

A New Constituency for Planned Giving

Doug Elliott's choices were predictably conventional when he established his first charitable trust about a decade ago: Upon his death the proceeds would go to the hospital that cured him of tuberculosis, a Los Angeles junior college, and the Boy Scouts.

Convention has since gone out the window. Elliott, a retired Los Angeles school principal, now is leaving the bulk of his estate to gay and AIDS causes.

His transformation into gay benefactor reflects a carefully nurtured trend. Whereas many well-to-do gays previously would have thought of a university or favorite art museum when writing their wills, these days more of them are thinking of their own.

AIDS deaths, the growth of gay organizations and the emergence of an openly gay identity have combined to foster charitable bequests within gay circles.

"It's become a very important way of supporting their own community," said Douglas Freeman, a Los Angeles attorney who helps nonprofit groups with fundraising. "It's very personal."

A decade ago the mere notion of walking into Los Angeles' Gay and Lesbian Community Services Center made Elliott nervous. Closeted in his professional life, he drove by twice before he could muster the courage to step inside the center for the first time when he retired.

Now several of the properties he has accumulated over the years will go to the center. A scholarship fund for gay students at the University of Southern California and the AIDS Healthcare Foundation have supplanted the junior college and the Boy Scouts as trust beneficiaries.

"I don't want any money going to support that viewpoint," emphasized the 71-year-old, who dropped the Scouts because of the group's stand against openly gay Scout leaders.

No one is more aware of such gay-tuned philanthropy than fundraisers for gay and AIDS groups, which are doing all they can promote it.

Various Los Angeles organizations have hired planned-giving officers to ever so gently nudge supporters into remembering the groups in their wills. There

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are seminars on estate planning and parties at which trust brochures are discreetly passed out with the hors d'oeuvres.

Nonprofit organizations of all stripes are paying more heed to planned giving as they try to tap into a huge generational transfer of wealth to the baby boomers. But organizations with a gay constituency see a particularly golden opportunity: gay men and lesbians rate, with widows, as prime candidates for charitable bequests.

"In many ways, gays and lesbians are in similar situations [as widows]," said Hal Gunn, director of gift planning for the ACLU Foundation of Southern California, which attracts gay donations because of its gay rights work. "A lot of them are alone and a lot of them don't have heirs. And a lot of them are alienated from their families," Gunn said. "I've spoken to a number of donors who've said, 'I have to make sure it doesn't go to my parents, because they're just going to give it to Pat Robertson.'"

For gay couples, charitable trusts can provide singular tax advantages, because unlike married couples -- who inherit a spouse's estate tax free -- a surviving unmarried partner is taxed on anything over \$600,000. Through the complicated workings of trusts, one half of an unmarried couple can provide income to a surviving partner as long as the partner lives -- while giving to charity the remainder of the estate, thus reducing or avoiding both capital gains and inheritance taxes.

Those attractions notwithstanding, wooing gay donors can be complicated. The fact that many gays do not have children means they feel less pressure to draw up wills and are more inclined to postpone estate planning or ignore it.

James Watson, planned-giving director at AIDS Healthcare, knows someone who is in the later stages of AIDS, has \$8 million and no will. He has told Watson he doesn't care where his money goes. Watson is trying to make him care.

Moreover, for people with AIDS, to draw up a will is to acknowledge death. And "many of them are fighting that teeth and toenail," Watson said.

There is also the issue of the closet, especially for older gay men and women, who, unlike Elliott, never overcame their shyness at being linked to gay causes in a legal document.

"There are a lot of closeted older gay people who don't give to gay and lesbian organizations because they don't want to be identified as such," Watson said.

"So we've had a selling job: that we're going to be around for a long time. That we have stability and that meeting the needs of our brothers and sisters in the gay and lesbian community is more important than our pride in not being identified as a gay or lesbian person at the time of death," he said.

Gunn tells of one donor who has included the ACLU in his estate plans but cannot bear to mention the ACLU's gay rights work over the phone. Instead, he refers "to people like us" and "our understanding." Gay and AIDS groups that have existed only a decade or two have to convince donors that they will be here in another 20 years. Indeed, AIDS groups have had to undergo a certain amount of soul searching to pursue long-term bequests.

"To contemplate that was to face the fact that AIDS wasn't going to go away any time soon," said Edward Boland, major gifts officer for Gay Men's Health Crisis in New York, the largest AIDS service organization in the country.

The group created a planned giving program a couple of years ago and recently has received about \$800,000 a year in bequests. One consists of part of a multimillion-dollar lottery prize. AIDS Project Los Angeles, California's largest AIDS organization, hired its first planned-giving officer last year. He plans to use bequest income to establish an endowment.

"This is an idea that's time has come," said Earl Katz, the officer, who sees endowments as a way of countering a general trend in flat giving to AIDS groups, as well as the uncertainty of government funding.

The Los Angeles Gay Services Center also is channeling bequest money into an endowment. So far, only a few hundred thousand dollars have come in, but the future is promising. The center's planned-giving program has more than \$35 million in pledges.

"I think the only way the straight community will ever take us seriously is if we build powerful institutions," said Duke Comegys, a center benefactor who has devoted considerable energies to that end. "I only want people to give me their houses, it's so simple," quipped Comegys, who informally heads the center's endowment effort.

For Elliott, who lives with his brother, deciding what to do with his million-dollar estate boiled down to need. His partner is dead and his family is

financially comfortable. He arranged for his brother to retain use of the house after he dies, and then provided for the community to which he so quietly belonged for much of his life.

"I was raised as a Presbyterian," he remarked. "I have to have a purpose in everything I do."