

Building donor relationships



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**FORMS**

Planned Giving Activity Tracking Report

PGB2-0103

WEEKS 1-2

Are You Ready? Evaluating Your Mission

|  |  |
| --- | --- |
| **BACKGROUND** | Donor-Centered Planned Giving Defined |
|  | Not Just Cash and Stock |
|  | The Importance of Legacy Gifts |
|  | Gifts That Continue, Even in a Down Economy |
|  | Broad Appeal – Everyone is a Planned Giving Prospect |
|  | Increased Overall Support |
|  | Examples of Planned Gifts |
| **PROJECTS** | Complete the Readiness Questionnaire |
|  | Create Your Volunteer Committee |
|  | Ask Your Volunteer Committee to Complete the Readiness Questionnaire |
|  | Start to Measure Your Success |
| **DOCUMENTS** | PGB2-0103 – Readiness Questionnaire |

**Time required:** 2 hours

**What it covers:** Organizational readiness for planned giving, including evaluating your mission and the role of endowments for your organization.

**Why:** A necessary first stepin starting a planned giving program is to revisit the charity’s mission and explore how it lends itself to long-term investment.

BACKGROUND

*Donor-Centered Planned Giving, Defined*

Planned giving is a powerful and meaningful way for an individual to give to charity, ensure the charity’s long-term future and also meet personal planning objectives. It is the process of cultivating, designing, facilitating, and stewarding gifts.

Planned giving:

* Uses a variety of financial tools and techniques for giving
* Usually requires the assistance of one or more qualified specialists
* Takes advantage of tax incentives that encourage charitable giving when appropriate
* Covers the full spectrum of generosity by individuals and institutions
* Is based on powerful traditions of giving in the United States

Donor-centered philanthropy is the emerging model for raising funds.

1. Instead of asking what donors can do for charities, it asks what donors need to accomplish for themselves, their families and their future.
2. It seeks out what is really important to them in their lives, including the legacy they want to build.
3. It then asks how charities they support can be integrated into their tax, estate and financial planning to help meet these present and future goals.
4. It requires charities to develop significant relationships with their donors to understand what impact they want to have today, what outcomes they hope to achieve for tomorrow, and what legacy they desire to create during their lifetimes and beyond.

In total, donor-centered planned giving provides donors with the ability to meet both their personal planning objectives and their philanthropic goals to craft a more meaningful and lasting legacy. To achieve this goal, charities need to partner with their donors and their advisors, listen to what is important to them, and provide the appropriate tools and support to help them reach this end.

*Not Just Cash and Stock*

The donor-centered planned giving approach requires charities to have the capacity to accept many different types of assets as gifts from donors. Nearly 80% of assets held by individuals are in a form other than cash or appreciated stock. They include:

* Retirement accounts
* Real estate, closely held and family businesses
* Hedge funds and private equity
* Art and collectibles
* Other personal property.

The ability to accept these assets allows donors to start crafting their legacy today while making larger and more meaningful gifts with resources beyond the cash and stock on hand.

This approach also requires charities to use the tools of donor-centered planned giving. Planned gifts generally take two forms, revocable and irrevocable.

1. Revocable planned gifts allow donors to make commitments now but reserve the right to alter their plans up until death.
2. Irrevocable planned gifts are binding commitments now that provide for charity in the future.

*The Importance of Legacy Gifts*

While much emphasis has been placed on current gifts, planned gifts are typically the largest gifts donors can make because they no longer need the resources to live on. In fact, **during 2016, seven of the ten largest gifts to charities in the United States were in the form of bequests**.

*Gifts That Continue, Even in a Down Economy*

Planned gifts continue to be created and mature regardless of the economy.

During difficult economic times, people are more likely to update their wills. Concerns about current income, the value of investments and decreasing retirement savings that might cause individuals to postpone philanthropy never come up, because planned gifts often do not impact the donor’s estate until death.

**Legacy Leaders** recently completed an analysis of giving patterns since 1966, using data from **Giving USA**. They found that while giving from individuals, foundations and corporations either remained static or declined during recession years, **planned gifts actually grew by 5% during recession years.** This allows legacy gift revenue to serve as a “lifeboat” for charities when all other forms of revenue, including endowment spending amounts, decline.

*Broad Appeal: Everyone Is A Planned Giving Prospect*

Recent studies have debunked several myths about planned giving prospects. The study, *Bequest Donors: Demographics and Motivations of Potential and Actual Donors,* (the Bequest Study) conducted by the **Center on Philanthropy at Indiana University (CPIU)**, found that the majority of individuals still do not have a will. Of those who do, *only 7.5%* have included a charitable provision. These numbers remain consistent since our studies in 1998.

**Giving USA** put the figure at an *even more modest 5.3%.* When asked why, the No. 1 response indicated that donors did not include a charitable bequest because it had never occurred to them.

The Bequest Study also showed :

* Donors age 40-60 are significantly more likely to consider a charitable bequest than donors over age 60
* Wealth level is not a factor in whether a donor considers a charitable bequest.
* Individuals who are engaged in a charity’s mission and focused on what it can accomplish in the future are the best gift planning prospects, regardless of age or wealth.

*Increased Overall Support*

The Bequest Study showed that donors who had included a charitable bequest in their plans made annual gifts more than double the size of those of their counterparts who had not included charity in their estate plans.

There are many reasons for this, including:

* The donor has elevated the charity to the status of a family member and has a much greater investment in the charity’s success
* The donor is providing greater lifetime support to a program that will be endowed later by a bequest.

Planned gifts will increase not only future support, but also current support from a charity’s most loyal and engaged donors.

*Examples of Planned Gifts*

**Bequests & Testamentary Gifts: (Revocable)**Donors name charities as the beneficiaries of their:

* Estates
* Non-charitable trusts
* Life insurance policies
* Payable on death accounts, and
* Pension plans or retirement accounts

The gift to charity is revocable and will not occur until after the death of the donor. In addition to the satisfaction derived from making an important gift to charity, there may be significant tax/financial benefits for donors’ estates.

**Life-Income Gift: (Irrevocable)** A charitable arrangement in which a donor(s) creates and funds a gift that produces income for them (or someone they name) for life or a term of years. After the income beneficiary has died, or at the end of a term of years, the gift ends and the balance is distributed to charity. Examples include:

* Charitable Gift Annuity
* Pooled Income Fund
* Charitable Remainder Unitrust
* Charitable Remainder Annuity Trust

PROJECTS

**Project 1: Complete the Readiness Questionnaire**

Again, make certain you have filed out and scored the readiness questionnaire in the first chapter (PGB2-0101). You’ll notice that the questionnaire looks like it has been created for your volunteers and board members, **because it has**. We’ll use it again as part of Project 3, below.

How did you do? Hopefully you scored 100. If not, don’t worry — even the best, most sophisticated planned giving programs in the country don’t get perfect scores. As long as your score is 30 or more (above 50 is ideal), you should be ready to use The Box to create your planned giving program.

What’s important here is that you become conversant with the issues addressed by the questionnaire, because they are vital to conducting an effective planned giving program.

**Project 2: Create Your Volunteer Committee (Reminder)**

Having determined that you are ready to go, the next step is to develop a volunteer committee to work with you. While planned giving is easy, inspiring and maintaining buy-in from staff and volunteer leadership can be more challenging. Most organizations struggle to keep their planned giving program going because either staff or volunteer leadership change and the newly appointed individuals are not as excited about planned giving as their predecessors.

To overcome this, you need to create a volunteer Planned Giving Committee to be the champions of your planned giving program. They will be the “voice of reason” when budget cuts or turnover threaten its future. They will also be your sounding board as you create your planned giving program. You will go to them for feedback as you develop different elements of the program. The charities that have created volunteer Planned Giving Committees have reported that not only are the volunteers helpful in keeping the program going, they add tremendous value in the creation of the program and have become much more engaged overall with the charity.

One key to success will be selecting the members of your volunteer committee. We strongly encourage you to include your CEO, the head of finance, the volunteer head of your fundraising committee, your board treasurer, and anyone else interested in building your planned giving program. We understand that you may serve in several of these roles yourself! If that is the case, look for volunteers who have already set up a planned gift or endowment for your charity. Ideally this committee will have about five members, plus you.

To invite members to serve on the committee, we suggest that you first call to ask if they will be willing to serve. After the call, use the **planned giving committee memorandum** (PGB2-0102) and customize it for your organization.

**Project 3: Ask Your Volunteer Committee to Complete the Readiness Questionnaire**

Now that you have verbal commitments from your Planned Giving Committee, it is time to customize the readiness questionnaire for them to fill out. You have already used this questionnaire for Project 1, but now you should customize it for your organization (PGB2-0101).

*When you have customized the questionnaire and the memorandum, send them together with a business reply envelope to each of the volunteers who have agreed to be on your committee. Wait a week, and if you do not have the surveys back, call each person and ask them to fill out the survey and send it back. It should take them less than 5 minutes, so your call will be just the prompt they need. Be prepared to email additional copies of the survey or even take their answers over   
the phone if necessary.*

Once you have the surveys back, add up all the scores and determine your overall average score. If it is above 50, report back to your committee and share your excitement that you are well-positioned to pursue planned giving. If it is between 30 and 50, review the survey results and see if there are consistently low scores in one or two areas. If there are, report the results back to your committee and ask for their suggestions on how to improve in those areas. Remember, even with an average score of 30, your organization is ready to pursue planned giving.

Again, having your committee complete the questionnaire also serves to familiarize your volunteers with those unique organizational issues that will be crucial in conducting your planned giving program in a way that gets the best results.

**Project 4: Begin Measuring Your Success**

Most planned giving programs do not start to see maturing gifts for three to five years. While annual support will increase as planned gift donors become more engaged with your charity’s mission, planned giving receipts will take longer to quantify. It is vitally important to educate your staff and volunteer leadership, as well as your planned giving committee, about the true measures of planned giving success early on, so that unrealistic expectations do not derail your program before it begins.

The following activities are not only the true measures of success — they also help create it:

* The scope, depth and simplicity of the marketing effort;
* Institutional focus on the importance of donor-centered planned giving for its future;
* Celebration of planned giving donors whenever and wherever possible;
* Creation of planned giving prospect lists;
* Rewards for staff and volunteers who promote planned gifts;
* Creation of efficient information management systems;
* Education of staff, volunteers and prospects about planned giving; and
* Long-range planning and administration.

However, to ensure that there are quantifiable results, you should begin to track:

* Number of visits with planned giving prospects
* Number of quality contacts with planned giving prospects (including those through your marketing program)
* Number of marketing responses (and to which specific marketing pieces)
* Number of professional advisor meetings
* Number of legacy society qualifying asks
* Number of collaborations to discuss planned gifts
* Number, type and amount of planned giving commitments
* Number, type and amount of matured planned gifts

To assist in this effort, use PGB2-0103 below, a basic tracking report for your planned giving program. Ideally you will be able to track all of these results in your donor database and pull a report based on that data. However, if you do not have a donor database or prefer to use a spreadsheet, this report will get you started.

In the final week of Module II, we will use this report to help you evaluate your success in the first year. Successful donor-centered planned giving programs are marked by effective relationship building, stewardship, and a “donor-first” mentality. It’s what donor-centered is all about.

DOCUMENT PGB2-0103

Planned Giving Activity Tracker Template

To access the template, double click on the Excel icon below and save it to your computer.

