

FUNDRAISINGWell



your newsletter about fundraising effectively in today's world

Blackbaud

June 2008

Editor's Note

Is starting a planned giving program a priority item on your organization's strategic plan? Has it been on your plan for more than two years? What are you waiting for?

This month's issue of *Fundraising Well* includes excerpts from published whitepapers by Katherine Swank. Swank has more than 20 years of legal and nonprofit management experience and currently helps nonprofits as a consultant for Target Analytics, a Blackbaud company. This article will explore the importance of planned giving programs and how to know when you're ready to start a planned giving program.



printer friendly

- » [Download PDF](#)
- » [View it Online](#)



table of contents

- » [Editor's Note](#)
- » [Planned Giving](#)
- » [Additional Readings](#)
- » [Latest and Greatest](#)

Blackbaud's 2008 Conference for Nonprofits — Registration Is Now Open!

You don't want to miss Blackbaud's 2008 Conference for Nonprofits. [Register Now!](#) With more than 100 sessions covering topics such as development, financial management, donor prospecting, and technology, this year's Conference is *the* place to learn and network with your nonprofit peers. Program details are available at the [Conference website](#) — your "go-to" resource for all Conference information.



 [back to top](#)

Are You Ready to Start a Planned Giving Program?

With the passing of the baby boomer generation comes the largest transfer of wealth in human history and the unprecedented opportunity for charities to encourage planned giving to minimize tax burdens for the prospective donor and optimize (not necessarily maximize) the benefits for both their designated heirs and the nonprofit organizations of their choice. Organizations and their planned giving officers can help by clearly defining the giving vehicles that match both the entrepreneurial tendencies of prospective donors and the needs of the nonprofit organization. But how do you know if your organization is ready to start a planned giving program, and how do you successfully talk to donors about planned gifts?

Taking the time to choose which kinds of planned gifts your organization should promote is a wise undertaking

because it ultimately gives your staff members more confidence when they ask constituents for those gifts. A simple bequest marketing program is the most common way to get started. Whether you believe it or not, you already know about 90 percent of what you need to begin immediately. Assessing your readiness will confirm your ability to compete for legacy gifts in today's charitable market and alert you to what you need to do before accepting your first gift. You might also be ready to promote other gift vehicles such as gifts of securities, real estate, or charitable gift annuities. Strong planned giving programs build over time, but if your organization is ready, there's no time like the present to begin.

Simple Gifts

Bequests account for nearly 90 percent of all planned gifts in the United States, yet many charitable organizations don't let their constituents know that they'd like to receive these gifts. Bequests are a natural starting place for both donors and nonprofits. Donors like them because including a charitable gift in a will or a trust is as simple as signing a check. The concept is straightforward; the gift is easy to complete and can be revoked in the future if circumstances change, and it's a cost-effective method compared to some other planned gifts. Usually donors choose this method because they consider their estates to be modest in size and do not believe that they have the resources to make a significant gift, such as a legacy gift, at the end of their lives. If you're considering starting a planned gift marketing program, you'd be wise to begin with charitable bequests.

Is a Bequest Program Right for You?

Are you ready to let prospects know that you'd like to be included in their legacy giving? Take the Bequest Readiness Assessment to find out:

- Has your organization been operating for more than 10 years?
- Have the board of directors and/or trustees passed a resolution supporting a planned giving program and dedicated financial resources adequate to support the marketing effort?
- Do your gift acceptance policies establish the use or disposal of gifts of stock and securities, real property and tangible personal property?
- Do you have a stock brokerage account in place?
- Does your annual fund/membership program have a consistent record of growth, both in the number of donors and number of gifts?
- Does your pool of prospects have a diverse age range and are your oldest prospects retired or approaching retirement?
- Do you communicate on a regular basis with your prospect constituency through written, phone, web, and face-to-face efforts?
- Have you been notified of at least one bequest gift to your organization within the past three years?
- Does your organization have a dedicated staff position who can contact and follow-up with estate attorney and personal representatives at least twice a year on the status of bequest gifts?
- Is your organization willing to undertake legal action to resolve a legacy gift, if necessary?

If you answered "yes" to at least seven of these questions, you are ready to start a bequest marketing program. You should take steps toward answering "yes" to the remaining questions within the next six months. If you answered "yes" to four to six statements, you may be moving toward marketing bequest gifts to your prospects; you may need a stronger commitment from the board or you might want to work on sustaining your annual fund (and thus your pool of bequest prospects). If you answered "yes" to fewer than four statements, you may want to create or enhance your strategic plan so that your organization takes deliberate steps toward starting a bequest marketing program within three years.

Gift Annuity Programs: Small Gifts Have Significant Rewards

Charitable gift annuities, like gifts of securities, should be marketed to prospects who feel they have adequate financial resources and are willing to irrevocably give some of them for charitable causes. Different from an outright gift, however, a charitable gift annuity is a contract between a donor and a nonprofit organization that requires a minimum annual payout to the donor and/or donor's designee for his or her lifetime.

Like a bequest donor, annuitant's primary desire when creating a gift annuity is to support the organization. Like securities donors, gift annuitants often repeat their gifts. This makes them a most appealing and sensible secondary target of a growing planned giving program. Usually beginning at a gift level of as little as \$5,000 and for people at least 65 years of age, annuities allow the nonprofit staff to build close and long-term relationships with these donors.

Annuities can contribute substantial future mission funding but can also create long-term donor loyalty and even increased current funding. Read [my complete white paper](#) to learn how to market gift annuities to targeted audiences that meet your eligibility requirements. Every opportunity to interact with charitable gift annuitants moves the organization closer to additional giving opportunities with this critical group of constituents.

Charitable gift annuity programs coupled with bequest programs have the capability to grow donor relationships and organizational loyalty and enlarge giving opportunities like no two other planned giving vehicles. Fully, 25 percent of gift annuitants have more than one annuity with the same organization, and 18 percent of annuity donors have also included a legacy gift to an organization in their wills or living trusts. Of these bequests, more than half benefit the same charitable organizations as their gift annuity.

You're ready to begin a charitable gift annuity program if the following conditions are true of your organization:

- The board of directors is aware of state laws regarding the marketing and issuance of charitable gift annuities, the board meets any prerequisite conditions to establish and offer charitable gift annuities, and the organization has the ability and expertise to prepare and file annual gift annuity reports to the state governing authority.
- The organization's gift acceptance policies state a minimum age and minimum/maximum gift level for the issuance of all gift annuities.
- The gift acceptance policies also declare whether the organization will follow the suggested gift annuity rates as established from time to time by the American Council on Gift Annuities or whether it will issue different rates including the legal implications of doing so.
- The board of directors has affirmed that the organization has liquid financial reserves that are more than adequate to back up and guarantee required payments to annuitants for their lifetimes.
- The financial office and/or development office has the requisite expertise to accept and administer gift annuity contracts, or the organization plans to hire an external administration and management firm.
- The development staff is capable of marketing charitable gift annuities, responding to inquiries, and facilitating the completion of annuity contracts.
- The organization has established a recognition and stewardship program that will thank and communicate with annuitants throughout their lifetimes.

Conclusion

In reality, starting a planned giving program should be easy for organizations that assess their readiness and choose only those activities that are appropriate for their maturity, staffing configuration, and leadership commitment. Likewise, it can feel foreign and time-consuming for an organization that tries to take on too much too soon. Ultimately, planned gifts can become "life-blood" gifts for some organizations, and building a steady, consistent and well-managed program is the key to success.

Additional Readings

Read my [entire white paper online](#) to learn more about the topics I've have covered as well as the following topic

- How a basic bequest marketing program will produce results
- How gifts of stock and securities can increase your annual fund
- Whether real property is really a good gift
- Whether life income gifts have a place in your planned giving program

About the Author

Katherine Swank, Target Analytics Consultant

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 Target Analytics in May 2007, 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.

 [back to top](#)

Latest and Greatest



web seminars

Raise More and Cut Costs

Join us to learn why The Raiser's Edge® is the only fundraising solution you'll ever need.

[July 10, 2:00 p.m. ET](#)

Getting to Know AuctionMaestro Pro

Whether you are planning your first auction or raising thousands of dollars at annual events, AuctionMaestro Pro enables organizations to maximize revenues and minimize the cost of fundraising events. Join us for a web seminar to learn more! There is no cost to attend.

[June 24, 2:00 p.m. ET](#)



in the news

Fundraising Fizzles for Myanmar and China

Donors have opened their wallets to help the devastated regions of China and Myanmar in recent weeks, but giving hasn't reached the levels seen after the 2004 Asian tsunami or the Gulf Coast hurricanes in 2005.

[Read the entire article here.](#)

Direct Mail Beats Predictions, Study Finds

Contrary to expectations, direct mail is thriving and will probably do well for another 10 years or more, according to a survey released by the Greater New York Chapter of the Association of Fundraising Professionals.

[Read the entire article here.](#)



resources

The Baudcast

Episode 9 of The Baudcast features discussions on t Kintera acquisition announcement, the Interi Symposium, Blackbaud® NetCommunity™ mashup the Causes data report, mobile giving, the 3G iPhone, Socialthing!, NTE Office Hours, and more.

[Download Episode 9.](#)
(21 MB, 31 minutes)

Four Tips for Considering New Technology

Management of daily operations usually falls to the finance/accounting fc They are left to wrestle w accounting and investing well as running day-to-da operations, which often includes making technolo decisions.

[Read the entire article he](#)

Blackbaud®

Blackbaud, Inc. | 2000 Daniel Island Drive | Charleston, SC 29492 | 800.443.9441

You received this email because you are subscribed to *Fundraising Well*. If you would like to unsubscribe, please visit [unsubscribe.blackbaud.com](#) to manage your subscriptions, or simply click [unsubscribe](#) to remove your email address from this newsletter list.

If this email was forwarded to you, and you would like to receive a free subscription, please visit <http://www.blackbaud.com/profile/adduser.aspx> and create an account. You'll be able to opt in to receive *Fundraising Well* and other Blackbaud publications at the bottom of the form. Once you create an account, you can manage your subscriptions at <http://subscribe.blackbaud.com>.

The information contained herein should not be construed as legal or professional advice. If you have questions about how this newsletter's content applies to your organization, you should seek advice from appropriate professional counsel.

© 2008 Blackbaud, Inc. All rights reserved.