

# PLANNED GIVING T·O·D·A·Y®

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PROVEN, PRACTICAL  
GUIDANCE FROM  
THE PLANNED  
GIVING EXPERTS

PROUD  
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OF



NATIONAL ASSOCIATION of  
Charitable Gift Planners

## RIFT Advocacy Updates

BY JOHN HAYS

Millions of Americans make estate gifts to charities, hoping that long after they are gone, nonprofits will use the money from their estate to advance their priority causes. But many financial institutions are frustrating donors' wishes by stonewalling and erecting arbitrary barriers when the intended charity attempts to collect on a donor's gift. As a result, it often takes years before charities receive their rightful gift.

These offending financial institutions demand charities first become new customers before they'll ever pay their death claim. You might think that's not such a burden, but in becoming their customer, the financial institution requires private, sensitive, and personal information from charity leadership (CEOs, CFOs, board members, etc.). They insist on their name, home address, date of birth, driver's license, Social Security number, spouse's maiden name, personal financial statements, etc. In fact, because it's the charity that's the account beneficiary, not the staff or board member of the charity, giving out this information seems absurd.

The RIFT (Release IRA Funds Timely) Project then formed a pro bono, all-volunteer project to advocate for change in the industry. RIFT advocates against the practices employed by some financial institutions so that charities can receive their rightful claims without their gifts being held hostage.

### How are Charities Impacted?

The burden charities face has gone beyond providing personal and sensitive information of its employees or board members. Here are some of the day-to-day frustrations the industry faces:

- ◆ These offending financial institutions generally send 50+ pages of paperwork to open the new account. Then another round of paperwork must be completed to turn around and immediately liquidate the newly opened account.
- ◆ What should be paid in 30 days often takes one to two years (yes, even as long as six years).
- ◆ They often charge fees (opening account, closing account, etc.), causing additional costs to the charity.
- ◆ Charities are commonly forced to resend their paperwork time and time again. One nonprofit had to resend paperwork eight different times because the financial institution kept stating that they "couldn't find it." This begs the question, "Where did the employee's personal information end up? And, "Who has access to the missing personal information, including Social Security numbers?"



Johni Hays

**Johni Hays, J.D., FCEP** is executive vice president of Thompson & Associates. With 31+ years as an attorney in charitable gift planning, Hays is a recognized leader in this field. She is the founder and leader of the RIFT volunteer project (Release IRA Funds Timely). She served as the president of the Charitable Estate Planning Institute and authored the book, *Essentials of Annuities* and co-authored *The Tools and Techniques of Charitable Planning and Message From the Masters—our Best Donor Stories that Made a Difference*. Hays serves on the Smithsonian's Professional Advisors Network in Washington, DC. In 2021, Hays served on NCGP's national board, is a member of its Leadership Institute, was inducted into the NCGP Hall of Fame in 2021 and received its Distinguished Service Award in 2020. [johni@ceplan.com](mailto:johni@ceplan.com)

# PLANNED GIVING T·O·D·A·Y

Planned Giving Today serves the gift planning community as a practical resource for education, information, inspiration, and professional linkage. It helps gift planners enable others to give generously and prudently.

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- ◆ One national charity was placed on phone “hold” by the financial custodian for more than eight hours straight.
- ◆ The opening of a new account happens with every single death claim, every time without exception when the account is held at one of the offending financial institutions.
- ◆ Some even erroneously withhold taxes on IRAs paid to charities, even though the charity provides evidence of its tax-exempt status. This practice shortchanges the charity on the gift, forcing the charity to wait years to obtain a refund from the IRS.
- ◆ Many financial institutions often refuse to tell the charity the amount of its donor's gift until all the paperwork is complete. After three years of paperwork back and forth, one charity finally received a check for 10 cents.
- ◆ Many offending financial institutions will only speak to the charity's CFO to close out these accounts, making it virtually impossible for the charity to obtain the gift. CFOs don't have time to be on the phone for hours every week settling death claims.
- ◆ Another roadblock occurs when there are multiple charity beneficiaries on the account; some financial institutions require that all charities must send in their claim paperwork within an arbitrary 60-day window of time. Yet, the financial institutions refuse to tell the charities who the other charity-beneficiaries are so they can coordinate the timing of their submitted paperwork.

## WRITE US

Planned Giving Today readers are invited to respond to articles appearing in the newsletter by writing to “Reader Reaction.” Articles, news, humorous anecdotes, and other items of interest to the planned giving community are also welcome.

**Send editorial correspondence to:**  
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## Join RIFT Advocates

Karen Smedley, principal auditor and compliance specialist at Duke University, leads RIFT “Advocates,” working group for those who process death claims at various nonprofits across the country. They serve to support each other and share information via monthly Zoom calls. They also provide each other with tips and solutions to get their claims paid as quickly and efficiently as possible. To join the working group if you are a national CGP member, log in to the website ([charitablegiftplanners.org](http://charitablegiftplanners.org)) and join the group “RIFTAdvocates.” For those who are not members of CGP, contact Smedley by calling (919) 684-0367. There is no membership fee.



National Association  
of  
**Charitable  
Gift Planners**

## Success in Iowa with New RIFT Law

To protect charities, the Iowa Legislature passed HF 2366 effective July 1, 2024, a law preventing this draconian business practice against charities. In all three votes in the Iowa Senate and all three votes in the Iowa House of Representatives, it passed with zero “nay” votes and no opposition, making it a truly nonpartisan issue.

The law applies in situations in which an Iowa charity is the beneficiary of IRAs, retirement accounts, brokerage TOD accounts, annuities, and life insurance policies.

Financial institutions are prohibited under the law from asking for the Social Security number, driver's license, contact information or personal financial information from any employee or board member of the charity. The charity, when confronted with a demand for this personal information from one of these offending companies, can push back by giving an affidavit with basic information on the charity and proof of their charity's tax-exempt status, a corporate resolution, IRS Form W-9, and either the death certificate, probate notice in a newspaper, a receipt of paid funeral expenses, or the obituary. The financial institution has 30 days from the receipt of the affidavit to either pay the charity its rightful claim or provide the requested information.

If they fail to provide the payment (or information) within 30 days, the court can award any or all of these:

1. Damages the charity sustained
2. Costs of the legal action
3. A penalty between \$500 and \$10,000
4. Reasonable attorney fees incurred by the charity

### The Law's First Success

The new law has already been tested and worked! The charity wrote a letter to the offending financial institution that merely referenced the new Iowa law. The charity didn't give a Social Security number, a driver's license, or any other personal and sensitive information. They received a check within two and a half weeks. It seems that simply mentioning the new Iowa law was enough to get the company to pay the claim without even having to send the affidavit. And, this was an offending institution that had never budged on its requirements before. What a huge success!

### Other States Can Do the Same

Many nonprofits have asked how this law can be brought to their state. The news is good. Model legislation after the Iowa law, called the "Charitable Organizations Privacy Protection Act," is now available for all states. To

aid in the logistics and communication, RIFT keeps track of which states are interested in getting this model language in front of their lawmakers and who in each state from the non-profit sector is involved. Visit the RIFT database to access the model law and the Iowa law.

### CGP Hires Lobbyist

The National Association of Charitable Gift Planners has recently engaged with Integer, LLC, a well-established lobbying firm active in the non-profit sector. Integer will assist CGP in building awareness on the Hill for CGP and cultivate relationships with relevant offices to position the organization as a key resource in giving policy for tax reform negotiations in 2025. Three areas of focus include:

- ◆ Protecting and enhancing charitable giving incentives
- ◆ Protecting giving vehicles and funding streams
- ◆ Protecting the giving of complex assets

CGP, Integer, and the RIFT project are working with policymakers and sector partners at the federal level to address the issues nonprofits face receiving death benefits from certain broker-dealers.

**New Iowa law  
helps collect  
death claims.**

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### RIFT Database

Be sure to visit the National Association of Charitable Gift Planners website to find the Charitable Beneficiary Resource Center's RIFT Database of IRA custodians/financial institutions with resources and forms available to help you navigate the claim processes at each company. Go to: [www.charitablegiftplanners.org/ira-distribution-resource-center](http://www.charitablegiftplanners.org/ira-distribution-resource-center).

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