Nonprofits Need Plan To Manage Deferred Giving

PS&H attorney Elizabeth Manchester was interviewed by *Providence Business News* for an article that explores what nonprofits need to consider when accepting deferred gifts, and why it is important for institutions to market planned gifts.

Elizabeth pointed out that although estate gifts are made with the best intentions, gifts can create unintended complications for the institution. In her practice, she provides counsel to charitable and academic nonprofit institutions on a range of issues including deferred and planned giving.

Highlighting the different types of gifts, Elizabeth explained that "For some [donors], it may be the establishment of an endowment gift to benefit the organization in perpetuity…It may be honoring a loved one through a named space. It certainly may be … leaving the donor's personal legacy for an institution. There may be tax motivations. A common thread is that the organization is one that has engaged and inspired that donor in a meaningful way."

Elizabeth also pointed out that "restricted giving" is becoming more popular; that is, gifts being restricted for a specific purpose. She said, "Organizations need to be aware of legal compliance, responsible fundraising practices and IRS regulations regarding gift administration."

She also explained that the Tax Cuts and Jobs Act of 2018, which increased the standard tax deduction, lessened the incentive for many donors to make charitable gifts in order to receive an itemized deduction. "For this reason, deferred giving is more important now than ever for nonprofit organizations."

With the baby boom generation and the impending transfer of their wealth, Elizabeth stressed that nonprofits need to have a formalized planned- and estate-giving program in place.

Click here to read the full article. (subscription required)

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