

## Lessons from Email: What Not to Do with CGA Prospects

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After listening to us talk ad infinitum about the benefits of a charitable gift annuity, a close friend decided that a deferred gift annuity was exactly the vehicle she could use to make “a gift of a lifetime” and secure additional retirement savings for herself and her spouse.

How wonderful, we thought, that someone we knew so well listened to us. We were thrilled that she “got it”: that she could see how a deferred CGA could help her accomplish both of her goals. We spend our professional lives helping nonprofits increase their planned gifts, so we felt personally validated that someone, who had known little about charitable gift annuities and nothing about deferred CGAs, took note of what we were saying and then acted.

Over the course of the past year, though, we have listened with growing horror to our friend’s stories about her latest dealings with the planned giving officer at the charity that means so much to her. We have reproduced (with names changed) our friend’s e-mails as a cautionary tale. What is your response to these e-mails? Could any of these responses come from your office? And where are those ten mistakes, so easy to make in the haste of the moment and the urgency of the day, that can spell disaster for an otherwise wonderful gift?

01/22/2006 10:00am

From: [ddonor@hotmail.com](mailto:ddonor@hotmail.com)

Subject: Annuities

To: [pgom@charity.org](mailto:pgom@charity.org)

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Dear Mr. O’Malley:

I am interested in considering a donation to Fall Mountain Hospital. (My mother worked at the hospital for many years and was in care at the hospital in her final days). I gave a small contribution to the hospital last year, but want to do more this year.

A focus group I was part of the other day made me curious about annuities. Does Fall Mountain have those as an option? Could you send me information on giving through an annuity?

Sincerely,

Donna Donor

[ddonor@hotmail.com](mailto:ddonor@hotmail.com)

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03/07/2006 4:53 pm  
From: [ddonor@hotmail.com](mailto:ddonor@hotmail.com)  
Subject: Fwd  
To: [pgom@charity.org](mailto:pgom@charity.org)

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Dear Mr. O'Malley:

Perhaps you never received my January 22, 2006 e-mail (see attached) asking about annuities. Could you let me know if you receive this?

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04/08/2006 11:13am  
From: [pgomcharity.org](mailto:pgomcharity.org)  
Subject: Trusts  
To: [ddonor@hotmail.com](mailto:ddonor@hotmail.com)  
Attached: Trust in Trusts: The Scoop on Charitable Remainder Trusts

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Dear Mr. and Mrs. Doner,

Great to hear from you both! Sorry I didn't get to your request right away. I always go to Florida in January (that's where all the rich people are, after all—haha) and your e-mail got lost in the pile. The hospital was grateful for your gift last year, and we'd love to help you help us again this year. (Your mother, Gretchen Doner, is remembered fondly around here for her perky smile and hard work.)

I have attached an article on charitable remainder trusts that might interest you. What did you have in mind as to the amount of donation you might make?

Cordially,

Paul Gainer O'Malley

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04/09/2006 2:23 pm  
From: [ddonor@hotmail.com](mailto:ddonor@hotmail.com)  
Subject: Fwd  
To: [pgom@charity.org](mailto:pgom@charity.org)

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Mr. O'Malley:

Thank you for your response. While my husband (John Giver) and I found the article on trusts very interesting, I don't think I can consider a trust. The article you sent says trusts require a gift of \$100,000 to be effective. I have in mind something more in the range of \$25,000. Can a gift charitable annuity be for that amount? Do you have any information about annuities?

Sincerely,

Donna Donor

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05/27/2006

From: [pgom@charity.org](mailto:pgom@charity.org)

Subject: Your gift

To: [ddonor@hotmail.com](mailto:ddonor@hotmail.com)

Attached: Tax Calculations for \$50,000 CGA

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Dear Mr. and Mrs. Giver:

Thanks for your inquiry. I've attached some calculations showing the tax effects of a charitable gift annuity. You can see the benefits of the annuity which pays money back for your lifetime.

I am visiting some doctors who did their internships at Fall Mountain and will be in your area on June 18. Might I have an opportunity to sit down with you and your wife and discuss your planned trust?

How's the weather down your way?

Cordially,

Paul

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05/29/2006 9:27 am

From: [ddonor@hotmail.com](mailto:ddonor@hotmail.com)

Subject: Fwd

To: [pgom@charity.org](mailto:pgom@charity.org)

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Mr. O'Malley:

I would be glad to meet with you, if we can schedule an appointment before 9:00 a.m. at the Stirbuck's on Johnstown Pike. My husband (whose name is John Giver) cannot meet then, but it does not matter as I am making this donation in memory of my mother. John is planning to give to his college this year.

I believe I want to give through what I learned about from consultant friends--a "variable deferred charitable gift annuity." Can you give me some information (before we meet) on those kinds of annuities?

Donna Donor

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06/02/2006

From: [pgom@charity.org](mailto:pgom@charity.org)

Subject: Your gift

To: [ddonor@hotmail.com](mailto:ddonor@hotmail.com)

Attached:

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Dear John and Donna,

9:00 o'clock on the morning of June 18 works fine for me. I'm sorry you can't come, John, as it works best to talk to both of you. But I'll see you then, Donna.

I'll have to get right back to you with information about the kind of annuity you asked about. I don't think we've ever done a variable one—I'm not even sure I know what that means. Are you sure these consultants know what they are talking about? Most of our donors ask about regular old gift annuities, so I have to check with our business office. A deferred annuity just means you defer the start date for the pay out to any date you want. But I'll get back to you right away about those. Anyway, there's no rush since you want to defer the annuity anyways ha ha :>)

Cordially,

Paul

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06/20/2006

From: [pgom@charity.org](mailto:pgom@charity.org)

Subject: Sorry I missed you

To: [ddonor@hotmail.com](mailto:ddonor@hotmail.com)

cc:

Attached: Contract for \$25,000 deferred gift annuity

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Dear Donna,

Well do I feel foolish. I slept right through the alarm—these hotel alarms are all different and it probably didn't even go off. So I'm sorry to have missed our meeting. By the time I got to Stirbuck's you had gone.

I've attached the contract for a deferred annuity, funded with the Acme stock you inherited, as you requested. You can just sign it and send the signed copy in the mail. Our business office does not know anything about a "variable" deferred gift annuity.

I did get a good latte at Stirbucks

Paul

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07/01/2006 6:17 pm

From: [ddonor@hotmail.com](mailto:ddonor@hotmail.com)

Subject:

To: [pgom@charity.org](mailto:pgom@charity.org)

cc:

Attached:

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Mr. O'Malley:

I continue to be interested in a variable deferred gift annuity. Please see the attached article on these variable annuities from the most recent *Planned Giving Today* that my friends Bruce and Carol gave to me. (Does your office subscribe to this most helpful publication?)

I also have some questions on the contract you sent to me: How did you arrive at the fair market value of the stock? The figure seems low.

I would like to fund a small endowment fund for severe allergy patients, of the kind my mother especially liked to help. Can I do that with the annuity?

Sincerely,

Donna Donor

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09/21/06

From: [pgom@charity.org](mailto:pgom@charity.org)

Subject: Oops!

To: [ddonor@hotmail.com](mailto:ddonor@hotmail.com)

cc:

Attached: Signed contract for \$25,000 variable deferred gift annuity

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Dear Donna,

Oh dear, your friends were right, there is such a thing as a variable deferred gift annuity. Our legal team finally gave me the ok to offer this to you. It will make a great investment for you and your husband. I have fixed the contract.

Please sign and return the annuity agreement as soon as you can.

The summer went fast, didn't it?

Paul

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9/28/06

From: [ddonor@hotmail.com](mailto:ddonor@hotmail.com)

Subject: contract for CGA

Attached: Corrected contract for \$25,000 variable deferred gift annuity

Mr. O'Malley:

I thought a variable deferred annuity pay-out got greater the older I was when I started the payments—the contract has it reversed. Did I misunderstand?

I continue to be interested in talking about how we go about setting up a future endowment named for my mother.

Donna Donor

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11/25/06

From: [pgom@charity.org](mailto:pgom@charity.org)

Subject:

Dear Donna,

I have been out of the office on vacation, so sorry to be delayed getting back to you. Yes, the pay-outs do get larger the later you start them. I've fixed that in the contract. Please have your stockbroker transfer your stock within the next week or we will not be able to have the paperwork completed before the end of the year.

Yours in haste,

Paul

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02/15/2007

From: [ddonor@hotmail.com](mailto:ddonor@hotmail.com)

Subject: Your thank-you note

To: [CEO@charity.com](mailto:CEO@charity.com)

cc: [pgom@charity.com](mailto:pgom@charity.com)

Attached:

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Dear Carl Edward Orderly:

I very much appreciated your note thanking me for my donation through a gift annuity to the hospital's capital campaign. I did not, however, give to the capital campaign. I gave with the intention of setting up an endowment in my late mother's name to help allergy patients.

Your note is the only response I've received since I sent in the signed agreement on November 28, 2006. I've never gotten my copies back, and I believe I need a letter for my taxes. Paul O'Malley said he would send them but have not heard back from him either to receive the documents or about my wish to have this annuity fund an endowment in memory of my mother, who worked with allergy patients. Do you have any advice about what I should do?

My husband's name, by the way, is John Giver, not John Donor.

Sincerely yours,

Donna Donor

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4/15/07

From: [pgom@charity.com](mailto:pgom@charity.com)

To: [ddonor@hotmail.com](mailto:ddonor@hotmail.com)

About: documents

Dear Donna,

So sorry about the mix-up with your papers. Attached is our thank you letter that you can use for the IRS—just in time for your taxes.

It has been great dealing with you. Your gift has made a real difference.

Yours, Paul

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So, what do we learn from our friend's experience and how can we all avoid the mistakes that almost lost this gift? If our friend Donna had not been so intent to do something in her mother's memory, she would long since have taken her philanthropic activities elsewhere. As it was, she almost did and certainly will in the future.

#### Mistake #1: Not Responding Immediately to an Inquiry:

Most planned giving officers spend considerable time trying to generate new "leads" and trying to add qualified prospects to donor pools. We send newsletters and e-mail blasts and conduct workshops and seminars, all intended to identify new prospective donors. Nothing is worse than not following up immediately with an inquiry, or glibly dismissing the oversight with a trivial excuse (see Paul's 4/11 email)

#### Mistake #2: Writing Too Informally and not Proofing Messages

E-mail is by its very nature an informal method of communication. But for many prospects, particularly older ones, the use of an informal, chatty tone is offensive. Note the subtle ways Donna expresses increasing irritation with Paul's responses; note also that Paul simply does not pick up on Donna's irritation and continues his breezy, casual (and careless) wording. Part of his carelessness are the clichés, the typos, and, perhaps, grammatical errors, that Paul leaves uncorrected. How many can you find?

#### Mistake #3: Overlooking the Details of a Donor's Record

Over and over Paul misconstrued Donna's name, continuing to overlook the fact that she and her husband had different last names. Even the CEO used incorrect names in his acknowledgement letter. Many of the women we know would have ended the correspondence after receiving Paul's first e-mail response.

#### Mistake #4: Not Responding to the Donor's Questions

Not only did Paul send information on a trust that Donna never requested, he ignored her direct inquiry about charitable gift annuities. When he finally did reply to her questions about CGAs, he sent an illustration that was double her requested amount. Can you blame Donna for not feeling heard in this process? When we ask a question, we expect an answer. If Paul wanted to increase the size of the gift, he could have offered a second alternative calculation, included with the one she requested.

#### Mistake #5: Missing Appointments

We know that everyone sleeps through an alarm at some point or other and hotel alarms *can* be confusing to operate, but if that happens, the next step—right after the immediate (not two days later), contrite, and not glib apology—is to rearrange the visit, this time solely at the donor’s convenience. Simply writing the missed appointment off as the fault of a motel alarm (and subtly blaming the donor for not waiting around) is thoughtless at best. Most of us go out of our way to meet with a donor, even one far less ready to make the gift than our friend Donna.

#### Mistake #6: Not Keeping up with Developments in the Field

Perhaps a variable deferred payment charitable gift annuity *is* rarer than one with a fixed start date, but it is hardly an unknown or untried method. Donors expect the professionals with whom they deal to be experts in their fields. That is why we keep our ubiquitous handheld gadgets full of our colleagues’ e-mail addresses and phone numbers, whether their expertise be in financial planning, drafting legal documents, or offering focus groups. We must stay abreast of the latest legislation, the most recent court decisions, and the most contemporary methods of making gifts. And if we don’t, we need to know whom to call upon who does keep up.

#### Mistake #7: Sending Incorrect Tax Information and Sending it Late

At the very least, we as professional gift planners should have access to software that gives us correct information about tax deductions, taxation of gift annuity income, and tax data for our donors. Running these programs is easy, quick, and clear, and we have no excuse for a delay in getting this information to our donors. Our friend Donna ended up asking *us* for the information because she was anxious to get her taxes done on time

#### Mistake #8: Not Working with the Donor on What the Gift Would Make Possible

Donna had very specific ideas of what her gift would accomplish, ideas that stemmed directly from her mother’s long involvement at the hospital. Paul not only ignored Donna’s request for a document that would assure her that her gift would have the impact she envisioned, he seemingly ignored that fact that she might even care. All *he* cared about was getting her signature on the gift annuity document. And in the process he passed up—we know this for a fact because “Donna” told us—the opportunity for a second gift that would increase the fund to a higher level.

#### Mistake #9: Pushing Investment Rather than Gift

Planned gifts often have non-charitable benefits associated with them, and all of us discuss those benefits in both our marketing literature and our personal



conversations. But, no matter what benefits might accrue to the donor, we must stress that a planned gift *is* a gift. As the NCPG Model Standards of Practice state, philanthropic intent is paramount. Paul never acknowledged that intent. Not only did he fail to connect well with his donor, he failed—and did not even know it—to build on Donna’s philanthropic desires to increase her fund over time.

#### Mistake #10: Not Saying Thank You

Saying thank you is a critical part of any gift-giving and gift-receiving process. It is, quite basically, the right thing to do. But it is also the smart thing to do. Once Donna had sent in her signed CGA agreement, she heard nothing from her “good friend” Paul. And later, when she received a formal and clearly boilerplate acknowledgement from the CEO, she felt even more dismissed.

From now on Donna will be making her gifts somewhere else. She still cares about the hospital because of her mother’s long and positive association with it, but she will direct her next memorial gift—and her own philanthropy as well—to other organizations with which she and her mother have been associated over the years.

Mistakes are unavoidable in life. We all make them. And none of Paul O’Malley’s mistakes were, in isolation, “deal-killers.” But if we—unlike Paul—recognize our mistakes and move immediately to rectify them, and if we learn from our mistakes—or, as we hope all of us do even more, from the mistakes of others—we will have happier donors, more gifts, and a successful and long-lasting planned giving program