

## Donor Questions Identifying Charitable Passions and Noncash Giving Opportunities<sup>11</sup>

By Jay Steenhuisen

*Below is an in-depth examination on questions to ask potential donors. This topic is based on Jay Steenhuisen's "Philanthropy Planning: What to Say and Do in the Room with your Donors/Clients to Explore and Document the Philanthropy Mission." For quick take-aways on donor development, see Donor Questions Quick Take-Aways. For further details, see Donor Questions Additional Resources.*

Experienced planners and development officers will know that assessing potential donors and their situations is half the battle. These questions run the gamut, from basic family details to past charitable activities to financial details. Typically, they will not all be asked over the course of a single conversation – these could take months' worth of conversations and meetings to work through. Further, the questions can come from any party involved in the potential gift transaction, including professional advisors and even the donors themselves.

Any consideration of a gift of assets requires a strategy; in order to develop that strategy, fundraisers and allied professionals need to know a donor's passion and financial circumstances – understanding the financial and philanthropic context for giving is essential.

### Finding Donors with Appreciated Assets

For most non-profit organizations, it is the major gifts officer who staffs the crossroads of a donor's charitable intent and financial ability. For the charitable gift planner or the professional advisor, the major gifts officer is the key to the conversation for a gift of assets.

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11. This chapter is an adaptation of Steenhuisen, J. (2012), "Philanthropy Planning: What to Say and Do in the Room with your Donors/Clients to Explore and Document their Philanthropy Mission," Partnership for Philanthropic Planning 7-9, [http://my.pppnet.org/library/75938/1/NCPP12\\_Steenhuisen.pdf](http://my.pppnet.org/library/75938/1/NCPP12_Steenhuisen.pdf).

However, major gift officers often are reluctant to raise the topic. Gift planners must empower the major gifts officer to have the conversation and then make the referral for the donor to meet with the gift planner.

The key to making this work is giving the major gifts officer questions to ask to begin the conversation. When the gift officer is beyond his/her depth, it is time to make the referral. Tell the donor, "I do not know the answer to that question, but I know someone who does. Can I arrange a meeting to follow up?"

The questions that can get the process started are:

1. Would you like to receive superior tax benefits by making your charitable gift from assets/stocks?
  - a. Have you ever made a gift of stock to a charity?
  - b. Have you ever considered fulfilling your gift with something other than cash?
  - c. Have you ever given something other than cash to a charity?
2. What makes it possible for you to support our organization as you do?
3. What makes it possible for you to make such a generous gift to our organization?
4. Did you know that making your charitable gift with stocks or real estate is financially much better for you?

## **Personal Charitable History**

The donor's history of giving may seem irrelevant to the eventual gift transaction itself, but it is very important to get a feel for any experience with charity and personal philosophy. These can create preconceptions and attitudes which may help or hinder the development and giving process. They can also provide valuable guidance on the donor's goals.

1. What types of organizations did you contribute to when you first began to make charitable contributions?

2. What personal factors molded your giving?
3. What environmental factors molded your giving?
4. What cultural factors molded your giving?
5. When you were young, was there anyone whom you considered a role model for giving? Who? Why? What was the impact of that relationship on you?
6. How do you feel about that person today?
7. Do you feel that you are serving (or have served) as a philanthropic role model for others? For whom? In what way?

## Family Philanthropic Activities

Just as individual charitable history can be important to developing and planning the gift, so are family activities. Given the nature of family wealth, donations to charity can be a sensitive subject if everyone is not on the same page. Conversely, if the whole family is behind the gift, the transaction may be relatively painless. Similarly, if there is a family history of philanthropy, this can be vital support for the completion of the gift.

1. Please share some examples of how you have involved your family in your giving.
2. What are the most significant stories in your family's giving? How did those experiences impact you?

For couples:

1. Tell me about your shared charitable interests.
2. Have you ever had disagreements over charitable gifts? How did you resolve those disagreements? Were gifts ultimately made? What compromises were involved?

For couples with children:

1. How did you and your spouse/partner give before you had children? Has that changed in any way since the children were born? If so, how?

2. Do you involve your children in your giving currently?
  - a. If so, why and how?
  - b. If not, why not?
3. What sort of participation in charitable giving do you feel is most important for the children?
4. Have the children shared your interests as they aged? If not, how are their interests different?
5. If client's children are very young, ask: How do you plan to involve them?
6. What is your hope for your children and their giving?

## **Family Volunteer History**

Similar to family philanthropic history, this can give an idea of active engagement in charitable endeavors. It can provide advisors, development or planned giving officers with insight into the enthusiasm for the gift and charitable outlook generally.

1. Did your parents volunteer? Tell me about those experiences. How did they impact you?
2. What were your early volunteer roles? How has that changed as you aged?
3. Have you been involved in leadership roles? Describe how you felt about those.
4. Do not limit thoughts exclusively to board involvement. What other active roles did you assume? Did those roles focus your talents on solving problems? Establishing new ventures? Dramatically enhancing programmatic effectiveness? Improving organizational efficiency?
5. Do your spouse / partner and / or children volunteer? What has been the impact, if any, of their volunteer experiences on you?

## Political Affiliations and Activities

As above, this helps gauge the enthusiasm and overall charitable outlook of the donor. It also provides insight into the particular issues that a donor might be interested in, as well as their stance on those subjects.

1. What kind of involvement have you had with political organizations?
2. Did you take a leadership role in parties at the local, state or national level?
  - a. Have you ever campaigned for an office?
    - i. If so, were you elected? What were the most important votes you cast as a political official?
4. Did you sponsor or campaign for a specific issue? If so, what was that issue, and what were the results? How did you feel about that?
5. What political organizations or think tanks have you supported? Why were these important to you?
6. Can you remember specific publications produced by these groups that had an impact on your charitable gifts or philosophy?

## Grantee Selection

These questions begin to delve into the donor's history of gift-giving specifically. They are intended to evaluate donor experience and any resulting attitudes towards the gift.

1. Tell me about some meaningful gifts that you have made.
2. What were your criteria for selecting charitable organizations?
  - a. How did you research charitable organizations?
  - b. How did you select organizations based on their missions? Specific programs? Your relationships with people involved in the group?
    - i. Were those relationships with someone who benefited from the charity?
    - ii. Did you personally benefit from the charity?

3. Did you initiate programs yourself? If so, what were they, and what caused you to launch those programs?

## Good Gifts

Here the questions evaluate what the donor wants, and how to qualify a gift as a success. This will provide guidance on how to keep the donor happy going forward.

1. What is your definition of a “good gift?” How do you know when you have made a “good gift?”
2. Share a couple of examples of “good gifts” with me. Why did you feel they were good?
3. What process did you use to make “good gift” decisions?
4. What details did the organization provide to you as you considered making that gift?
5. Which details were most influential in making the decision?
6. What were the best parts of the gift? Outcomes achieved? Acknowledgments you received? Leverage of the gift? The fact that it served as an example for other potential donors? Which of these things were most meaningful to you in the gift process?

## Gifts Gone Wrong

These questions exist for essentially the same reason as the ones in the section above. Just as it is important to find out what makes the donor happy about “good gifts,” it is important for the charity to know what makes a “bad gift.” Avoiding these missteps are crucial to maintaining good donor relations.

1. Describe any bad gifts you may have made and why you felt they were bad.
2. Did the experience involve communication? How did you handle the news when you were told that things were not going well? What kind of communication occurred with the charity?

3. What did you learn from what went wrong?
4. What did the charity learn from what went wrong?

## Charitable Philosophy and Goals

Rather than looking to the donor's history, these questions look forward. Knowing what he or she hopes to accomplish in the future is obviously very important.

1. Broadly speaking, what is your rationale for charitable giving?
  - a. Do you feel that any of the following play a role in your rationale?
    - i. Giving back to those who gave to you?
    - ii. Making a difference in the world?
    - iii. Addressing a specific need that touched your life or the life of a loved one?
  - b. Do you recognize any element of luck, blessing, or grace in your success?
2. Have you ever made any gifts outside the normal context of your giving? If so, what and why? Why do you consider these gifts outside the norm? In retrospect, how do you feel about those?
3. Do you have any lifetime charitable goals? Tell me about those.
  - a. Assuming those goals are realistic, what will you need to do ten years from now to ensure that the goals are met in your lifetime? Five years from now? In the next two years? This year?

## Accomplishing Charitable Goals

This continues to "drill down" to the specific gift that the donor has in mind. It probes timing, underlying asset, and other family involvement – all details that the parties will need to complete the gift transaction effectively.

1. When do you envision making your primary charitable contributions?

- a. Do you want to make a large gift now? Do you want the gift to be a bequest? Do you want it to come after a family member's lifetime?
2. Do you have what you need to accomplish your current and lifetime charitable goals?
  - a. If not, when do you anticipate achieving that goal?
3. Are you planning an outright gift, or would you prefer an income stream?
4. What sort of asset will you use to fund the gift?
  - a. Will you transfer that asset as-is to charity? Will you sell it first and give the proceeds towards charity?
5. Who will be making the gift?
  - a. Who owns the assets which you plan to donate?
  - b. Who will the charity publicly acknowledge?
  - c. Do any other family members need to be a part of this conversation?

## Exploring Options for Giving

Next, investigate possible alternatives to the gift which the donor already has in mind. The donor may or may not have considered these, which is why someone needs to ask. Since there may be tax or other financial advantages to different types of assets as gifts, or different gift structures, these alternatives can be literally very valuable.

1. What do you envision your estate being like? Who gets what?
2. What is your investment philosophy?
3. Are you impacted by the financial markets?
4. What do you think will happen in the markets?
5. What do you think of the recent increase/decrease in the market?
6. What impact will this have on you in the near term?
7. Do you own shares in a company that experienced an IPO, merger, or stock buyback this year?
8. What is your goal for these assets?

9. Do you own a vacation property? Does your family still use it?
10. Aside from the assets you already plan to put towards charity, what other major assets do you own?
11. Do you have any major income-producing assets?
  - a. Will these assets be given away (during your lifetime or by bequest)? Will they be sold?
  - b. Would you consider funding your gift with those assets?
    - i. If so, would you still want an income stream? For how long?
    - ii. Would any family members need an income stream?
12. Do you own any major non-income-producing assets?
  - a. Will these assets be given away (during your lifetime or by bequest)? Will they be sold?
  - b. Would you consider funding your gift with those assets?
    - i. If so, would you want an income stream? For how long?
    - ii. Would any family members need an income stream?
13. Are you familiar with planned giving vehicles like charitable remainder trusts, charitable lead trusts, gift annuities, etc.?
  - a. If so, have you considered using one? Do you use one?

## Tax Questions

Charitable giving does not happen in a vacuum; the Knight/Frank 2016 Wealth Report confirms that taxes are the number one concern of ultra-high net worth people. The tax consequences of giving often are an essential part of the plan and can inform the structure of the transaction and the nature of the actual asset the donor gives. Since tax issues are so often at the heart of planned giving transactions, the answers to these questions can sometimes be the driving force behind the gift.

1. Do you have any goals as far as your tax burden in the near future or long term (beyond “pay as little as possible” of course!)?

- a. What about your estate and any associated tax there?
2. Have you considered how your gift might affect your tax deduction?
  - a. Are you looking to maximize your deduction in the near term?
  - b. Would you be willing to trade a smaller deduction for income?
  - c. Would you consider deferring your deduction?
3. Are the assets you plan to donate appreciated long-term capital assets?
  - a. Do you have any appreciated long-term capital assets that you are not planning to donate?

## Questions about Professional Advisors

The chances of the donor and charity completing the gift transaction without the involvement of any third-party professional advisors are very unlikely. Luckily, these professionals often have the knowledge and expertise necessary to work out all of the details of the transaction.

1. What sorts of professional advisors do you employ (financial planners, accountants, lawyers, estate planners)?
2. Have you discussed your charitable goals with them?
  - a. If so, do you have any formal plans in place (trusts, wills, etc.)?
  - b. Would you like us to provide you and your advisors with some educational resources on possible planning techniques and associated benefits?

## The Value of Questions

These questions can be used to develop and guide an ongoing donor conversation in a variety of circumstances. They can be used by fundraisers for donor discovery, including whether there are significant assets in the family; if donors have made gifts of assets in the past; and their long-term thinking about how they want to structure their philanthropy. They also can be used to validate donors' commitment to an organization's mission or identify interest in specific programs they care about. The

resulting conversations can provide a deeper understanding of how donors developed their current interests and practice their philanthropy.

As reported in the 2014 U.S. *Trust Study of High Net Worth Philanthropy*, nearly 62% of donors have some idea about how much they want to devote to charitable giving; however, just 3.3% have a written mission statement to guide their giving. The entirety of these questions can be used to help donors create a mission statement that defines their practice of philanthropy and quantifies what they are achieving through their giving.

Donors have a vision of how they want to make a difference in the world. When a fundraiser helps a donor find a way to implement his or her vision, they are contributing to the donor's life in a profound and meaningful way. Being a fundraiser is a service job that provides care to the donor. It allows donors to express their deepest values and passions in a meaningful way. It generates excitement by providing them with the opportunity to join a group of like-minded people who share their values and give in a way that truly impacts the world.

Numerous studies have demonstrated that donors want to have a conversation about philanthropy with their advisors. A 2012 study by Fidelity noted that 70% of advisors think that giving assets to charity is too difficult and avoid the topic. This sets advisors who have a working knowledge of how to transfer gifts of assets apart from their peers.

The higher purpose for these questions and the resulting conversations is donor / client satisfaction. Fundraisers and allied professionals who ask the right questions and develop these deeper conversations become valued partners in philanthropy with their donors / clients.

## Donor Questions Additional Resources

*Below are further details on questions to ask potential donors. This topic is based on Jay Steenhuisen's, "[Philanthropy Planning: What to Say and Do in the Room with your Donors/Clients to Explore and Document the Philanthropy Mission](#)." For quick take-aways, see Donor Questions Quick Take-Aways. For an in-depth examination adapted and excerpted from the article, see [Identifying Charitable Passions and Noncash Giving Opportunities](#).*

For a discussion of developing ongoing conversations with prospective donors, see Foord, E. and Daniels, J. (2014), "It's All About Conversing with Donors," Partnership for Philanthropic Planning, [http://my.pppnet.org/library/92861/1/FoordandDaniels\\_Final.pdf](http://my.pppnet.org/library/92861/1/FoordandDaniels_Final.pdf).

For a discussion of charitable estate planning questions from the financial planner or advisor's perspective, see Breitenreicher, J. (1996), "Advisor's Enthusiasm Helps to Shape Client's Charitable Role," Trust & Estates, [http://www.toledocf.org/clientuploads/directory/PDF\\_Library/Advisor's%20Enthusiasm%20Helps%20To%20Shape%20Client's%20Charitable%20Role.pdf](http://www.toledocf.org/clientuploads/directory/PDF_Library/Advisor's%20Enthusiasm%20Helps%20To%20Shape%20Client's%20Charitable%20Role.pdf).

For tips on common gift planning hurdles, see Hays, J. (September 29, 2005), "The 7 Commandments of Planned Giving," Partnership for Philanthropic Planning, <http://my.pppnet.org/library/000/000/d9/NCPGC05s12.pdf>.

For an examination of the relationship between gift planners and professional advisors, see Blakesley, S. and Lampo, J. (Oct. 1, 2005), "What Do You Want From Me? Developing Working Relationships Between Nonprofit Gift Planners and Professional Advisors," Partnership for Philanthropic Planning, <http://my.pppnet.org/library/000/000/ee/NCPGC05s30.pdf>.

For analysis of developing blended gift opportunities from the gift officer's perspective, see Buderus, A.A. and Smith, G.P. (2013), "Blended Gifts, Eh? Making the Most of This Emerging Workhorse for Major & Planned Gift

Officers,” Partnership for Philanthropic Planning, [http://my.pppnet.org/library/85123/1/NCPP13\\_Buderus%2CSmith.pdf](http://my.pppnet.org/library/85123/1/NCPP13_Buderus%2CSmith.pdf).

For an in-depth look at the rationale behind ten key questions for donors, see Brovey, A.P. and Roenigk, P.L. (October 25, 2008), “How Old Are You and Did You Know You Could...?” Initiating Planned Gift Discussions and Getting Answers to Key Questions,” Partnership for Philanthropic Planning, <http://my.pppnet.org/library.htm?mode=view&did=3137&lid=5>.

For tips on timing and preparing for the charitable conversation, see Nopar, K. (October 15, 2015), “Don’t Wait; Have the Charitable Conversation with Clients Now,” Financial Advisor Magazine, <http://www.fa-mag.com/news/have-the-charitable-conversation-with-clients-now-23499.html?section=40>.