorney insert these or similar words into your will: "In thanksgiving for the faith I received at (insert parish name), I bequeath (insert gift amount or percentage of estate here) to (insert parish name and city), an Illinois Religious Corporation.

Help Us Build a Solid Future

We appreciate the thoughtfulness of parishioners who have left bequests to the parish. Now more than ever, these gifts help us to build a solid foundation for future generations.

Income Now, Gift Later

Create retirement income as you provide for perpetual support of our faith community. A Deferred Gift Annuity to benefit our endowment lets you pass on your Catholic Heritage, reduce taxes, and plan for your retirement. Being a good steward of the gifts you have been given is important to your family and your extended faith family here at (insert parish). Call The Catholic Foundation for the People of the Diocese of Rockford at 815-399-4300 and learn how you can continue to live out stewardship.

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