

Back to the Future Again: A retrospective on the Future of Planned Giving

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At the CASE Advanced Planned Giving Conference in 1991, I ventured into the always dangerous field of prediction, looking at what I perceived as a series of trends in the planned giving profession and projecting where I imagined these trends taking us in the years ahead. Since 1991, not only have 17 years transpired, but the Internet has transformed the way we do business and the way we communicate with our supervisors, our colleagues, and our donors. Tax law has morphed several times into new and unexpected avatars. And the much-anticipated multi-trillion dollar transfer of wealth has gotten well under way, but not necessarily in the manner we had envisioned.

Poking holes in past predictions is always entertaining, especially if the predictions are one's own. Let's see how right (or wrong) I was and how the trends and predictions I saw in play in 1991 have progressed or sidelined themselves in the years since.

Prediction #1: Growth was gaining momentum and would continue unabated

One of the most obvious aspects of the planned giving profession in 1991 was its rapid and accelerating growth. In the five years since NCPG began, the number of councils had grown four-fold, the number of members had also quadrupled, and the attendance at the national conference had tripled. Predicting continuing growth in the number of planned giving professionals was easy, and anticipating that, as more and more bright young people entered the field, we would be blessed with a surfeit of planned giving experts for decades to come was natural.

Indeed, growth happened—at least for a while. The number of planned giving councils soon exceeded 100, membership in NCPG again doubled, and the attendance at the national conference more than doubled as well. Somewhere in the late 1990's, however, the growth engine began to sputter. NCPG changed its membership criteria, fewer new councils appeared on the horizon and some actually disbanded, and the national conference attendance figures have remained more or less stable for the past five years or so.

What happened to the predictions of unimpeded growth? Planned giving has hardly become less important to the success of charitable fundraising. In fact, if anything, planned gifts have come to fill a larger and larger share of the fundraising pocket. As an example, I checked the records from a group of 27 high quality liberal arts schools over

the years from 2000 to 2007, and found that planned gifts (as measured by the fairly conservative categories of matured bequests and new life income gifts only) have accounted for from 11% to 50% of the totals over those seven years. In some years, planned gifts reached as high as 80% of the numbers for some of these schools. I venture that similar data could be gathered for other high quality development programs across the non-profit spectrum.

I would suggest three factors might account for the diffusion of the profession and for the fact that seasoned planned giving experts are harder to find and more expensive now than they were 17 years ago. First, more and more charities have discovered the benefits of planned giving, and the demand for planned giving professionals on staff has outpaced the supply. As a result, many planned giving experts found themselves the objects of regular and often enticing calls from headhunters offering more money and prestige. The planned giving professional who stayed in one place for ten years or more became an increasingly rare species, even though both common sense and measurable data suggest that success is in large part a function of longevity. Increasing mobility and new job opportunities have lured many planned giving professionals out of the field, or at least out of being the pure planned giving experts they had been. The ranks of chief development officers, of managers of bank and insurance company programs, and of consultants have swelled with many of the profession's best talent.

Even as the generation that had entered the field in the 1980's moved into a variety of new and unanticipated avenues, the new generation seems to have found pure planned giving less appealing than their predecessors. The image of a technical expert who spent his or her days developing spreadsheets, investigating tax and legal precedents, and servicing the backroom needs of a development office did not excite the new wave of development professionals, many of whom chose to follow the major gift path of professional development.

Finally, in many ways the growing centrality of planned gifts has undermined planned giving as a separate profession. Charities want all of their development officers to be able to spot gift opportunities and, while cash is still king in the treasurer's office, a cash-only development operation leaves many potential gifts on the table. As a result, many charities have turned away from the model of hiring experts on staff whose only job is to provide the technical expertise to the rest of the development office. Increasingly, development programs have come to blend planned and major gift functions—in its most recent survey in early 2008, the ACGA found that over 30% of its respondents had such blended offices. Many development programs have found it less expensive to hire the expertise they need *when* they need it and to train all their front-line development officers to become conversant with the basic principles of planned giving.

Prediction #2: Donors are becoming more sophisticated

Even in 1991, the investment world had vastly expanded from its base of twenty years earlier. As more donors found their portfolios filled with a growing number of mutual fund options, with international equities, with real estate of all kinds, and with even more

esoteric partnerships and monetary instruments, they also became more sophisticated about their giving. I anticipated, therefore, that donors would soon be coming to us with their plans already formulated and that we would have to learn to deal with the donor who knew more than we did about the gift she intended to make.

Since 1991, the investment world has only become more complex. And, indeed, some donors have relished the opportunity to take charge of their own increasingly diverse holdings. As the Internet has allowed donors access to tax information and planned giving calculations, some have also become real partners in developing their giving plans.

However, many—most donors in my experience—remain uninformed about the broad range of gift plans available to them. Even very wealthy donors with stables of financial and legal advisors, who have brought a high level of creative entrepreneurial spirit to their business and investment dealings still think only of cash when they plan their philanthropy. Opening the doors to gifts of non-cash assets may be one of the most important tasks of planned giving today, whether those doors lead to deferred or to current gifts.

Prediction #3: *Credentialing and accountability will dominate the profession*

In 1991, I saw that both charities and donors had come to question whether an individual, not matter how bright or committed, could just hang out his proverbial shingle and call himself a planned giving expert. Some kind of professional standards seemed inevitable. Some of us discussed a move toward an official credential akin to those demanded by the legal and accounting professions. Others foresaw a set of standard practices to which all planned giving professionals would adhere.

This issue came to a head in the early 1990's as the NCPG board deliberated whether to move toward a credentialing role. Caught in a spirited and even on occasion acrimonious discussion, the board of NCPG decided not to move in that direction, persuaded that a body of knowledge alone would not be enough to guarantee credibility. Instead, the debate turned to a set of model standards of practice. In part inspired by the Canaras Code, drafted by the members of the Canaras Group in 1988 and revised in 1989 and 1990, the board, under the able, patient and persistent leadership of Frank Minton and others, took on the significant task of drafting a set of model standards for the profession. That set of standards has marked the path for thousands of professionals ever since and did more to enhance the professional nature of planned giving than almost any other contribution NCPG has made.

Where do we go from here? Undaunted by the lessons of time, I still do not shrink from projections into the future—and from providing *Planned Giving Today* with another potential article 17 years from now! What are the trends I see over the next decade or two?

First, planned giving will come to be even more important in charitable fundraising than it is today, especially as we seek to open the doors of immediate gifts of non-cash assets as well as of future commitments.

Second, the profession will take on a great responsibility for monitoring activity in charitable fundraising. We have begun that task in recent years by looking closely at the sometimes contentious issues of valuing gifts, of counting gifts in campaigns, and of evaluating the range of gifts using life insurance vehicles. We will continue to tackle these and other central concerns. Likewise, we will continue to conduct research to map the patterns of giving across the philanthropic spectrum. Building on the national research of giving patterns conducted in 1992 and again in 2000, the profession will be able trace the shifts in donor behavior over a broad timeframe, and that knowledge cannot help but enhance our effectiveness as a profession.

Third, careful, ethical behavior will continue to govern the profession. Full disclosure, transparency, consultation with colleagues, and avoidance of conflict of interest will be even more important than in the past. The often lively debates on GiftPL are only the latest indicator that issues of behavior are still front and center for most of us who “practice” planned giving, in whatever form.

Finally, we will become less and less isolated experts in a corner office and more and more a vital member of the “team.” And the team will hold a greater variety of members: other development professionals, for-profit financial and legal advisors, fiduciary officers, professional consultants, and donors and donor families themselves. Plans, especially those that involve the greatest value, will become more unique to the donor’s specific circumstances as we look to help the donor solve her problems even as we enable her to make an impact on philanthropy that she wants to make.

If these trends continue, we will all have accomplished much, and the planned giving profession will continue in new and vibrant ways to be a profession of which we can be proud.