Get Planning for Effective Planned Giving

Katherine Swank, J.D.

Senior Consultant III

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Presentation Speaker

Katherine Swank, J.D.

- Senior Fundraising Consultant, Target Analytics

- Past president, Colorado Planned Giving Roundtable

- Retired attorney, State Bar of Arizona

- Retired affiliate faculty, Regis University's Masters in Global Nonprofit Leadership program

- Blogger @ Target Analytics Community

- 25+ years in nonprofit market as fundraiser and management

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Our Agenda

The *Importance* of Planned Gifts

to the Development Office

Prospect *Identification*

Key Activities for *Success*

Q&A

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The Importance of Planned Gifts to the Development Office

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Making the Case

What is Planned Giving?

A giving process that honors the donor's desire to do something special and to give back

- Emotional, moving, not technical

A giving process that correlates with donor and organizational loyalty

A giving process that reflects the donor's financial behavior

Why is it important?

Donor cultivation is similar to major gift cycle

Your organization may have more ultimate dollar potential in planned giving than in major giving

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Planned Giving Potential Revenue

- Recent research shows that ≈ **8% of American donors age of 50+** will make an estate commitment to charity – *let's assume 1:3 of your prospects will do so*

- 33% of Americans are willing to **consider leaving a charitable estate commitment** to charity –they will need to understand your commitment to planned gifts – *let's also assume that 1:3 might make a planned gift*

- The **average planned gift in the U.S. is ≈ $57,000**

- **Calculate** low and high-end planned gift potential to your organization

- Start with a goal to **capture between 2%-5%** of that potential revenue within 5 years and grow from there!

Potential Revenue Example

Item	#	Formula	Outcome
# Planned Gift Prospects Identified (For example)	6,500		
Low-end # of Potential Planned Gift Donors		6,500 x 8% / 3	173
High-end # of Potential Planned Gift Donors		6,500 x 33% / 3	715
Low-end Potential Planned Gift Revenue		173 x $57,000	$9,861,000
High-end Potential Planned Gift Revenue		715 x $57,000	$40,755,000
2% of Low-end Potential Planned Gift Revenue		$9,861,000 x 2%	$197,220
5% of High-end Potential Planned Gift Revenue		$9,861,000 x 5%	$493,050

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Three Most Popular Planned Gifts

- **Charitable Bequests**
  - 90 to 95 of every 100 Planned Gifts will be Bequests
  - Will, Trust, Life Insurance, Retirement Funds, Bank and Savings Accounts, Mutual Funds
    - Most of these are Beneficiary Designation Form Gifts
- **Charitable Gift Annuities (CGA)**
  - Another 3 to 5 of the remaining will be CGAs
- **Charitable Remainder Trusts (CRT)**
  - 1 or 2 in every 100 planned gifts will be a CRT

Type of Planned Gift	Average Gift Amount
Bequest	$57,000
Charitable Gift Annuity	$60,000
Charitable Remainder Trust	$250,000

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3-Minute Primer on Planned Gifts

CHARITABLE BEQUEST

- Provision in a will, trust or document to pass money/asset to a charitable organization upon one's death

- **Wills and Beneficiary forms are often the first estate planning tools**

- *Two primary age groups: Late 40s to late 50s; Mid 60s to late 70s*

CHARITABLE GIFT ANNUITY

- A contract between 1-2 donors and your organization. In exchange for making a gift, you promise to pay the donor(s) a fixed amount regularly for life

- *Primary age group is mid 70s and older*

CHARITABLE REMAINDER TRUST

- The trust that pays a specified annual amount to one or more people for a fixed number of years, or for the life of the individual(s) who benefit from the trust's distributions; at the end of the term, the remaining trust property is distributed to your organization and any other specified charities

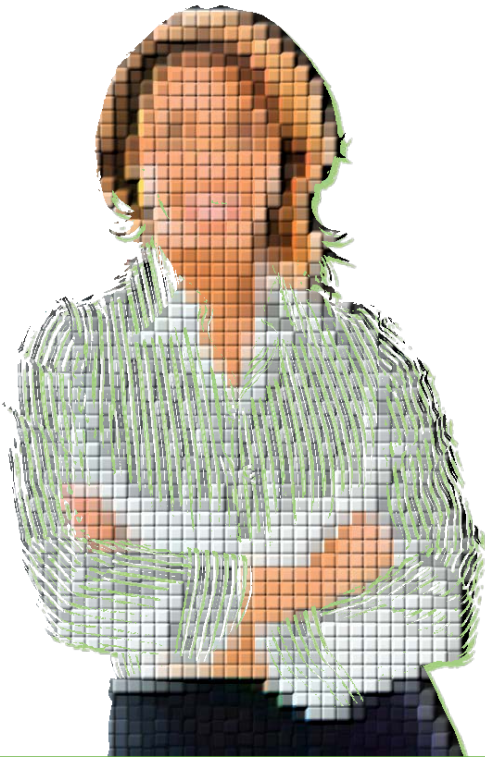- *Primary age group is mid 50s through early 70s*

Resource: 24 Planned Giving Terms You Should Know

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Prospect Identification

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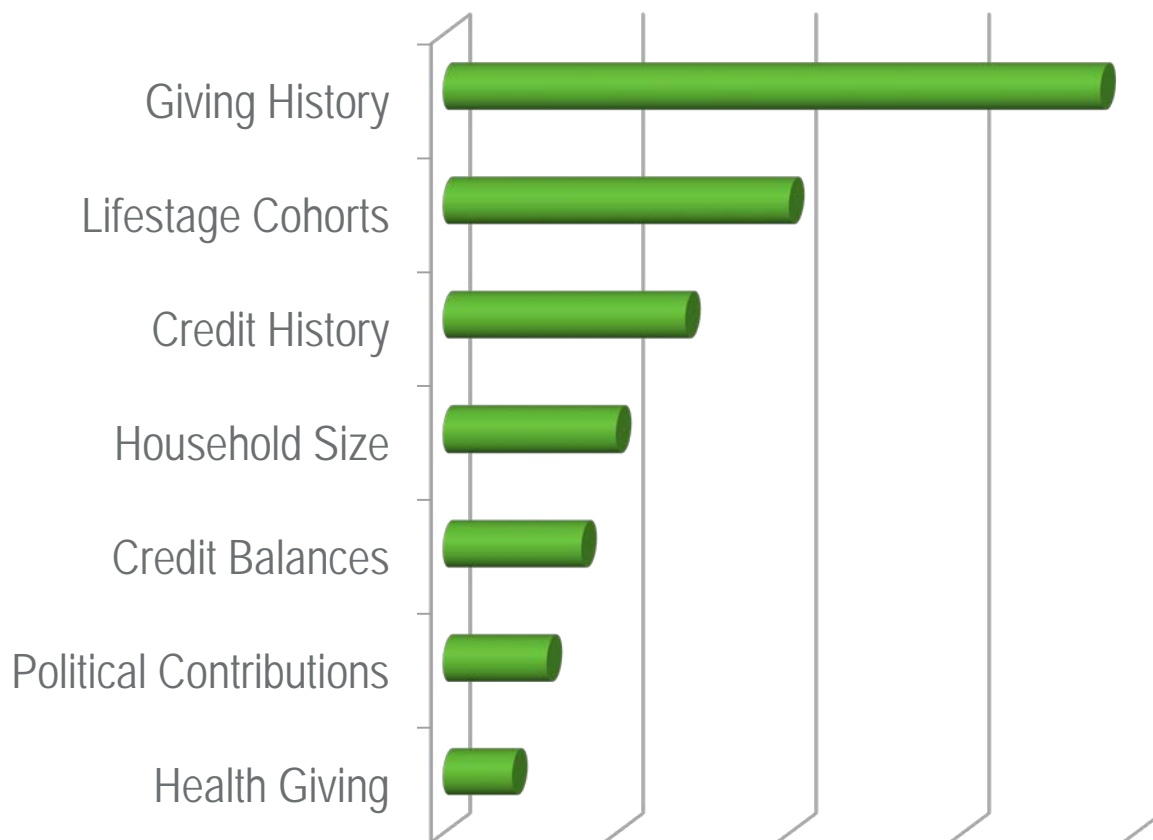# Role of Fundraising Essentials & Analytics in RE NXT

Why Use Analytics to Identify Planned Gift Prospects?

- Identified those with high amounts of known assets
  - Total Identified Assets
- Separated your database into those likely to use their assets to make smaller or larger gifts to you
  - Annual
  - Major
- Identified those not likely to give any gift to you
  - Suspects

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Planned Giving Donor Profile

Unique Combination of Characteristics

Giving History

Lifestage Cohorts

Credit History

Household Size

Credit Balances

Political Contributions

Health Giving

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Constituent Scoring

Planned Giving Likelihood Model (PGL)

- If you have purchased this model as part of your Fundraising Essentials or RE NXT Analytics package, each constituent received an *assigned score* from 0-1000
- As their score increases, the *likelihood* of the constituent to *make a planned gift* increases, as well

Score Description	Minimum	Maximum
Excellent	901	1000
Very Good	801	900
Good	701	800
Average	501	700
Below Average	0	500

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Planned Giving Results (SAMPLE DATA)

- Prospects were screened for their **likelihood to give a gift** a planned giving vehicle

- The groups noted below represent the **best planned giving prospects** for your organization

- Solicitation should be prioritized by **top likelihood to make a planned gift**

- Demographic information on this chart provides a generational aide as you **consider what will be your most effective marketing tools** based on your chosen segmentation

Planned Giving Likelihood Score	All Ages	Greatest: 1901-1924	Silent: 1925-1945	Baby Boomer: 1946-1964	X: 1965-1981
Excellent (PGL 901-1000)	219	10	165	38	4
Very Good (PGL 801-900)	1,301	29	810	383	56
Good (PGL 701-800)	3,089	47	1,371	1,271	249

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Planned Giving w/o the PGL Score

Inferring Potential Loyalty from Philanthropic Behavior

- Traditional focus is on **years of giving** or membership
  - Loyalty may be shown through giving/membership that happens very consistently and even less frequently, but more often than not
    - For example 3 of 5 or 6 of 10 years
- Loyalty may also be known as **affinity or engagement** and demonstrated through other activities

  - Loyalty is best described as a **step in the engagement process**

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Not All Planned Gift Donors Look Alike

Three donors (typical giving behavior for ages 50-70)

A Loyal Investor
- Consistent giving of $25 annually

A Loyal Investor
- Consistent giving of $100 annually declining to $10 annually at age 65

A Loyal Investor
- Frequent but not consistent giving of amounts $1,000+ escalating over time

A Loyal Investor
- Used to make donations, but has waned in her giving. She volunteers 4 days a month now.

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Understanding Other Loyalty Traits

Arts and Cultural Example

Volunteer/Docent
Member
Ticket purchaser
Subscriber
# of Visits
Outreach to organization
- Donor or prospect initiated contacts
  - Positive or negative

Faith-based Example

May vary significantly by the beliefs and traditions
Volunteer
    Teacher
    Delivery of meals
Regular attendance
Outreach (mission growth)
Interesting outcome: engagement within the Jewish community drives giving to Jewish and non-Jewish organizations

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Key Activities for Success

Step 1: Data

- In RE or your CRM, **create queries** that group your identified prospects into several groups for varying treatment

- _For example_, you might create 3 priority groups for increasing levels of attention

  Group 1: The Top 100 Financially Capable Prospects will be cultivated in the **most personal manner** by Gift Officers, Executive Director, etc.

  Group 2: Highly capable prospects age 80 and older will receive a series of **customized letters** asking them to notify the organization of a planned gift already in place

  Group 3: All remaining identified prospects will be sent quarterly **planned giving newsletters** by e-mail, mail or both (budget will determine prospect group)

Planned Giving Priority Segments

Older and Capable Prospects

Top 100 Capable Prospects

All Remaining Planned Giving Prospects

The examples on this slide do not purport to capture the huge variety of ways an organization can select criteria to determine their own planned gift prospect groupings.

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Sample Queries Using Fundraising Essentials & RE NXT Analytics Results

- Use this basic set of queries to get started with your Target Analytics results

Title	Basic Query Criteria w/ PGL Scores
• All Top Planned Gift Prospects	• PGL 701-1000

- The 3 priority groups of prospects for varying treatment would need these queries in order to identify the correct records from the example

Title	Basic Query Criteria w/ PGL Scores
• Top 100 Planned Giving Prospects	• PGL 701-1000, Next Ask Amount $5,000 or higher, Total Identified Assets $1,000,000+ (Age < 80)
• Prospects Age 80+	• PGL 701-1000 and Age greater than or equal to 80
• Remaining Prospects	• PGL 701-1000 and "A" or "M" rating, Age 50-79 and record is not included in Queries: Top 100 Planned Giving Prospects

- Consider queries similar to these in order to identify the records from the example without having PGL scores

Title	Basic Query Criteria w/o PGL Scores
• Top 100 Planned Giving Prospects	• Loyal Giving, Next Ask Amount $5,000 or higher, Total Identified Assets $1,000,000+ (Age < 80)
• Prospects Age 80+	• Criteria from Above and Age greater than or equal to 80
• Remaining Prospects	• Loyal giving, "A" or "M" rating, Age 50-79 and record is not included in Queries: Top 100 Planned Giving Prospects

Resource: How the Right Marketing Strategies Can Enhance Your Planned Giving Program

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Step 2: Planning

Sample Plan

Months 1-3 – Data Familiarization and Application

- Take time to **get familiar with your results** and navigate the data in your software
- Create **recommended queries** to segment your data appropriately
- Plan your marketing and outreach activities to your **priority groups**
- Begin to reach out to your **Top 100 prospects** as personally as possible

Months 4-9 – Analyze & Adjust

- Code the constituent records you market to, recording **what they are receiving** and how/when they are responding
- **Report and review the results** of your marketing efforts
- Track the **response rates** by marketing piece to understand what's working and what may need adjustment
- Report the number of **planned gift conversations** you've had with your Top 100 Prospects

Months 10-12 – Refinement & Planning for the Future

- **Personally and formally** solicit 20 of your top 100 prospects for a planned gift
- Prepare for your **next year's marketing**
- Plan to adjust strategy, or **add new strategies**, based on past experiences

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As You Plan - Do The Math

- Calculate your planned giving potential and **plan activity** around capturing it over time

- _For example_, if 173 people can provide you with **$9,861,000** you'll need to provide them:

  - Adequate attention as a **valued constituent**

  - Information about planned gifts and **how they make a difference** at your organization

  - **Two-way communications** with the leaders at your organization

  - Increased stewardship **aligned with their potential planned gift amount** and not limited to their current annual gift amount

  - Many **opportunities to interact** with your staff, leadership and mission cohorts

  - Multiple ways and many opportunities to **alert you to their planned gift** once created

- **Do the math!**

  - For our example organization seeking to focus on 2% of potential - they need 3.46 donors at $57,000 to garner **$197,220**

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2% of Low-end Potential Planned Gift Revenue	3.46	$9,861,000 x 2%	$197,220

Resource: Get Ready to Start a Planned Giving Program

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Step 3: Action

Basic Marketing

Mail a **Targeted PG Survey** to Top 10%-20% of identified prospects

Use **Age and Loyal Giving** to focus on engaged constituents

Create PG Web-site page(s) with **basic information & contact**

Intermediate (Basic+)

Purchase or collect **email addresses** on your constituent database

Send a **Digital PG Survey** to Top 30%-50% of prospects with an email

Mass-market your PG program through **organizational communications**

Comprehensive (Basic & Intermediate+)

Employ **Prospect Management Plans** for a caseload of PG prospects

Purchase **PG Tracking Software** or optional PG module for your database

Refresh your Target Analytic scoring on a **regular basis**

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Use Words that Prompt Engagement

An important recent industry study indicates:

- Certain **types of words** prompt responses to planned giving marketing

- **Living donor stories** elicit the most favorable responses

- Adding the name of a **giving vehicle** suppresses responses

- Yet, mentioning **tax incentives** works well

Encourage Direct Interaction Using Marketing Strategies Designed for Engagement

In the middle of an **8 to 10- question donor survey** asking for the person's opinion about your organization, include questions about charitable bequest giving

- ❑ *About **my relationship** with [Organization]*

- ❑ *Do you have a **deceased friend or deceased family member** who would have appreciated your support of [Organization]*

- ❑ *Many people like to **leave a gift to charity in their estate plan**. Have you……..*

- ❑ *If you signed a will in the **next three months**, what is the likelihood you might leave a bequest gift honoring a friend or family member to [Organization]?*

Resource: Words That Work – The Phrases that Encourage Planned Giving

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Reinforce Your Marketing Services

Planned giving marketing vendors can use your modeling scores from this project

Both *digital and print marketing* should be part of your marketing plan

Target Analytics can further *supplement your vendor's services*

- Channel Indicators help you know which medium any particular prospect is *likely and unlikely to respond through*

    - Direct mail, Web or Telemarketing

- Our Multichannel Contact Information service can *append data across every relevant channel*, including phone numbers, email addresses, and even social media handles

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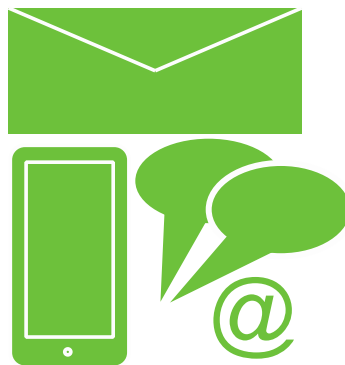
Employing Sophisticated Segmentation Groups

- This more-sophisticated sample marketing plan focuses you on working with *targeted affiliation groups* while still using your returned Fundraising Essentials and PGL scores

- *Concentrate your efforts with insider circles <u>first</u> -* they are likely to respond to your communications at higher percentage rates

- A marketing cadence offers *timing around your expected responses* to match your calendar

Sample Segmentation (Use scores 701-1000)	Sample # of Prospects	Specific Marketing Technique	Assumed Response %	Assumed # Responding Individuals	Distribution Timing
Board Members	20	Survey distributed by Board Chair	30%	6	February
Past Board Members	120	Survey signed by Board Chair	20%	24	May
Volunteers	3,000	Survey by mail and/or Digital Survey from CEO/ Ex. Dir.	10%	300	July
Major Donors (Past 10 years)	750	Survey by mail and/or Digital Survey from CEO/ Ex. Dir.	15%	112	November
Long-loyal Current Donors (Many gifts throughout the past 10 years who have an email on file)	10,000 (33% ea. wave)	Digital Survey from CEO/ Ex. Dir.	8%	800	Wave 1: March Wave 2: August Wave 3: October

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Talking to Donors about Planned Gifts

- If you've made your own planned gift – even a very simple one – you can talk to others about how you did it and how good you feel having done it

- Use words that work and are comfortable (see Slide 25 for a resource!)

- Practice talking about planned gifts

- Share stories of living donors that have made a planned gift

- Share stories of how donors' gifts make a difference at the organization

Resource: A Volunteer's Guide to Soliciting Planned Gifts

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Summary and Q & A

Getting From Data ⇨ To Planned Gifts

Data ➕ Planning ✖ Action = Planned Gifts

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Persistence & Patience

Planned Giving Guiding Principles

1. Your earliest success with be with insiders – ask them to make a planned gift - you, paid professional staff, your board and committee members, etc.

2. Later success will be with your best but less-affiliated prospects (PGL 701-1000 or Loyalty)

3. Getting people to tell you that they've created a planned gift shows early success for your program

4. Actual revenue in-the-door may not be for 3, 5 or more years

5. Planned gifts **_ARE_** major gifts

6. More people have the ability to make a deferred major gift to your organizations than a current major gift

7. Honor your donor's choice in making a major gift in the future, if that's right for him/her

KEEP CALM AND CARRY ON

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Resources

Planned Giving Councils

- Join your local council of the ***National Association of Charitable Gift Planners*** (formerly Partners for Philanthropic Planning) – https://charitablegiftplanners.org/join

- Look for a mentor

Written Resources

- Read the resources linked within this presentation

- More whitepapers at: https://www.blackbaud.com/nonprofit-resources/fundraising-whitepapers#Prospect – look in the Prospect Research section for many more resources on planned giving

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Questions or Thoughts?...

Want to learn more about
Planning for Effective Planned Giving?

- Contact Your Target Analytics Account Rep

- Email, TAsolutions@blackbaud.com

- Or just send us a quick message via

  the app here and we will get back to you

- Join the Target Analytics Community

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Thank you!

Katherine Swank, J.D.

Senior Consultant III

Target Analytics, *a division of Blackbaud Inc.*
2000 Daniel Island Drive, Charleston, SC 29492
Direct: 843-670-7278
Katherine.swank@blackbaud.com
www.blackbaud.com/analytics

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