



Using Planned Gifts in Capital Campaigns: Pointers and Useful Questions

By Kevin Johnson

Increasing numbers of nonprofit organizations that are conducting campaigns want to integrate significant planned gift objectives into their campaign goals. Too often, the results don't match the plans: more gifts are secured for some projects and not enough for others, and opportunities for larger gifts are missed.

Here are some pointers and related questions for your own campaign gleaned from a survey of a wide range of organizations engaged in or having completed campaigns that include planned gifts.

The best time to start planned giving is BEFORE you actually start your campaign. The next best time is right now.

The best time is upfront--before a campaign starts the quiet phase. Effective planned gift fundraising is about establishing relationships that are founded and focused on the long-term values of donors. If your organization spends time engaged in a values-oriented conversation before a capital campaign, you effectively and powerfully lay the groundwork for a successful capital campaign.

- Most of the money in the category of planned gifts comes from bequests. Make sure you have an active program communicating the opportunities of bequests now. Expand your marketing focused on donor and institutional values (not as "products").
- Identifying bequest prospects can help identify new donors with whom you can develop relationships.
- Urge development officers to use gift planning first as a way to get new prospects who can ultimately contribute to the campaign.

- As relationships expand, these donors are likely to increase current giving and may even decide to give their estate gift now for the experience of seeing the gift put to use today. Just a few months ago, one group with whom I recently worked received a cash gift of more than \$1 million when the newly identified donor decided to give her bequest today rather than wait.
- There is increasing competition for donors. A widespread bequest marketing effort can help expand your active donor and prospect base.
- Early conversations with current or prospective planned gift donors can help clarify the case for giving to your institution. They can also uncover organizational issues that might get in the way of major gifts or the success of a capital campaign effort. These conversations can also save time and add a reality test as campaign planning gets underway.

Clarify your purposes in using planned gifts -- there are multiple reasons and opportunities.

Most capital and endowment campaigns focus on current gifts. Planned gifts resulting from campaign activity are too often considered “icing on the cake.”

- Take the time to carefully discuss the role that cash, pledges, and planned gifts can play in terms of the institutional goals for the campaign; campaign positioning; “counting” gifts and donor recognition; and analyzing prospects and donor targeting.
- There are a variety of percentage targets that some organizations have used for planned gifts, such as 20-25% of a campaign total. However, the purpose(s) of your campaign and donor interests and demographics will determine what percentage target is relevant for your goals.

Planned giving can put new money into play.

There is a myth that gift planning takes dollars off the table. That’s simply not true. Often, it can increase the number of gifts, leverage new money, or get donors to think of gifts from assets rather than income. Over the last seven years, I have asked dozens of development officers and consultants if they have had any clear, direct experience of someone cutting back their gift because they

had made a planned gift. Thus far, I have collected only one real example: a \$25-a-year donor didn't make her gift the year she established a gift annuity, but she returned as a donor the following year.

Unfortunately, stereotypes die hard. I have found that the best way to break down this barrier is to structure opportunities for loyal donors to discuss their philosophical motivations for making gifts in front of development officers and managers. Most often the response on the part of professional staff is: "I didn't realize that." Try a panel discussion featuring donors, or perhaps a lunch series with 3-4 other staff or board members at each.

Make sure to periodically communicate the impact of planned gift discussions to other staff and volunteers. Once at the start of a campaign is not enough. Continual reminders and examples will be necessary in order to (tactfully) keep the awareness alive. Since most planned gifts are a function of events in the lives of donors, reminders to staff and volunteers keep them looking for the clues that suggest gift opportunities.

Any size organization can use planned gifts – with the right planning.

If your board has long-term vision and has taken the time to clearly articulate it, you have the makings of a case for a planned gift, whether your organization just opened its doors or is 100 years old.

Crafting the right donor message is always important and even more so for a newer organization. Don't be afraid to spend money to get good advice and to implement an effective marketing or organizational branding effort.

Donor-centered fundraising changes the way planned gifts are used and viewed by the donor and organization. Use planned giving to connect with donor values – this is a perfect entry point to greater current and future giving.

You can make the case for any type of gift if you can identify what each donor needs and enable them to see the connection between their personal values and the effect of the gift. Planned giving, unlike other fundraising vehicles, enables conversations with donors that encompass all of an individual's needs. It can include their desires to support your institution, support their own children, provide for health needs, and support other institutions. If you have an initial discussion that addresses all of their needs

now, then it's going to be a lot easier to make serious requests and to position them during your campaign to make gifts.

- For example, if a donor is interested in endowing a scholarship, you may be able to encourage them to become a current donor by suggesting they test out the scholarship by funding it right now. In this way, they can meet students receiving their help, experience the gratitude, and observe the impact today. In situations in which donors have defined scholarship criteria, this can be a chance to “test drive” the criteria and to refine it to make sure it accomplishes exactly what they wish.
- Sometimes people are just not interested in the project of the day. However, they may be very passionate about other work. While it’s not appropriate to create whole new programs, it is prudent to take cues as to where the donors are pointing.
- Too often planned gifts are a backup tool; that is, “if they can’t give today, ask for a planned gift.” This is flawed reasoning. Why would a person give some or all of her life’s work to you if they have already told you “no” to a gift? Why would they make a planned gift when it is presented as a second tier, a “less than”, kind of gift? How is this inspired philanthropy?
- Instead, start with planned gift conversations. Use what you learn to get to core values and questions. If you understand those, you will pave the way forward toward a gift – perhaps both current and future gifts.

Collaboration is THE key to increasing the number and volume of planned gifts.

Effective collaboration can dramatically increase the number and impact of planned gifts. However, no single gift or planned giving officer can ensure collaboration will occur. How staff and volunteers work together is a leadership issue.

Leadership must set expectations that can be measured and for which staff can be held accountable.

- If leadership mandates that major gifts officers work together with planned giving officers, there must also be an inherent expectation that when the gift comes through the door, there are at least two staff

- names attached to it -- the gift and planned giving officers who are working in tandem. This is critical for success and collaboration. If leadership only recognizes one person for a gift, that can encourage a competitive environment instead of a collaborative environment.
- Leadership must set metrics that encourage collaboration. For example, perhaps one of the metrics leadership could insist upon would be a certain number of joint calls initiated by major gifts staff.

Include planned giving goals in the planning of the campaign. Make them real by allocating resources and including performance measures to ensure that they happen.

What percentage of a campaign should be planned gifts? The answer depends upon an analysis of your institutional needs, the success (or lack thereof) in obtaining past planned gift commitments, the purpose of your campaign, and the ability of your development staff and volunteers to carry out a planned giving campaign component. And, most importantly, do you have identified donors with interest, capacity, and commitment?

Decide on how you are going to count gifts for the campaign.

For a comprehensive or combined campaign, counting planned gifts can serve to jump start a planned giving program, expand an existing one, or simply use the campaign structure and accompanying urgency to leverage new planned gifts.

- The National Committee on Planned Giving has an excellent paper and set of recommendations on this topic, available on their web site: http://www.ncpg.org/ethics_standards/counting_gifts.asp?section=7.
- The National Committee on Planned Giving suggests counting planned gifts, revocable gifts, and annual gifts. But in reality, in terms of press releases and when people ask, "What's the number that you raised?" those three pots will be added together. Make sure that your communications are clear and that they distinguish progress towards your overall goal as well as the goal for current dollars.
- Define how you will document a gift for recognition and counting purposes. Some institutions request a donor to translate the percentage of their estate that they're planning to give into an estimated gift amount.

- Imagine yourself at a donor recognition dinner. Will you be able to simply and easily recognize planned gift donors? If not, re-examine your counting and recognition plan. One of my client organizations included a large planned gift component in their campaign. The volunteer campaign leaders ended up deciding to count their planned gifts at face value. Their reason was donor relations: they didn't want to have to explain some formula at an annual dinner or a donor club meeting.

Incorporating planned gift objectives into campaigns can make greater gifts possible. Ideally, planned gifts can be incorporated into an overall campaign goal in the planning stages; so outright dollars are not substituted by planned giving dollars. In this way, current needs and long range needs can be met at the same time.

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