HOW TO JUMP START YOUR PG PROGRAM: A CASE STUDY

PG CALC WEBINAR

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Introduction

Is your planned giving program feeling tired? Sluggish? Is your program performing, but you want to take it to "the next level?" Speaking of which, what exactly is "the next level" and how do I know I've gotten there?

PG Calc has audited and advised planned giving programs for decades. No matter the size of your organization or your industry, we've seen what it takes to be a best in class planned giving program. You may be asking yourself some of the questions mentioned above.

I. The Charity

For this presentation, I'm going to suppose a representative charity. We'll call it "Charity Services." Our audits and consulting include charities with dozens of fundraisers and multi-million-dollar budgets. Some of our clients have only one staff member dedicated to planned giving and still others have someone wearing multiple hats trying to raise planned gifts part-time.

I'm going to assume Charity Services is raising roughly $2 million annually from realized planned gifts. These gifts include bequests, charitable trusts, gift annuities, and outside managed charitable trusts. The staff include a director of planned giving (Darius), a junior fundraiser (Sara), and a development associate (Camille) shared with other departments.

The total development effort raises around $50 million a year from major gifts, planned gifts, annual fund, corporate, and foundations. They use Raiser's Edge as their CRM but estate gifts in administration and expectancies are tracked in Excel spreadsheets.

We'll be looking at how Darius, Sara, and Camille are doing in the following areas.

a. Measuring Performance
b. Program Scope
c. Fundraising priorities
d. Balancing marketing and fundraising
e. Bequests
f. CGAs, CRTs and Complex Assets
g. Legacy Society
h. Stewardship
i. Marketing
j. Staffing
k. Estate Administration

How is Charity Services Performing?

The facts provide little information about how well Darius and his team are performing. We know that of the $50 million raised by Charity Services, four percent, $2 million is from planned gifts. In our experience, a high performing planned giving program will provide an average of around 10% of the charity's total philanthropic support. 10% is not a hard and fast number. Circumstances vary. Because timelines in planned giving are long, it will take time for Charity Services to reach that metric.

Results vary, but after a sustained, concentrated investment in planned giving activity, it can take as long as five years to see material increases in known expectancies, life income gifts and even longer before seeing increases in realized estate gifts. As such, Charity Services should use metrics that reflect progress, i.e., activity, within the context of this timing.

The cyclical nature of planned giving revenue means that total dollars raised isn't the only measure of performance. Consider the follow measures and see Appendix A for more information on each of these.

There are *program metrics* to consider.

- Legacy Society membership
- Consistent planned giving marketing in multiple channels coordinated with other development marketing
- Transparent, up to date, and evenly applied policies
- Complex gift activity
- Number and face amount of life income gifts

Charity Services also needs to consider the fundraiser metrics to measure the success of their planned giving effort. Traditionally major and planned gift officers are measured on their "moves" that lead to completing a gift. For many, that approach leads to a numbers game. It measures activity, but not quality. Consider the follow measures and see Appendix B for more information on each of these.

- Documented dollars secured
- Number of proposals presented
- Ratio of proposals funded
- Number of discovery calls on leads
- Portfolio Metrics

The Planned Giving Fundraising Model at Charity Services

Darius and Sara have lots on their plate raising planned gifts for Charity Services. Let's review what we've learned about the planned giving fundraising model from our consulting work. Successful planned giving programs rely on a compelling organizational mission and loyal donors who can be motivated to continue the work of the organization beyond the end of their lifetimes. Nonetheless, the charity's mission can affect how to reach those loyal, devoted donors. Industry matters when it comes to the potential donor base. An educational institution has a natural constituency in its alumni. Hospitals have grateful patients. Museums, nature and cause charities have their long-time members and donors. There are natural constituencies for most, if not all, non-profits.

Charitable organizations with a geographic center of gravity, such as hospitals, colleges and universities, museums, and social service agencies, have many opportunities to showcase the difference philanthropy makes to the organization. Naming buildings, spaces, events, and exhibits for donors demonstrates the impact a donor can make. Non-profits that support causes

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that are geographically diverse may have passionate supporters who aren't likely to directly observe the charity's work.

Besides of the geographic challenges, planned giving is chronically understaffed and under resourced. One solution to that problem is to cross-train major and principal gift staff in planned giving. Perhaps more importantly, we also recommended performance metrics among non-planned giving fundraisers to encourage planned giving activity.

No matter Charity Services mission and constituency, there are distinct ways a charity can grow the donor base. Mass marketing and individual fundraising contact (including referrals from fundraising colleagues) are the most common ways to generate leads that turn into philanthropic support. Planned gifts require a significant element of donative and philanthropic intent. Mass marketing programs focus on sheer numbers of interactions rather than the quality and depth of relationships. A reliable pipeline of inquiries and leads is essential for any planned giving program, but planned giving success is built on individual attention. Face-to-face - or at least personal - contact and cultivation is the gold standard for planned gift cultivation and solicitation.

A successful program begins with sufficient support from the top. Members of the leadership team need to be acquainted with the fundamentals of planned giving. These include:

- Motivational factors - why and how donors make gifts.
- Appropriate roles played by the board, staff, volunteers, and donor advisors.
- Real metrics to judge success - what results the charity might expect and over what time frame.

Senior leaders must then be willing to devote the attention and resources necessary to establish the program and make it thrive. Ideally, several members will be knowledgeable and enthusiastic enough to become "champions" for planned giving. That is to say, they will be able to make the case for planned giving to the charity's governing board. Ideally, the board will lead by example. Moreover, leadership will take active responsibility to assure a long-term commitment to planned giving and ensure that others will keep the planned giving torch burning brightly, at the board level and throughout the organization.

Recommendations

- Develop educated, committed leaders.
- Seek out Board members with a personal desire to see planned giving flourish.
- Obtain an enduring commitment to planned giving at all levels of the organization.

Develop a well-defined and appropriate scope

With input from key staff members, the charity should weigh the options available and then be realistic about the program scope the charity can initiate and sustain in the years to come. Planned giving programs that dazzle at first, but fizzle shortly thereafter are an unfortunate waste of time and money. Program guidelines should credit outright, irrevocable, and revocable gifts in three categories. These generous counting policies level the playing field for all sorts of commitments, including revocable intentions. Depending on what seems suitable, it can be far

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preferable for a program to start off slowly, perhaps with little more than a focus on bequests and other revocable deferred gifts yet be poised for growth over time or at least able to mark time during difficult periods. Indeed, if a charity is beginning from nothing, it is quite likely that no money attributable to a focused planned giving effort will be received for five years or longer after the effort has been launched. We advised one client to increase the focus of its marketing efforts on estate gifts and away from life income gifts, since bequests are where donor wealth is concentrated. While the assets under management for life income gifts look impressive, revocable intentions increase overall planned giving revenue more than life income gifts.

Recommendations

- Evaluate Charity Services gift offerings and acceptable assets in light of risk tolerance and risk/return to the organization.
- Assess the most successful offerings and allocate resources accordingly
- Secure leadership support for long-term planned giving investment

Fundraisers need to Fundraise

How should Darius and his staff spend their time? Planned giving programs can be complex, but the most effective programs never lose sight of the fact that fundraising is the top priority. Some planned gifts involve complicated structures that require staff to properly complete. There are always administrative functions to execute: conduct marketing, administer estates, complete reporting, and track state CGA regulation and compliance. As the boss, Darius will also have management responsibilities.

Too often we see that administrative functions crowd out the fundraising side of planned giving programs. Keeping fundraisers focused on fundraising needs to be the top priority. A healthy planned giving program must be staffed appropriately so that fundraisers can spend the majority of their time cultivating donor relationships and soliciting gifts knowing that closed gifts are administered effectively. It may seem obvious, but preserving fundraising staff time for fundraising is crucial.

Delegating can be difficult when planned giving requires a very specific expertise, but delegate supporting functions, such as gift administration and marketing, to other staff or have them outsourced to preserve the fundraiser's bandwidth for their primary responsibility: raising money.

Recommendations

- Make fundraising the top priority for the planned giving program at Charity Services.
- Assign other staff or outsource gift administration and marketing.
- Darius and Sara should spend the majority of their time fundraising and working with donors.

Balance Marketing and Direct Fundraising

There is such a thing as too much of a good thing in marketing. If Charity Services devotes significant resources to efforts that generate vast numbers of inquiries, this can, surprisingly, create a dilemma for planned giving programs. Charity Services has a modest staff that can

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become overwhelmed with the time and attention required to reply to large numbers of inquiries, many of which are not fully qualified prospective donors. This can leave staff with precious little time to develop relationships with prospects highly likely to make a planned gift.

We've observed situations where marketing campaigns that use a survey or an offer of an estate planning guide can overwhelm that ability of staff to keep up. If the volume of marketing inquiries is overwhelming, we've found that Charity Services doesn't necessarily have to pull back on its marketing. It would be short sighted to turn away marketing requests if the marketing effort is successful and sustainable. Nonetheless, just because you piqued someone's interest to respond to an offer doesn't make them a qualified lead. At that point, these are merely suspects.

Recommendations

- Stagger marketing campaigns likely to attract significant interest so that the volume of follow up is manageable.
- Assign Camille, the Development Associate to manage inbound requests.
- If Camille is unable to respond due to other responsibilities, consider engaging a third party to manage fulfillment of requests for things like brochures, estate planning guides, and other electronic and print follow-up.
- Likewise, if Darius and Sara are unable to make timely lead qualification calls consider hiring a vendor to make these calls. Third party services are expensive but losing interested and engaged supporters is also expensive.

Gift Vehicles and Program Scope: Bequests, Where the Money Is

Over and over, we have found that the single largest source of realized planned giving revenue comes from bequests and beneficiary designations. Typically, in our experience over 70% of all planned giving revenue comes from revocable bequests and beneficiary designations. The balance of the revenue comes from new life income gifts, lead trusts, and outside-managed trusts.

Yet, particularly in large institutions, the majority of the planned giving resources are devoted to marketing, fundraising, administering CGAs, CRTs, lead trusts and other complex gifts. Why such a disconnect? In most cases, senior leadership focuses on irrevocable planned gifts. Bequests and beneficiary designations are revocable. They may never materialize. But year after year, gifts from revocable testamentary arrangements make up, by far, the majority of planned gift revenues received.

The face value of life income gifts and lead trusts can inflate their ultimate value to the charity. The ACGA rates assume that only 50% of the original gift annuity funding amount will be left for the charity. Respondents to the 2021 ACGA survey reported that they received an average of only 66% of the donors' original gift from gifts terminated in the prior five years. Some of our clients invest their gift annuity reserves in their endowment. While not a common practice, and not legally permissible in some states, these CGA programs received an average residuum in excess of 200% of the original gift. But even in these programs, the revenue from revocable estate gifts far exceeded the revenue from terminated CGAs.

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These data support another important lesson. Small organizations with modest planned giving resources, are still well-positioned to capture planned gift revenue. Since most planned giving revenue comes from bequests anyway, a program focused on bequests and beneficiary designations can deliver impressive results. Not every charity is positioned to offer gift annuities, act as trustee of charitable trusts, or manage complex gifts. But every charity can ask their supporters to remember them in their long-term plans.

But there's more. Not only are revocable planned gifts lucrative, but our research also shows that Legacy Society membership increases a member's average bequest amount. In one case, the average bequest from a Legacy Society member was more than 2/3 larger than bequests from non-Legacy Society members. Increasing Legacy Society membership increases the pipeline of future revocable intentions, but it also increases the amount to be realized from the pipeline of estate commitments.

Recommendations

- Develop a strong, focused effort to acquire new bequests and beneficiary designations through a combination of marketing and fundraiser outreach.
- Steward those with estate gift intentions to retain those donors and to encourage continued engagement.

Gift Vehicles and Program Scope: CGAs, Charitable Trusts, and Complex Assets

If the money in planned giving is in bequests, why does Charity Services bother offering life income gifts and soliciting complex assets? A simple reason is that sophisticated donors are engaged with multiple charities. They've heard about gift annuities, charitable remainder trusts, and gifts of real estate.

If you aren't talking about these vehicles, donors are going to wonder if your organization is offering a full service, professional fundraising program. If you don't offer gift annuities for example, what does that mean about the rest of your development efforts? Therefore, to be competitive and full service, Charity Services has decided to wade into deeper waters. Another reason to offer more complex gifts is to tap a different revenue stream than testamentary estate gifts. We've found there is only a modest overlap between, for example, CGA and CRT donors and bequest donors. Complex gifts don't divert planned gift donors, they fulfill a different need.

What does this mean to Darius and his team? We've established that fundraisers need to fundraise. Planned giving professionals devote significant time and effort to understanding and promoting complex charitable planning tools. More complex program offerings may mean a more robust and complicated marketing program. Fundraisers have to devote time to proposing, illustrating, negotiating, and administering CGAs, charitable trusts, and complex assets. That time will leave less opportunity to fundraise among and steward other donors.

Deciding whether to expand Charity Services planned giving offerings comes down to a cost/benefit analysis. How much is such a program going to cost, and how much is it going to raise. "Cost" includes hard dollar costs like legal advice, marketing, software, administrative services. It also includes opportunity costs. How much less estate gift revenue will we sacrifice

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for the time and attention that Darius and his staff have to spend on these more complex gifts. The opportunity costs are the hardest to quantify.

The benefits are tough to quantify as well. Leadership will love saying we raised $X dollars in new gift annuities and CRTs. They'll be less excited when they realize they won't be able to spend that money until the beneficiaries die. We discussed the soft benefits of offering a full complement of planned giving options. But what is the value of an enhanced reputation for playing in the same league as the donor's other charities?

There is no one size fits all. The key variables in making such a decision are the risk tolerance and patience of senior leadership and the governing board. If Darius is under pressure to emphasize gifts of QCDs and non-cash assets to generate "now money" it's not likely he's going to get support. If the office of general counsel shies away from any gift other than cash or marketable securities, that's not promising for a complex gift program.

The decision to increase planned gift offerings need not be an all or nothing proposition. Perhaps Darius begins by marketing and soliciting gifts of real estate and business interests. He suggests risk control strategies to Charity Services to overcome resistance from his business office and the office of general counsel. After some successful gifts, he builds a gift annuity program. Once that is off to a good start, he can begin marketing and soliciting CRTs. Eventually he can try to get Charity Services to act as trustee of charitable remainder trusts.

Speaking of risk control, nearly every sophisticated planned gift vehicle comes with an element of risk. Risk can be managed by careful due diligence, engaging competent vendors, and only growing the program after careful consideration of organizational readiness. Success begets success. Don't "force" a gift in the hope it will set a good precedent. Align donor opportunities with organizational need and receptiveness.

Recommendations

- Consider the costs and benefits of adding a life income/complex assets program.
- Evaluate the risk tolerance of senior leadership and the office of general counsel.
- Engage the most cost effective, affordable and error-free gift administration
- Monitor compliance with state gift annuity registration and annual compliance.
- Develop risk control strategies through a combination of due diligence and engaging third.

Charity Services Legacy Society

Charity Services legacy society is the appropriately named Legacy Society. The charitable estate gift is not "over the transom." The decision to include Charity Services in one's estate plans is driven by a deep emotional commitment to the mission and history of the Charity Services Legacy Society. A certain number of donors will make estate gifts to benefit Charity Services without personal solicitation or marketing.

A relatively small percentage of those with estate intentions to benefit Charity Services will self-identify prior to death. Estate gift donors consider their estate gift intentions highly personal. The confidential nature of these intentions alone discourages disclosure to charitable beneficiaries. The revocable nature of estate gifts offers the flexibility to change charitable and

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non-charitable intentions at any time. Donors may feel that disclosing their intentions to Charity Services will mark them as targets for solicitation of larger gifts during their lifetime.

Nonetheless, through a combination of marketing and personal contact with fundraising staff, a minority of those with estate gift intentions will notify Charity Services of their intentions. These are Charity Service's Legacy Society members. Part of the value of identifying expectancies is that for every expectancy known to Charity Services there a corresponding number of unknown expectancies. Across all non-profit sectors, we have found that an increase in the number of legacy society members (known intentions) correlates with an increase in the number of unknown intentions. For this reason, the growth of Legacy Society membership is exceptionally important in driving the increase in anticipated estate gifts.

The donor can, and most likely will, include a charity in their plans without the charity ever knowing. Nonetheless, some individuals will disclose their intentions to leave an estate gift. For Charity, those are Legacy Society members. A steady, persistent annual growth in the number of Legacy Society members indicates a corresponding increase in future estate gifts.

Recommendations

- Devote resources to invigorate and elevate the Legacy Society.
- Create a compelling case of disclosing revocable estate gift intentions.

Planned Giving Stewardship

The Charity Services Legacy Society program is the primary vehicle for the stewardship of planned gifts and is well-positioned to provide recognition opportunities for planned gift donors. However, the Legacy Society tends to focus on recognition of past gifts from deceased donors with limited attention to the opportunity to cultivate additional gifts. In addition, the Legacy Society appears to be underutilized; its members represent only a small fraction of all planned gift donors.

The content of stewardship efforts is focused on elements that appeal to older generations, which are rapidly fading from the scene. Members of the Greatest Generation and the Silent Generation tend to embrace the power lunch or dinner and attention from senior leadership and trustees. As Baby Boomers replace these generations, it will be important for stewardship to focus more on the concrete results made possible by planned gifts and less on sheer institutional loyalty.

In March 2021, the Legacy Society held its first virtual event which was well organized, provided opportunities for interaction and recognition of the critical role of charitable gifts at Charity Services, and afforded attendees an opportunity to feel like insiders. Some donors may strongly express a preference for in-person events, but virtual events have come into their own and allow Charity Services to reach a much broader audience and with less expense.

Recommendations:

- Enhance stewardship and communication activities focused on opportunities for planned gift donors to develop deeper relationships with staff, volunteers, and other planned gift donors, to foster a sense of shared community and insider access.

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- Create enhanced opportunities for two-way communication focused on allowing planned gift donors to express their feedback, questions, and aspirations for Charity Services.

- Stewardship communications should appear to be personalized, not mass produced. Planned gift donors prefer hand-written notes, thank you calls, expressions of gratitude, and impact focused one-on-one meetings. While opportunities to systematize planned gift stewardship should be maximized, mere fulfillment is not particularly helpful in the realm of planned giving.

- Institute procedures to maintain long-term and consistent contact. A personal contact once or twice a year is usually sufficient, but it is essential. Time should be allocated, and incentives should be provided to encourage planned giving staff to cultivate these relationships and not just fulfill stewardship requirements.

- Finally, for the long term, care must be exercised to bridge relationships with planned gift donors when there are staff changes. The ultimate realization of a planned gift to benefit Charity Services may be decades in the future and, too often, planned gift donors feel neglected or even forgotten when inevitable staff changes occur.

Marketing

Darius works with a planned giving marketing vendor to produce a twice-yearly newsletter, two direct mail pieces alternating messaging between estate gifts and life income gifts. Charity Services also has a planned giving section on its website. While their vendor produces some of the content, Darius spends a great deal of time producing the newsletter, gathering testimonials, photos, and writing content. The audience for these marketing efforts are those 70 and above who have given in the last five years.

General observations
There was a time when it was considered standard practice to produce four newsletters a year. Few programs still send a newsletter four times a year, some have gone to twice a year, some once, some have dropped it. What Darius needs to consider is what is the purpose of the newsletter, and is it achieving that purpose? Typically, a newsletter is intended to increase awareness of the program, showcase testimonials, and provide planning ideas. Charity Services needs to decide if the newsletter is achieving these goals and worth the time and dollars it takes to produce.

This program might need to consider whether the money and time spent on newsletters might be better spent on more frequent, focused direct mail and electronic marketing. Donors are overwhelmed with a barrage of information. It might be more effective to capture their attention through more frequent, less technical, and more concentrated efforts.

Darius seems to be relying exclusively on direct mail. The competition for attention requires multiple messages in bite size pieces. Postcards, self-mailers, surveys, check-off boxes, and receipt inserts are the basis of a self-identification campaign. But Darius should pair these media with an email follow-up to direct mail recipients and/or personal contact.

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It doesn't appear that marketing includes advertisements or articles in other Charity Services publications. These channels already exist. Adding planned giving messaging to these media is inexpensive and already reaching the core audience.

Best Practices in Planned Giving Marketing

The frequency of the communications, the variation of the message, and the multiple channels in which the message is received are all critical to marketing's success. What matters most about planned giving marketing is targeting the right audience with the right message at the right time. This is typically when prospects are experiencing a life-changing event - a death, birth, divorce, retirement, change of residence, health issues, or even a long-awaited trip. The audience and the message can be controlled, but the right time is up to the prospective donor. For that reason, it's critical to have regularity in the communication as one never knows when the "right time" will be. It's important that Charity Services is at the top of a donor's mind at the right moment. Below are the "keys" or best practices to a successful planned gift marketing program.

1. Lead Generation - Planned giving leads are created in three primary ways. This framework primarily focuses on traditional marketing. The other two methods are through internal referrals from development officers and utilizing prospect research to identify top prospects who might qualify for a planned gift.

2. Messaging - Research illustrates there are "rights and wrongs" about how to market planned gifts. Leading with the gift vehicles rather than the mission is one common mistake many organizations still make. The other is using too much technical language to describe the gift features/benefits.

3. Audience - It's no surprise that personalization of the message to the appropriate audience makes a difference in the number and the quality of leads. Segmenting the audience by relevant demographics for "targeted" mailings rather than mass mailings also improves the result.

4. Media Channel and Strategies - Using all available marketing channels (direct mail, email, advertising, websites, etc.) is appropriate for this audience. While planned gift prospects still respond to print, all forms of digital marketing are appropriate too.

5. Metrics - Marketing metrics play a small but important part in the overall program picture. They typically work in unison with other critical activities, such as fundraising and stewardship, to measure the success of the program.

6. Marketing Plan - The culmination of all the components discussed above are put into execution with the marketing plan. This plan is a 12-month snapshot of the message, audience, and media channels. It provides the marketing roadmap to follow for the year.

Gift Planning Marketing Metrics

Charity Services should develop metrics for measuring marketing success. Charity Services uses three primary metrics to measure the success of its marketing program:

- Number of new intentions (Legacy Circle members)
- Number of responses generated
- Gift planning interactions: mail, email, calls

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These are commonly used metrics for evaluating planned giving marketing programs. However, for Charity Services these metrics do not adequately distinguish between quantity and quality. The concern with Charity Services using these metrics is that the number of responses generated can be so large that it inflates the appearance of the number of qualified leads, the identification of which is the true goal of the marketing program.

Another metric is the number of interactions. This metric has a similar issue when there is no real qualification. Most organizations define qualification as having a contact of substance with the donor.

Recommendations

- The definition of a "qualified lead" should be narrowed to someone who has expressed a willingness to consider an estate gift and possesses the requisite financial capacity, propensity, affinity, and loyalty to Charity Services.

- Charity Services should narrow the definition of the metrics it uses so that they focus the attention of gift planning staff on higher quality prospects, which in turn will open rich opportunities for gift planning success.

- A challenge with redefining these metrics is Charity Service's mass marketing culture that equates response volume with marketing quality and success. Successfully redefining these metrics will require re-education regarding the purpose and unique objectives of the Gift Planning Office.

Is Charity Services Adequately Staffed?

The addition of staff dedicated to identifying and cultivating estate commitments is likely to add new Legacy Society members. A brand new planned giving staff member is not likely to add additional Legacy Society members at the same pace as Darius and Sara, particularly as they learn the job. Nonetheless, given the established marketing program and infrastructure, it seems reasonable that a new fundraiser could add around 50% of the current average new Legacy Society members per fundraiser. This assumption acknowledges that this new fundraiser would have additional administrative responsibilities, as well as the learning curve, to adjust to fundraising at Charity Services.

What is the value of the additional planned gift fundraiser to Charity Services estate gift pipeline? The average new Legacy Society member at Charity Services is responsible for a modest addition of $75,000 in realized annual estate gifts. An additional planned giving officer identifying 35 known new expectancies would add another $2.6M to the estate gift pipeline. If we also assume 75% of expectancies are unknown, this additional planned giving officer could inspire a total of 140 known and unknown expectancies, representing a total estate gift pipeline of $10.5M in estate gift expectancies.

The potential value of adding a planned gift fundraiser described above depends on implementation of marketing efforts that will reach out to many more planned giving prospects. We have found particularly with planned giving surveys that increasing the audience to whom

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the message is being communicated also increases the lead sources that planned giving staff can convert to Legacy Society notifications.

Recommendations

- Evaluate the lead and prospect pipeline to determine additional planned giving capacity after increasing marketing activity
- Balance the potential for new expectancies and irrevocable planned gifts against the cost of an additional FTE

Efficient Estate Administration

Planned giving staff at Charity Services can administer estates in a timely and efficient manner with minimal staffing. However, if that is to occur, they must use technology, including maximum use of Raiser's Edge to store information that can be readily retrieved and a calendar system to monitor the progress of the administration. The function of an estate administrator at a charity is primarily to monitor progress of the estates in administration and to ensure that the administration is moving forward. With some training, Camille, the development associate can be trained to enter data and monitor progress. Darius, and at times the office of general counsel, will need to be involved to make decisions and negotiate with executors and estate attorneys.

- **Raiser's Edge Database**

  Raiser's Edge is Charity Services database of record and includes the planned giving module. Completed irrevocable planned gifts and those with estate gift intentions are visible to all users. It's important for planned giving staff, leadership, and other fundraisers to know who has done a planned gift and who has a revocable intention.

  Estate administration is less transparent. Darius has developed an Excel spreadsheet that includes recording when the estate record was opened, the source of the gift (estate, trust, life insurance, beneficiary designation), the anticipated amount, the date when the distribution is expected, whether the gift is restricted for a program, tracking of receipt of documents, recording the receipt of funds, and other information that Charity Services needs to capture.

  The Excel spreadsheet is impressive but fails in at least two respects. None of the data is visible to others, and reporting from the system is primitive. Charity Services needs to be able to report on income from estates, known bequest intentions from living Legacy Society members, the status of estates in administration, and completed bequests.

  Ideally Charity Services should customize Raiser's Edge to capture at least the basic estate administration information and that information should be visible to any user of the database. Alternatively, Charity Services could adopt use of estate administration software. While not ideal, since the data is usually only visible to a small number of licensed users, these applications include the functionality to increase efficiency and accuracy of estate administration. Typically, this software includes robust reporting capabilities.

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- **Data Analysis**
  Charity Services must keep accurate records of known expectancies to properly steward and track living estate gift donors. These data also create a profile of an estate gift donor's pre-death behavior. There are key data points that can help understand the prototype planned gift donor. Examine each of these factors for at least the last seven to ten years.

  - **Pre-death behavior**
    - **How many individual gifts did the donor make?** One of our clients found that the total number of gift transactions was the single most important indicator of someone's likelihood to make a planned gift.
    - **What was the donor's total lifetime giving?**
    - **When was the last gift prior to the donor's death?**
    - **How was the donor connected to Charity Services?**
    - **Did the donor notify Charity Services of his/her intentions?**

Realistically, some of this information may be difficult to obtain. Darius and Sara shouldn't devote precious time to non-fundraising duties. This is a good project for a volunteer, an intern, or a development associate. Some of the information may have never been captured, some of the activity may be lost because of a database conversion, some information may only be available in paper files, and frankly, it takes lots of time to gather all of this. Nonetheless, the profile of actual planned gift donor behavior is the best metric for targeting living donors likely to make a planned gift.

  - **Post-death statistics**
    - **What percentage of realized gifts were known in advance?** This metric captures how well Charity Services is penetrating its target market. Unfortunately, we've found that it is typical for charities to know of only about 30% of realized planned gifts in advance. For reasons discussed elsewhere, most donors won't notify you of their gifts prior to death.
    - **What is the total revenue by category of gift?** Once again, look at seven to ten years of data. What is the trend of total revenue? Compute a standard deviation calculation of your program. One standard deviation is the amount above or below the average within which about two-thirds of the results fall. If the standard deviation of your organization's annual change is, let's say, 2% and your average annual change is 5%, then two times out of three you would expect next year's change to be between 3% and 7%. This helps with setting revenue targets for planned giving.
    - **Record total dollars and number of transactions for each gift type.** What was the total raised from bequests, beneficiary designations, life insurance, life income gifts, lead trusts, and other planned giving vehicles. Recording the number of transactions as well as the dollar amounts will help you understand what vehicles resonate with donors.
    - **Planned Gifts as Share of Individual Fundraising.** Planned gifts as a percent of total individual fundraising provides an indication of the prominence of planned giving in the overall fundraising efforts of the institution. As discussed elsewhere in this paper, a high performing program will raise 10% or more of total philanthropy from planned gifts.

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- **Planned Gift Dollars Per Constituent**. The number of planned gift dollars per constituent can provide a gauge of the relative generosity of your donor base.

Conclusion

Charity Services is underperforming its planned giving potential when compared to the organization's overall fundraising. To increase the vitality of planned giving fundraising, it should organize itself to reduce administrative activities and prioritize those things that will raise more money.

Marketing activities might be better delegated, and estate administration could be managed more efficiently by the general counsel's office or a development associate with oversight. The stewardship program should be scaled so that it doesn't divert Darius and his staff from fundraising. The addition of another fundraiser could help Charity Services devote more resources to direct fundraising. New staff are best deployed to fundraising and by offloading administrative activities.

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Appendix A

Planned Giving Program Metrics

- **Realized revenue**
  All fundraising units are responsible for raising current philanthropic revenue and planned giving is no different. Planned giving revenue for current use includes realized bequests, beneficiary designations, terminated split interest gifts, and complex assets. Examine revenue for the last seven to ten years to establish a baseline revenue expectation considering the cyclical nature of planned giving. Base revenue targets should reflect historic performance within a reasonable range of variability.

- **Legacy Society membership**
  The identification of new Legacy Society members has the greatest potential return on investment from planned giving marketing and staff fundraising. The Legacy Society represents the best leading indicator of Charity Service's estate gift pipeline. Typically, a non-profit will try to increase legacy society membership by 10% a year. Nonetheless, we recommend setting a stretch goal, perhaps 15% a year to grow this important channel.

- **Consistent planned giving marketing in multiple channels coordinated with other development marketing**
  Planned giving should be mentioned in every publication from Charity Services. These can be modest advertisements or full-blown testimonials and articles. Conduct at least four marketing campaigns a year focused on each of the areas of focus, bequests, life income gifts, and year-end giving. Consider a donor survey.

- **Transparent, up to date, and evenly applied policies**
  Any gifts other than cash and publicly traded securities are subject, by policy, to varying degrees of due diligence. Ensure that every gift subject to review conforms to organizational policies. There may be exceptions but diverging from established policies should be rare and supported by clear and convincing evidence. As new assets and new opportunities appear such as crypto and online wills, update the policies to stay ahead of trends in the field.

- **Complex gift activity**
  An active planned giving program should devote attention to more than bequests and split interest gifts. Gifts of real estate, closely held businesses and other complex assets generate current philanthropic dollars. Include these gifts in marketing and fundraiser contacts. Set annual aspirational goals for this category of gift

- **Number and face amount of life income gifts**
  CGAs and CRTs don't provide current support, but they are assets irrevocably designated for charitable purposes. Productivity goals should include the number of transactions in addition to the dollars secured. It can take as much effort to close a $10,000 annuity as it can to close a $1 million annuity.

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Appendix B

Planned Giving Officer Performance Metrics

What follows are suggested metrics that Charity Services should use as a model for planned giving fundraisers. Charity Services needs to present performance measures that reflect best practices in planned giving. These metrics should be refined and updated based on lessons learned and the latest research on motivating and measuring planned gift fundraiser performance.

The metrics are intended to provide accountability and motivate the behaviors that result in planned gift fundraising success.

Documented dollars secured during the period
This metric should include both irrevocable planned gifts completed, and revocable intentions documented. The metric for the specific dollar amount and number of transactions will vary depending on the charity. Nonetheless, the charity's historical planned giving attainment should provide a baseline to set aspirational goals. Data for charitable remainder trusts, gift annuities, charitable lead trusts, and pooled income funds can be extracted from Raiser's Edge.

Revocable bequest intentions present a different challenge. There should be a metric for new expectancies identified and estimated dollar values. The dollar value of revocable bequest intentions may be unknown or could be based on unreliable estimates. The number of bequest intentions will be easier to measure and more reliable than an estimated dollar value for projected bequest gifts, but estimated dollar value is still an important relative indicator of appropriate deployment of effort.

The unpredictable nature of realized bequests makes it difficult to correlate this metric with current fundraising activity. If Charity Services was involved in persuading a donor to establish a revocable bequest intention, the work probably occurred long ago. Nonetheless, Charity Services should ensure that it is getting data to track, and report realized bequests as they come in, with full recognition that these receipts are likely the result of actions taken long ago.

Number of proposals presented
Often, fundraising metrics focus on "moves" to maneuver the prospect to the point of considering a gift proposal. What constitutes a move, how moves are counted, and how effective they are devolves into a numbers game. Measuring proposals presented and bequests solicited provides an important indicator of how often the development officer did what it takes to get into a position to ask.

Setting goals and measuring solicitations for irrevocable planned gifts such as CGAs, CRTs, and lead trusts will result in securing more of these commitments to benefit Charity Services. These activities are relatively easy to track and measure because there is a specific step - a contract or trust was presented. But don't just measure what is easiest to measure.

"Soliciting" and "closing" revocable bequest intentions are difficult to measure. In some cases, donors choose not to disclose estate gift intentions let alone share their planning documents. Nonetheless, a study by Giving USA found that, if asked, the majority of donors disclose at least the fact that they made a charitable bequest. The bequest solicitation metric should include

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conversations where a fundraiser solicits a revocable bequest intention rather than only those intentions that can be documented and recorded in Raiser's Edge.

Ratio of proposals funded
How many proposals ultimately get a yes from a donor is a seemingly simple indicator of success but could suggest under performance. Successful solicitations are to be celebrated. However, if too many proposals succeed, it could indicate the development officer is asking for too little or too soon.

Number of discovery calls on leads
The top priority for Charity Services will be advancing discussions with qualified prospects. However, this must not ignore the qualification of new prospective donors. Charity Services will be expected to follow up with marketing leads, referrals, and other lead generation efforts to ensure a pipeline of future donors.

Portfolio Metrics
We recommend a planned giving officers' portfolio consist of 150 to 200 donors. 25% of those donors should be in discovery, 25% should be in cultivation, 25% should be in solicitation, and 25 % should be in stewardship.

a. The metric for **Documented Dollars** includes the face amount of new irrevocable deferred gifts including CGAs, CRTs, CLTs, and PIFs. To the extent a dollar amount is known, revocable bequest intentions should be included in this category. The precise dollar goal will depend on Charity Services' historic attainment with an additional amount for an aspirational stretch goal.
b. Assuming a portfolio with 200 prospects and 25% in solicitation, the **Number of Proposals Presented** should be at least 50 per year.
c. A successful conversion ratio of solicitations to closed proposals is around 4:1. If the **Ratio of Proposals Funded** materially exceeds or underperforms that metric, managers should review solicitations to determine if the fundraiser is targeting the right amount and type of gift proposal.
d. As with proposals presented, fundraisers should complete at least 50 successful **Discovery Calls** a year. However, the ratio of contact attempts to successful contacts is generally 5:1. To achieve 50 successful discovery calls, the fundraiser typically would have to make 250 discovery attempts to meet this metric.

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