PLANNED GIVING BEST PRACTICES: A BENCHMARKING STUDY

PG CALC WEBINAR

DECEMBER 19, 2013

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1. Methodology Overview & Introduction

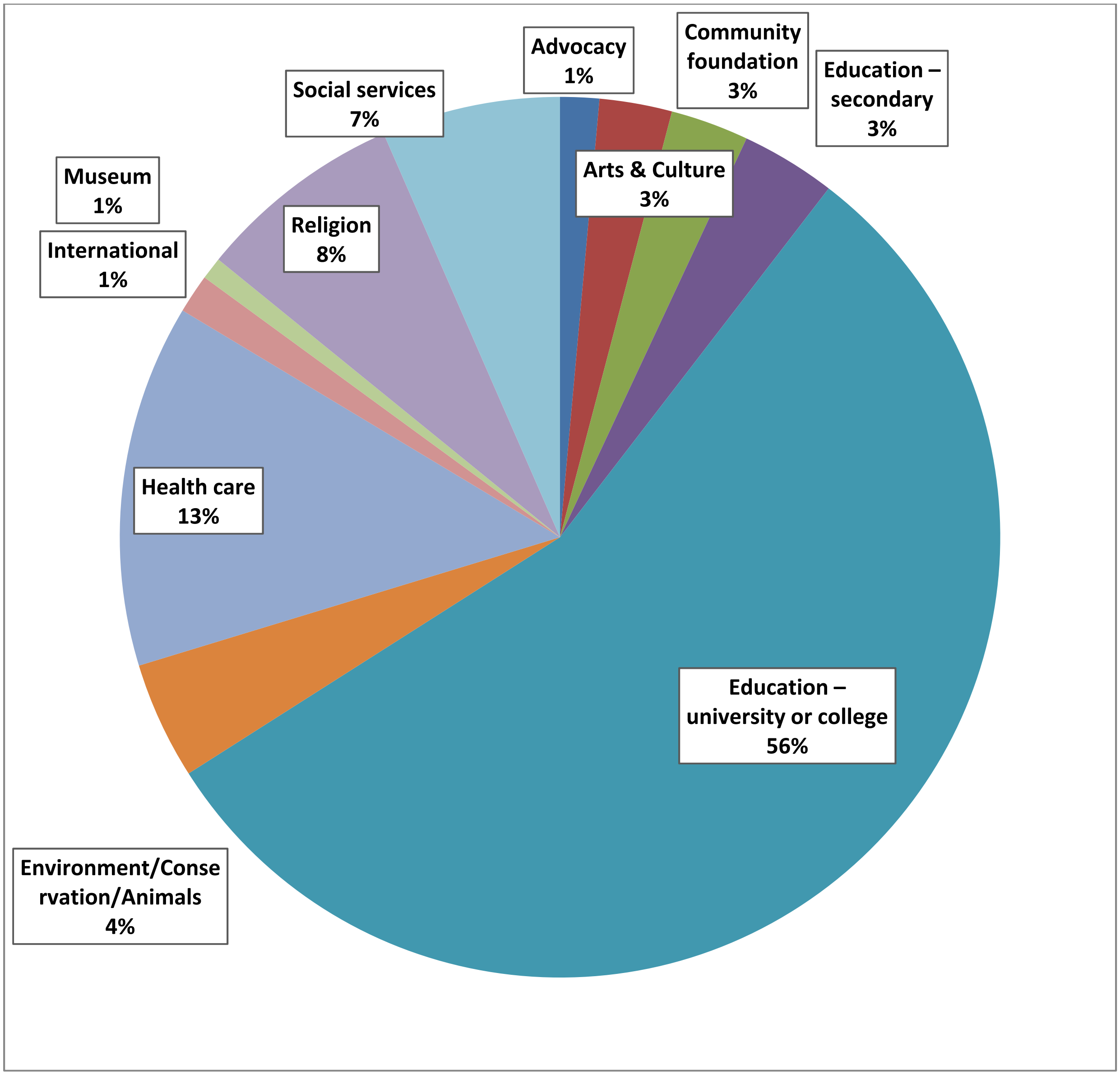
PG Calc sent a questionnaire to our clients using criteria that suggest their organizations have active planned giving programs. We defined active programs by selecting clients who had at least two copies of our Planned Giving Manager software. The questionnaire asked 30 questions, which covered the following aspects of the planned giving program:

- Relationship of planned and major gifts
- Staff and budget of the Planned Giving Office
- Planned and outright gift performance
- Marketing of planned gifts
- Recognition and stewardship

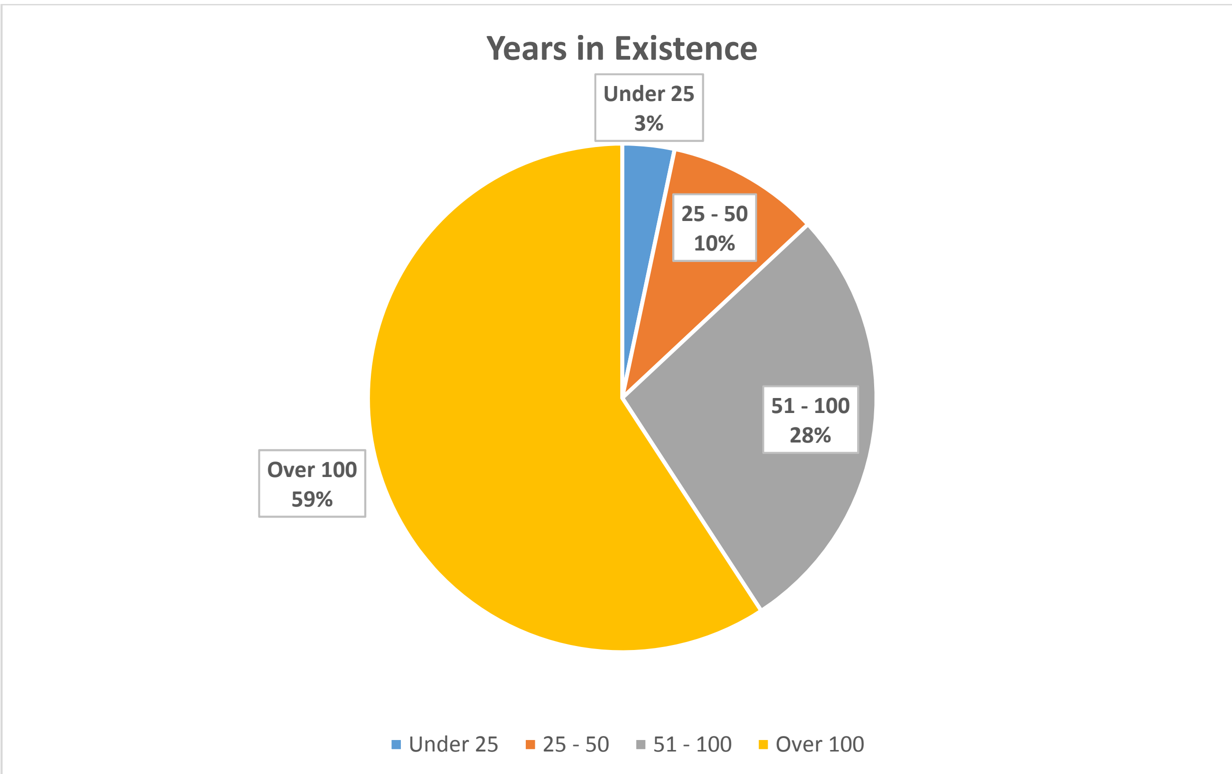
The purpose of the questionnaire was to gather data on areas of planned giving that would help confirm or refute specific widely-held beliefs about planned giving programs, particularly as they relate to benchmarking and best practices. The survey was sent to 2,200 individuals, representing 310 organizations. We received 495 responses, a 23% response rate. The results of the survey confirm some beliefs and dispel others that gift planners have held steadfast for years.

2. General Observations of Survey Respondents

Fifty-six percent of the survey respondents raise money for colleges and university. That accounted for 271 of our 495 respondents or 56%. To the extent that industry matters, that should be taken into account in considering our observations. The next largest category of fundraisers were those in health care who accounted for 13% of respondents or 65 individuals. No other industry responding represented more than 10% of respondents in any one industry. This data shows that the majority of PG Calc's clients are engaged in fundraising for higher education and to a lesser extent, health care. Many non-profits think of themselves as unique when compared to non-profits with different missions. Anecdotally we know a large number of successful planned giving programs are in other industries, religion being a leading example. For this reason, it is common to hear explanations for donor behavior because of the character of the non-profit's donors. Some say they are unique because their donors are younger, older, richer, poorer, smarter, less educated or more passionate than donors to other non-profits. We will examine the extent to which our data suggest that industry matters. Because of the small number of non-education respondents, the study aggregates non-education respondents and compares them to all education respondents.


Advocacy
1%
Community
foundation
3%
Education –
secondary
3%
Social services
7%
Arts & Culture
3%
Museum
1%
Religion
8%
International
1%
Health care
13%
Education –
university or college
56%
Environment/Conse
rvation/Animals
4%

- **Years Organization in Existence**
  Fifty-nine percent of the organizations represented in the survey have been in existence over 100 years. A total of 87% of respondent organizations have been in existence over 50 years. When it comes to planned giving, how long an organization has been in existence matters to its supporters. Planned gifts are often drawn from a lifetime of hard work and saving. Planned gift donors want to know that your organization will be around for the long haul. This may be particularly true if donors want to establish an endowment or a life income plan such as a gift annuity or pooled income fund. Remember that survey respondents were drawn from charities that already have active planned giving programs. Only 3% of respondents worked for organizations that are less than 25 years old. Longevity of the organization appears to be strongly correlated with a likelihood to have a robust planned giving effort.

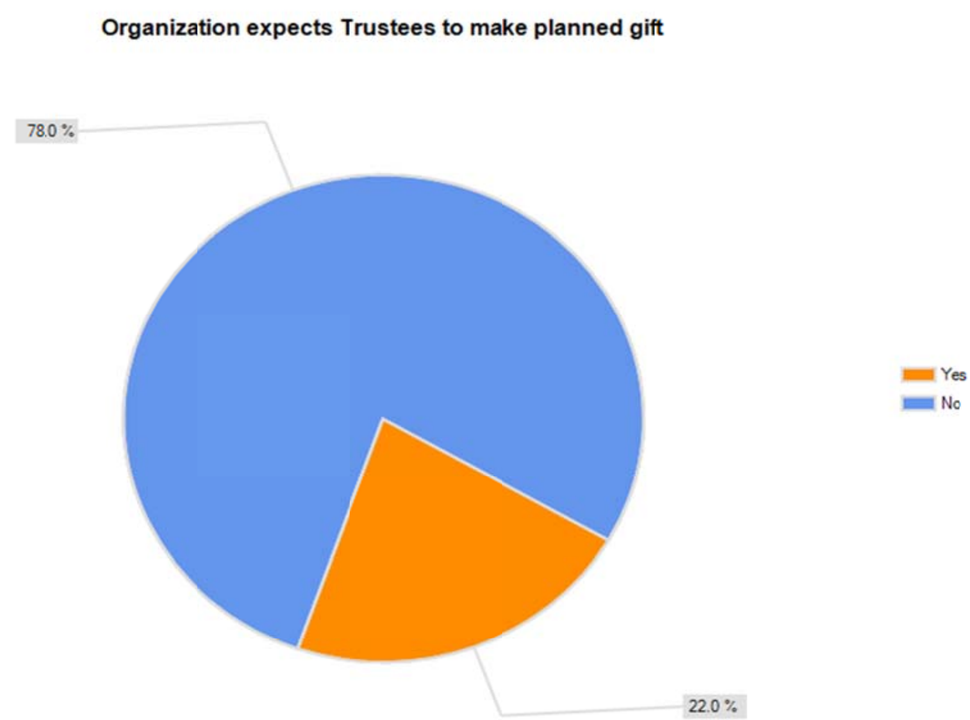


- **Volunteer Leadership and Planned Giving**
  It is considered a fundraising best practice that a charity's volunteer leadership will also make contributions to support the organizations they lead. Some boards have an explicit expectation that board members will "give or get" a minimum dollar amount for the charity they serve. The fundraiser argues that if the organization values planned giving, volunteer leadership should be expected to participate, particularly if volunteer leaders are soliciting others to make a planned gift. Their credibility is greatly increased if they have also made a planned gift themselves.

  Our data suggest that the expectation of support from volunteer leadership does not extend to planned giving. Few charities appear to be successful at creating an expectation that senior volunteer leadership complete their own planned gift. Only 22% of respondent organizations indicated that their trustees are expected to make a planned gift. More than three quarters of respondents representing robust, active planned giving programs do not expect their volunteer leaders to make a planned gift.

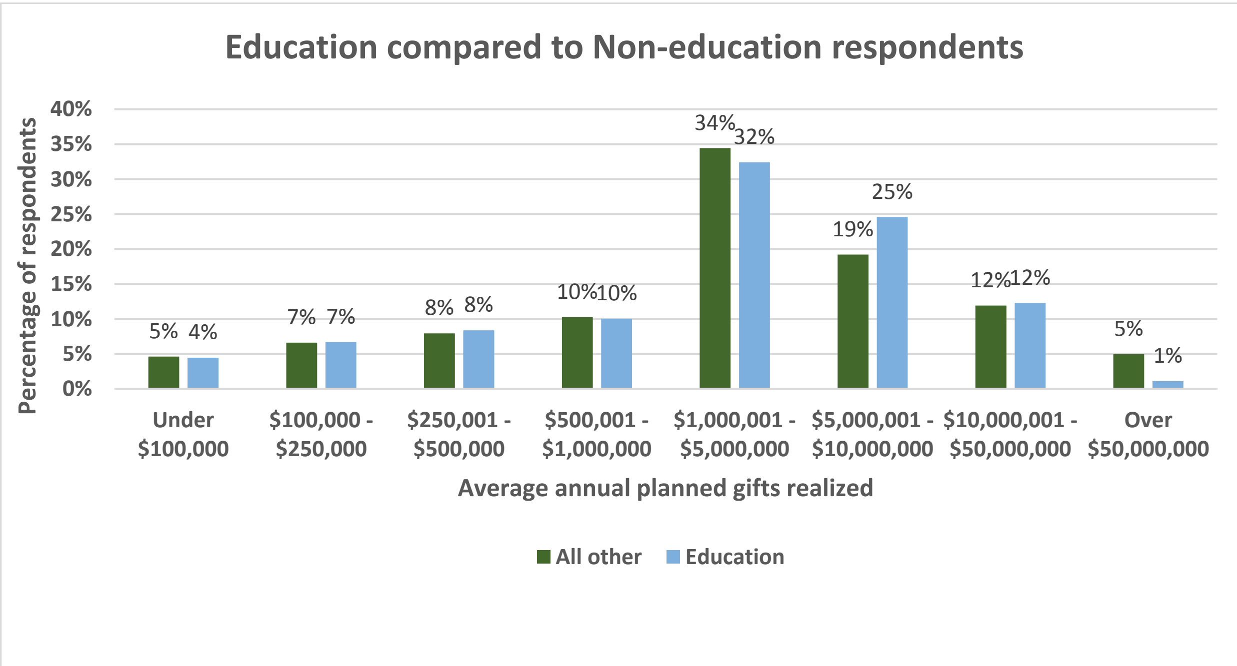
  There is not a material difference between education and non-education respondents. The non-education respondents reported only 34% expected trustees to complete a planned gift. Of the education respondents the rate of trustee planned giving expectations is 27%.

  There are two ways to interpret this data. First, if your board members are not expected to make a planned gift, you are in good company. 78% of survey respondents are in the same boat. Second, trustee participation is not the silver bullet in planned giving. These respondents have successful planned giving programs despite the lack of an expectation of board participation in planned giving.



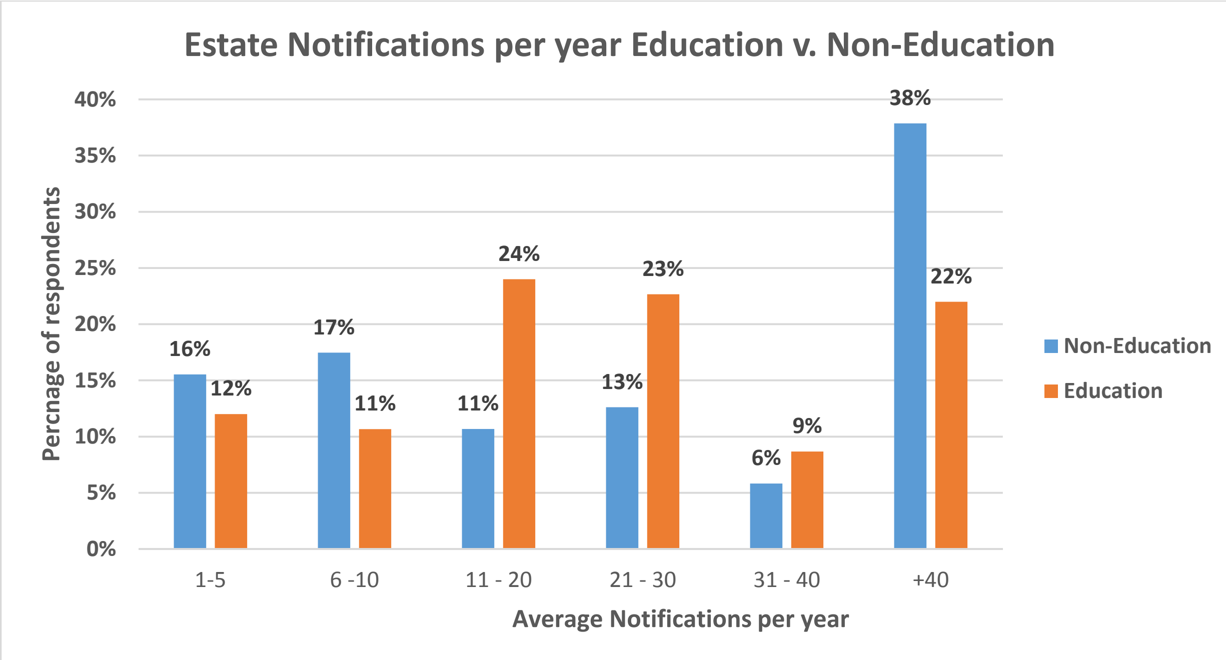
- **Does Industry Matter?**
  There is a common theme in fundraising of all kinds that industry matters. The argument runs that the experience of fundraising for higher education, for example, is very different than for the arts, or religion or social services. Our survey asked respondents to identify the industry in which their organization was raising money. 59% of our survey respondents raise money in education. There were insufficient respondents from other industries to draw industry-based observations.

  As mentioned in our industry analysis above, for that reason, the following charts compare fundraising among educational institutions versus “all other” i.e., non-education non-profits.



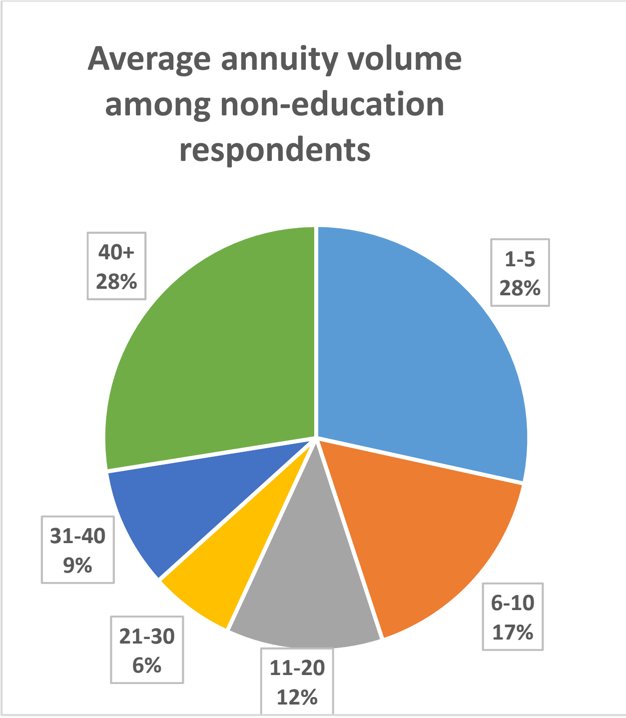
The above chart compares average annual planned gifts realized from respondents in education and non-education charities. There is surprisingly little difference between the distributions of planned giving attainment in education and other industries. Education has a slight edge among organizations raising between $5M and $10M over non-education. It is interesting to note that of the total respondents, 5% of non-education respondents raised in excess of $50,000,000 per year in realized planned gifts. Only 1% of education respondents reported raising over $50,000,000 in realized planned gifts. Given the proliferation of multi-billion dollar university fundraising campaigns, the relatively small number of universities receiving very large planned gifts is surprising. This could be attributed to the pressure for universities to raise current dollars for capital so that endowment building from planned gifts are less common than among non-education non-profits.

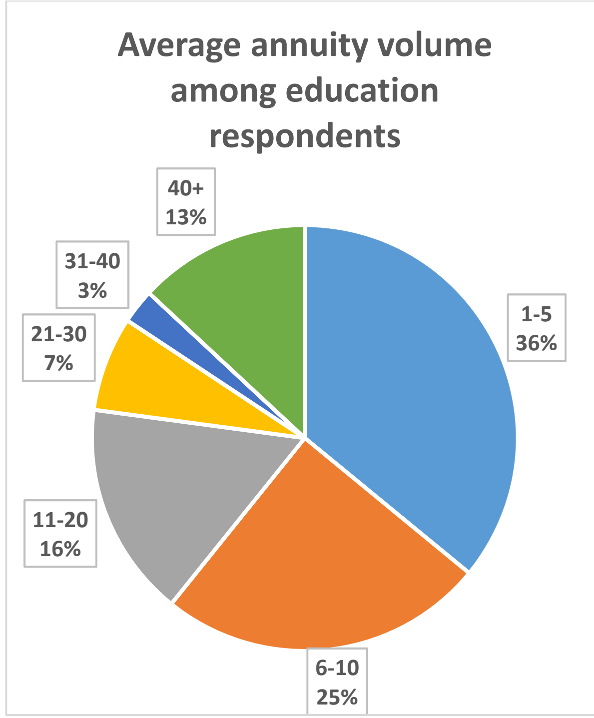
At least preliminarily, there does not seem to be a correlation between planned gifts raised and industry in terms of fundraising potential. Responses from this survey suggest that educational charities raise nearly the same number of realized planned gifts as their non-education counter parts.



While industry doesn't seem to matter when it comes to total planned gift fundraising, the data suggest that how those planned gifts are realized varies between education and non-education charities. Looking exclusively at total planned giving attainment suggests industry matters very little. Looking at specific gift vehicles shows that industry matters when it comes to specific gift vehicles. Bequests are the largest source of planned gift dollars for all non-profits. One way to measure bequest performance is to look at the number of donors each year that notify the charity they have included the non-profit in their estate plans. These notifications are the expectancies that a non-profit can expect will someday result in a realized planned gift in the future.

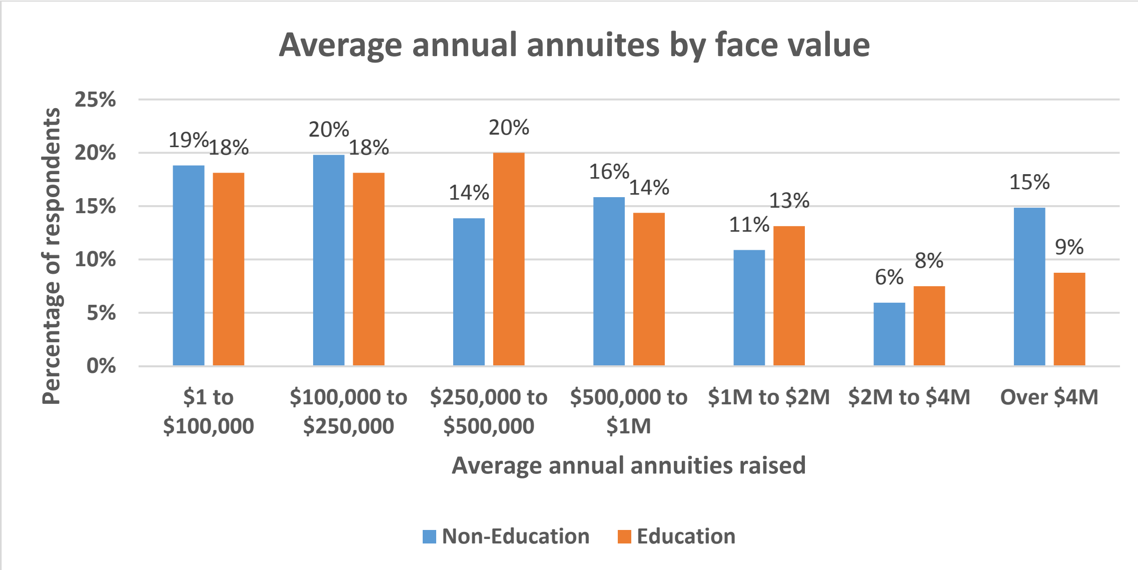
The first thing that jumps out from the chart above is that 38% of non-education charities are typically receiving more than 40 notifications a year. That compares to only 22% in higher education. It seems that non-education charities may be performing better than education charities in estate notifications. It may be inferred that bequest donors seem to be a major source of planned gift dollars at non-education charities. Note that the majority of both educational and non-educational institutions receive in excess of 21 notifications per year. Put another way, both industries receive a material number of notifications each year that their charity has been added to a donor's long term plans.



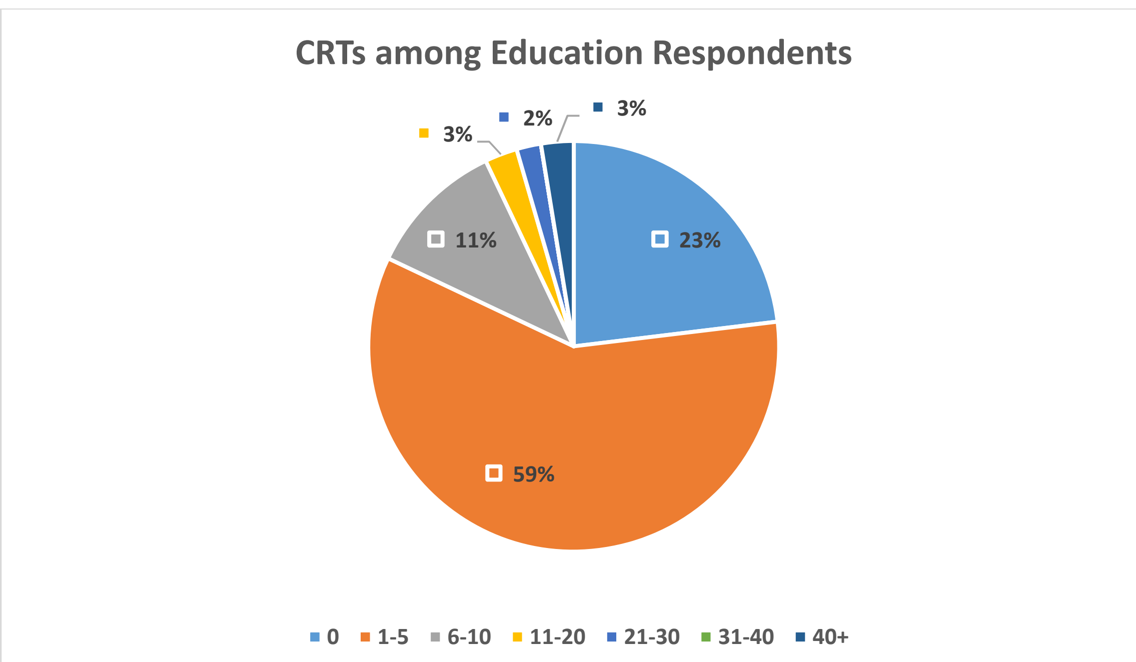


The charts above compare the average number of charitable gift annuities completed each year by industry. No respondents indicated that their average annuities were less than one. Sixty-one percent of educational organizations responding to the survey are completing 1 to 10 annuities a year. By contrast, 57% of non-education charities are doing 1 to 20 annuities a year. Significantly 28% of non-education charities report closing more than 40 gift annuities a year compared to just 13% of educational respondents.

The data suggest that gift annuities are somewhat less popular at educational institutions compared to non-educational institutions. Anecdotally, experience seems to indicate that religious organizations in particular do a very brisk business in gift annuities compared to their higher education colleagues. Whether the difference can be attributed to one particular industry can't be derived from this data. However, it certainly seems that non-educational charities generally complete more gift annuities than educational charities.

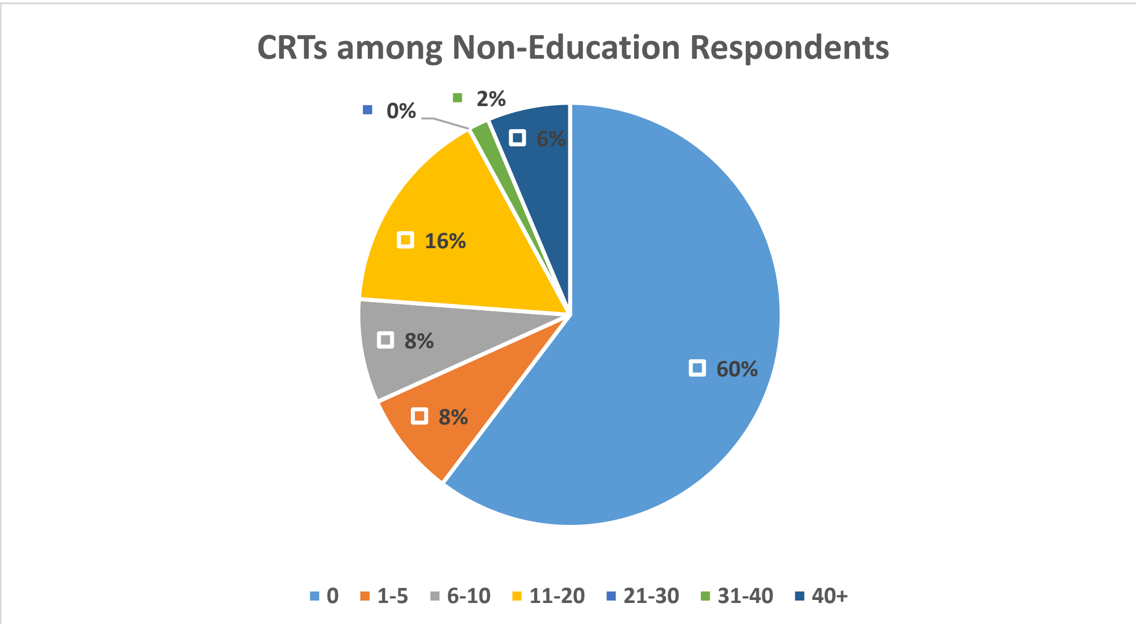


The popular wisdom in planned giving is that while non-education charities close more annuities than their education colleagues, the dollar value of annuities closed in education is higher. The chart above shows respondents reporting the total face value of CGAs closed each year. The difference between education and non-education respondents in most ranges were only 1 or 2 percent. There were only two variations between industries of any note. Education has a slight edge among charities issuing annuities with average face values between $250,000 and $500,000. Notable as well is that the non-education respondent's outpaced education among charities raising in excess of $4,000,000 in annuities per year. One could conclude from this data that there is no material difference between the value of CGAs closed by education and non-education charities.



There is a dramatic difference between education respondents and non-education respondents when asked about the number of charitable remainder trusts completed each year. The survey did not specify whether these CRTs were trusteed by the nonprofit or not. Some of the reported remainder trusts could be trusteed by outside managers but the charity was notified of the trust's existence. Very few of the reported trusts are likely to have been reported to the charity if the charity is not the trustee because the donor often does not disclose the existence of the CRT to charity.

The survey permitted a zero response and 23% of respondents reported not completing any charitable remainder trusts. Among education respondents 59% reported completing between one and five charitable remainder trusts per year, a resounding majority. Eleven percent of respondents reported completing 6 to 10 charitable remainder trusts per year.

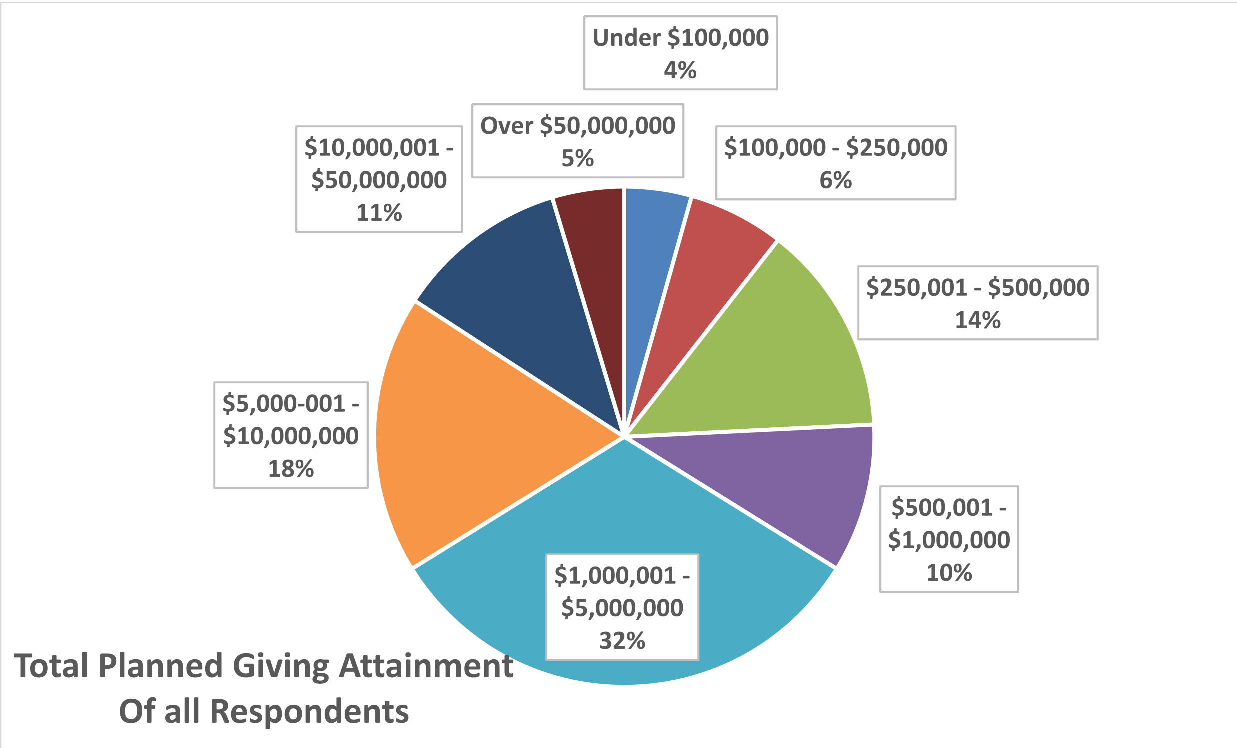


The lack of charitable remainder trust activity among non-education charities stands in stark contrast to their educational colleagues. 60% of non-education respondents reported completing no charitable remainder trusts and only 8% reported completing 1 to 5 charitable remainder trusts. There were a smattering of non-education respondents that reported completing 11 to 20 charitable remainder trusts, but this is a modest amount compared to the rest of the non-education respondents who rarely complete a charitable remainder trust.

When it comes to charitable remainder trusts, industry obviously matters. What accounts for this dramatic difference? Part of the answer may be infrastructure. The Development and Finance offices often work closely together. Given the availability of financial and legal resources at the university, these organizations may be more likely to trustee and manage charitable remainder trusts.

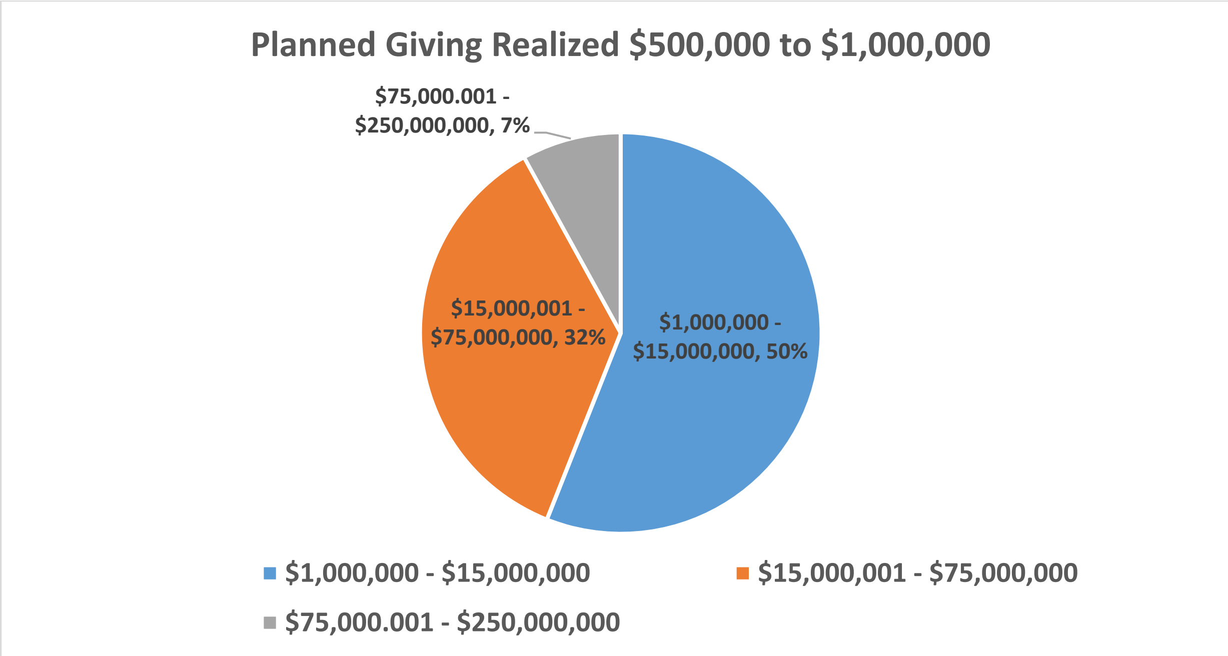
So what accounts for the low rate of CRT activity at non-education non-profits? The data don't give an answer but experience suggests it may be related to a difference in the fundraising culture at non-education charities. These organizations seem to be more focused on bequests and gift annuities. For that reason, the charitable remainder trust may continue to be a creature of higher education.

3. Correlation of Total Dollars Raised and Planned Gifts Raised



The chart above shows the number of respondent organizations organized by how much planned giving revenue is realized on average each year. Starting at the lowest level, only 4% of respondents realize less than $100,000 a year. At the high end, only 5% of survey respondents realize more than $50,000,000 a year in planned gifts.

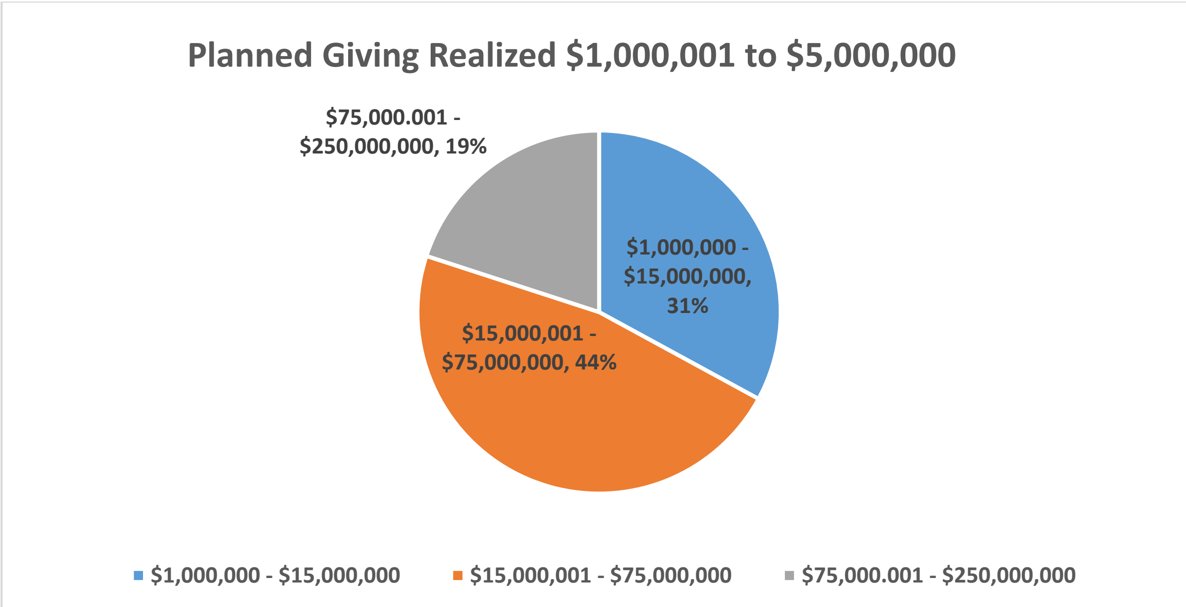
This paper primarily focuses on data from charities realizing more than $1,000,000 a year. 32% of respondents realize between $1,000,000 and $5,000,000 in planned gifts making that range the most frequent among survey respondents. 66% of responding organizations raise in excess of $1,000,000 a year in realized planned gifts with the majority of those organizations raising between $1,000,000 and $50,000,000. Therefore the data are representative of non-profits who devote significant time, attention and resources to raising deferred dollars.



As one might expect the more an organization raises in outright dollars, the more planned giving dollars are likely to be realized. The limitation of the survey data is that the dollar ranges for these responses were so wide that it is hard to quantify the precise balance between outright dollars raised and planned gifts raised. Nonetheless, the data does confirm that total fundraising attainment correlates with the capacity of an organization to raise planned gift dollars.

The above chart shows respondents raising between $500,000 and $1,000,000 in realized planned gifts on average per year. 50% of charities realizing planned gifts in that range are raising between $1,000,000 and $5,000,000 in outright gifts. 32% of charities raising between $15,000,000 and $75,000,000 also realized between $500,000 and $1,000,000 a year in planned gift revenue.

The takeaway from this data is twofold. On the low side, if a charity raises up to $15,000,000 a year in outright revenue, the relative percentage of that revenue that comes from realized planned gifts could be quite low. On the high side, some of the surveyed organizations could be raising a significant percentage of their revenue from realized planned gifts. Experience with other charities suggests that most charities raise less than 10% of their total revenue from planned giving sources.



As the average annual total fundraising totals increase, so too does the annual planned giving dollars realized. The graphic above shows those organizations reporting average annual planned giving attainment between $1,000,000 and $5,000,000. The average total fundraising attainment among the majority of this group now increases to between $15,000,000 and $75,000,000. Let's look at an organization raising an average of $1,000,000 in realized planned gifts. They could be raising as little as 1% of their total fundraising revenue if they raise $75,000,000 in total fundraising attainment. This same organization could be raising nearly 7% of their fundraising attainment in the form of planned gifts if they are raising 15,000,000 of total revenue per year. This illustrates the limitation in the data mentioned above.

Those organizations raising between $5,000,000 and $10,000,000 in planned gifts experience even higher total fundraising revenue. As already demonstrated, the greater the total fundraising attainment the larger the planned giving revenue to be expected. It is possible to suggest a ratio between outright dollars raised and planned gifts realized. In this example, an organization raising $5,000,000 in planned gifts and $75,000,000 in outright gifts receives 6% of total fundraising revenue from planned gifts. At the other end of the spectrum, an organization raising $10,000,000 in planned gifts and $75,000,000 in outright gifts has planned gift revenue equal to 13% of total revenue raised.

At the far end of the spectrum, all of the organizations reporting raising $500,000,000 or more in outright dollars were also raising over $50,000,000 in planned gifts. These high performing organizations were raising a minimum of 10% of their revenue from planned gifts.

Unquestionably total fundraising is positively correlated to total planned gifts realized. The way that the data were reported make it difficult to precisely define what the ratio of outright to planned gift dollars should or could be. The above analysis shows that planned gifts could represent as little as 1% of total fundraising attainment. However, the data also shows that a high performing planned giving office can generate 10% or more of the total fundraising attainment from planned gift revenue.

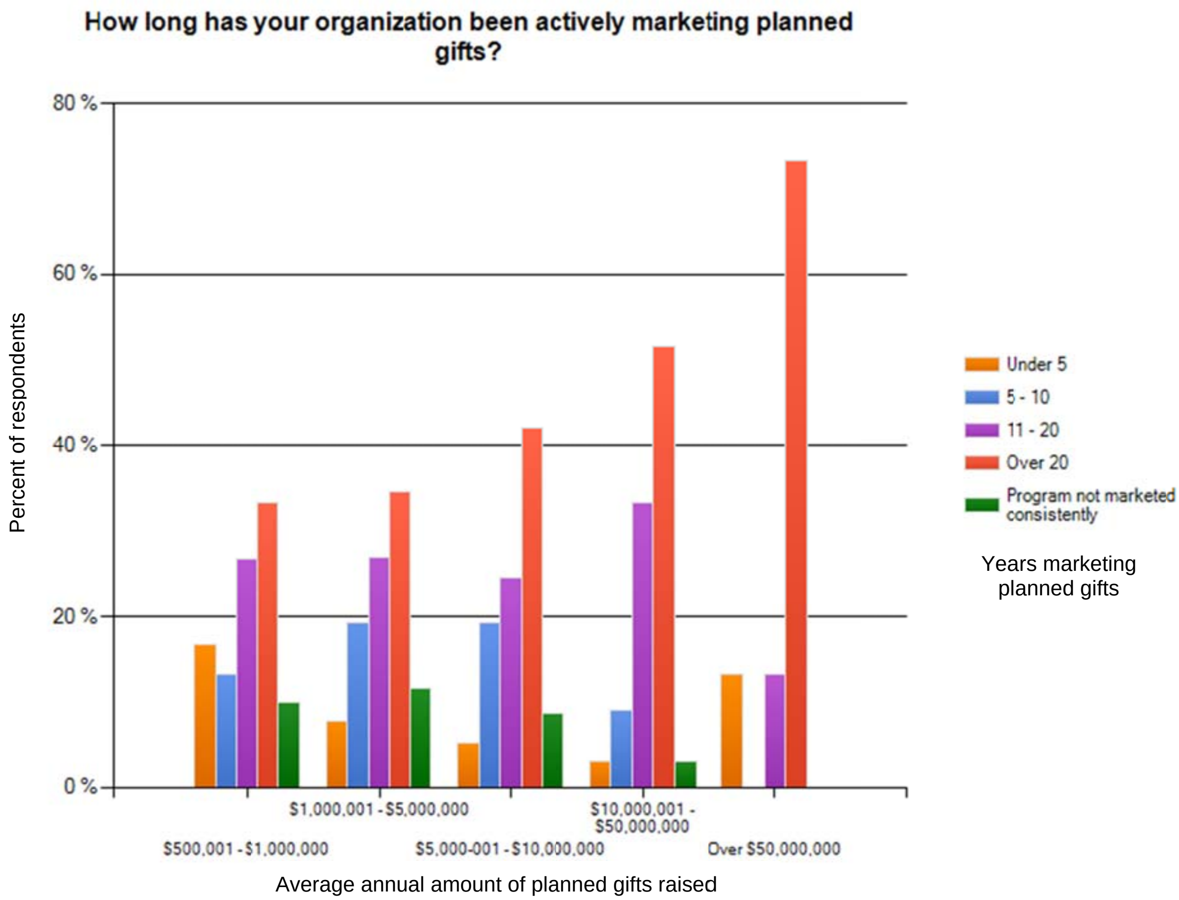
4. Marketing Planned Gifts

General Marketing Observations

When looking at the factors for what contributes to a successful marketing program the findings were somewhat surprising. The age of the organization and consistent marketing were the two most important points as it relates to planned giving dollars raised.

Contrary to current thinking, the industry and size of budget play a less significant role. These findings help disprove the belief that industry and budget are the most important variables in marketing. Yes, they play a role, but not to the extent that many organizations believe when they compare themselves to other institutions. In addition, having a large planned giving budget or a high volume program did not necessarily appear to be an indicator of a successful program.

Sixty-two percent of respondents have been actively marketing for 11+ years and 21% have either just started or are inconsistent.



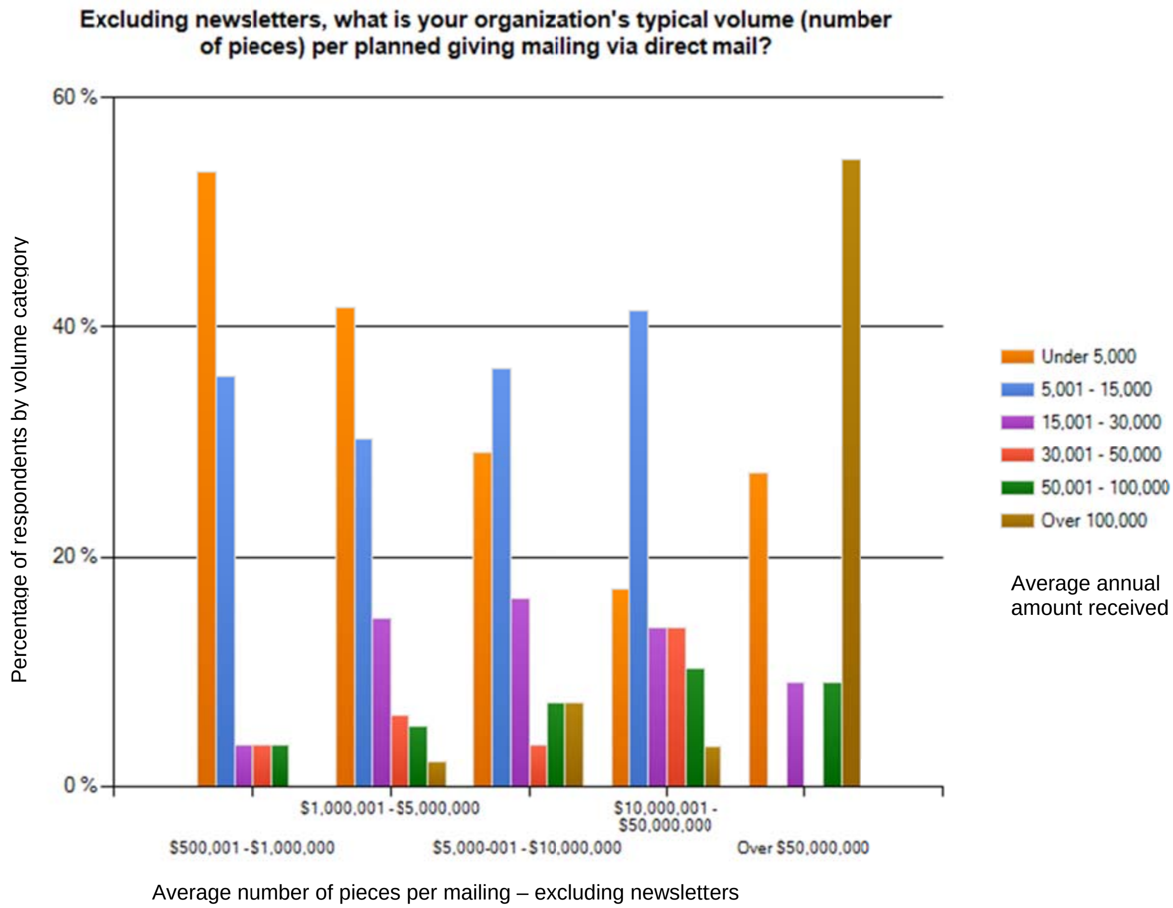
It is no surprise that the organizations who have marketed the longest (20+ years) also raise the most planned giving dollars. While there were more of these programs than any other in each category of amount raised, the proportion of programs that have marketed planned gifts for over 20 years clearly trends upward with the amounts rates. Other trends worth noting: the proportion of programs that have marketed less than 5 years or inconsistently decline as the amounts raised increase. That is to say, organizations whose marketing has been inconsistent or short-lived, and these are organizations of all sizes, tend to raise fewer planned giving dollars. These results are consistent with the notion that inconsistent marketing stunts planned giving revenue.

This data supports our experience, especially when starting a planned giving program. It generally takes three to five years before an organization starts to see any significant results from its marketing efforts and it is typically after five years that it will see the real return on its marketing investment begin. It is also worth noting that while not all organizations can attain a $10,000,000 planned giving program, all organizations can be consistent in their marketing and that will improve their overall results.

We chose to look at marketing behavior over the last three years because it includes the timeframe when the Great Recession (2008-2009) was still fresh in the minds of organizations and donors. Given that so many organizations endured budget cuts during this period, we weren't sure what our findings would be.

What we found is that a plurality of respondents indicated an increase in their program's overall marketing efforts via both postal mail and online marketing, with online marketing representing the larger increase. It is interesting to note that of those respondents reporting a decrease the largest decrease was in direct mail volume, and of those reporting an increase the largest increase was online volume. We can surmise two reasons: 1) the recession forced organizations to adopt less expensive ways to deliver their message, and 2) online marketing is a growing one for the planned giving audience and will continue to increase over the foreseeable years.

We did not collect data on numbers of responses per mailing, but as we would expect, an increase in marketing volume appears to be matched by an increase in response rate. This relationship is true for direct mail and online marketing overall. We see this correlation implied in the aggregate data graphed above, but also confirmed when we analyze a sample of individual responses from our dataset. Likewise, the sample data suggests that those organizations for which volume remained flat also had flat response rates and those for which it decreased saw a decrease in responses rates.

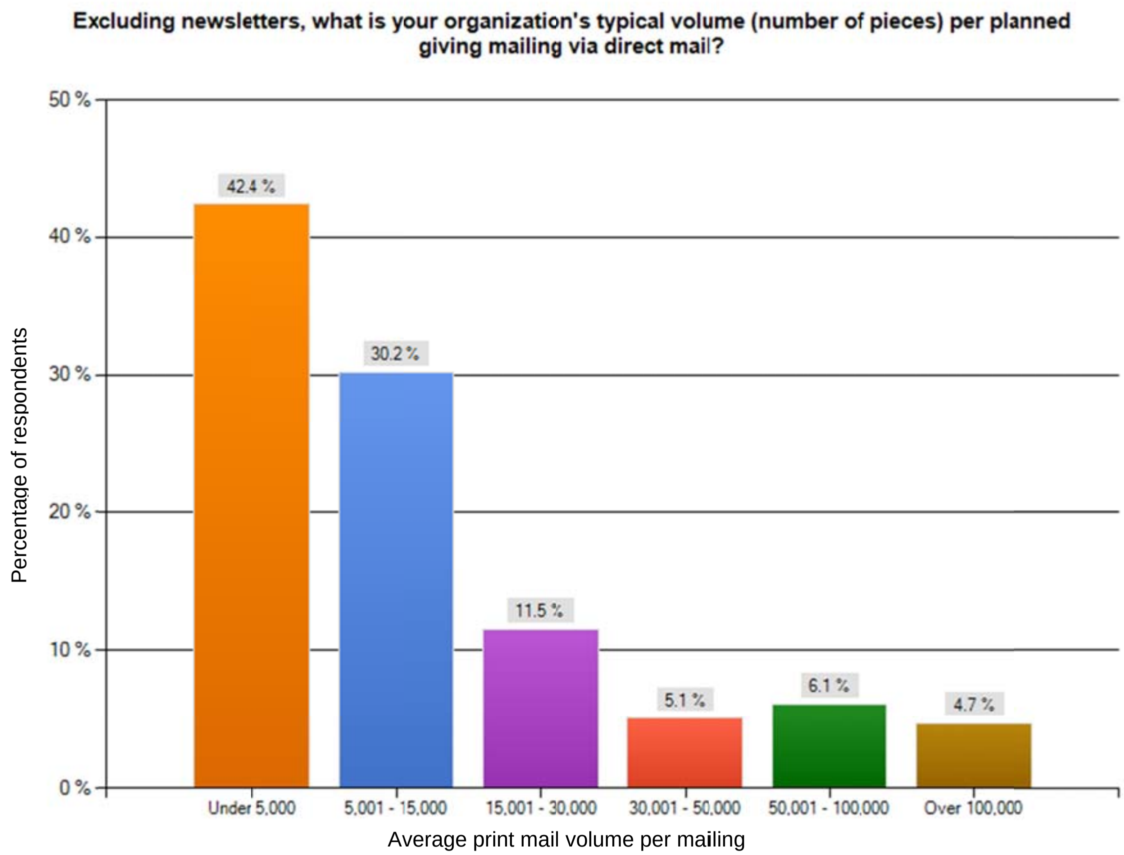


The graph above shows that the smaller the average mailing, the smaller the amount raised by the planned giving program. Most organizations that raise $500,000 - $1,000,000 in planned giving dollars mail 5,000 or fewer pieces per mailing. Over 40% of those that raise $1,000,000 - $5,000,000 also mail 5,000 or fewer pieces per mailing. Notice that even as the 5,000 and under category declines steeply as planned gift dollars raised increases, the 5,001 – 15,000 piece category increases. Even the organizations that raise $10,000,000 - $50,000,000 in planned gifts each year tend to produce mailings of 5,001 – 15,000 pieces.

Only the very biggest programs, those averaging over $50 million in planned gifts annually, produce typical planned giving mailings of over 100,000 pieces. This is more likely a consequence of these organizations having large, qualified planned giving pools and not a function of marketing. Increased volume correlates with increased revenue only when you have a valid planned giving pool to receive the increased volume. In other words, mailing more won't garner an increase in revenue if you are not mailing to the appropriate audience.

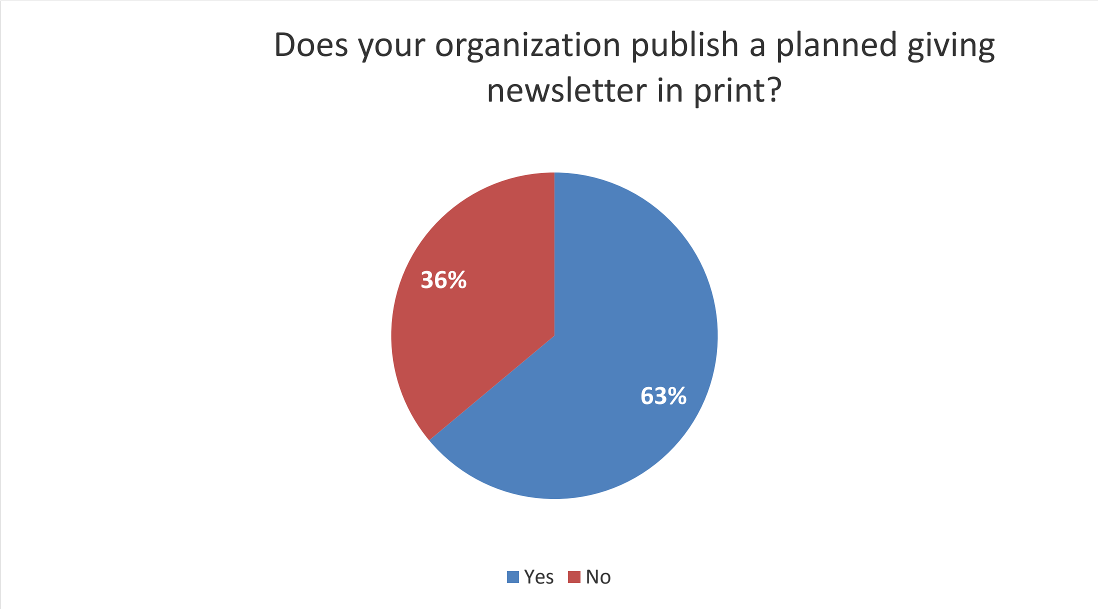
The programs that raise extremely large amounts of planned giving revenue send a prodigious number of pieces with each mailing. This is most likely required to feed the prospect pool required to maintain the high planned giving attainment. Many programs raising respectable planned giving revenue send far fewer pieces. Based on our own experience, it is likely that these organizations rely on events, contact with fundraisers or other methods besides direct mail to identify new planned giving prospects.

It is no surprise that there is a direct correlation between having a consistent marketing program and the fundraising dollars raised. Compared to the volume of marketing, we can see that consistency is more relevant than volume when it comes to realized planned giving dollars.

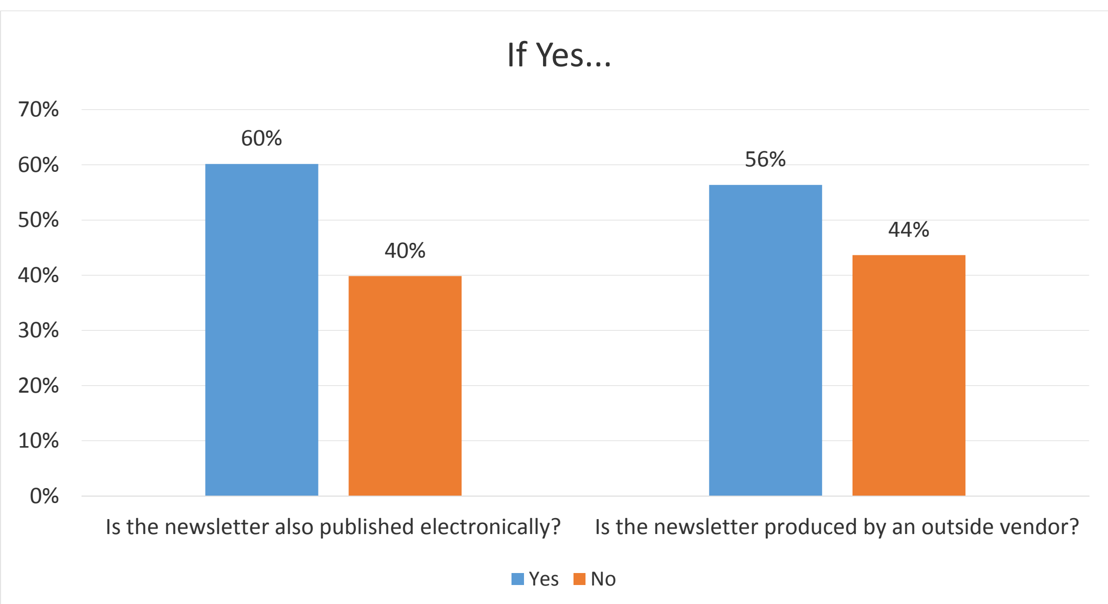


With this question, we wanted to see what the typical targeted direct mail volume looked like - excluding newsletters which tend to be general. In our experience, we deal with organizations of all sizes. We have clients who mail hundreds of thousands pieces per mailing down to smaller programs who mail under 5,000 pieces. We wanted to get a sense of what is the norm.

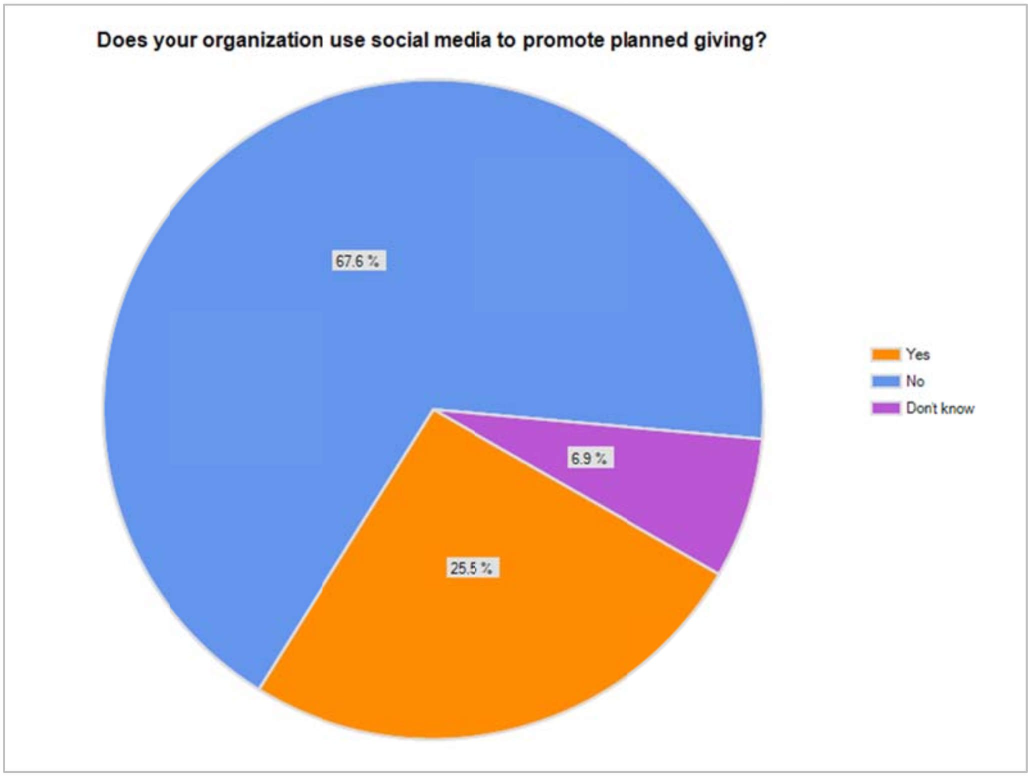
Almost 73% of organizations mail in the range of 1,000 – 15,000 pieces per mailing; 42% mail under 5,000. This was quite surprising. Given the profile of our clients ranging from large to small, we would have expected the number of pieces to fall in those mailing 5,000-15,000 per campaign because with small programs the average planned giving prospect pool size is rarely more than 5,000. One explanation could be the shift from direct mail to email: print is distributed only to the most targeted planned giving prospects, saving the broad sweep of the larger pool for email.



Planned giving newsletters used to be the standard way planned giving programs communicated with prospects, but in our own work we have seen a shift away from newsletters over the last decade. We believe our data supports that the shift has occurred, although nearly two-thirds of the respondents still use this form of communication (63%). We don't have data from the late 90's and early 2000's when newsletters were probably at their peak popularity. In our experience, at that time, virtually every mature planned giving program (typical of the survey respondents) used a planned giving newsletter. According to the data and a review of a sampling of individual organizations, there appears to be a correlation between the organizations that have newsletters and the length of time they have been marketing, as well as the age of the organization. What we don't know is how long newsletters have been part of their marketing efforts. The majority of organizations with newsletters have been marketing between 11-20 years and the organizations are over 100 years old.



Interestingly enough, 60% of respondents also publish their newsletter electronically. We don't know if it is sent to the same audience as print, just in a different format, or if it's sent to a different audience. We also don't know if they are sending out electronic newsletters only. We can say this is a trend we have been seeing in our consulting practice over the past five years. The point, however, is that the use of electronic media to reach the planned giving audience is growing.

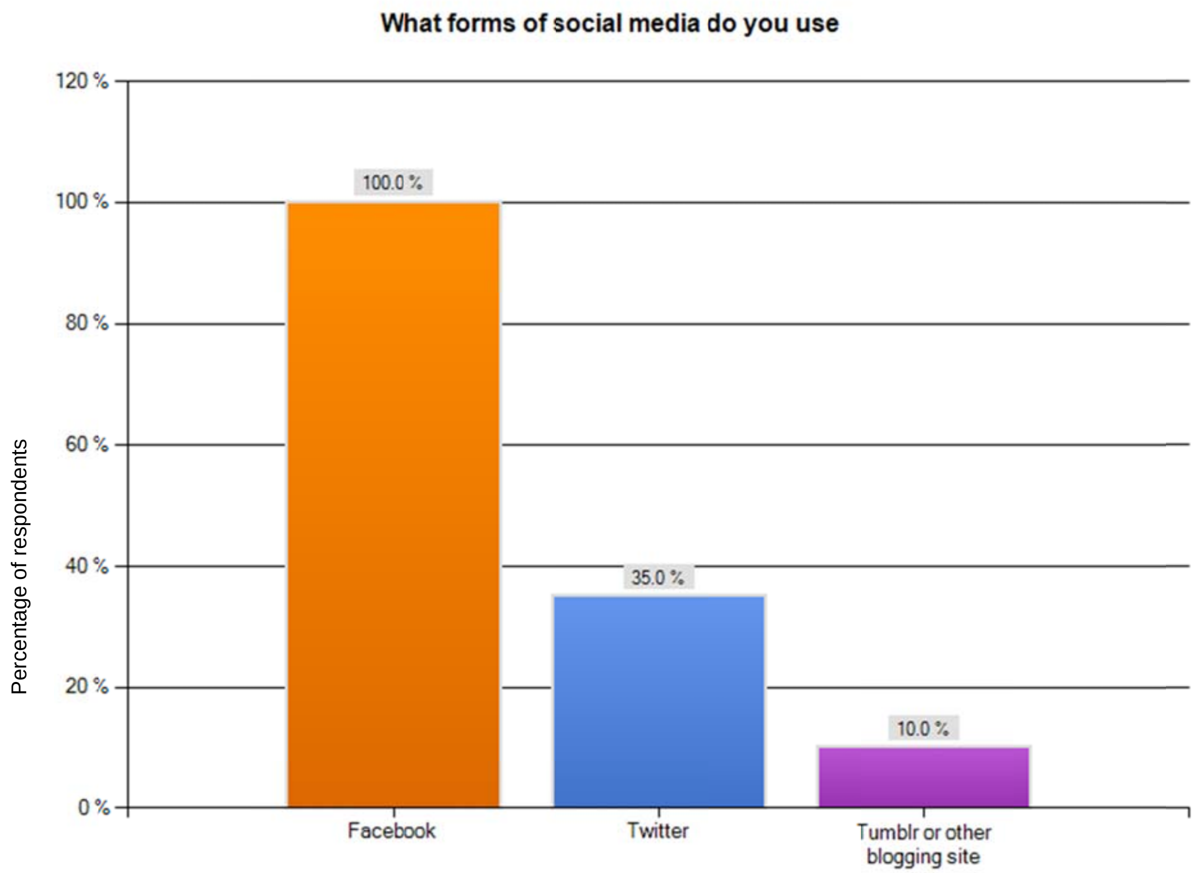


Social media has been the latest marketing trend for the past several years. It has received a lot of coverage, including in the planned giving field. We are regularly asked what organizations should be doing in the social media space, especially since many planned giving marketing companies are pushing this medium. We believe that the value of social media is still struggling to find its way in the planned giving arena.

Because social media is about engagement and planned giving is about relationships, one would think that they were made for each other, but in reality we have not reached a point where there is enough of a proven planned giving engagement model in this medium to warrant the time and expense to create and maintain a social media presence specifically for planned giving. We continue to recommend riding on the coattails of whatever social media the organization is already using and to leverage that where it makes sense because engagement in this medium, with this audience, is difficult at best.

The response to this question is very much in line with what we experience, not what we hear in the industry. As the pie chart above shows, almost 70% of the organization do NOT use social media to promote planned giving. Of the 25% that do, the table below shows that the clear majority are educational organizations, again illustrating an industry difference that has much to do with having a predisposed constituency.

Industry	Percentage
Education	68%
Healthcare	19%
Religion	8%
Social Services	6%

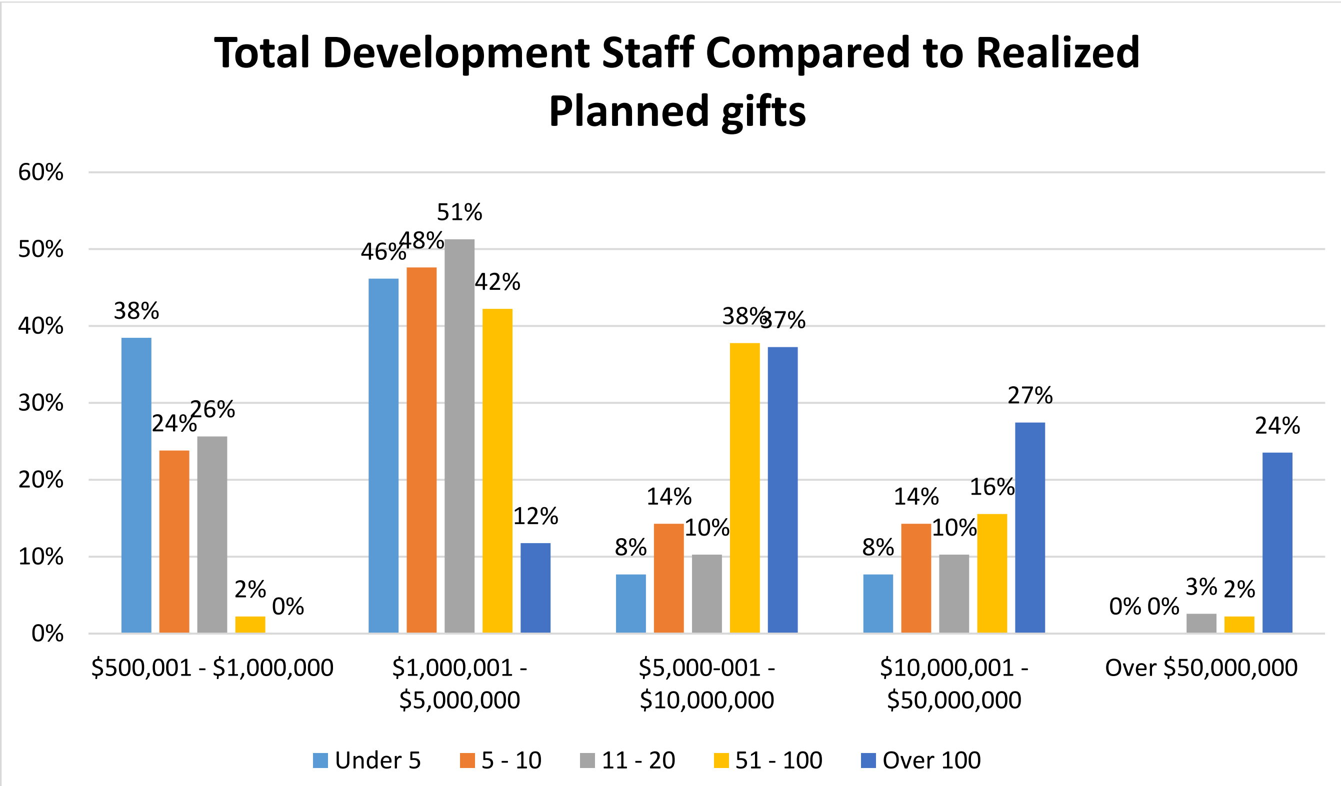


It comes as no surprise to learn that of the 25% that do participate in social media, all of them use Facebook as the medium. When we asked about social media, Facebook specifically, we did not differentiate between planned giving programs that place Facebook ads targeted to their likely supporters, have a separate Facebook identity for planned giving, or include a planned giving message on their institution's Facebook page. Based on our experience, we expect the majority is the latter of the three possibilities.

It was a surprise to see that the use of Twitter was so high at 35%, but many organizations do use Twitter when trying to engage with supporters specifically regarding events. It's possible that virtually all of the respondents who have used Twitter have done so fewer than a handful of times and have a relatively small number of followers.

5. Staffing and Budgeting

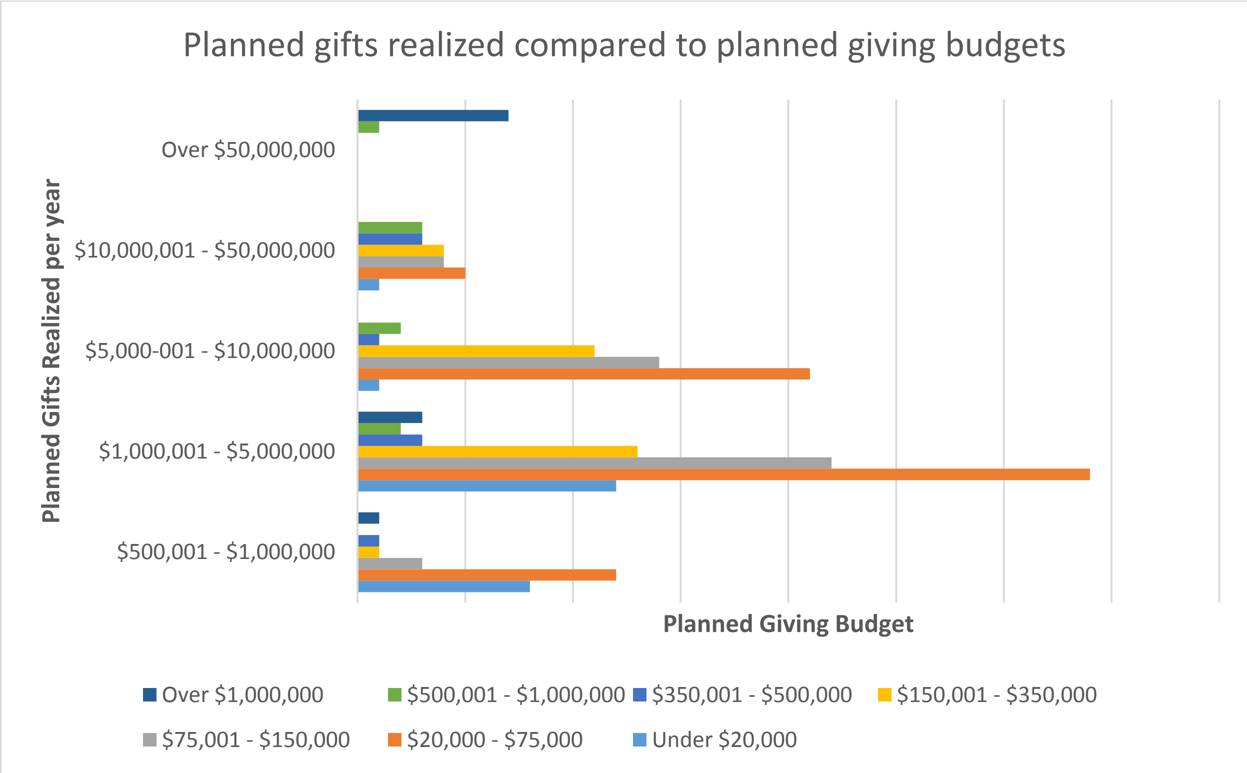
There is a chicken and egg relationship between development resources and planned giving attainment. To raise money, you have to spend money. But to spend money, you have to raise money. Which comes first? Obviously the organizations surveyed have already spent money to create sustained planned giving efforts. The tension arises as to what resources to allocate to planned giving in order to increase planned giving attainment. The survey data show a definite correlation between expending development resources and planned giving attainment.



The total number of development staff is directly related to the planned gift dollars raised. In the above chart, the number of total development staff is compared to planned gift dollars raised on average. Respondents with less than 5 total development staff are identified in light blue. 38% of those offices raise $500,000 to $1,000,000 in planned gifts. 46% of those small shop respondents raise between $1,000,000 and $5,000,000. That means a total of 84% of offices raising $5,000,000 or less are doing it with less than five total development staff.

At the other end of the spectrum, most respondents with over 100 total development staff are realizing substantial planned gifts each year. The respondents with staff of 100 or more are identified by the dark blue line above. 24% of these large offices are raising over $50,000,000 and 27% are raising between $10,000,000 and $50,000,000. Therefore, a majority of development staff (51%) at charities raising more than $10,000,000 in realized planned gifts work in large development shops with staffing in excess over 100.

The same correlation exists between planned giving attainment and budget. Planned giving office budgets also correlate to total planned giving dollars raised. As the data below shows, the majority of organizations that raise over $50,000,000 in planned giving revenue have planned giving office budgets (excluding salaries) of over $1,000,000 and none of those organizations spend less than $500,000 on their planned giving programs. For more modest programs however, there is still good news. The majority of organizations responding to the survey raising between $1,000,000 and $5,000,000 in realized planned gifts spend a modest $20,000 to $75,000 to operate their offices exclusive of salaries.



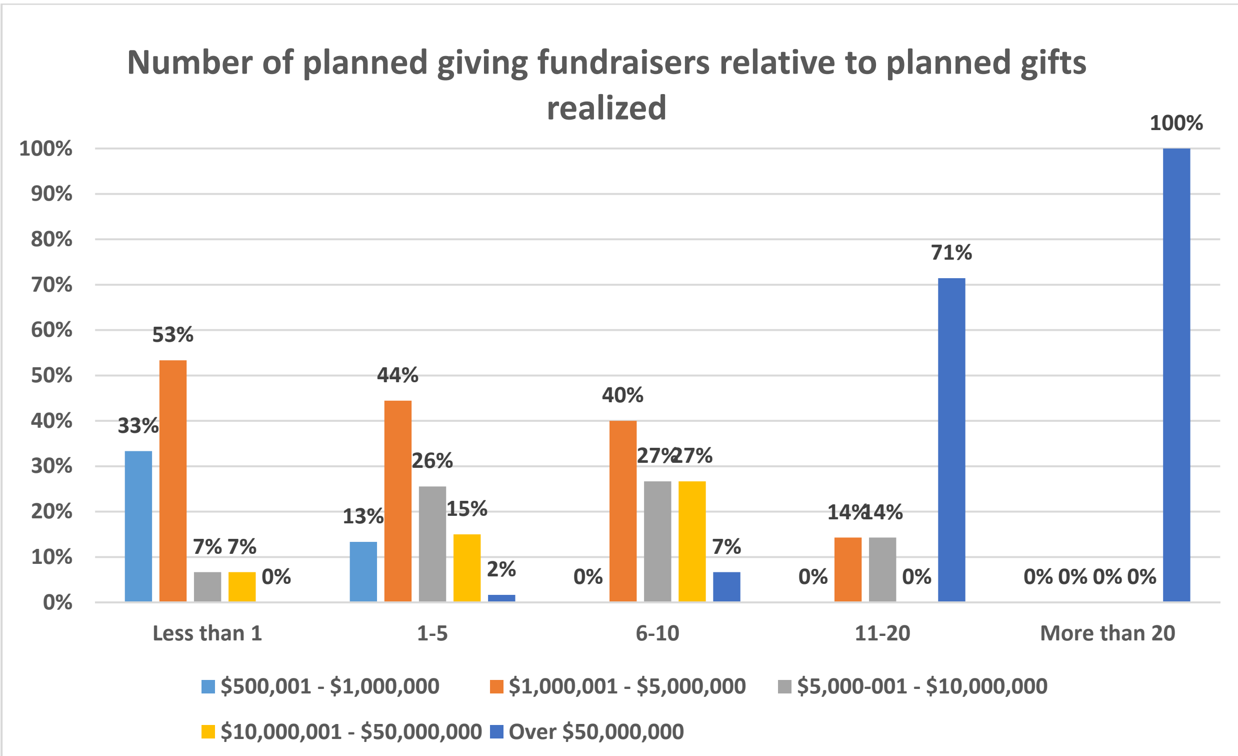
6. Relationship of Planned and Major Giving

Three models for the relationship of major and planned gift officers are possible. The first is for them to operate largely independently with little interaction. There would be different marketing strategies, separate volunteer committees, and distinct cultivation processes. This model results partly from the pressure on major gift officers to secure current gifts and partly from planned giving officers being more comfortable discussing deferred gifts. Another reason major gifts officers do not facilitate planned gifts and planned giving officers do not seek outright gifts under this model is that success in these areas does not figure in their performance evaluation.

At the opposite extreme to operating separately is abolishing the distinction between major gift officers and planned giving officers altogether. All development officers charged with securing larger gifts would be expected to achieve competency in all types of gifts, and would be evaluated based on productivity in securing both major and planned gifts. One or more of these development officers would have superior technical knowledge and would act as consultant to other development officers and see that planned gifts are properly closed and administered.

Between these contrasting models of (1) major and planned giving officers operating independently and (2) essentially abolishing the distinction between them is (3) the intermediate model of distinction but integration. Under this third model every major gifts officer would be trained to identify planned giving prospects, initiate discussions about planned gifts when appropriate, and assist with the stewardship of donors who have arranged planned gifts.

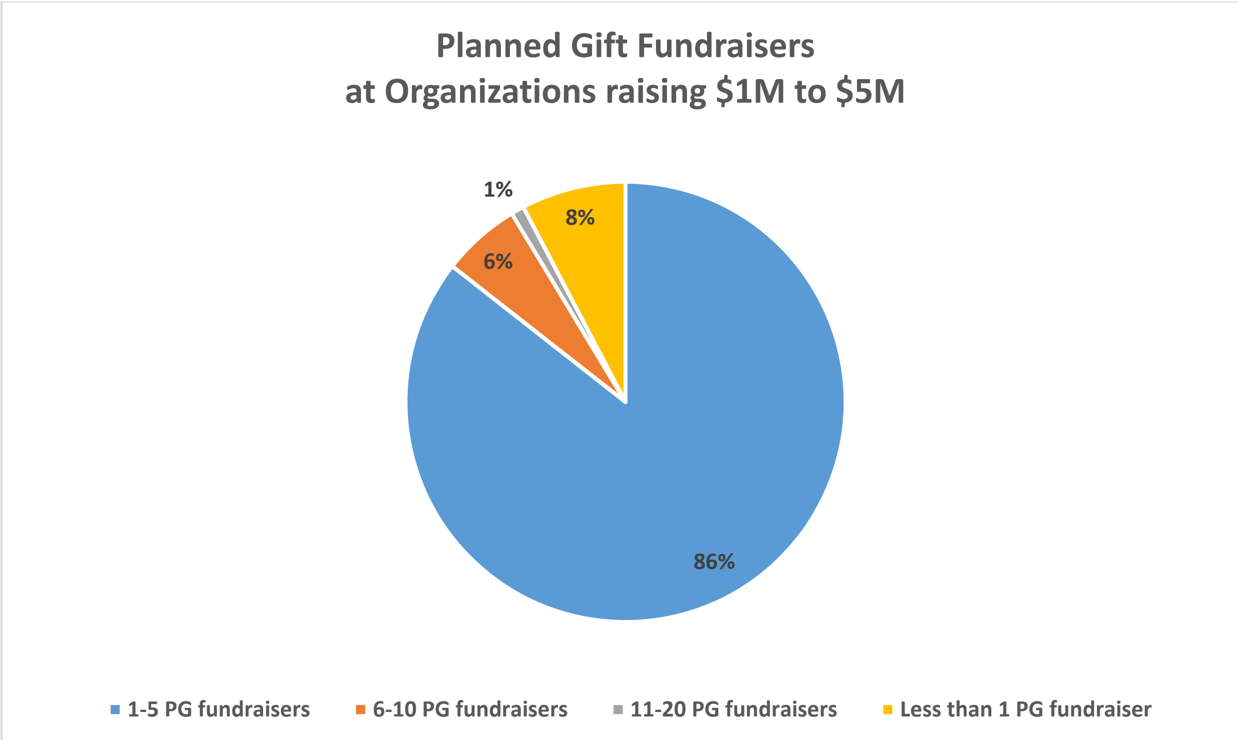
Conversely, no planned giving officer would miss an opportunity to secure a current gift. They would discuss strategy for prospects and collaborate in their cultivation. The planned giving office would continue to be a separate unit, provide technical expertise and documentation for deferred and complex outright gifts, conduct some independent marketing initiatives, and have certain prospects for which it is primarily responsible, but there would be regular collaboration between major gift and planned giving officers. As with the abolish-the-distinction model, the productivity goals of each group would include both planned and major gifts.



Our survey asked how many fundraisers had primary responsibility for planned gift fundraising. The above chart correlates the number of planned gift fundraisers (exclusive of administrative and support staff) with total planned giving attainment. Some of the findings are exactly what could be predicted. Generally, the more planned gifts raised, the larger the number of planned giving fundraisers. For example, the vast majority of those organizations that raise more than $50,000,000 a year in planned gifts have planned gift fundraising staff of 11 to 20 or in excess of 20.

There were a few unexpected findings as to planned giving staffing. A surprising percentage of respondents raising between $1,000,000 and $5,000,000 annually in planned gifts have less than one person whose duties are primarily planned gift fundraising. Subsequent data presented below suggest these organizations expect non-planned giving specialists to discuss planned giving and these fundraisers are measured on planned giving performance.

The data above makes it clear that organizations raising between $1,000,000 and $5,000,000 are doing so with relatively modest staffing devoted to planned giving. The chart above doesn't tell the complete story of planned giving staffing at smaller organizations. The next chart looks more closely at those organizations.

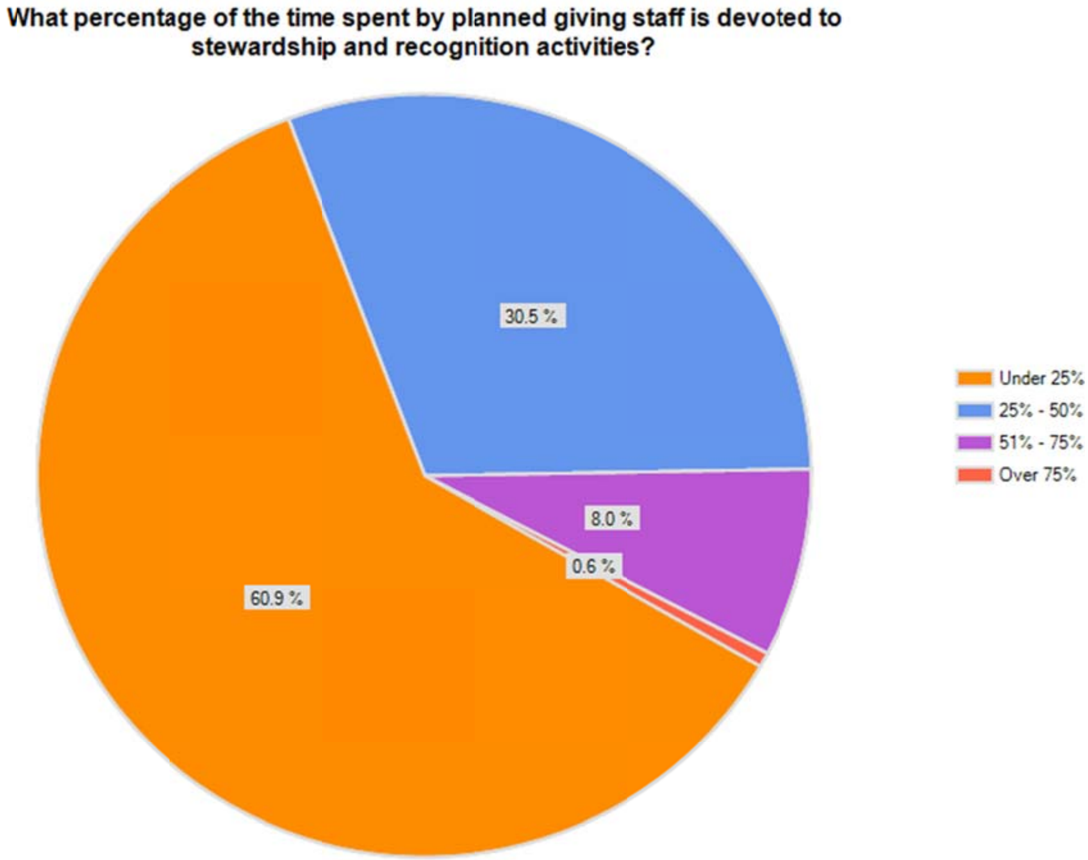


One hundred and four survey respondents indicated they were raising between $1,000,000 and $5,000,000 a year. Eight percent of these respondents are doing that with less than one full time employee dedicated to planned giving. The vast majority of these organizations (86%) may have as few as one planned giving employee or as many as five.

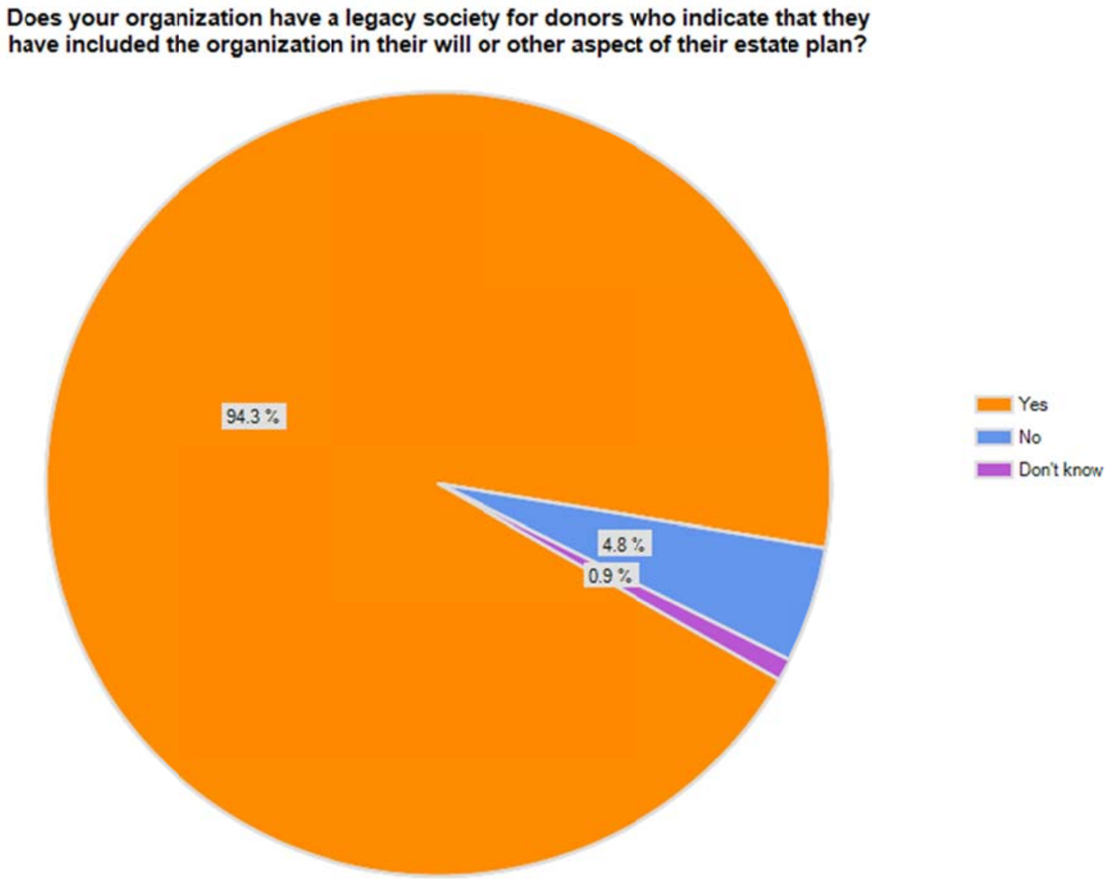
There are several conclusions to be drawn from these observations. A well-staffed office of planned giving professionals can raise a staggering amount of money in planned gift dollars. These organizations devote significant staffing and budgeting resources to millions of dollars in planned gift revenue. It becomes a matter of expectations and prospect potential.

A non-profit that is raising $10,000,000 a year in total funds raised can't expect to raise as much as an organization raising $250,000,000 a year. The data suggest that the total average planned gifts realized could be in excess of 10% of total dollars raised or less. If an organization is not achieving its potential for planned gifts, addition of resources in the form of staff and budget could increase planned giving productivity. For example, if the target of 10% of total fundraising means a $5,000,000 planned gift goal, a number of survey respondents were raising that amount with as little as a budget of $20,000 and planned gift fundraising being handled by non-planned giving specialists. Nevertheless, many organizations raising $5,000,000 in realized planned gifts have as many as 10 planned gift fundraisers and office budgets up to $150,000 exclusive of salaries.

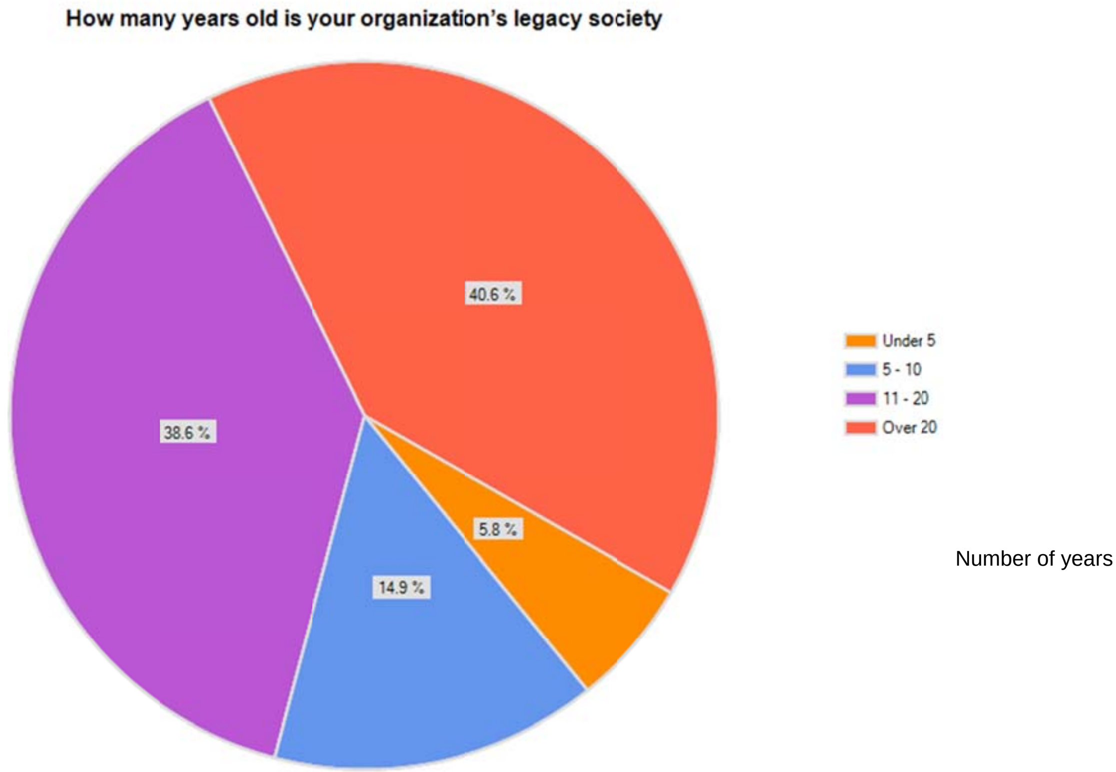
7. Recognition and Stewardship



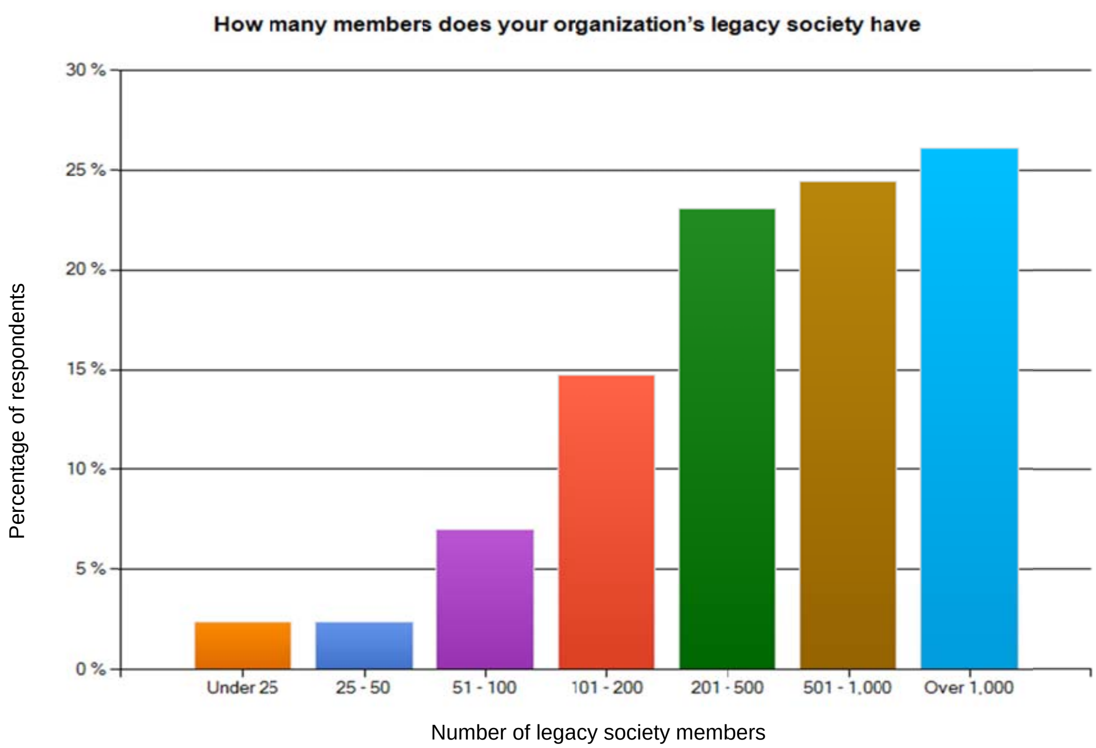
The results reported above confirm our experience that stewardship responsibilities generally fall to the development officers, rather than a stewardship department. The fact that the majority, 61%, spend less than 25% of their time on stewardship might indicate that there are other non-planned giving staff handling stewardship. The 31% of respondents that spend between 25%-50% is still a large number and is actually more reflective of what we see on a regular basis. We recommend that the mix between stewardship and fundraising be a 25% to 75% ratio in order to maintain the pipeline of prospects. In reality, however, that only happens once there is more support staff in place. For smaller organizations, this is an ongoing challenge for planned giving officers.

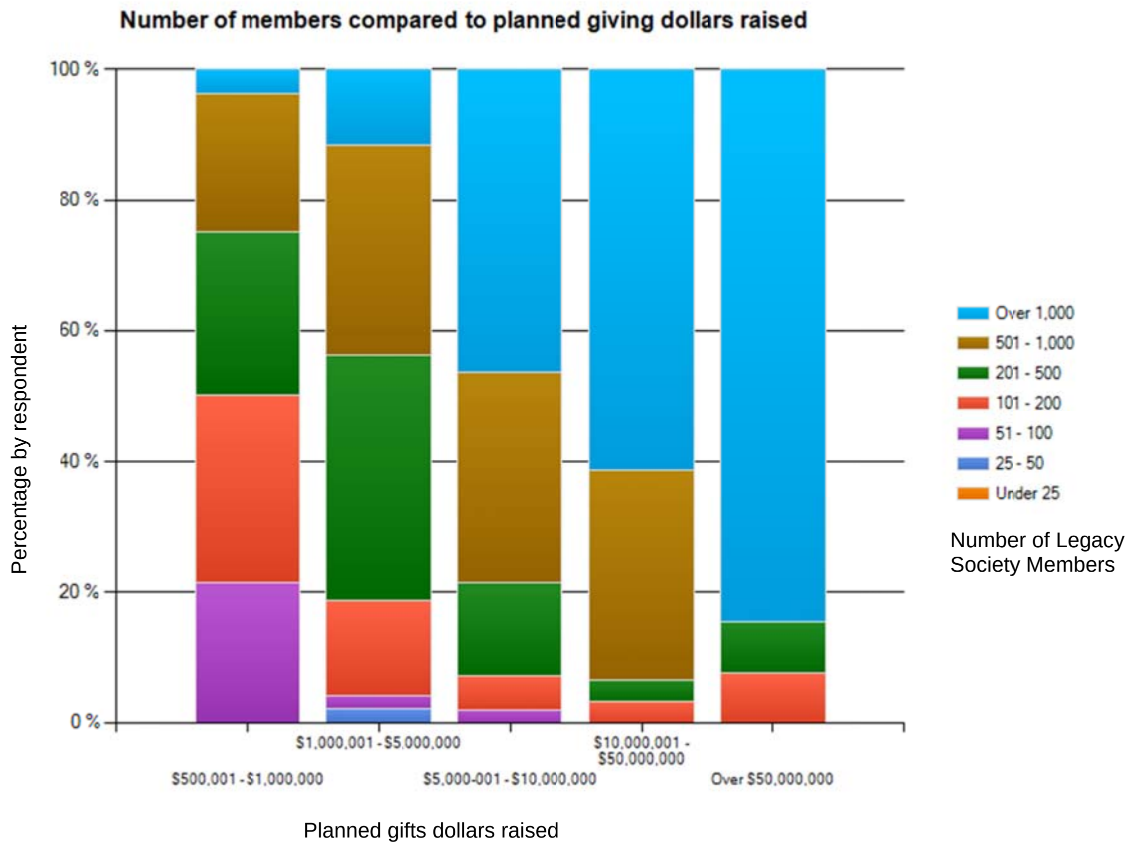


Given the audience profiled, we expected the number of organizations having a legacy society to be high, since these are active planned giving programs – and it was at 94%. Despite recent research that says donors are not interested in joining a legacy society, the data shows that institutions continue to use them as a primary vehicle for donor recognition. What we don't know is the legacy society trend for organizations who have a young planned giving program.

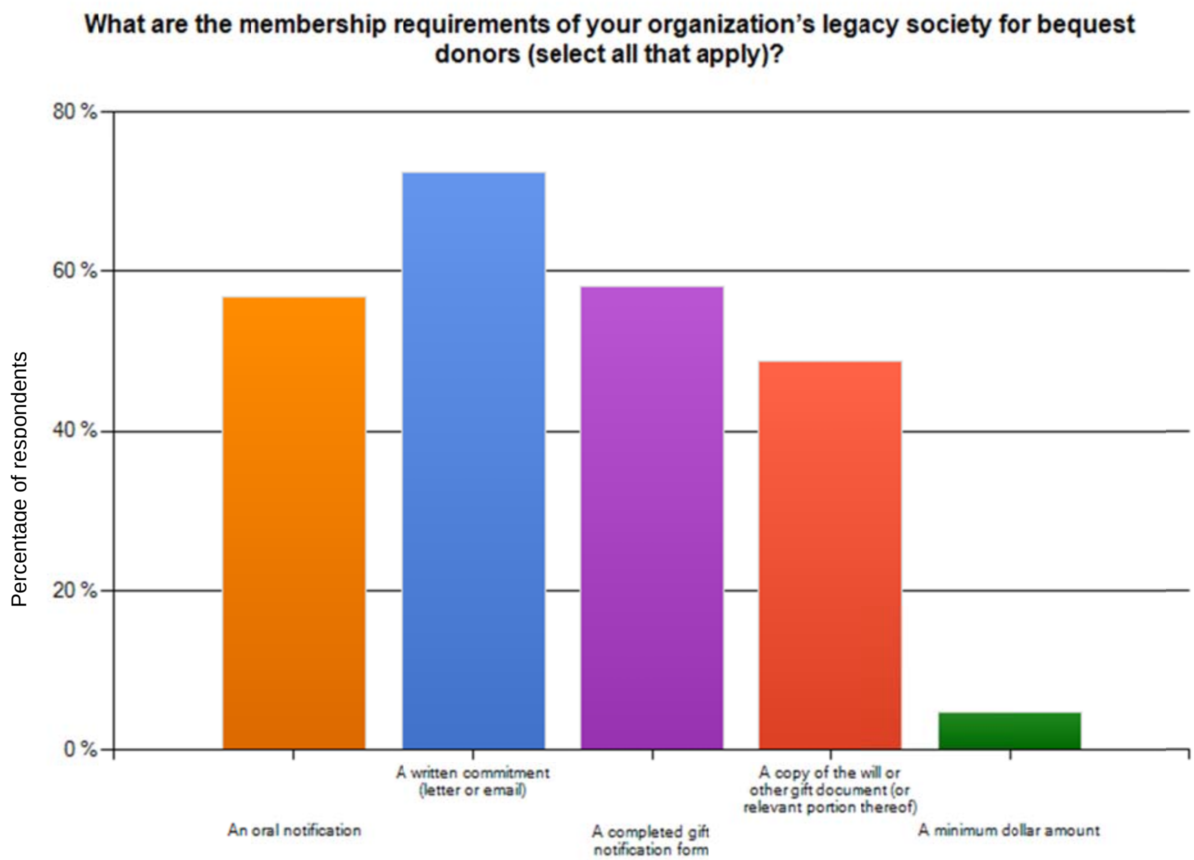


80% of respondents have legacy societies more than a decade old.

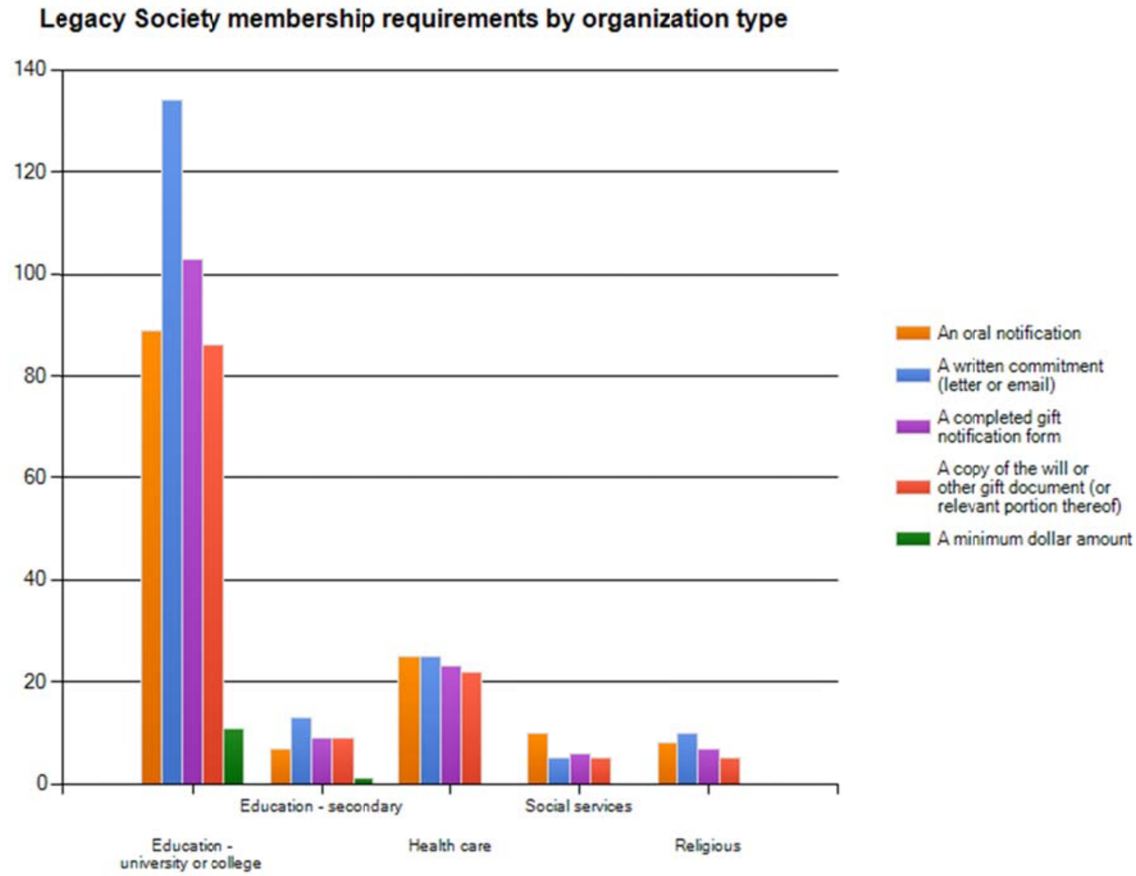




Over 73% of respondents have at least 200 members in their legacy society. When you look at membership as it relates to fundraising, not surprisingly there appears to be a correlation between the number of members and dollars raised. Given that this metric is one that is widely used in our industry, it is useful confirmation of its validity that our data shows that growing the legacy society helps the bottom line.



The most common form of legacy society membership requirement is a written commitment of some kind. The number of organizations requesting a copy of the will is almost 50%, higher than we would have expected. The thresholds for membership appear generally to be quite high. While an organization might require a copy of the will or trust or written verification of the commitment, these requirements would seem likely to discourage some donors from disclosing that they have made an estate commitment at all.



The takeaway from the graph above is that there appears to be a difference between the strictness of the membership requirements in the education sector compared to other non-profit categories. The point of requiring a notification is so the organization can thank the donor for her generosity and to be sure the organization can carry out her wishes. Again, if a non-profit's notification requirements are intrusive, many donors who have made estate commitments may be discouraged from notifying it that they have made an estate commitment. We advise our clients to make legacy society membership requirements as non-intrusive as possible. An oral notification should be acceptable for membership to a legacy society, keeping in mind that counting it as part of your bequest expectancies is something entirely different.

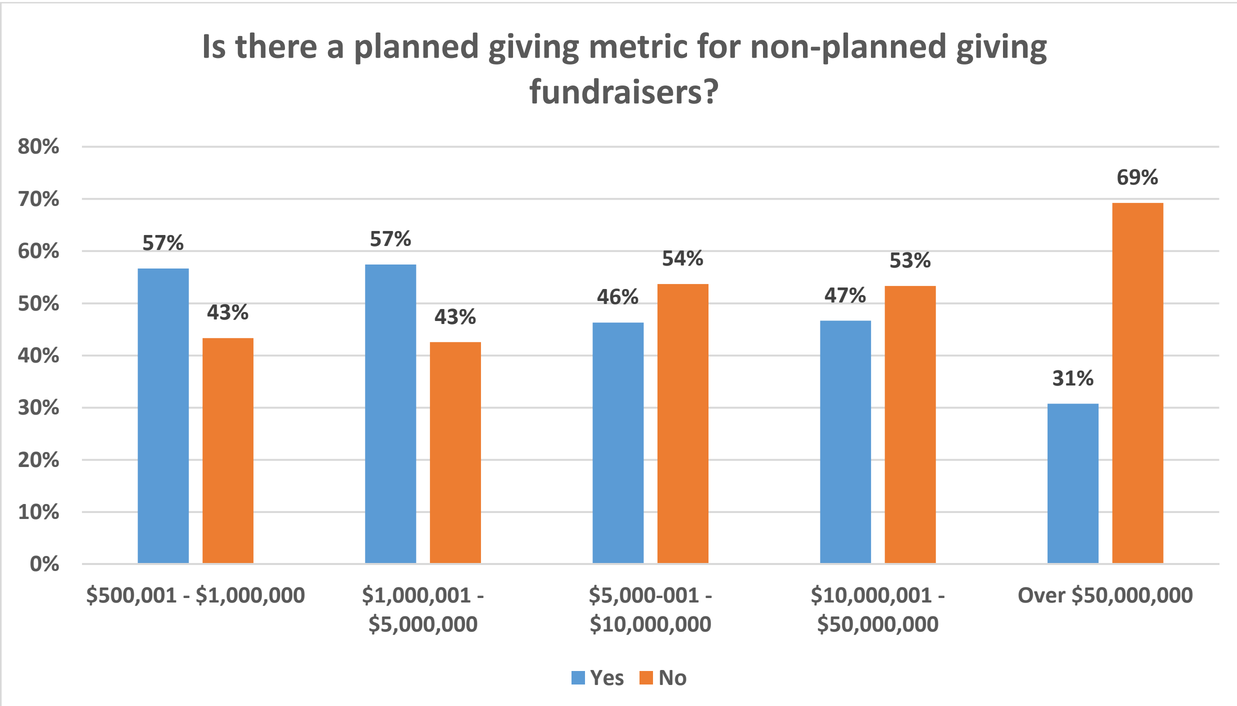
8. Fundraiser Metrics and Planned Giving

Among survey respondents, 86% of the organizations have at least one person who spends more than half of their time on raising planned gifts. This is to be expected since the organizations surveyed generally have very active planned giving efforts. Of those organizations, 92% indicated that major gift officers and other fundraisers are also expected to discuss planned giving with prospects.

The fact that most respondents have planned giving and all fundraisers discuss planned gifts seems to indicate a fair amount of planned and major gift integration. Most respondents seem to have either abolished the distinctions between planned and major giving or at least have moved away from the silo approach.

But there is more to the story. While 92% of the organizations expect all fundraising staff to "discuss" planned gifts, only 52% of those organizations actually measure planned giving performance of non-planned giving fundraisers. People tend to focus their work on those things on which they are measured. A major gift fundraiser has little motivation to bring up planned gifts if their performance is measured by dollars in the door and they have no planned giving metric.

The chart below shows the correlation between having a planned giving metric for non-planned giving fundraisers and average amount of planned gifts realized each year.



The majority of responding organizations that raise between $1,000,000 and $5,000,000 in realized planned gifts each year have a metric to measure non-planned giving staff's planned giving performance (57%). Nonetheless, close to half of those organizations <u>don't</u> have a planned giving metric for non-planned giving fundraisers.

You might expect that if more fundraisers are measured on their planned giving performance, planned giving fundraising attainment would increase. In fact, the majority of organizations raising in excess of $5,000,000 don't have a planned giving metric for non-planned giving staff while the majority of those raising $5,000,000 or less do. So what is going on here? It is likely that smaller charities, those raising less than $5,000,000 a year in planned gifts, have fewer fundraisers of all types. Therefore, these charities need to make the most of every fundraiser they have. Charities raising in excess of $5,000,000 would be likely to have staff that specialize in particular areas of fundraising. These organizations have fewer generalists and more specialists so a planned giving metric for all fundraisers is less compelling.

9. The Role of Planned Giving in Fundraising Campaigns

Planned giving metrics for non-planned giving fundraisers are one way to encourage everyone in the organization to maximize planned giving opportunities. Ultimately though, the fundraising goals that the organization sets for itself drive the attention and prominence of planned giving to the organization. Our survey asked whether there was a planned giving goal as part of their institutional fundraising campaigns. The question did not distinguish between whether the campaign was for capital, endowment or both.

The majority of respondents said that their last campaign did include a planned giving goal. Notable among those responding *yes* are the large number of respondents raising between $10,000,000 and $50,000,000 or in excess of $50,000,000. Even among those raising a modest $500,000 to $1,000,000 in planned gifts, a majority reported having a planned giving goal in their last campaign.

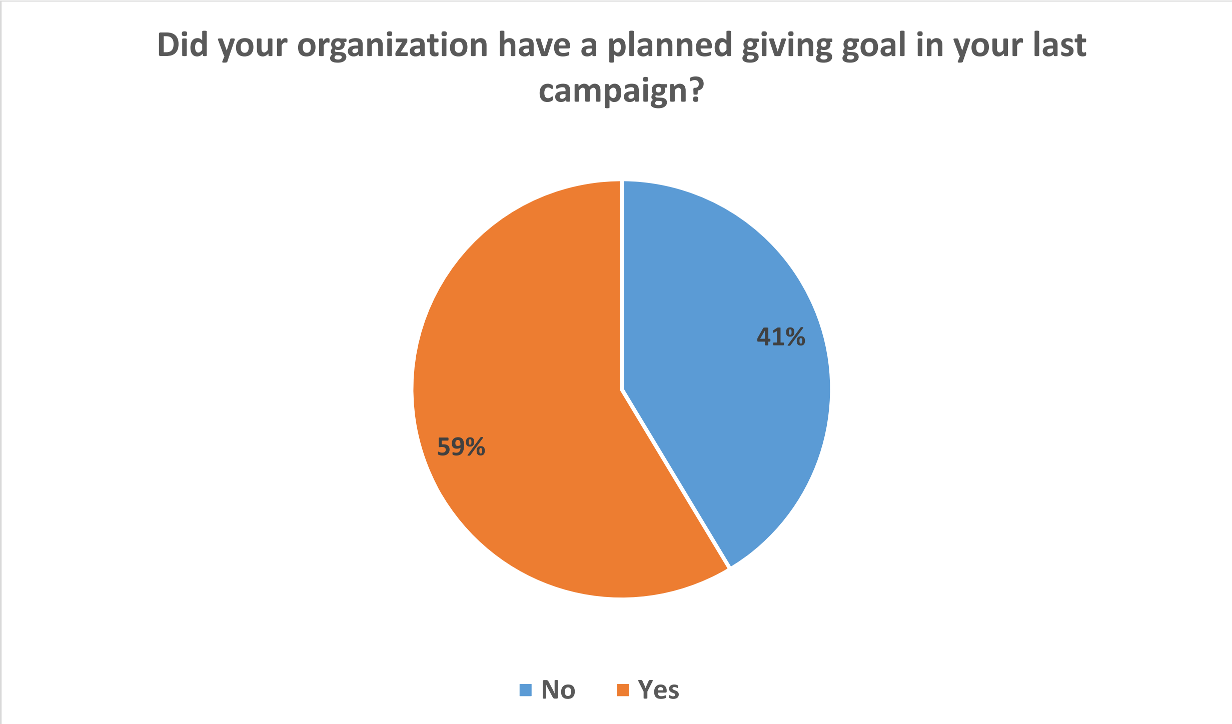
Much has been written about the role of planned giving in a campaign. It is beyond the scope of this paper to recap the various approaches as to how to maintain the vitality of the planned giving program in a campaign. That being said, a few observations are in order.

There are three general approaches to managing planned giving, particularly if it is a capital campaign. A charity could de-emphasize planned giving during the campaign and marshal all resources in pursuit of current gifts to reach the capital goal. While this approach may increase current dollars, it would be shortsighted to divert resources from planned giving while conducting the campaign.

Another approach is to continue to operate the planned giving program during the campaign but on a parallel track. Such an approach allows donors to continue to complete planned gifts as they come up in the life-cycle events. However, lack of coordination can lead to competition for prospects between major and planned gifts. There can also be lost opportunities funded with complex assets and designed and timed to fit donors' situations.

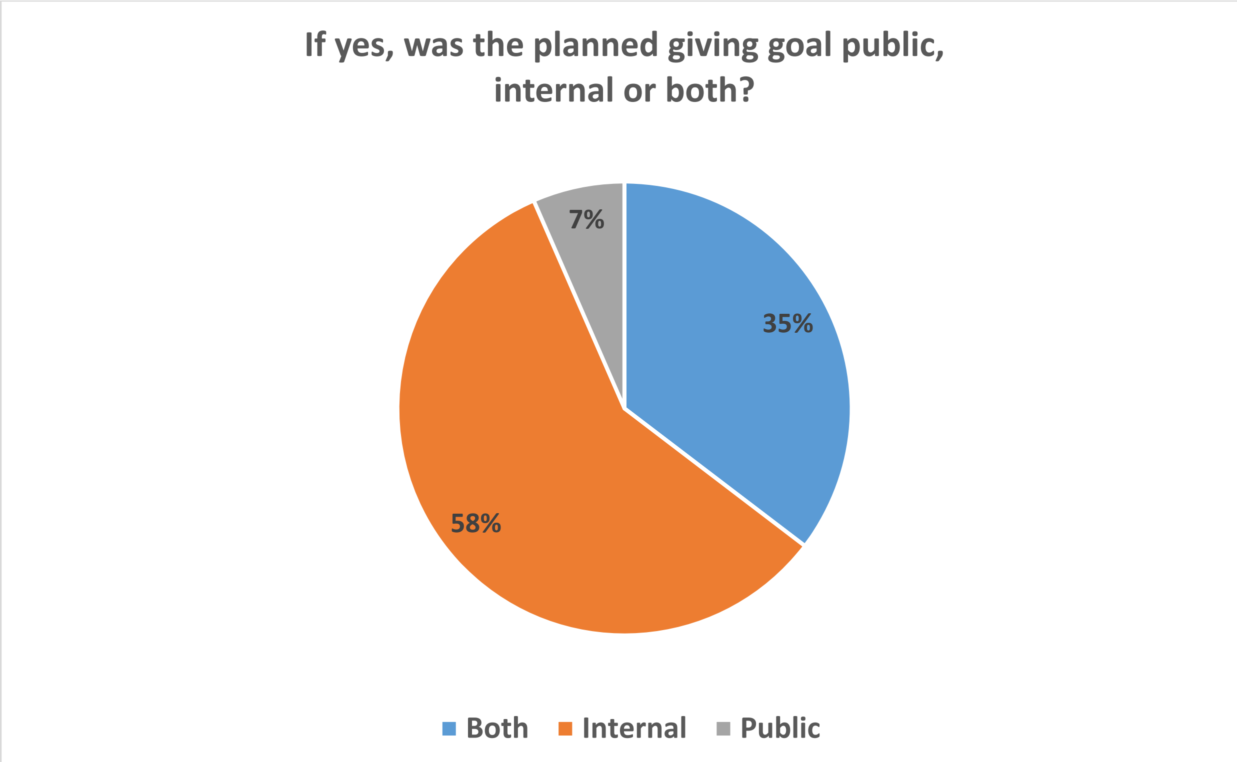
Finally, a charity can fully integrate planned giving into the campaign. All prospects, whether identified by the planned giving office, major gift officers, or the annual giving program are screened and evaluated.

The survey doesn't uncover which of these approaches to planned giving the respondent organizations are using, but a majority do include a planned giving goal in their campaigns.

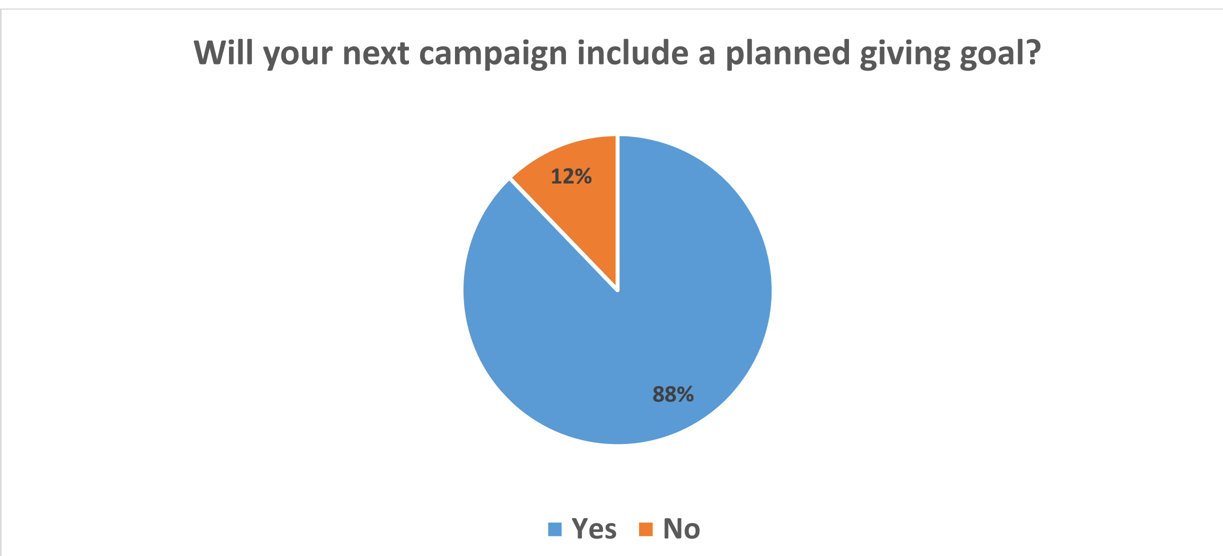


A majority of respondents (59%) indicated that there had been a planned giving goal as part of their last campaign. Some of these organizations may be operating planned giving on a parallel track along with the campaign. Others may be fully integrating planned giving into the campaign. A minority of respondents (41%) had no planned giving goal in their last campaign. These organizations may have chosen to deemphasize planned giving during their last campaign. The consequent reduction in resources and interest in planned giving is in all likelihood going to reduce the future pipeline for realized planned gifts.

Among those organizations that did have a planned giving goal in their last campaign, a majority (58%) chose to make the goal strictly for internal reporting. Presumably these organizations set internal planned giving goals to provide incentives for all fundraisers to structure gifts that best meet the needs of the donor and the charity. In some cases, the resulting gift package may have been a combination of a planned and an outright gift. Perhaps in some cases, the gift package was entirely a planned gift.



Some respondents indicated that the planned giving campaign goals were communicated either both internally or to the public. The fear among some fundraisers is that if a planned gift is on the table in the context of a campaign, the prospect will take the outright gift off the table. This presumes donors are not generous and the only reason for a gift is to make the fundraiser leave them alone. If that is the case, the charity has much larger problems than whether to make a planned giving goal public or not.



Nonetheless, it became clear that inclusion of a planned giving goal is planned by an overwhelming majority of the survey respondents (88%). The trend for the role of planned giving in fundraising campaigns is clear. It doesn't matter if a planned giving goal is internal to motivate planned giving activity among staff or the goal is public to attract participation from a wider audience. Planned giving is likely to play a larger role in campaigns at the majority of charities surveyed.

10. Summary

The conclusions to take away from this survey are highly dependent on where your planned giving program stands right now. Some things you can't control. An organization that has been in existence less than 50 years seems to be at a disadvantage over their older peer organizations. There is no way to speed up the legitimacy that comes with longevity.

Some things you can control. If you are already raising significant planned gift dollars compared your outright fundraising totals, additions of staff and bigger budgets may not move the needle significantly. At the other end of the spectrum, if planned gifts realized are disproportionately low compared to outright gifts, a modest commitment of resources to planned giving can have a big impact.

Small organizations seem to be able to do more by expecting all fundraisers to promote planned giving. Large shops seem to continue to use planned giving specialists, but perhaps they could learn a lesson from the little guys. The more fundraisers of all types that are promoting planned gifts, the more planned gifts are going to come in the door.

If planned gift marketing is intermittent, that reduces the planned gift pipeline. There is no dabbling in planned giving. Once you're in, you have to stay in. Direct mail is still the foundation of most planned giving marketing but don't be complacent when it comes to marketing. The landscape is shifting, albeit slowly, to more online and social media platforms. Take the temperature of your donor base for more technological solutions to marketing.

Our survey generated a tremendous amount of data. This paper touches on the most important correlations that we observed. We will continue to analyze our survey and anticipate additional presentations on our findings.