The Ten Elements of a Strong Gift Planning Program

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When we started our consulting company, we knew that our specialty would be planned giving, because that is what we know best and because we saw many organizations needing help refocusing their operations from "cash now! cash only!" to more complex offices that better met the needs of their prospects. What we quickly learned, almost from the beginning, was that it was not detailed technical information that most people needed; rather, most nonprofits needed the basics—or needed an outsider to reinforce the basics they already knew to their president or their board.

Thus, we offer the following "basics"—ten elements that, we believe, must all be present for you to have a strong planned giving program. We offer these items not as new information—there is probably not one of the ten that you do not already know—but as a quick review, perhaps in a form that might help boards and presidents better understand the business of planned giving.

1. Clear Institutional Policies and Guidelines

The perceived complexity of planned giving often scares away the very people whose help you most need: your board and your major volunteers. Institutional policies can help demystify planned giving's apparent complexity and assure organizational leaders and volunteers that clear and well-thought-through procedures are in place.

Drafting or revising planned giving policies is one of the most valuable ways of engaging volunteer leaders in developing or expanding a planned giving program. In the process of deciding just what gifts you will accept (will you accept real estate? under what conditions? closely held business interests? partnerships? insurance?), volunteer leaders can work together to build institutional consensus and understanding. **Note:** this process also may stimulate those same volunteer leaders to think about a gift themselves in a far larger amount than they had considered that they themselves could give.

2. Methods of Tracking Gifts, Donors, and Prospects

Putting in place—and following deliberately—timely and accurate methods for acknowledging gifts, knowing how many and what kind of gifts have been made to the institution over time, and being able to chart next steps in the cultivation process for key donor prospects are all part of a solid gift planning data management system. Many nonprofits do at least parts of this tracking and data gathering well—especially those using commercially designed software systems. But many more either gather too much data or too little. **Note:** do make sure than more than one person knows how to enter and sort your data or your favorite donor might never receive another timely birthday card if the best administrative assistant in the world retires to Florida.

3. Clear and Easily Understood Methods of Analyzing Data

We all know a good data management system is only the first step. Using the system is the key. For a system to become the important tool it should be, you need to have three elements in place: a data management system into which information can be placed easily, regular and accurate updating of the information in the system, and broad knowledge within the staff of how to sort the data to respond to questions and opportunities. **Note:** Analyzing the information you have is one of the best methods of focusing on those prospects most likely to respond to your next appeal.

4. Effective Marketing Materials and Strategies

Increasingly, donors respond to specific opportunities. Charities, therefore, need to be more creative, more assertive, and more careful about the programs they offer and how they articulate those opportunities to donors. Marketing materials—whether they be print, electronic, or conveyed through face-to-face interaction—need to be clear, simple without being simplistic, and directed to the needs of the donors. Planned giving success comes as the result of a joining of donor concerns and desires with institutional priorities and needs.

Note: we have all heard how people are becoming more and more sophisticated about planned giving. Yet, we have found many potential donors remain confused by terms such as “life estate” or even “charitable gift annuity.” Thus, we believe marketing should be addressed not only to potential donors, who may put brochures aside to “read later,” but also to those who might be able to explain the terms and ideas to the prospects. Intermediaries such as real estate brokers, insurance agents, financial planners, securities analysts, and fiduciary representatives can be a key set of partners in effective gift planning marketing.

5. Clear, Reasonable, and Achievable Goals

Every good development program needs goals. With planned giving, unlike with annual funds, goals are harder to set. Since planned gifts often come when the donor is ready, or at some significant moment in her or his life, setting annual goals can often be frustrating. However, projecting the number of new bequest provisions or anticipating the number of new life income contracts over a five year period can be important signals to staff and volunteers alike what the priorities of the program are.

Note: setting goals that are completely outside the control of the staff, such as a dollar goal for matured bequests, produces frustration, but setting goals over which the staff has more control, such as the number of new bequests, then makes the activities leading toward those goals—like asking for bequests--an important part of all development associates' jobs.

6. A Broad Comfort Level and Understanding of the Benefits of Planned Giving

All too often organizations abdicate all responsibility for planned gifts to the resident "expert," the Director of Planned Giving who is "on call" in case a question arises. This pattern is, in our experience, self-defeating.

To help all professional staff feel comfortable with planned giving may require a series of workshops or seminars, a set of training opportunities that address not only the basics of planned giving but also techniques for continuing the conversation with donors when potential barriers arise. **Note:** all the staff need to understand the basics of planned giving so that when a major gifts officer or an annual funds director hears the words "I would love to give, but I need to think about my future income in my retirement" she or he thinks "aha . . . a planned gift."

7. Access to Technical Expertise (*When* You Need It)

All of that said, sometime you will need technical, legal, and sophisticated financial expertise to complete a gift. A strong program needs, therefore, such expertise on staff *or* access to such expertise on an as-needed basis. Organizations need to have confidence that the individual or individuals on whom they rely are up to date in their knowledge, that their staff people know the latest rulings and tax decisions, and that they know the limits of their own understanding too. Nothing hurts a program more than "expertise" that turns out to be outdated, imprecise, or even wrong.

Not all organizations can afford in-house technical staff. Fortunately, along with our own firm, there are a growing number of planned giving specialists who are now available on a consulting basis, able to answer questions as they arise, to facilitate staff and donor workshops as they may be helpful, to interact with a donor's financial and legal advisors about the specifics of a gift transaction. **Note:** sometimes a donor's financial and/or legal advisors do not have a clue about charitable annuities or a charitable trust, although they might think they do, and having access to experts who work for the charity makes sure the charity brings the best information possible to the table.

8. A Broad Range of Gift Planning Options

Planned gifts, as you know, come in many guises. They can be outright gifts of hard-to-value assets. They can be deferred gifts involving an income flow. They can stem from long-range and sometimes very complicated estate planning strategies.

Each of these plans derives from the specific needs, priorities, and desires of the donor. The more such plans a charity is able to accept or to incorporate into its planned giving program, the more likely it is to receive a gift. This does not mean that all charities need to offer gift annuities, or real estate pooled income funds, or donor advised funds. But it does mean that each charity should examine the broad range of gift opportunities to see what might fit into its own program. **Note:** more and more nonprofits are able to broaden the kinds of gifts they might consider by relying on outside specialists when the special needs arise.

9. Sufficient Resources to Do the Job

Very little happens in the development world by magic. Sure, we all have benefited from a large bequest that we did not know about, but a predecessor has probably done the work for us many years ago. To return the favor, you need resources.

How much is enough? The answer varies very much from institution to institution. Partly, it is a function of the size and wealth of the potential donor pool. Partly it comes from the limitations—and every organization has limitations—of budget and staff time. Nonetheless, a planned giving program requires investment, both of resources and of time. The payoff, as you well know, will be tremendous. **Note:** some presidents and boards do not understand that in a capital campaign, most nonprofits expect planned giving to provide at least 20-35% of the amount and that sufficient resources need to be invested to assure that result.

10. Continuing Assessment

All development programs need to measure their results. Planned giving programs, even more than annual giving programs, require continuing assessment of their effectiveness.

The most effective planned giving programs have built into their policies from the beginning ways of assessing effectiveness. They know whether their messages reach their intended audiences and what the reactions are. They measure whether their budget allocations and investments in outside counsel produce the results they intend. They constantly question whether their priorities produce the benefit to the organization everyone desires. They regularly assess whether their staff need more training.

Note: regular planned giving audits, including benchmarking with comparable institutions, can help to create a willingness—even a desire—of each organization to improve its effectiveness on a continuing basis. The most successful programs are also willing to change as a result of their assessments.

Conclusion:

Increasingly, the most effective planned giving programs are becoming seamlessly integrated with major gifts and annual giving. Donors think about their gifts to the charities about which they care, not about the segment of the development office with whom they deal. By turning all the front-line development officers into planned giving “scouts,” more gifts will come, donors will feel better cultivated, and charities will be better served. Planned giving, as we all know, is no longer an esoteric corner of the development profession; it is integral to the whole. By paying attention to the basics and by seeing planned giving as a core function of the development “business,” everyone—donors and charities alike—wins.

Drs. Bruce Bigelow and Carol Kolmerten are founding partners of Charitable Development Consulting, a firm that offers targeted advice to nonprofits on a variety of fund-raising issues and specializes in planned giving assessments, mentoring, and technical support.