

Peak Performance: Strategic Stewardship for Planned Giving Programs

Katherine Swank, J.D., Consultant, Target Analytics

When was the last time you personally spoke to the people who are leaving gifts to your organization in their wills? Was it more than three months ago? Longer? Never?! With the average bequest in the U.S. hovering between \$35,000 and \$70,000 and at around \$30,000 in Canada, you can't afford to alienate your planned gift¹ donors.

True donor stewardship begins before you know that a gift has been made and continues even after the donor has passed away. A simple, yet strategic stewardship program welcomes your legacy² givers into the organization's highest ranks and provides them with a two-way relationship throughout their lives. Building an intentional bond with these future major donors improves your chances of receiving increased gifts from them now, as well as increased or additional legacy gifts in the future.

Consider this: As few as 15 people have the ability, when combined, to provide your organization with more than a million dollars!³ Are you making the time to incorporate best practices for planned gift donor recognition⁴ and expanding your efforts to provide spectacular stewardship?

A view from the top

Every fundraising professional eventually becomes acquainted with the fundraising pyramid. It's an effective visual aid that provides a solicitation continuum from entry-level donor to ultimate donor. Both major and planned gift donors reside at the peak of the pyramid and will be your organization's transformational contributors.

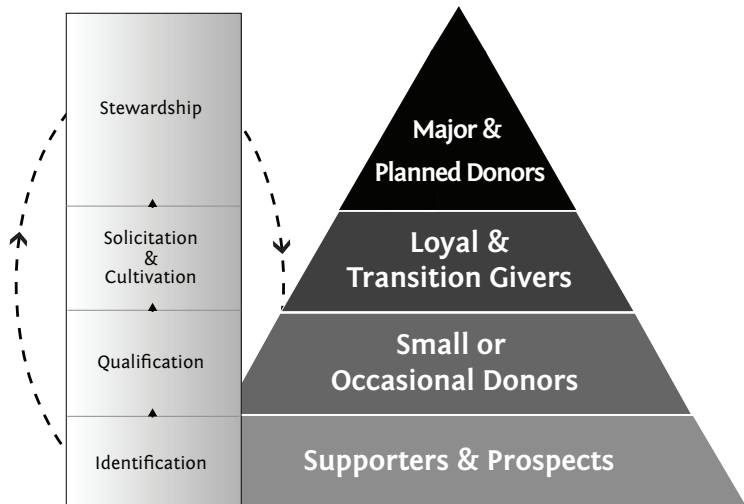
As we work through a traditional donor giving life-cycle with these individuals, stewardship becomes the linchpin — the central cohesive element on which other gifts hinge. When performed correctly, stewardship binds our high-gift donors to the organization and its mission, and they become invested in our success. When performed poorly, stewardship creates a gap, not filled through any other step and may lead to supporter dissatisfaction, distrust, and a degraded affiliation.

Contents

| | |
|-------------------------------------------------------------|---|
| A view from the top | 1 |
| The donor giving cycle..... | 2 |
| Who should be part of your stewardship program? | 2 |
| Institutionalized stewardship..... | 3 |
| 11 principles of effective stewardship..... | 5 |
| Assessing your own stewardship efforts | 5 |
| Summary..... | 6 |

Continued on following page

The donor giving cycle



While actual giving motivations are different for each supporter, a connection to your vision and mission are the prime reasons that donors contribute. They feel passionate about your services, your programs, and your outcomes. They want to help those in need, have a desire to give back to others in the community, and generally

“Both major and planned gift donors reside at the peak of the pyramid and will be your organization’s transformational contributors.”

want to make a difference in the world around them. Giving levels often increase with personal net worth, and some donors refer to increased tax incentives for motivation. We know that people give because they are asked. They also give because they are thanked. Regardless of the impetus, our contributors look for the reciprocating factor we call “stewardship” to keep the circular relationship in motion.

Donor recognition must become more than a response to a gift or a response to a notification of an intended gift. In its purest form, donor recognition is a strategic tool for communicating with current and prospective donors. At its most genteel, it’s a thoughtful relationship with your best friends. The methods of your stewardship program and the activities you perform in thanking those who fund your mission are the keys to enhanced giving, both now and in the future. Planned giving stewardship should follow these steps as well, even though the gift will be received some time — maybe not for a long time — in the future. Without this, your chances of getting and maintaining large planned gifts will remain outside your reach.

Who should be part of your stewardship program?

Planned gifts create both challenges and opportunities. When you are notified of a planned gift intention, it’s easy to provide stewardship. Unlike annual, capital, and major donors, however, there are many people who choose to remain silent. Some studies indicate this number may be four times, six times, or even 10 times greater than those who come forward.

Donors’ reasons for anonymity are varied but tend to follow a basic theme: conservative values. Legacy donors do not regard themselves as wealthy, although many are. They worry about a secure future and do not consider their assets liquid. They also tend to shy away from highly public recognition and may even abhor it. Do not, however, confuse this with a lack of generosity or a desire to forgo all recognition and stewardship. Instead, it means we must be creative and expansive when considering stewardship for planned gift donors. It only benefits you to be as inclusive as possible with your targeted group. I suggest that you include the following characterizations in your prospect pool:

Continued on following page

- Individuals that have already notified you of a planned, deferred, or legacy gift
- Donors of stocks, securities, and mutual fund shares no matter the amount of the gift
- All qualified inquirers of bequest language, gift annuity calculations, and information on life income gifts
- All board and committee members, professional-level staff members, and employees of 10 years or longer
- Donors who have made gifts at any level for 10 or more years or have given your organization 25 or more gifts including recurring/monthly gifts
- A minimum of 250 top planned giving prospects⁵ identified through an analytics project or other vendor-related scoring
- All donors who have made single-year gifts of \$10,000 or more

This “advanced” stewardship may seem unnatural, but it makes sense. Planned gifts to your organization are already in place, you just don’t know of their existence. The groups noted above have the highest possibility of having already included you in an estate gift. Research indicates that bequest intentions shared prior to a donor’s passing tend to be twice as large as bequests that were never revealed. Further, personal relationships cement the bequest gift. By thanking, reporting to, and accounting to these individuals in “advance” of their notification, you increase your chances that their planned gift is not only at the higher end but also that your organization is one of only several charitable beneficiaries.

Institutionalized stewardship

It’s your duty to woo these generous contributors into a comfortable situation where they can acknowledge their future intention, and you can do so by setting an example with your stewardship activities. An effective program has a number of components. However, donors and prospective donors expect certain common elements. While you can do many things to steward a gift, consider these fundamentals:

- **Acknowledgement:** Your first response to a gift, any gift, should be to say “thank you.” Be grateful. Say “thank you” in the most personal way possible. When it comes to thanking donors for their future planned gift, acknowledgement is critical. Use the least amount of “template” language feasible and include references that are specific to the donor’s gift intention or desired outcome. Speak from the heart and consider a handwritten element. Additional acknowledgement from key players is also appropriate, for example, a faculty member, the vice president of programs, or a student. Every member of your staff — paid and volunteer leadership — should institutionalize donor stewardship, especially those at the top. Invite them to think of ways their role lends itself to saying “thank you.” Induct them onto the gratitude team. Provide sample statements of appreciation that become part of their vocabulary. Ask them to say “thank you” to someone every day — and show your gratitude to them in return.



About the Author

Katherine Swank, J.D.

With more than 20 years of legal and nonprofit management experience, Katherine Swank has raised approximately \$215 million for national healthcare and public broadcasting organizations, as well as an independent law school. Prior to joining Blackbaud in May 2007, Ms. Swank was the national director of gift planning at the National Multiple Sclerosis Society, where she provided fundraising consulting services to the Society’s chapter leadership and development staff for six years. She is an affiliate faculty member of Regis University’s master of nonprofit management degree program in Denver, teaching classroom and online courses on wealth and philanthropy. She holds an independent studies degree from the University of Northern Colorado and a law degree from the Drake University School of Law in Des Moines, Iowa.

Continued on following page

- **Recognition:** With permission, recognize future gifts and annuity gifts in an upcoming publication, on your organization's website, and in your annual report. Not only is this an opportunity for natural contact, it is also another opportunity to be thankful. Be certain to provide access to the recognition piece or pieces. If your donor does not use the Internet or does not have access to a "members only" type of web page, provide an alternate document or hard copy issue.
- **Accountability:** Report back to your donors, both future and current. Share the impact of similar gifts from other legacy donors that have already been put to work. Use detail and numbers to show your results. Create a communication piece that shows what role planned giving revenue plays for the year or for several past combined years. Highlight the total number of legacy givers of which you are aware. Use donor stories to bring your results to life.
- **Access to Leadership:** When donors make significant gifts, they expect a little attention; some expect a lot! It's easy to provide it while also being cost-careful. Personal letters and summary reports from those in leadership positions cost nothing to write and have little or no cost to disseminate. If you already send your current major donors special mailings, notices, and invitations, add your legacy notifiers as well as your planned gift prospects to your list. Remember, the average bequest is more than \$30,000 and surely qualifies this group as major givers. Begin to treat them in a manner in which you'd like them to become accustomed. Special attention, in a group-like format, is usually welcomed and very appreciated.
- **Celebrate:** Celebrations take many forms. Celebrate the notification of a planned gift when you receive it. Celebrate the anniversary of a charitable gift annuity and similar gifts each year on the signing date. Celebrate loyalty markers such as five or 10 years of giving or the 10th, 20th, 25th gift, and onward, no matter the amount of the gifts. Celebrate seasonal times of gratitude. Send hand-signed cards at Thanksgiving, at year-end, or even on Valentine's Day. Invite planned giving donors and prospects to your annual meeting, your kick-off, and ground-breaking events. The decision and expense to attend are the donors' responsibility, but the responsibility to extend the invitation is yours. Benefits and inner-circle activities such as these provide regular and strategic touch points with this future major donor group.
- **Ongoing Stewardship Activities:** Create a comprehensive stewardship plan for your deferred gift donors. A touch every other month or so shows your continuing gratitude and welcoming disposition. Many planned gift donors may never accept an invitation to a meeting or even to have a cup of coffee. It's well known that this donor group is among the shyest of all — not in reality, but in activity. They tend to be modest and often do not see themselves as "philanthropists." Systematic touch points give these donors a sense of belonging but not of standing out.
- **Proactive stewardship of planned gift prospects** creates the type of environment where gift notification seems natural. New planned gift donors already know and trust you and may feel comfortable enough to alert you to their deferred gift intentions.

Continued on following page

11 principles of effective stewardship

As you sit down to plan your legacy recognition, consider these 11 principles of stewardship provided by Kay Sprinkel Grace in her well-known book, *Beyond Fundraising*.⁶

1. Engage the donor immediately.
2. Don't mix messages, i.e., a thank-you note with an enclosed request for a gift.
3. Carve out a budget for stewardship — include personal outreach efforts as well as physical items.
4. Keep your stewardship in line with organizational image.
5. Determine what kind of involvement your planned giving donors want outside of making the donation.
6. Use current legacy notifiers to convey messages to potential planned gift donors; nothing speaks more volumes than a satisfied donor.
7. Tie your stewardship program to the mission.
8. Focus on intangible rather than tangible benefits — make donors into investors.
9. Maintain stewardship even if planned gift donors decrease or stop their current giving. Remember, the average planned gift is often many times larger than a donor's lifetime cumulative gifts.
10. Keep all donors part of your database unless they tell you otherwise.
11. Establish relationships between donors and program staff.

Assessing your own stewardship efforts

As a first step, you may want to assess your current stewardship efforts with your legacy donors and prospects. This quick checklist will get you started.

- Do you have a written plan?
- Does your plan include written, phone, and in-person components?
- Do you have a dedicated budget for stewardship?
- Do you look for ways to better acknowledge, recognize, and report to donors?
- Do you gather donor feedback?
- Do you network with others to exchange ideas?
- Do you gather examples of great stewardship components on a periodic basis?
- Do you encourage your colleagues to share their great stewardship ideas?
- Are you innovative and open for change?

Figure 1 shows a very simple example calendar of stewardship activities. As you begin to design your own program, be certain to include actions that reach out to your prospect pool as well. Steward them in advance of their gift notifications.

Continued on following page

| Timing | Stewardship Activity |
|----------|-----------------------------------------------------------------------------------------------------|
| January | "Informal Annual Report" — letter describing annual accomplishments and impact on your constituency |
| February | Annual update phone calls to all gift annuitants and charitable trust donors |
| April | Annual planned giving recognition event held |
| May | School year-end thank-you letter and photo from a graduating student |
| June | Annual phone calls to bequest intenders |
| July | Official annual report and donor listing with hand-signed letter from president |
| August | Mission component update report(s) from program director, dean, VP of research, etc. |
| October | Invitation to annual meeting mailed |
| November | Thanksgiving card to all known legacy donors |
| Ongoing | Anniversary cards, birthday cards |
| Monthly | New legacy society member packets |
| Weekly | Visit with one to two members of the legacy society |

Figure 1

Summary

In summary, strategic stewardship increases your organization's image, reputation, and priority with both current and future planned gift donors. Thoughtful gratitude and communication cost nothing. Take time to consider the rewards. One person per week who leaves you \$70,000 as a final gift becomes \$7,280,000 in just two years. If you start now, your future will be here before you know it.

¹ For the purpose of this paper, the term "planned gift" means any gift payable upon the donor's death.

² The terms "planned gift," "legacy gift," and "deferred gift" are used interchangeably herein.

³ 15 x \$70,000 = \$1,050,000

⁴ The terms "donor stewardship" and "donor recognition" are used interchangeably herein.

⁵ For the purposes of this paper, "top planned giving prospects identified through an analytics project or other vendor-related scoring" should be selected using loyalty factors and not just using top scores. This provides a more diverse age group of prospects and does not focus on only older individuals. For more information on selecting your "top prospects" from a Target Analytics ProspectPoint project, contact the Target Analytics team at 800.468.8996, Option 5, and ask to speak with a team consultant.

⁶ Kay Sprinkel Grace, *Beyond Fundraising: New Strategies for Nonprofit Innovation and Investment* (Wiley, 2005).

About Blackbaud

Blackbaud is the leading global provider of software and services designed specifically for nonprofit organizations, enabling them to improve operational efficiency, build strong relationships, and raise more money to support their missions. Approximately 24,000 organizations — including The American Red Cross, Cancer Research UK, Earthjustice, International Fund for Animal Welfare, Lincoln Center, The Salvation Army, The Taft School, Tulsa Community Foundation, Ursinus College, the WGBH Educational Foundation, and Yale University — use one or more Blackbaud products and services for fundraising, constituent relationship management, financial management, website management, direct marketing, education administration, ticketing, business intelligence, prospect research, consulting, and analytics. Since 1981, Blackbaud's sole focus and expertise has been partnering with nonprofits and providing them the solutions they need to make a difference in their local communities and worldwide. Headquartered in the United States, Blackbaud also has operations in Australia, Canada, Hong Kong, the Netherlands, and the United Kingdom. For more information, visit www.blackbaud.com.

© 04/2011. Blackbaud, Inc.
This white paper is for informational purposes only. Blackbaud makes no warranties, expressed or implied, in this summary. The information contained in this document represents the current view of Blackbaud, Inc., on the items discussed as of the date of this publication.

All Blackbaud product names appearing herein are trademarks or registered trademarks of Blackbaud, Inc. The names of actual companies and products mentioned herein may be the trademarks of their respective owners.