

What We Say and What They Hear: Updated

Planned Giving Today

Vol. 34, No. 6 (June 2023) pp. 1, 3, 5, 7

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Twelve years ago, we wrote an article for *Planned Giving Today* about the jargon we all use in the planned giving field. What we say and how we say it matters, whether we are talking to a group (like a Board of Trustees or a campaign planning committee or a reunion class) or an individual donor. Any Communications 101 lecture tells us that our message, so clear to us, often does not reach our audience, at least not in the ways we want. And planned giving jargon is some of the most difficult to understand.

Perhaps some of you have had a recent conversation with a financial planner or an estate attorney and found them eager to show you how well-versed they are in the minutia of their profession. You may have said to yourself, “Why is this sounding so complicated? Do they think I am an idiot? Can they not explain it in understandable language?” And did their command of technical jargon make you want to continue to work with them? Or make you want to find someone with whom you could actually communicate?

Planned giving, as we all know, has a reputation for being difficult, hard to follow, and sometime geekily technical. We in the planned giving field talk about concepts that are, indeed, difficult to understand, but even when the concept itself is not difficult, we often dress it up to make it sound fancy and in the process make it *seem* difficult (at least to our listeners).

Mastering professional jargon is, in many ways, the mark of having arrived as a member of that profession. Most of us quickly acclimate to a new field (at least we try to) and even more quickly forget all the terms we did not understand, even a short while ago. Professional amnesia sets in, as we are now a member of the “in” group with its own special language, and we are only too happy to belong—and to demonstrate to others our “belongingness.”

But our donors (and often our fundraising colleagues) Do Not Know Planned Giving Terms . . . and most of them never will. Even the ones who nod and smile (especially those who nod and smile) are confused. Those who do not nod and smile are contemplating their quick escape from a setting that makes them feel stupid.

Given that in the last ten years we have thousands of new planned giving professionals in the field as well as a whole new set of giving opportunities (QCDs, DAFs, IRA Rollovers, etc.), we have a new set of legal and technical terms to show off.

We thus offer this primer for all of you new to the field (as well as old geezers who have completely forgotten that the terms we use every day are not part of everyday language).

1. Bequest

Us: A transfer through a will

Them: I don't know this word, but must act like I do.* It has something to do with death so I am not comfortable about it.

2. Estate Planning

Us: Planning for the distribution of our assets after death

Them: This doesn't apply to me—only the billionaires have estates. Besides, this is really planning for my death and we are NOT going to talk about death. Stop now! Besides, I am not ready to die so I'll think about that estate stuff later.

3. Beneficiary Designation

Us: A contractual designation for who receives the contractual assets at death

Them: Who gets a benefit? And what is it? Probably not me, so what do I care.

4. Closely Held Stock

Us: Privately held company stock

Them: So this kind of stock you keep in your safe deposit box, perhaps? Or maybe you hold it "close to your chest," whatever that means. Must be some reason for secrecy—perhaps it's something illegal?

5. Vehicle

Us: a technical term for the multitude ways of giving, like CRATs and CRUTs.

Them: So they are talking about cars now or motorcycles? RVs perhaps? I am not interested in giving them my car.

6. Charitable Trust

Us: a flexible "vehicle" for providing an ultimate gift to charity, while also providing an income to the donor or others for life or a period of years

Them: I know my parents had one of these—they called it a “living trust.” They put their houses in it, but why are the planned giving people talking to me about this? I don’t want to give away my house—I live there! And how does it save taxes?

7. Testamentary Trust

Us: a trust that begins when the decedent dies

Them: Huh? So one has to testify to get benefits? Who am I testifying to? Do I have to have a judge sign off on this? Sounds complicated—one of those things that millionaires use to get out of paying taxes, right?

8. QCD

Us: Qualified Charitable Distribution—a tax free rollover from an IRA that gives the donor “credit” for an RMD

Them: Qualified Certificate of Deposit? Quick Certain Death?

9. Charitable Gift Annuity

Us: a simple “vehicle” (actually a contract) for making a gift while receiving income for life

Them: Beware! Aunt Sally lost all her money on one of the variable kinds, whatever that means. Someone is trying to sell me something that will leave me destitute like Aunt Sally. And the person trying to sell me this bill of goods no doubt gets a nice hefty commission, probably under the table.

10. PODs

Us: Payable Upon Death—an easy way to leave financial accounts to one’s beneficiaries

Them: Pods have something to do with moving containers, don’t they? People store their furniture in them when moving? Oh . . . perhaps there is a link here to charitable trusts where folks put their houses in it? Maybe this is for the furniture?

11. Donor Advised Fund

Us: A special fund, usually sponsored by a major fiduciary organization or a community foundation, that allows donors to contribute assets (and receive a tax deduction) without having to decide where the gifts will eventually go

Them: So who is giving advice to whom? Is someone giving me advice? How do I know I can trust it? Sounds like I am giving up control of my money.

12. Prospects/Suspects

Us: Potential donors we would like to involve more with our non-profit and with whom we would ultimately like to discuss a gift

Them: Oh dear . . . I just saw on a sheet that I am a “suspect.” I wonder what they suspect me of doing? Maybe I should suspect them of wanting to do something to me! I had better get rid of them quickly.

13. Campaign, both Capital and Comprehensive

Us: A concerted and concentrated effort by a non-profit to raise resources for specific purposes over a set period of time

Them: Oh yes, like the United Way with the nice thermometer, but does that mean they are going to give me a list of people to call. I hate making cold calls. I better steer clear of this.

14. Pyramid or Chart of Standards

Us: A chart for measuring how many gifts, and at what dollar level, are necessary to build a successful campaign

Them: As in Egypt? And what does a chart have to do with Egypt? And whose standards?

15. Capital Asset

Us: An investment that we hope to see grow over time, such as stocks, mutual funds, or real estate

Them: Is this what we give to a capital campaign but not what we give to a comprehensive campaign? Do I have to declare these on my taxes? Isn't there a move in the works to tax the things I own? I sure don't want to tell anyone about that.

16. Cost Basis

Us: The amount originally paid for a capital asset plus (in the case of real estate) any capital improvements

Them: I think this has something to do with capital gains taxes, but I am not sure just what. Maybe it is the amount I have to pay?

17. Stepped up Basis

Us: The new cost basis of inherited capital assets; the value of those assets at the date of death

Them: I know this has to do with taxes; I always nod that I understand this term, but I do not know what is “stepping up” to what. No one has ever explained it so that I understand it.

18. Legacy

Us: A way of describing the impact of gift can have even after the death of the donor

Them: A fancy word those non-profits are always using where they are pretending not to talk about dying, but I am wise to that and will avoid “joining” that “legacy” society. Good way to ensure that death is near or at least that the charity is hoping I will die soon.

19. Tax Exclusion

Us: The amount of income or assets excluded from gift and estate taxes

Them: So, no taxes? Or “excluded” taxes? Excluded from what? Is this a way of hiding my money? Sort of like an offshore account? How can I get my taxes excluded too?

20. Income in Respect of a Decedent (IRD)

Us: An ordinary income asset that generates income tax at the death of the owner, such as qualified retirement plan assets or accounts receivable

Them: Huh???

21. Qualified Retirement Plans

Us: A defined contribution plan like an IRA, 401(k), or SEP

Them: Is my retirement “qualified” and for what? What if I don’t have a qualified plan? I thought I qualified to have a retirement plan years ago; did someone lie to me? Will I lose it all to some tax I don’t know about?

22. Defined Contribution Plan

Us: A retirement plan owned by the beneficiary to which the owner contributed up to a legally defined limit each year and which is taxed at the beneficiary’s death at the tax rate of whomever receives the plan assets

Them: Is this my pension?

23. Defined Benefit Plan

Us: An old-fashioned pension in which the beneficiary receives a pre-defined amount for life after working for a company or organization for a minimum number of years; no tax on such a plan at the death of the beneficiary (or beneficiary’s spouse) as it has no remainder value

Them: Is this my pension?

24. Required Minimum Distribution

Us: The minimum amount one must take annually from a Qualified Retirement Plan

Them: Who is distributing what? And from where? And how in the world am I supposed to know what the amount is? And what *is* a Qualified Retirement Plan?

25. Planned giving consultants

Us: Very smart people who offer considered and valuable advice to non-profits on how to improve their planned giving opportunities

Them: More trouble: these people can’t hold down a regular job and charge way too much to tell their clients what is obvious to anyone. They must be the ones who sell those charitable annuities to unsuspecting folks.

The words we use matter. As anyone who has studied communications theory knows, the words we say may not signify the same thing to the recipients of the message. And, when we use unknown (or unknowable) jargon, we undermine the very messages we intend to communicate.

As planned giving professionals, one of our most important responsibilities is to convey both how a gift will benefit our non-profit and how that gift will also benefit the donor.

All of the “them” examples we have used in this article come from real-life responses of potential donors who participated in the small focus groups we hold when we develop campaign plans, test campaign feasibility, or create effective marketing options for planned giving “vehicles” for our clients. By remembering our own initial confusion over planned giving terminology and jargon, we become not only better communicators, but also better fundraisers.

*This may be one of the most surprising finding of Russell James’ excellent research: that the word “bequest” is a/often associated with death and, therefore, a turn-off (or a tune-out) for donors and b/ often interpreted as a global term for an estate provision and not as a specific transfer through a will.