

PLANNED GIVING DAY
PLANNED GIVING COUNCIL OF GREATER PHILADELPHIA
OCTOBER 25, 2023

ETHICAL SITUATIONS FOR GIFT PLANNERS

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Case 1

In your old job you developed a close working relationship with an elderly couple who set up a revocable trust with the organization. You then move to a new organization. Several months later the couple comes to you and says that because they have such confidence in your ability to look after their interests, they want to revoke the original trust and set up a new one through you with your new organization.

A. What should you do?

B. Suppose the couple proposed making a major gift to your new organization without revoking the old trust? What should you do?

Case 2

You are director of an emergency relief program. Within one month, three large scale disasters occur — an earthquake in California, a hurricane in the Florida, and a flood in St. Louis. Because of the severity of the disasters and the constant media coverage, donations have been pouring in. Most gifts are designated to relief for either the earthquake or the hurricane victims; however, many people in St. Louis have lost their homes in the flood and are in desperate need of help.

As time passes, you see that the needs of the hurricane and earthquake victims will be easily met by 60% of the relief money coming in. However, more than 95% of the money is designated by the donors for the hurricane and earthquake, leaving you with insufficient funds to meet the needs in St. Louis.

A. Can you use some of the donations designated for the earthquake or hurricane victims to assist victims of the flood?

B. Should you return the donations that were not needed in the areas for which they were designated?

Case 3

You have built an excellent reputation as development officer for a Museum. You've been able to enlist the support of many new donors and have cultivated numerous major gifts. You've been offered a higher paying job at a Medical Center.

A. Suppose you have been cultivating a wealthy philanthropist, Mrs. X, who has no real interest in the Museum. Mrs. X has numerous health concerns. She is likely to respond favorably to a request for support of the Medical Center primarily because she has high personal regard for you. Would it be all right to ask Mrs. X to make the gift to the Medical Center instead?

B. Suppose you have worked hard to write original text for planned-giving brochures that have been successful for the Museum. Would it be all right to copy from them when you create the brochures for the Medical Center?

C. You know that the Museum and the Medical Center solicit the same type of donors, although for entirely different purposes. You have copied a list of donors to the Museum before you left. Can you use that list to contact those donors for the Medical Center?

D. You know that the Museum and the Medical Center solicit the same type of donors, although for entirely different purposes. Can you recreate a list of donors to the Museum from memory and add them to the prospect list for the Medical Center?

Case 4

It is April 15 (U.S. tax filing deadline), and you are in your first week as Director of Development for a university when you get a phone call from the university's largest donor. The donor is the chairman of a Fortune 500 corporation who has given several million dollars to the university and already has a building named for him. He announces that his tax advisor says he needs to make another donation for the previous calendar year and he tells you that he is sending over a check for \$100,000. He asks you to prepare a letter of acknowledgment dated prior to last December 31. Before you can think of how to respond, he hangs up.

- A. What should you do?**
- B. Suppose you inform your CEO about the offer and the CEO says, “Don’t worry about it, I’ll write the letter.” What should you do?**
- C. Suppose that upon further investigation you learn that, occasionally in the past, the university has done similar favors for some of its large donors. What should you do?**

Case 5

You are the Vice President for Advancement and Alumni Affairs at a small college. After many months of careful cultivation, you succeed in obtaining a pledge from a famous alum for the largest gift in the college's history. The only catch is, the alum insists that the college put her name on a building that was already named for a previous donor (now deceased) as a condition of that alum's gift. You try to persuade the new donor to change her mind, but the donor is insistent.

- A. What should you do?**
- B. Suppose the new donor agrees to a proposal to name the building jointly, using her name and the previous donor’s name together?**
- C. Suppose the college President and the Board of Trustees vote to rename the building for the new donor. What will you do?**

Case 6

You are the Director of Development of a cancer organization. The organization’s Board decides to establish a bonus plan for all senior fundraising managers, based on performance of responsibilities. Your bonus is to be 10% of your annual salary if you bring in 10 new corporate sponsorships, and another 10% of your annual salary if you bring in at least 10 major gifts of \$10,000 or more.

- A. Would this bonus plan be acceptable?**
- B. Suppose that instead of the plan above, the size of the bonus was based on your performance in three areas:**
 - **Number of new volunteers recruited.**
 - **Number of new major gifts received.**
 - **Exceeding the amount raised the previous year in the organization’s annual fund.**

Is this bonus plan acceptable?

- C. Suppose that the bonus was a fixed amount (5% of your base salary) and was based on achieving three performance targets:**
 - **Recruiting 50 new volunteers**
 - **Successfully soliciting 10 new major gifts**
 - **Growing the organization’s annual fund receipts from the previous year**

Is this bonus plan acceptable?

D. Suppose that you received a base salary and the bonus was 10% of all contributions you generated.

Would this arrangement be acceptable?

E. You have done such an outstanding job in building the financial support for your organization that the Board of Directors thinks you should be rewarded. In executive session, they vote unanimously to raise your salary by 25%.

Would this arrangement be acceptable?

Case 7

A charity is working with a planned giving consultant who provides legal, tax, and planned giving services. This consultant works with potential donors that the charity identifies and directs these prospects to the charity. The consultant's process is to ask the potential donor to select a charity from a list of about 200. If the potential donor is interested in a specific charity, information about that charity may be provided to assist him/her in making a potential gift.

The charity will not accept a gift without first meeting with the potential donor, and explaining its history and mission and inviting the potential donor to tour its facilities, if possible. In addition, the charity ensures that the potential donor knows that if he or she were to make a donation to the charity, the charity would be paying some of the transaction fees for this consultant to complete the gift.

A. If the fee paid is not based on a percentage of the gift, would this arrangement be a violation of ethical principles?

B. Suppose the consultant's fee were based on the size of the gift. Would this arrangement be a violation of ethical principles?

C. If the planned giving consultant brought the charity a prospective donor whom the charity had not previously known about, would it be appropriate to pay a "finder's fee" to the consultant for completing the gift?