

# PLANNED GIVING T·O·D·A·Y®

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PROVEN, PRACTICAL  
GUIDANCE FROM  
THE PLANNED  
GIVING EXPERTS

## Attract and Retain Planned Giving Talent

BY JACKIE W. FRANEY

The most important resources for any organization are the people due to the innate talents each one brings to work. Retaining these precious resources is commonly referred to as “talent management.”

As defined by Johns Hopkins University’s Human Resources website, talent management is a set of integrated organizational human resource processes designed to attract, develop, motivate, and retain productive, engaged employees. The goal is a high-performance, sustainable organization that meets strategic and operational goals and objectives.

For a charitable organization, building up its fundraising abilities while attracting, developing, and retaining productive and engaged employees is essential. This means aligning the innate talents of the

fundraising staff with the organizational culture of the gift planning program.

Gallup research suggests that companies’ highest performing individuals have three important factors in common.

1. They have tenures in their organizations spanning a decade or more
2. They are engaged in their work
3. They are in roles where the expectations of the job align well with their innate talents

How do you attract and retain planned giving professionals with the expertise that aligns well within your program, and keep them engaged for a decade or longer? While passion for the mission is an important factor for any fundraising professional, there are critical steps you

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## Charity IRA Beneficiaries Navigate Stormy Seas to Safe Harbors: Part I

BY JEFF COMFORT

Great news! You have just received notification from a financial institution that your charitable organization is a beneficiary of a retirement account owned by a donor who recently passed away.

Let’s pause to recognize that while this is, of course, sad news for the family, the donor’s legacy of philanthropy lives on. Back to the matter at hand; your planned giving staff works with the financial institution to collect this gift and put the donor’s generosity to work.

Sometimes this process is relatively simple. You provide some basic corporate identification and your organization

receives a check or electronic transfer soon after. At other times, the process is not so simple. Sometimes it involves a myriad of forms and providing highly personal information.

### Warning Signals

Having been down this road many times and consistently experiencing unrealistic bureaucratic roadblocks to what should be simple gifts, I am driven to exclaim, “Enough is enough!” That is the genesis of this article on the

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matters that seem to be arising more frequently in receiving such gifts while working with some financial institutions. This first installment in a two-part article will frame some of the salient issues. The second will offer solutions for handling these matters.

Shortly after the initial notification and providing confirmation that your charity is the correct recipient and correspondence should be sent to you, you receive a package from the financial institution. It is rather thick, which is your first warning signal. The cover letter instructs you to simply fill out the several forms enclosed in order to receive your charity's funds.

### **Let's Get to Work**

Lengthy legal and technical financial forms are part of our stock and trade, right? So let's just fill out the forms. Some are pretty short and simple. Let's put the big one aside for last.

When we get to the last form, it has a title of Inheritor IRA Agreement or something along those lines. Let's start with first name, middle name, and last name. That's odd, but I will just enter Oregon State University Foundation across the whole space and they can figure out if "State" or "University" is our middle name.

Next is the birthdate. Do I go with 1868? No, the foundation was incorporated in 1947, so let's use that. When I worked at Georgetown, I used 1789, which must have made me the oldest client for some financial institutions, though I never got recognized for my maturity.

You can see where this is going. Why are we filling out forms clearly intended for an individual when this is a charitable corporate gift? I have gone down this path twice in the past few months. As I said, I am pushed to — Enough! I wondered how others across the country have handled this, so I sent a question to Gift-PI and two other listservs I am on with several dozen other gift planning directors at public and private universities.

Your organization has been named the primary beneficiary for 100 percent of your donor's IRA account. The IRA administrator asks you to open a Beneficiary IRA Account (including completing an inherited IRA adoption agreement). How do you handle this?

I received about 80 replies and a handful of phone calls. Many noted that completing the forms is painful or sounds difficult. Others described it as "extremely frustrating," "unnecessary paperwork," and "a real hassle." The vast majority said that they complete the forms anyway.

The most cited reason for completing the paperwork was, "It's a compliance issue." Several pointed to unspecified Patriot Act provisions requiring said compliance. There were some creative workarounds offered. A few responders noted that they keep one inheritor IRA account open just to receive these gift funds from other financial institutions. Perhaps the easiest solution offered for a gift planning program is to simply hand the forms to the finance office and let that office deal with it. That solution doesn't really address the core issues, does it?

### **Zero Privacy**

So, we started with name and birthday, but it gets worse. At some point, the form asks for some very confidential personal information such as Social Security and driver's license numbers.

I posed a second question to the listservs.

Opening an inheritor IRA account includes being asked to provide the personal Social Security number and driver's license of an authorized staff person. How do you handle this?

Of the 40 additional responses I received, my personal favorite was, "There's no way on God's green earth that I'd ever divulge my ..." That view was the exception, though. Most noted having provided this information and, again, the Patriot Act was cited. Two responses shared that they provided the university's or foundation president's or vice-president's Social Security and driver's license numbers.

One responder quoted Scott McNealy, the former Sun Microsystems CEO. He said, "You have zero privacy anyway. Get over it!"

### **Patriot Act?**

The responses to my listserv queries most frequently referenced compliance and the Patriot Act. I, too, have heard this many times from financial institutions when I have questioned their request for my personal information. I have always

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asked back to its representative, “Can you please give me a specific citation or the language in the Patriot Act that justifies your request?” The response might as well be the sound of crickets. To date, I have not been given an answer to my question.

Let’s take a look at what the Patriot Act says. I am not a lawyer so I am going out on a limb here, but as I read Section 326 Verification of Identification, I note this language. “For U.S. persons a bank must obtain a U.S. taxpayer identification number (e.g., Social Security number, individual taxpayer identification number, or [*emphasis mine*] employer identification number).

As I said, I have been down the road with these forms many times. On occasion, in response to compliance and Patriot Act justification, I have asked for communal readings of the Patriot Act with the compliance department. I always offer to provide my employer identification number. Usually, at this point, I can somehow negotiate an arrangement that forgoes the need to provide personal information, but not always.

Most recently, I had to follow up by providing the compliance department with this message.

“Neither I nor anybody at the foundation will provide a personal Social Security number. We have provided our employer I.D. number. The assets that XXX Financial is holding lawfully belong to the foundation and we ask for them to be delivered promptly, please. We would be pleased to accept a check, or to provide DTC and/or ABA information to receive our funds.”

That message was sent a couple of weeks ago. The funds just arrived. No personal information was provided.

### Stop. Right. There.

Put the inheritor IRA application down and step back. Why are we filling out these forms and haggling over personal information in the first place? We are doing this because the financial institution said we have to in order to receive our gift funds. As one answer to my listserv questions noted, a charitable organization beneficiary being held hostage by a corporate IRA custodian is not a good thing.

Before we dive into filling out the forms, perhaps we should ask, “What is

the legal basis for the financial institution to require us to fill out these forms?”

I have learned to ask that question first. A good answer and satisfaction are never forthcoming from the first person spoken to at the financial institution. Invariably, you have to work up through at least a couple of levels of seniority and often the compliance staff joins the conversation.

### Push Back

This process can result in the transfer of gift funds without all of the issues above, but at the cost of an enormous expense of staff time. I estimate having spent almost eight hours of staff time in my most recent trip down this path. One listserv responder summed it up this way, “If it takes too much effort to convince them to do it a different way, it might be easier to just fill out the forms they want and do it their way — as long as the charity gets a check either way.”

An opposing colleague offered, “Remember to absolutely push back. Tell them you are a nonprofit ... and you DO NOT want to move your proceeds to an inherited/beneficiary IRA — that’s why they are asking for/demanding the private information. You don’t have to do the second step of the inherited IRA.” I totally and adamantly agree.

Fair enough, but if we are asking the financial institutions for their legal basis in requiring us to open an inheritor IRA account, should we know our legal basis for declining to comply? Does the law pertaining to inheritor IRAs include gifts to charitable institutions, or just to individuals? We will look at these questions\* in particular in the upcoming Part II of this article.

A top attorney recommends review of Internal Revenue Code Section 408 for guidance on this situation. Part II will also provide specific tactics for successfully navigating an IRA beneficiary’s stormy seas with a goal of timely collection of your gift assets.

Remember  
to absolutely  
push back.

#### Endnote

\* If you have some ideas to share in this regard, please call me at 541.737.3756 or write to me with your suggestion.

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