Asking the Right Questions: The Mysteries and Metrics of Planned Giving Programs

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Charity CEOs, COOs, and CFOs may find planned giving a mysterious and elusive activity and therefore difficult to manage. By using a set of key metrics and reports, managers can put the planned giving program into perspective, measure growth, and see warning signals before the program gets off track. In this session, you'll learn the role of planned giving in building donor commitment, organizational revenue, and development success; options in program structure; the infrastructure required for support; how to measure opportunity; and key reports and metrics. You'll also hear about best practices in the field and how to adapt these processes to your nonprofit.

I. The Revenue Opportunities

Revenue is the measure of success for every fundraising effort. Planned giving may appear to be one of the least attractive options because the income is deferred, on average, for 7 to 10 years from the date of commitment. Yet the donor's ultimate planned gift may be hundreds of times larger than his or her largest lifetime gift and making the commitment may increase their annual giving patterns.

A. Why Are Nonprofits So Interested in Planned Giving?

1. 2007 *Giving USA* Results

The Giving USA Foundation recently released *Giving USA 2007* estimating donors made charitable gifts of $295.02 billion in 2006, an amount representing 2.2% of the U. S gross domestic product (GDP).[1] Individuals contributed 83.4% of this amount, comprised of gifts of $222.89 billion (75.6%) from living donors and $22.91 billion (7.8%) from deceased donors. "Mega" gifts from individuals played an important role in giving; donors made at least 21 gifts of $100 million or more in 2006. Among these gifts was a $1.9 billion gift made by Warren Buffet. Foundation giving also increased in 2006, driven largely by increases in the stock market and additional gifts from donors. Table 1 shows the sources of 2006 charitable gifts.

TABLE 1
SOURCES OF CHARITABLE GIVING, GIVING USA 2007

Source	*Amount (in billions)*	*Percentage of Total*
Individuals	$222.89	75.6%
Foundations	$36.50	12.4%
Bequests	$22.91	7.8%
Corporations	$12.72	4.3%
Total	$295.02	100%

Religious organizations received $96.82 billion (32.8%) of this amount, once again the largest percentage of all recipients. The arts, which increased 9.9% to $12.51 billion, and education, which increased 9.8% to $40.98 billion, showed the greatest growth among charitable sectors. Charitable recipients are shown in Table 2.

[1] U.S. Giving Hits $295.02 Billion in 2006, "Giving USA 2007," The Giving USA Foundation, www.aafrc.org.

TABLE 2
RECIPIENTS OF CHARITABLE GIFTS, GIVING USA 2007

Recipient	*Amount (in billions)*	*Percentage of Total*
Religion	$96.82	32.8%
Education	$40.98	13.9%
Human services	$29.56	10.0%
Foundations	$29.50	10.0%
Public-society benefit	$21.41	7.3%
Unallocated giving	$26.08	8.8%
Health	$20.22	6.9%
Arts, culture, humanities	$12.51	4.2%
International affairs	$11.34	3.8%
Environment, animals	$6.60	2.2%

2. IRS Statistics of Income Analysis

The Spring 2007 IRS *Statistics of Income Bulletin* includes a state-by-state extraction of charitable giving data drawn from 2005 income tax returns of taxpayers who itemize. The report reveals 35.61% of all Americans filing income tax returns claimed itemized charitable deductions, and this group deducted $181.6 billion in charitable gifts in 2005. This figure, of course, does not include charitable gifts made by those who did not itemize. Table 3 provides a state by state analysis of the number of returns filed, the number of itemized deductions, the number of charitable deductions and the dollar value of the charitable deductions.

TABLE 3
ITEMIZED DEDUCTIONS FOR THE TAX YEAR 2005[2]

State	*Number of Returns*	*Number of Itemized Deductions*	*Number of Charitable Deductions*	*Dollar Value of Charitable Deductions (in thousands)*
Alabama	1,955,914	603,044	541,002	$2,785,924
Alaska	346,927	88,077	70,814	$275,757
Arizona	2,474,093	954,921	826,288	$3,373,704
Arkansas	1,153,654	287,936	244,006	$1,594,538
California	15,572,877	6,219,166	5,336,371	$24,450,235
Colorado	2,160,163	913,957	773,847	$3,152,757
Connecticut	1,681,956	756,359	677,964	$2,928,293
Delaware	402,938	149,792	132,255	$534,422
DC	282,474	120,463	105,252	$747,791
Florida	8,411,496	2,776,749	2,322,181	$11,346,130
Georgia	3,917,976	1,551,969	1,365,436	$6,528,789
Hawaii	621,014	208,043	180,850	$599,716
Idaho	613,932	216,983	181,860	$872,397
Illinois	5,836,193	2,134,444	1,867,448	$7,616,811
Indiana	2,883,701	891,252	744,916	$2,964,563
Iowa	1,346,535	429495	369,998	$1,284,346
Kansas	1,241,568	388,766	335,194	$1,512,725
Kentucky	1,779,856	554,060	473,007	$1,795,410
Louisiana	1,770,050	463,593	369,163	$1,657,061
Maine	621,150	196,777	166,070	$481,528
Maryland	2,674,329	1,337,918	1,192,798	$5,154,496

[2] IRS Statistics of Income Bulletin Spring 2007, www.irs.gov.

Massachusetts	3,083,021	1,287,789	1,149,732	$4,365,190
Michigan	4,562,770	1,694,912	1,489,540	$5,416,842
Minnesota	2,445,599	1,033,388	914,303	$3,376,088
Mississippi	1,169,598	309,696	262,176	$1,380,233
Missouri	2,610,839	833,106	706,497	$2,967,561
Montana	448,050	139,437	114,960	$393,810
Nebraska	816,053	253,156	223,314	$980,012
Nevada	1,150,204	428,759	361,102	$1,750,009
New Hampshire	650,233	237,741	201,911	$637,010
New Jersey	4,152,741	1,878,369	1,697,824	$5,822,982
New Mexico	843,476	226,931	186,402	$685,047
New York	8,715,913	3,381,583	3,071,129	$15,733,924
North Carolina	3,879,609	1,415,903	1,248,872	$5,464,617
North Dakota	307,235	58,361	48,536	$196,339
Ohio	5,459,548	1,887,513	1,565,330	$5,234,083
Oklahoma	1,495,579	459,739	391,399	$2,431,757
Oregon	1,645,481	688,536	571,951	$2,013,844
Pennsylvania	5,867,052	1,898,792	1,673,963	$6,259,240
Rhode Island	502,440	191,745	172,490	$447,356
South Carolina	1,885,351	621,499	551,156	$2,549,327
South Dakota	367,105	70,354	58,171	$358,708
Tennessee	2,657,790	686,807	587,026	$3,544,742
Texas	9,727,703	2,528,425	2,095,934	$11,901,153
Utah	1,030,683	416,846	375,675	$2,601,398
Vermont	309,831	94,853	76,211	$247,578
Virginia	3,491,196	1,411,199	1,239,949	$4,809,374
Washington	2,931,911	1,090,705	912,383	$3,721.762
West Virginia	753,593	135,762	108,320	$430,624
Wisconsin	2,656,046	1,025,544	877,418	$2,688,707
Wyoming	248,212	56,249	43,273	$435,601
Total All States	**135,257,620**	**48,163,827**	**41,394,670**	**$181,643,798**

3. Boston College Social Welfare Institute Projections

In 1998, researchers at the Boston College Social Welfare Research Institute published a study projecting the intergenerational transfer of wealth expected to occur between 1998 and 2052.[3] That study estimates the transfer will range from a low of $41 trillion to a high of $136 trillion, figures substantially higher than the frequently used $10.4 trillion figure developed in the 1990's by Robert Avery and Michael Rendall of Cornell.

The researchers based the simulation model on certain assumptions that included the following:

1. The baseline for household wealth in 1998 was $32 trillion.

2. The growth rate of wealth for the study period will range from 2% (low estimate) to 4% (high estimate) and will occur at a steady rate (no recessions, no high growth years).

3. Household savings, spending over savings, and growth in wealth will occur in certain age bands.

[3] A summary of the study can be found at <www.bc.edu/bc_org/avp/gsas/swri/> in the article entitled "Millionaires and the Millennium: New Estimates of the Forthcoming Wealth Transfer and the Prospects for a Golden Age of Philanthropy."

Havens and Schervish further projected that charities will benefit heavily from this transfer in an amount ranging from a low of $6 trillion to a high of $25 trillion. These projections were based in large part on their findings in reviewing trends in estate tax returns. Specifically, they found that:

- The top 1% of taxpayers (measured by income) contributed 33% of total charitable dollars in 1995.
- The top 4% of taxpayers (measured by income) contributed 40% of total charitable dollars in 1995.
- Estates of greater than $5 million contributed an average of 27% of their value to charity in 1995.
- Estates of greater than $20 million contributed an average of 40% of their value to charity in 1995.

In 2003, responding to concerns raised about economic changes that have occurred since 1998, Havens and Schervish published an updated commentary addressing the impact of slower economic growth, the bear markets of 2000-2003, longer life spans, the tendency to exhaust personal assets (leaving less to transfer) when life spans extend, and other issues impacting their earlier work.[4] They concluded that the $41 trillion estimate was valid and represented the low end of the potential transfer amount.[5]

4. Center on Philanthropy at Indiana University Bequest Study

The Center on Philanthropy at Indiana University (CPIU) has conducted two recent surveys that provide perspective for donor motivation and bequest giving. Its 2006 study, *Bank of America Study of High Worth Philanthropy* (the High Net Worth Study),[6] focused on high net worth giving habits and motivation and is discussed later in this paper. The 2007 study, *Bequest Donors: Demographics and Motivations of Potential and Actual Donors"* (the Bequest Study), surveyed 2,279 respondents in Indiana, St. Louis, and Memphis, combining it with data from the 2006 High Net Worth Study, to identify factors that not only identify potential bequest donors but detail donor motivation. Details of the Bequest Study are provided below. While both studies were conducted by CPIU, the Bequest Study focused on the general population and the High Net Worth survey focused on donors with assets greater than $1 million or income of $200,000 or greater.

a. Who Has a Will?

Researchers found only 48.4% of those surveyed had a will, a percentage slightly higher than the 44.4% reported by FindLaw in its 2002 study[7] and the 42% reported in NCPG's 2000 Survey of Donors.[8] These figures are sobering reminders that most individuals do not have a will adding a significant challenge to the solicitation of bequest gifts.

b. Demographics of Individuals with Current Bequest Commitments.

Overall, 7.5% of the Bequest Study respondents reported a gift to charity under will, slightly lower than the 8% reported in the 2000 NCPG survey and substantially lower than the 41.2% found among the High Net Worth Study respondents. However, the biggest surprise was the age of the donors who had

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[4] Havens, John J. and Paul G. Schervish, "Why the $41 Trillion Wealth Transfer Estimate is Still Valid," Planned Giving Design Center (Gift Planner's Digest, January 27, 2003), <www.pgdc.net>.

[5] *Id.*

[6] "Bank of America Study of High Net Worth Philanthropy," The Center on Philanthropy at Indiana University (Indianapolis, October 2006), www.bankofamerica.com.

[7] "Most Americans Still Don't Have a Will," FindLaw (August 19, 2002), http://company.findlaw.com/pr/2002/081902.will.html.

[8] Planned Giving in the United States 2000: A Survey of Donors, National Committee on Planned Giving (Indianapolis: 2000), www.ncpg.org.

made bequest commitments. Individuals age 40-50 reported the highest frequency of bequest commitments (28.1%) followed by individuals age 50-60 (21.9%) and age 60-70 (20.6%). By comparison, only 11% of the 70-80-year-old group and 8.9% of the 80+-year-old group reported a bequest under will. When the same question was put to the respondents in the High Net Worth Study group, individuals reporting bequests were more likely to be older, with the greatest concentration in the 50+ age group.[9] Both findings direct gift planners to younger donors than traditionally targeted by bequest programs which generally focus on donors age 65 and older. Results for the Bequest Study and the High Net Worth Study are reported and compared in Table 4.

TABLE 4
BEQUEST COMMITMENTS IN PLACE, BEQUEST STUDY AND HIGH NET WORTH PHILANTHROPY STUDY

	Bequest Study (March 2007)[10]	*High Net Worth Philanthropy Study (October 2006)*[11]
30-40	8.9%	1.4%
40-50	28.1%	9.4%
50-60	21.9%	19.3%
60-70	20.6%	27.5%
70-80	11.0%	25.1%
80+	8.9%	17.3%

c. Individuals Willing To Consider a Bequest Gift

One of the greatest opportunities for charities is the large percentage of the survey group - 31% - who would be willing to consider a bequest. The largest concentrations of these potential bequest donors are ages 40-50 (28%) and 50-60 (24%), as shown in Table 5. The data again suggests bequest marketing and solicitation will be more effective when focused on younger donors.

TABLE 5
INDIVIDUALS WHO WOULD CONSIDER NAMING A CHARITY UNDER WILL

Age Band	*Bequest Study*[12]	*Percentage of Sample*
30-40	18%	18.2%
40-50	28%	28.8%
50-60	24%	18.3%
60-70	5%	10.9%
70-80	3%	7.8%
80+	1%	3.7%

d. Relationship to Annual Giving

Though it will come as no surprise to seasoned fundraisers, donors who have made a bequest commitment averaged annual charitable gifts of $4,490, more than double the $2,043.21 average of donors who did not have a charitable organization in their wills. This result, as shown in Table 6, adds an immediate financial incentive to secure bequest commitments from donors. The gap was smaller between individuals who would consider a gift to charity under will and those who would not, as shown in Table 7.

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[9] Bank of America Study of High Net Worth Philanthropy, Initial Report, http://newsroom.bankofamerica.com/index.php?s=press_kit&item=63. This group, which comprises 3.1% of the population, is estimated give 2/3's of all household gifts in the United States.
[10] Bequest Study, Table 3.
[11] Bequest Study, Table 4.
[12] Bequest Study, Table 5.

TABLE 6
ANNUAL CHARITABLE GIFTS FROM BEQUEST SURVEY PARTICIPANTS: "DO YOU HAVE A BEQUEST TO CHARITY UNDER YOUR WILL?"[13]

Do you have a bequest to charity under your will?	*Average $$ to Charity Each Year*
Yes	$4,489.93
No	$2,043.21

TABLE 7
ANNUAL CHARITABLE GIFTS FROM BEQUEST SURVEY PARTICIPANTS: "WOULD YOU CONSIDER A BEQUEST TO CHARITY UNDER YOUR WILL?"[14]

Would you consider a bequest to charity under your will?	*Average $$ to Charity Each Year*
Yes	$2,526.03
No	$2,003.52

e. The Impact of Income on Bequest Potential

Finally, the study analyzed the likelihood of a bequest inclusion or bequest consideration by income level. The researchers found bequest giving – and the potential for new bequests – was strong across all income levels, a powerful reminder bequest giving is not exclusive to major gift donors or driven by taxes alone. Table 8 reflects incidences of bequest intentions, and the potential for bequest creation among five income levels.

TABLE 8
BEQUEST INTENTIONS AND POTENTIAL FOR BEQUESTS AMONG VARIOUS INCOME LEVELS[15]

	>$25,000	*$25,000 - $49,999*	*$50,000 - $74,999*	*$75,000 - $99,999*	*$100,000+*
Bequest in place	6.6%	7%	7.6%	6.5%	10%
Would consider bequest	28.4%	34.6%	28.8%	25.99%	35.63%

B. Why Do Donors Make Planned Gifts?

1. *Planned Giving in the United States 2000: A Survey of Donors*[16]

In 2000, the National Committee on Planned Giving conducted a survey of planned gift donors, focusing specifically on donors who had completed bequests, charitable remainder trusts and charitable gift annuities.[17] The study found these donors executed their first will at age 44 and their first bequest at age 49. In addition, they reported the following information about the demographics and motivation of planned gift donors. These statistics, set out in Tables 9 and 10, emphasize the opportunity in all age and income groups.

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[13] Bequest Study, Figure 3.
[14] *Id.*
[15] Bequest Study, Figure 6.
[16] *Planned Giving in the United States 2000: A Survey of Donors*, National Committee on Planned Giving, Indianapolis, Indiana (2000), www.ncpg.org.
[17] A copy of the survey can be ordered from the National Committee on Planned Giving, 317-269-6274. An order form is available on NCPG's website at www.ncpg.org, The survey cost is $30.

TABLE 9
DONOR CHARACTERISTICS - AGE

	Bequests	Charitable Remainder Trusts	Charitable Gift Annuities
18-34	3%	6%	1%
35-44	14%	10%	6%
45-54	26%	18%	13%
55-64	22%	20%	9%
65-75	20%	23%	24%
75+	14%	24%	44%
Mean	58	62	68

TABLE 10
DONOR CHARACTERISTICS - INCOME

	Bequests	Charitable Remainder Trusts	Charitable Gift Annuities
Under $20,000	11%	10%	11%
$20,000 - $34,999	12%	12%	18%
$35,000 - $49,999	13%	11%	21%
$50,000 - $74,999	22%	16%	18%
$75,000 - $99,999	14%	14%	6%
$100,000 - $124,999	12%	12%	11%
$125,000 - $149,999	5%	7%	6%
$150,000 - $174,999	4%	4%	1%
$175,000 +	8%	15%	5%
Median (in thousands)	$60.4	$70.7	$51.1
Mean (in thousands	$75.9	$86.3	$67.0

2. Bank of America's Study of High Net-Worth Philanthropy

The 2006 High Net Worth Study sponsored by Bank of America focused on the philanthropic profile, motivations, and goals of high net-worth individuals. Surveys were sent to 30,000 high net-worth households, defined as those with incomes of more than $200,000 and/or assets exceeding $1 million. This high net-worth group represents 3.1% of all U. S households and is responsible for two thirds of U.S. philanthropy.[18] Key findings from this research included the following:

- 98% of high net-worth households made a gift to charity in 2005.[19]

[18] *Bank of America Study of High Net-Worth Philanthropy*, Initial Report, Center on Philanthropy at Indiana University (October 2006), http://newsroom.bankofamerica.com/index.php?s=press_kit&item=63.
[19] Id, p 5.

♦ The top motivations for charitable giving focused primarily on the impact and purpose of the gift. The top nine responses are listed in Table 11.[20] Factors that would motivate additional gifts are detailed in Table 12. [21]

TABLE 11
IMPORTANT MOTIVATIONS FOR GIVING

Motivation	*Percentage Citing Motivation*
Meet critical needs	863%
Giving back to society	82.6%
Reciprocity	81.5%
Bring about a desired impact	685%
Believe nonprofits should provide services government cannot provide	64.4%
Being asked	62.4%
Set an example	62.1%
Identification with causes	62.1%
Religious beliefs	57%

TABLE 12
FACTORS THAT WOULD PROMPT ADDITIONAL GIFTS

Factor	*Percentage Citing*
Charities spent less money on administration	74.8%
Donor was able to determine impact of his/her gift	58.3%
The donor felt more financially secure	52.7%
The donor received a better return on investments	46.6%
Donor was not already financially committed	40.2%
Knew of more nonprofits	36.3%
Able to use skills in nonprofits	36.1%
More access to research	34.7%
Understood goals of nonprofits	31.1%

♦ The survey group had created both current and deferred charitable gift vehicles as shown in Table 13.[22] (Note: this does not include outright gifts to charity annual appeals for operating funds.)

TABLE 13
TYPES OF CHARITBLE GIFT VEHICLES USED BY HIGH NET-WORTH DONORS

Type of Charitable Gift	*Percentage Who Have Created This Type of Gift*
Contribution to major campaign	64.6%
Provision for charity in will	41.2%
Used stocks or mutual funds to make gift	31.8%
Created foundation	19.5%
Created donor advised fund	15.9%
Used stock of family-owned business to make	14.7%

[20] Id., p. 6.
[21] Id. p. 7.
[22] Id., p. 7.

gift	
Used non-financial, physical asset to make gift	123%
Created a split-interest trust (charitable remainder trust or charitable lead trust)	11.5%
Charity as beneficiary of IRA or retirement plan	10.2%
Charity as beneficiary of life insurance policy	5.7%

II. The Importance of Planned Giving to Nonprofit Development Programs

Analysis of the charity's planned giving program should begin with an internal case for support. This internal case should detail the role and importance of planned giving. For most charities, the case for planned giving is compelling. Elements of the case statement include the following.

A. Diversification of Revenue

Conduct an analysis of the charity's revenue stream over the last ten years separating revenue by:

- Donations from individuals
- Bequest/deferred gift revenue
- Donations from corporations
- Grants from foundations
- Government revenue
- Special events
- Direct mail
- Income from endowment/investments
- Other significant lines of revenue

Analyze the diversity of the charity's revenue and identify any single source of revenue on which the charity is overly dependent. (The percentage of revenue representing "dependence" will vary depending on the number of lines of revenue, but any line of revenue representing 25% of more of total revenue is "critical.") Identify lines of revenue that fluctuate dramatically over the period. Also examine the impact of economic cycles such as the period from 2000 to 2003 on specific lines, especially corporate, foundation, and government revenue which tend to turn down in such cycles. Planned giving revenue – and the resulting endowment income if planned gifts are committed to endowment – can provide a way to expand, diversify, and stabilize development revenue through these periods.

B. Expanding Options for Donors

Planned gifts allow donors to build endowment or support the charity through gifts that pay income (charitable gift annuities, charitable remainder trusts, or a pooled income fund) as well as to make gifts through their estate plan (such as bequests, insurance beneficiary designations, retirement plan beneficiary designations, pay on death accounts, or transfer on death accounts). These gifts expand donor options and the likelihood the donor will support the charity. Although many donors cannot make a major gift during life, they can make a significant gift through their estates. Bequest averages vary dramatically by charity and by charity type, ranging from as low as $10,000 at some charities to well over $100,000 at others, any of which would represent a major gift.

C. Leveraging Donor Relationships

Charities invest time and money in developing new donors. Planned giving allows charities to leverage those relationships to create additional gifts. Donors will not make planned gifts to the exclusion of annual gifts unless they are asked to do so. Rather, these donors will make ongoing annual gifts,

periodic capital campaign gifts, and ultimately a deferred gift – so long as expectations and outcomes are clearly explained. These are invested donors who support the charity's mission.

D. Strengthening Donor Commitment

As revealed by the CPIU Bequest Study, donors who make bequest commitments give, on average, more than double the annual gift amount of donors who have not made a bequest commitment. This pattern is also revealed by anecdotal client studies which show that bequest donors who receive ongoing contact and stewardship increase their annual gift at a higher rate than other donors, and are more consistent donors than the donor pool as a whole.

E. Building Permanent Revenue Streams

Every charity is at risk of losing its individual donors because they may move, turn their attention to other charities, or die. When a charity loses a donor, it must then replace that income by recruiting a new donor or finding another source of revenue. It is especially painful to lose a major gift donor who may be giving $10,000 or more a year. A bequest or other planned gift serves to endow the donor's annual income stream with a permanent stream of revenue for the charity. (This assumes the charity allocates the bequest or planned gift to endowment rather than spending the gift as operating income.)

III. Planned Giving Management Hurdles

To many charity managers, planned giving appears to be a mysterious process premised on an uncomfortable topic – the donor's death. Consider these other common hurdles to planned giving programs.

A. The Process

Eighty to eighty-five percent of most planned gifts – for charities with new programs as well as more sophisticated, established programs – are revocable gifts effective at the donor's death. Conceptually, senior management may have the following concerns:

- ♦ *Chasing the dead*. The fact that most planned gifts become final at the donor's death seems ghoulish. This may be a difficult topic to discuss, even in the abstract.
- ♦ *Commitments are revocable*. It is hard for even the most enlightened CFO or CEO to get excited about a gift that is not enforceable and may vanish before the donor's death.
- ♦ *The gift commitments are vague*. Often, donors will not reveal the details of a gift. In fact, most donors will not even reveal they have made a gift. This means it is difficult to analyze the return on investment in planned giving marketing, staff, and related activities.

B. Lack of Control

Charitable managers have concerns about control on two levels. First, they do not feel they can control the cash flow from planned gifts as they can in other revenue areas. Second, most charities prefer unfettered control of the gift assets and find donors are increasingly placing restrictions on the use of funds.

1. We Can't Control the Cash Flow

CFOs and senior charity management use budgets and predictable cash flow to manage programs and overhead; estate gifts cannot be budgeted so easily. Donors are not cooperative enough to wake up, read the annuity tables, and know the day has come to breathe their last breath to enable an efficient cash flow from their estate to charity and heirs. If the charity cannot control and predict the cash flow, the income stream may be less attractive. To further complicate matters, many estate gifts seem to drop from the sky – the charity may not have known about the gift or known the donor. This adds a mysterious

quality to the work and suggests the charity may not even need to do a thing – gifts will come with or without the investment in the planned giving program.

2. Those Control-Oriented Donors

Donors can also create gift administration problems. Once they consider placing a restriction on a gift or directing its use they seem to get carried away. They may restrict their gift for a very narrow purpose or program, may restrict use of income, or may even restrict the long-term investment structure for the assets. The resulting gifts are problematic because the gift purpose may or may not fall within the charity's mission or priorities or administering the gift may be expensive. Further, income and investment restrictions may require the funds be managed independently rather than as part of an endowment pool.

3. Those Pesky, Secretive Advisors

Donor advisors – attorneys, accountants, financial planners, and similar professionals – add another level of frustration to a charity's efforts to quantify gift commitments. The charity's CFO or Development Officer may find it agonizing to receive a call from an advisor inquiring about the charity's legal name, or requesting its tax identification number, while refusing to reveal the client's name, the form of the gift, or the amount of the gift. However, professional advisors are bound by confidentiality. Building relationships with advisors will improve communication but will not overcome the need for confidentiality.

C. The Cost

Planned giving programs cost money, and unlike other fundraising programs, they do not produce an immediate return. A successful plan giving requires an investment in:

- *Head count*: Planned giving is based on relationships, and relationships require people.
- *Data management*: Planned giving is most successful with accurate, detailed, long-term data; this requires a serious commitment to software, software protocols, and a strong data manager.
- *Marketing materials*: Planned giving concepts are difficult for donors because they are complex and tax driven; this requires user-friendly, charity-branded print and electronic marketing materials.
- *Travel and entertainment*: Cultivation, developing relationships, and gift solicitation require face to face time with donors. This face to face time may be through annual events honoring current donors, to seminars, to face to face visits. The planned giving budget must allow for such expenses.

D. Dashed Dreams

Every charity struggles with finding current dollars to keep doors open and programs operating; fundraising success is measured by the number of dollars that cross the threshold. Planned gifts operate on a different model involving future cash flow; this automatically reduces its priority in many institutions.

1. Show Me the Money (What Do You Mean There May Not Be Money for 7 to 10 Years?)

Since the majority of planned gifts are triggered by the donor's death, the cash flow from a gift commitment may not be transformed into cash flow for seven to ten years – or more if the donor is in his 50's or 60's at the time of the commitment. Where's the excitement in that type of gift, especially if the commitment is revocable, cannot be booked, and cannot be spent?

2. Mega Gift Focus

The latest trend in fundraising is the mega gift. *Giving USA 2007* reported at least 21 donors made gifts of $100 million or more in 2006, led by Warren Buffet's $1.9 billion gift to the Bill and Melinda Gates Foundation. There are also an increasing number of comprehensive capital campaigns in excess of $1 billion dollars, a trend that extends well beyond the field of high education into health care, human services, and the environment. The focus on bringing gifts of $100 million in the door makes $50,000 and $100,000 bequest gifts due at some undetermined future date less attractive.

3. Campaign Nightmare Material

Finally, there is the trend towards comprehensive campaigns in which donors have the option to make a current cash gift or a future estate gift to fund campaign objectives. If not managed well in positioning options with donors and with clear counting and valuation policies for campaign, charities can find themselves at the end of a "successful" campaign with no money for current spending objectives for buildings, new programs, etc.

E. The Temptation to Shut Down the Program

This combination of the factors described above may lead some charity managers to do the math, compute the return on investment, and shut the planned giving program down after 3 or 4 years. This creates the most damage to future potential at all. The temptation is understandable, and generally results from an inability to quantify results, and the need to use the charity's funds as effectively as possible.

1. Not Impressed By the Pipeline

One of the most compelling reports a charity can use to measure the health of its program is a gift commitment pipeline detailing the specifics of its current deferred gift commitments. (This is discussed in more detail in the reporting section of this presentation.) There are many CEOs and CFOS who are not impressed by this list of revocable future gifts. After all, FASB won't allow you to book it; you can't spend it; and the donor may change his or her mind. The charity may prefer to spend its budget dollars pursing cash – cash feels right, can be counted, and can be spent.

2. Reducing or Eliminating the Program

One of the first steps in reducing budget may be to cut back on travel, marketing, and staff. There was an epidemic of these cutbacks in the difficult economic times of 2000 – 2003 when markets were down, donors pulled back on their gifts and commitments, and charities lost foundation, corporate, and government dollars as well. Charities that cut planned giving budgets in 2000 are just now beginning to see the negative impact on bequest cash flow.

F. Liability

The final roadblock for planned giving is the fear of liability – for the charity, its board, and its staff. The gift planning discussion opens doors for new gift forms and unusual gift assets. Every charity has heard horror stories of the real estate gift that became a super fund site, or the gift of the yacht that sank, or the gift annuity whose assets dwindled leaving the charity to fund the annuity. Or, as mentioned above, the planned gift commitment in campaign for a new biology building that has not matured, leaving the university in a bind to cover the costs.

Add to those cautionary tales the rash of lawsuits getting headlines involving donors or donor families suing charities to enforce gift terms. Some of the current headlines involve the Robertson family suit against Princeton, the Barnes Foundation in Philadelphia, or the Maddox Foundation in Tennessee.[23]

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[23] For more information, please contact the author for a copy of "Perfecting Donor Intent," the subject of a Heckerling Institute presentation and small group presentations around the country.

In truth, this is the real downside for charities that accept gifts subject to donor restrictions without the administrative ability or organizational commitment to honor that donor's wishes.

IV. The Key Elements of Infrastructure Required for Success

Successful planned giving programs – defined as programs that generate a steady, increasing, stream of funds for the charity – are built on a solid infrastructure. There is no substitute for being prepared. Without preparation, charities have a much greater exposure to liability and potential for disaster. The key elements of required infrastructure are discussed in more detail below.

A. Gift Acceptance Policies and Procedures

The most effective way to expand donor gift options and limit liability is through adoption of an effective set of gift acceptance policies and procedures. Clear standards will minimize a charity's liability in acceptance and management of gifts and facilitate discussions with potential donors and their advisors about these issues and opportunities. Specifically the gift acceptance policies should address:

- Acceptable asset types with emphasis on the non-marketable assets such as real estate, closely-held stock, tangible personal property, intellectual property, and insurance policies.

- The acceptance process for these gifts, including the criteria used to evaluate acceptance, and the designation of an individual or committee responsible for the final acceptance decision, and the department or units responsible for management of the gift upon completion. I prefer a set of questions for each non-marketable asset to guide the discussion about the marketability of the gift, the costs to hold and sell the gift, the manner in which the proceeds will be used, and questions to identify any specific liability associated with the asset such as environmental liability for real estate. The questions should be answered, reduced to memo, and a written recommendation made to a gift acceptance committee that includes representatives of the charity's development, legal, and finance departments along with a representative of the Board of Directors. Creating the guidelines allows the finance and gift planning staffs to work through any internal disagreements on these issues before the donor is at the table expecting an answer, and allows staff guidelines (and a defensive mechanism) to turn gifts down when necessary.

- Limitations, if any, on assets and structures for certain gift types (such as charitable gift annuities, charitable remainder trusts, and pooled income funds). For example, I generally recommend that charities limit charitable gift annuity funding assets to cash and marketable securities; I also recommend charities place limits on the income beneficiaries' minimum ages, the number of beneficiaries, and the gift size for charitable gift annuities and trusts naming the charity as sole or co-trustee.

- A position statement stating the charity will not serve as Trustee or Co-trustee of charitable remainder trusts but will use a professional fiduciary to serve in this role.

- Restrictions on specific uses of gifts, including commitments to endowment. This includes any limitations on size for separately-accounted gifts or naming opportunities.

B. Donor Management Policies

In this age of increasing scrutiny of ethics, every charity should have policies on ethics, on donor care, and on donor stewardship. These policies should cover:

- ♦ The adoption of the industry standards of ethics - I recommend the charity, at a minimum, embrace types of fundraising efforts the charity will engage in. For example, many charities adopt policies that prohibit participation in large scale insurance schemes such as dead pools, investor owned life insurance sales, and the like. I also recommend the charity adopt the

"Model Standards of Practice for the Charitable Gift Planner" promulgated by the National Committee on Planned Giving[24] and the "Donor Bill of Rights" promulgated by the Association of Fundraising Professionals[25] which address disclosure, ensuring separate representation, and ensuring behavior within the spirit and letter of the law.

- Confidentiality practices
- Standards for thanking donors – such as the response time to acknowledge gifts within a set number of business days after receipt of the gift
- Standards for stewardship, which includes reporting, ongoing non-solicitation contact, thank you events, personal notes and personal calls
- A commitment to advisor donors to seek separate counsel when considering gifts and proposals

C. Data Management Policies and Protocols

Planned giving prospecting and marketing is extremely successful when based on accurate, complete, long-term donor data; this includes data on past marketing campaigns, information about donor contacts with the charity (personal visits, event attendance, committee participation, etc.). Without this information, the charity must do broadcast marketing across its database and will not only have less success but will have little way to gauge the effectiveness of its marketing activities.

The commitment to building and maintaining great data requires:

- Policies and procedures on input, including checks and balances to ensure the information is correct, filters for the type of information maintain, and a process for ongoing review
- Limitations on those individuals who can input data. While all gift officers should be able to input memos of visits, few individuals should be able to input or change gift fields, change of address, donor name, key interests, and other critical fields.
- Staff to oversee and manage data input to ensure quality, up to date records, and up to date software
- Great software that tracks not only cash, but noncash gifts and deferred gifts of all forms. Many software vendors – like Raiser's Edge – have added this functionality. On other systems, it must be designed through tables and free fields.
- Broad reporting options, or in the alternative, consultant-designed reports that can be run on a regular basis with a change in the date fields

D. Counting and Valuation Policies

A bequest commitment – which is revocable, deferred, and often not quantifiable until the donor's death – cannot be counted or reported in the same manner as a current cash receipt. The charity must have counting and valuation policies for deferred gifts that allow it to appropriately measure it success in its planned giving program as well as progress in campaign. The National Committee on Planned Giving has

[24] "The Model Standards of Practice for the Charitable Gift Planner" is available on the NCPG website at http://www.ncpg.org/ethics_standards/model_stds.asp?section=7.

[25] "The Donor Bill of Rights" is available on the AFP website at http://www.afpnet.org/ka/ka-3.cfm?content_item_id=9988.

published recommendations on "Valuation of Planned Gifts"[26] as well as "The Guidelines for Reporting and Counting Charitable Gifts"[27] which offer an excellent starting point for both tasks.

E. The Endowment and Endowment Policies

Endowment and planned gifts are closely related. If the charity wants to encourage donors to make long-term gifts for the perpetual benefit of the charity, it must have a clear way to hold, manage, and administer these funds. An endowment is the logical choice.

While many charities have endowment investment management policies, they lack endowment policies covering endowment gift structure, spending policy, distribution of funds (including checks and balances for donor-restricted funds requiring alignment with specific line items), and donor stewardship. Without clear guidelines, the charity will have difficulty:

- *Communicating the role and purpose of endowment* – many charities with endowments as large as $1 billion keep the funds hidden from public eye for fear donors will not provide annual support if they realize the charity holds so much in endowment. In these cases, the charity needs an endowment case statement, and a way of structuring and reporting the funds to communicate impact.

- *Setting parameters for new funds and sticking with those rules* – this is especially difficult when endowments are established in the field by development officers with gift goals. These officers – if they have the authority to approve new endowments – may be willing to agree to donor requests for small funds, investment restrictions, or specific spending policies that make the gift difficult to manage in the endowment pool and most costly to administer.

- *Administering the funds and fund restrictions* – too often in reviewing endowments I find the charity has lost or misplaced the documents governing restricted funds, or is not entirely sure that the restrictions and specified use was an oral request or written directive, has so many funds it cannot report to donors on a timely basis, and has so many small funds it is losing money (in terms of staff time) to allocate gains, losses, distributions, and additions to these funds.

- *Maintaining donor satisfaction* – donors create endowments and then never hear from the charity again, primarily because fund management is isolated in the finance department, an area that has no donor contact.

Charities should also consider allocating all unrestricted bequests to endowment for at least two reasons:

- Most bequest gifts come from the organization's most consistent annual donors. The donor will no longer make those annual gifts, but the bequest gift – if allocated to endowment – can replace the donor's annual income stream by producing revenue in perpetuity.

- Budgeting estate gifts in an operating budget has several downsides. First, the revenue is inconsistent and difficult to budget. The charity may receive several million dollars one years, and only $100,000 to $200,000 the next. If programs depend on the date the donor dies and the speed with which the estate is administered (factors the charity cannot control) there will certainly be years of anguish and years of excess. Further, the charity – which increases

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[26]"Valuation of Planned Gifts" is available on NCPG's website at http://www.ncpg.org/ethics_standards/press_release.asp?section=7.

[27] "The Guidelines for Reporting and Counting Charitable Gifts" is available on NCPG's website at http://www.ncpg.org/ethics_standards/counting_gifts.asp?section=7.

its budget each year – will have to replace that revenue in the following year. This can prove difficult.

V. Report Metrics

Another important element of infrastructure – and the topic at the heart of this presentation – is goal setting and reporting. The two are closely tied. Start with the reporting to provide context for the goals. Then set goals based on your charity's staff, readiness, and budget.

A. Questions to Ask to Establish Readiness

Not every charity is ready to begin a planned giving program or endowment building. Begin your analysis with the following review. These reviews should be conducted annually to measure progress.

1. The Growth Rate of Annual Donors

Planned gift donors are a subset of the charity's donors, and are generally those donors, at every income and donation level, who are the most consistent contributors. Those charities with healthy, growing fundraising programs will have the most potential for planned gifts. This starts by ensuring the annual donor numbers are increasing year over year. If the charity is not engaging new donors, it will steadily lose giving power as donors move away, find other charitable interests, or die.

2. Donor Ages

Age is a key field for planned giving. Donors behave differently at various personal and economic stages of life. As noted earlier, the recent CPIU Bequest Study found the opportune time to approach donors for a bequest commitment is when they are 40-50 (for less affluent donors) or 50-60 (for more affluent donors).

Check your donor database to ensure you have ages for at least 75% to 80% of your active donors. If you do not have ages for your donors, use a vendor to do an age overlay and update your files. Then separate your donors into 10-year age groups, noting both the donor count in each 10-year band, and the percentage of the total donor base represented by each group. This is the most effective way to review donor aging and its potential impact on revenue.

Two trends may signal problems for general revenue or planned gift revenue: a donor base heavily weighted towards older donors, or one heavily weighted towards younger donors.

(a) *Donors files heavily weighted towards older donors.* Charities whose donors are heavily weighted with donors age 60 and up may not be adequately replenishing donors on a generational basis and may need to fine tune the case for support and marketing messages to attract younger individuals. An older donor weighting may also make the strongest case for planned giving, not necessarily because of the age of the donors but because the charity may be at risk of losing a substantial part of its revenue associated with those donors. Isolate the dollars associated with donors age 80 and up representing those donors who have reached or exceeded life expectancy.[28] These dollars are at short-term risk of disappearing, not only through death but also because older individuals often move to nursing or retirement homes, children take over the finances, and charitable gifts are discontinued.

(b) *Donor files heavily weighted towards younger donors.* A data base heavily skewed towards younger donors can also be problematic for planned giving, primarily because these donors have not yet been fully developed, they are not yet thinking about estate planning and bequests, and the interval between gift commitment and gift maturity may be 30 or 40 years rather than 7 to 10. A healthy, growing

[28] Life expectancy for those born in 2004, the most recent year for which the National Center of Health Statistics has published data, is 77.9, or 75.2 for men and 80.4 for women. Health, United States, 2006, National Center for Health Statistics, http://www.cdc.gov/nchs/fastats/lifexpec.htm.

charity will build donors in each age bracket and focus on messaging and activities in the weakest age brackets.

3. The Donor Retention Rate

Every charity knows intuitively that the donor retention rate is a key indicator of the organization's effectiveness in increasing year over year fundraising revenue and meeting donor needs and expectations. However, few charities monitor this figure as diligently as it should be monitored. Measure donor retention rates for both first time donors and multi-year donors (multi-year retention rates should be substantially higher than first year retention rates) and work to increase both rates. The "right" retention rate will depend on the charity's type, the maturity of its fundraising program, and the nature of the donor relationship (i.e., member, direct mail donor, event attendee, major gift donor, board member). It is important to establish a baseline in each of these groups and then work towards moving those numbers to a higher level. Talk with others in your field about the numbers they achieve in setting your own benchmarks.

4. The Number of Multi-Year Donors at the 5-, 7-, and 10-Year Levels

While not absolute, the single greatest indicator of planned gift potential is a multi-year donor at any gift level. To get a sense of your organization's fundraising maturity and potential, use the donor database to run a count of donors who have given for:

- 5 or more years
- 7 or more years
- 10 or more years

Then, monitor the count of these multi-year donors each year. The number of donors in each giving category should grow, especially if you are focused on the donor retention rate.

5. The Growth of Major Gift Donors

A steadily increasing number of major gift donors (and a high retention rate for those donors) usually indicates the charity has a solid, relationship-based fundraising program and places emphasis on stewardship and leveraging donor commitment and potential. Relationship-based fundraising – requiring face to face donor visits using staff and volunteers who discuss organizational and donor priorities – is a cultural change that occurs as the charity's fundraising program matures. If the charity is focused only on direct mail solicitation of donors – and has not made the turn to donor cultivation and relationships – it will find it uncomfortable and difficult to talk to donors about estate planning and planned gifts. Assess where your organization is in relationship-based fundraising and major gifts.

6. The Number of Annual Calls on Donors

Calls on donors are critical in building relationships, interest, and partnerships with donors. Set goals for the number of monthly calls made by each major and planned gift officer, and measure the progress to goal. Planned gifts are not developed behind a desk – but only in active conversations with donors.

7. The Number of Bequests Received Each Year

Most organizations will receive one or more planned gifts, even without a planned giving program. If the organization is receiving unsolicited planned gifts, this is a sign of both donor confidence in the organization and its effectiveness, as well as a signal that the organization has potential to dramatically increase those gifts through active solicitation. The more you know about your bequests and bequest donors, the better job you can do of profiling other donors in your database who have not made gifts, and in predicting long-term revenue. Here's what you should know:

a. The Number of Planned Gifts Received Each Year

If you do not have a way of segregating this income, and tracking bequests, these dollars will get rolled up into other cash gifts from individual donors and you will lose the ability to analyze your results. Track:

- Estate gifts (bequests and bequest substitutes) *Note: Estate revenue may come in over 3 to 5 years as the estate makes partial distributions. Consolidate the distributions so that you can measure the gifts by donor, rather than counting each distribution as a separate gift.*
- Insurance beneficiary designation revenue
- Retirement plan/IRA beneficiary designation revenue
- Pay on death and Transfer on death account revenue
- Charitable remainder trust terminations
- Charitable gift annuity revenue
- Any other similarly unique revenue line

b. The Average Planned Gift Size Compared to Other Giving

Average gift size varies dramatically from organization to organization and depends largely on the average annual gift, type of gift solicitation, program maturity, and organizational visibility. Using your records (set out above), determine the average size of the gift in each category of gift each year and track trends. Averages in the field may range as low as $10,000 to $100,000, with industry averages generally falling in the $35,000 to $70,000 range.

Once average gift planned gift size is established, compare that gift to the donor's largest gift and cumulative gifts for the ten previous years. Record those on a worksheet so that you can develop a ratio of the average bequest size to the donor's largest gift and 10-year cumulative giving history. This ratio may be as small as 50 times the donor's largest gift to a ratio of more than 5,000 times.[29]

c. Did You Know About the Gift?

Finally, keep track of whether you knew about the gift prior to death (the donor was a member of your Legacy Society and the gift was in your pipeline) or not. This will help you establish the ratio for known gifts. Some charities find they have done a good job of asking donors to come forward, of recognizing donors, and of making face to face asks; these charities may know about 1 in every 4 gifts. This means for every gift they know about, there are 3 they do not know about. This gives the charity a way to gauge the depth of the gift pipeline. Other charities may find they only know of 1 in 8 gifts. This signals a need to have more, better focused, case-oriented conversations with donors. The goal it to increase the number of gifts you know about prior to death.

B. Non-Financial Metrics

In fundraising, dollars have long been the measure of success. This is why it is often so hard to build enthusiasm about planned giving programs – new programs simply do not generate much in the way

[29] I had a client with a primarily direct mail fundraising program with many bequest donors whose average bequest gift was approximately $35,000; this figure was more than 5,000 times larger than the average largest gifts these donors made during their lives.

of current dollars. Planned giving programs should measure not only financial success (detailed in the next section) but also non-financial results that produce gifts. These measures include:

1. The number of members of the Legacy Society;
2. The growth in new members of the Legacy Society;
3. Repeat gifts from members of the Legacy Society;
4. The number of calls made to planned giving prospects (including stewardship and cultivation calls);
5. The number of calls on which major gift officers introduced a planned giving idea on a major gift call;
6. The number of planned giving proposals prepared for donors;
7. The number of gift commitments;
8. The number of training events for staff and board; and
9. The number of marketing “asks” or articles.

C. Financial Metrics

Of course the goal of a planned giving program is to ultimately generate revenue. Financial metrics include an analysis of current revenue and trends as follows:

1. Annual deferred gift revenue by type;
2. A year over year analysis of planned gift revenue by type to identify trends;
3. Annual giving rates of increases for donors who have made deferred gift commitments (compared to increases among the non-committed donors in the database); and
4. Consistency rates for donors who have made deferred gift commitments (compared to consistency rates for non-committed donors in the database)

D. Annual Analysis of Health of Program

1. *The planned gift pipeline* – The pipeline is the single most important monitor of planned giving success. It should contain the names of all donors, the type of gift commitment, and the estimated dollar amount of the gift. While you may only know gift amounts for 30% to 50% of the group, your will quickly build a significant figure representing future revenue. If you have gift averages with long-standing credibility, you can even apply these figures to donors with unknown amounts to get a rough projection of the future revenue built through gift commitments. You cannot bank on this amount, but it will add credibility and substance to support the investment in the program;

2. *Marketing response rates* – Charities should track their marketing efforts in detail, noting the cost of the marketing initiative, the number of recipients, the number of individuals responding to the appeal, and the number of gifts closed as a result. This is sometimes hard to do. A donor may receive a newsletter in the Spring of 2007 discussing charitable gift annuities and may not respond until two or three years later when they enter retirement. Some responses will be obvious because they arrive on response devices specific to the appeal; others may only be determined by asking the donor what prompted the gift. Keeping these statistics is the best way to fine tune the marketing program to spend dollars wisely and effectively.

3. *Year over year revenue trends* – As noted earlier, sometimes staff and marketing dollars are cut back and not replaced because revenue remains strong. The strong revenue streams, however, are generally the result of activities or visits that may have occurred ten years earlier. Over time, program revenue begins to slip because donors change their wills, no longer feel the organization has urgent

needs, or other related factors. A one year slip in revenue may be the function of a healthy donor base. A five year trend with slippage each year indicates the program has gotten off track.

VI. Ten Things You Can Do To Guarantee a Successful Planned Giving Program

#1: *As a member of senior management, you must understand the case for planned giving*. Participate – with the development team – in developing the case and in ensuring every staff member and board member understands and embraces the case for planned giving and endowment.

#2: *Use the right metrics to measure opportunities and results*. Set long-term revenue expectations, but measure short-term non-financial success. Realize that the health of planned giving correlates directly with the health of the fundraising program as a whole. Donors should be growing, retention rates should be increasing, and there should be sufficient staff to engage in relationship-based major and planned gift fundraising.

#3: *Use accounting codes that track revenue by source (and mirror tracking codes in the development system).* It is virtually impossible to recreate a ten-year revenue stream to identify trends and opportunities unless the revenue is coded in a way to pull it apart. If accounting and development do not coordinate this coding, it will be difficult to balance the accounting and development records. If you can track revenues, the bequest and other planned giving revenue may make its own case for diversification of income, increasing revenue, and increasing the charity's impact. Board and staff will respond more quickly to the charity's own revenue and potential in this area than stories about other charities' successes.

#4: *Oversee trust and estate management to maximize returns to the charity*. Attention on charitable trust management, gift annuity pool management, and estate management often receive little attention. These areas require active management and oversight. Review trusts to ensure the trust is invested appropriately for the trust goals (annual distribution made to the beneficiary, trust term, economic conditions, etc.) and to ensure corpus is growing or at least not dissipating at such a rapid rate that the trust will terminate early and your charity will receive no distribution. Also stay in touch with the donor, to ensure the donor is satisfied with the trust results, is receiving his or her payments on a timely basis, and receives tax information on a timely basis. Review the gift annuity pool to ensure reserves are healthy, can cover the obligation, and will leave a minimum of 50% of the original gift at the end of the annuity term. Also check with annuity donors to ensure they are receiving payments as expected and tax information on a timely basis. Stay on top of estate administration to ensure you have a copy of the gift, you can calculate the gift amount (you may need the Form 706 Estate Tax Return for this purpose), and so that you can maximize the delivery date of the gift.

#5: *Ensure the planned gift (endowment) investment team works with the planned giving team to appropriately invest deferred gift assets and communicate results*. Often there is a disconnection between finance and development once a gift is complete. There may be further disconnection between finance and investments in communicating specific gift goals, endowment spending, and the importance of reporting. This must be a coordinated effort. As senior managers, you can ensure success.

#6: *Make a regular review of policies affecting planned gifts*. This includes an annual review, at minimum, of gift acceptance policies and the gift acceptance process, endowment policies and the endowment acceptance process, data management policies and the success of those policies in ensuring accurate data, investment policies, and any other policies and procedures related to planned gifts. Assign these to committees of the Board with internal staff support.

#7: *Remove internal, staff roadblocks to planned giving success*. Senior management controls the effectiveness of the teamwork among staff. Actively:

- Ensure development office goals promote teamwork, not competition. Assign major gift officers non-financial goals related to planned gifts; give both major and planned gift officers credit for completed gifts when they work as a team. Focus on financial and non-financial results.

- Promote introduction of planned gift concepts on major gift calls. If major gift officers are trained to introduce planned gift concepts to donors, but are not measured on whether they do so, it will not happen. Major gift officers have the key relationships with donors. They should introduce ideas; the planned giving officer can then support the follow up. Asking a donor face to face to consider a planned gift dramatically increases the chance that donor will follow through. Major gift officers see the organization's top donors and may make thousands of calls (collectively) each year in big organizations. Make the "ask" important, train officers to have the conversation, give them marketing tools, and report on progress.

- Promote internal communication to profile potential donors, underscore the importance of this revenue, and emphasize its positive impact on other development efforts.

#8: *Ensure regular reporting on planned giving at the board and staff levels*. Boards and staff prioritize what they report on. Make ongoing reviews of the metrics of success, and report ongoing progress in planned giving. This includes recognition of new gift commitments, a review of the gift pipeline/projections, a quick story on how a gift was developed, and a quick idea about how to make a gift using insurance, real estate, a charitable gift annuity, or a retirement plan. This will generate energy and excitement for the program.

#9: *Allow planned gift officers to have access to board members; support them on those calls*. Planned giving officers should call on each board member and/or advisory board member in person to ask that they consider a planned gift. These calls will explore the board member's interests, how they became involved, and why they provide so much of their personal time to support the organization. Then, the officer will ask the donor to consider the future challenges faced by the organization, and how they can help address those challenges. It's an important call, not only to solicit the board member's personal support but to help them understand the role of planned giving and the course of the planned giving call. Follow up with regular reports in board meetings, reports and activity within the committee assigned responsibility for planned giving, and volunteer training to assist in calls. Once volunteers are involved on a personal level, there will be many, knowledgeable champions around the board table.

#10: *Take part in donor cultivation, stewardship, and solicitation.* Every senior member of the management team – whether CEO, CFO, COO, or Program Manager – has a role in donor cultivation and stewardship. Easy ideas include:

- Making 5 telephone calls each Monday morning to say thank you to a donor. The Planned Giving officer will prepare the list of five names, and the reason for the call. (It's the donor's fifth, tenth, or fifteenth gift, it's the donor's first gift, the donor has moved to a major gift level, or the donor has made a bequest commitment under his will; etc.) The call should only take 3-5 minutes; it does not involve solicitation; and it should produce a lot of positive feedback from the donor who will appreciate the call. Most likely, if you make five calls you will reach 2 donors and 3 answering machines. Just leave a message and it will accomplish the same impact. Don't be surprised if the donor who gets the message on the answering machine calls back to thank you for the call.

- Accompany a gift officer on a call to provide specific insights into the charity's priorities, operations, or programs.

- Attend thank-you and stewardship events such as an annual Legacy Society event simply to say thank you to donors. They will appreciate the fact you have found the event important enough to attend, and it will strengthen the donor's relationship with your charity simply to meet you.

VII. Final Thoughts

Success in planned giving results is not serendipitous – it results from planning, preparation, and placing value on donor relationships. Every staff member – especially senior staff – plays a support role. Without your attention and support, the program will not be as successful.

This session should focus you on the keys for success and ways to measure that success at your organization. And your involvement will not only increase success in planned giving, but the success of your development programs as a whole.

Get started today – and get ready for record-breaking revenue for years to come.

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