

WACOSA Legacy Society - What, Why and Who

Board Educational Training Session

February 28, 2022

The objective of this training session is to educate board members to answer the following questions:

1. **WHAT** is the WACOSA Legacy Society (WLS)?
2. **WHY** is the WLS important to the future of WACOSA?
3. **WHO** are the WLS members and WLS prospects?

Objective #1:

The WLS is an elite group of donors who have created a legacy of support for current and future generations of clients benefiting from WACOSA programs.

There are two ways to become a member of the WLS:

- Name WACOSA as a beneficiary of assets in a will/trust, life insurance policy, retirement fund/IRA, charitable gift annuity, pooled income fund or charitable remainder trust
- Establish a Named Endowment Fund (NEF) with a minimum gift or pledge of \$25,000

Objective #2:

Most successful nonprofit organizations rely on three types of philanthropic support: 1) operating gifts, 2) capital gifts, and 3) endowment gifts (designed to keep principal gift amounts intact while only using the investment income for charitable efforts). Planned Giving (PG) efforts primarily focus on future estate gifts from WLS members and prospects in support of the WACOSA Endowment Funds.

As outlined in the WACOSA Case Statement, the WLS (ergo the endowment funds), is important to the future of WACOSA because the annual distribution will be used to:

- 1) ensure long-term viability and sustainability, 2) build on a history of success and innovation, 3) smooth out financial shortfalls, and 4) invest in employees.

Objective #3:

WLS Members: WACOSA currently has ten (10) WLS members, in which three (3) are deceased with their estate gift already documented, and seven (7) are alive with gift intentions documented through their estate and/or a Named Endowment Fund (NEF). Maintaining and strengthening our relationship with these members and their families is critical because most gift intentions are revocable.

Tracking the number of WLS members is the Key Performance Indicator (KPI) for determining the success of a PG program. Using an average estate gift of \$40K, multiplied by the number of WLS members, equals an estimate of future gifts to the WACOSA Endowment Funds.

WLS Prospects: Estate Planning has very little to do with a person's wealth and everything to do with matching a person's passion with their philanthropic interests, hence, all donors are considered prospects unless otherwise communicated by the donor. WACOSA is currently focusing on 250 individual donors identified as top PG prospects, based on the longevity/consistency of their giving and/or their connection to the mission.

WACOSA Legacy Society Scenarios

Scenario 1: The friend of a WACOSA Board member attended the 1-5K event and was so impressed with what WACOSA is doing that the person named WACOSA as a partial beneficiary of a life insurance policy provided as part of the employee's benefit package. Should we count the board member's friend as a new member of the WLS?

Scenario 2: What if this person leaves their current place of employment (cancelling this particular life insurance policy) and did not indicate that they have done the same thing at their new place of employment or in retirement?

Scenario 3: A donor decides to make a \$25K Qualified Charitable Distribution (QCD) from their IRA as an unrestricted gift to benefit WACOSA programs...should this person be considered a member of the WLS?

Scenario 4: A donor makes a \$50K QCD to support a capital campaign to build a new program building in Sauk Centre and the person will receive naming rights for a room or wing...should this person be considered a member of the WLS?

Scenario 5: WACOSA is notified by an attorney that their client has passed away and the client named WACOSA as a charitable beneficiary of the estate. WACOSA was not aware of this donor's intentions to include WACOSA as a beneficiary...should this person be considered a member of the WLS?

Scenario 6: A donor informs us that upon death, remaining proceeds (if any) from the donor's IRA should be used to establish a NEF in honor of their son who was a longtime client at WACOSA...should this person be considered a member of the WLS?

Scenario 7: A donor plans to establish a NEF and the person plans to give \$5K each year for the next five years until they reach the minimum of \$25K...should this person be considered a WLS member upon receipt of the first \$5K payment or when the fund reaches the \$25K amount?

Scenario 8: A donor couple tell us that they recently established a Donor Advised Fund (DAF). They plan to make an annual gift of \$1,000 to WACOSA from the DAF... should this person be considered a member of the WLS?

Scenario 9: A donor couple tells us that upon their death, almost all of their estate will go into a DAF and they have provided written instructions to the Community Foundation that manages the DAF on how the funds should be distributed, which would include an annual distribution to WACOSA and other charities they are currently supporting...should they be considered members of the WLS?

Scenario 10: A donor couple says they have listed WACOSA as a "contingent" beneficiary in their will (i.e., circumstances prevent the primary beneficiaries from receiving the benefits)... should they be considered members of the WLS?

Scenario 11: XYZ Company has provided work experiences for WACOSA clients for 20 years. The company and their employees want to establish a NEF to provide perpetual support for WACOSA programs. Can a company or business be a WLS member?