How Planned Giving and the Annual Fund Work Together

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Session Objectives

• Using donor loyalty to cultivate planned giving donors;
• Identifying planned giving prospects from analyzing annual giving behaviors.
• Developing a comprehensive direct mail plan—focused on planned giving.
• Using the phone for Planned Giving—it’s not just for annual fund anymore!
• How to use data analysis that incorporated loyalty factors and purchase planned giving scores.

Does work feel like this?
The Pyramid of Giving

Purpose of the Annual Fund
- Secure New Donors
- Secure Annual Gifts
- Upgrade Existing Donors
- Build Donor Loyalty
- Identify Major and Planned Giving Prospects

The “Leaky Bucket”
Rule of Thumb

It costs more to acquire a new donor than to retain an existing one. Focus on retention by keeping the donors you have. When this is done - revenue AND donor count can increase.

Avoid the leaky bucket!

What does this mean?

Have a dual focus strategy
– NOT just revenue
– NOT just participation
Annual Giving is about changing people’s behavior and getting them to think philanthropically about your institution. Gifts are an outcome of having done this successfully.

Donor Loyalty

• What do you have in place for attrition and retention of your existing donors?

• Most schools focus on acquiring new donors. They depend (and sometimes just expect) the donor to given again the following year.
Who are the best prospects?

• Annual Giving is the single largest predictor of future large gifts
• Frequency of AF Giving is the single largest predictor of Planned Gifts

“New” Annual Giving Pyramid

Let the Stats do the talking
More Stats

Donor Retention Rate and Overall Revenue per Donor

About Planned Giving

It's easier than you think…….
Planned Gifts
Benefits to Your Institution
• Established long-term relationship with the donor
• Provides future funds
• Encouraged donors to think about assets as potential gifts

Your objectives for PG
• Immediate impact
  – More gifts
  – Accelerated gift income
• Long-term, increase program performance

Three stages of Planned Giving
• Marketing
• Gift Planning
• Stewardship
Donor Know about Planned Giving

- 8% Have made
- 14% Considering
- 7% Never heard of
- 34% learn about bequests from Charities’ published materials

The two biggest PG myths

1. They’re rich—they’re probably a good PG donor prospect
2. They made a big gift—they’re probably a good PG prospect

The Development Gap
The Second Donor Pyramid

Integrated Planned Giving

- Apply direct response techniques to fill the gap
  - Two way communication
  - More personal
  - Measurable and repeatable
- Direct Response Moves Management
  - Every contact with the donor affects affinity
  - Every contact should move the donor toward making a (Planned) gift

PG Affinity Indicators

- PG Society
- Attended events, reunions
- Board, past Board
- Volunteer
- Season tickets
- Travel program (**)

7/22/2013
The most important factors

- Age
- Frequency of giving
- Length of Time on file (LOTOF)
- Recency of giving
- Other key Touch Points

PG Segmentation Hierarchy

1. Multi-year/multi-givers cut by age
2. Internal affinity scores
3. PG scores
4. Use wealth rating if appropriate for gift

Who we don’t want

- Anyone assigned to a gift officer
- Off the chart wealth
- Legacy Society Members* – * unless to discover the specifics of their gift
- Board Members, Development Committee, etc.
Integrated Multichannel Program Design

Why Donor Loyalty?
• Retention – Retention – Retention! Plug the “Leaky Bucket”
  More donors = More revenue
• Improve fundraising results
  – Create Benchmarking standards
  – Best Practices
• Shows program performance and efficiency
  – Assists with creating and justify budgets
  – Identify challenges and opportunities

Why Donor Loyalty?
• Track donor trends and giving habits
  – Popular giving levels
  – Donor attrition
  – Use data and numbers for decisions and NOT anecdotal information
• Develop a long term strategy NOT short term
Every Annual Fund Donor is a Planned Gift Prospect

- Every donor—has capacity to make a bequest
- Many donors—have capacity to fund a charitable gift annuity (CGA)
- Some donors—can also fund other gift instruments (charitable lead trust, charitable remainder trust, etc.)

Marketing

- Direct Mail
  - Check box on reply card
- Newsletters
- Planned Gift Mailings
- Web
- Telephone
- E-mail

Scripts and Messaging
Incorporating Scripts and Letters

- Intro’s and Rapport for Calls
  - “Good evening, Mr. Johnson. I am calling tonight to thank you so much for your past giving to XYZ University and to talk about our current campaign. I can see here that you have been involved with us for the past 6 years.”
- When to ask for an upgrade or not
- Starting Ask levels

Donor Centered PG Messaging

- Crafting your legacy
- Unlock the value of your assets
- Using your real estate creatively
- Increase your retirement income
- Providing income to your elderly parents
- Paying for college for your children or grandchildren
Planned Giving Comments

Financial
• Mentions sale of assets (business)
• Gives information about assets (stocks, property)
• Expresses concern about market
• Has concerns about limited income
• Is very knowledgeable about Life Income Gifts
• Mentions tax savings

Personal
• Spouse is recently deceased
• Prospect in bad health
• Spouse in bad health
• Prospect is facing retirement
• Prospect is primary caregiver for spouse/relative

Talking Planned Giving
• Mr/Mrs Donor, if you were able to do _____ and make a gift to _____ would you be interested in finding out how
• Mr/Mrs Donor, many gifts, like a CGA provide income for life and allow you to make a gift to ______. Would you like to find out.....
Segmentation and Analysis

Loyalty Segmentation

How do I apply this?
Donor Loyalty Segmentation
DON’T...
• Group all of your LYBUNTS/Renewals donors together
• Group all of your SYBUNTS/Lapsed donors together
• Over segment your populations
Guide to Donor Loyalty – Small Shops Suggestions

<table>
<thead>
<tr>
<th>Small Shop 1</th>
<th>Participation Segment Script Ask</th>
</tr>
</thead>
<tbody>
<tr>
<td>80% LYBUNT 4+ Renewal 4+</td>
<td>Upgrade Leadership</td>
</tr>
<tr>
<td>70-80% LYBUNT 2+/Renewal 2+</td>
<td>Upgrade Same or Leadership</td>
</tr>
<tr>
<td>55-70% New LYBUNT Reactivated, SYBUNT</td>
<td>Renewal Same</td>
</tr>
<tr>
<td>30-40% SYBUNT 2-/Lapsed 2-3</td>
<td>Acquire Establish Gift Level</td>
</tr>
<tr>
<td>25-30% SYBUNT 4/Long Lapsed</td>
<td>Acquire Establish Gift Level</td>
</tr>
<tr>
<td>15% and Under Non-Donor/Future Giver</td>
<td>Acquire Establish Gift Level</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Small Shop 2</th>
<th>Participation Segment Script Ask</th>
</tr>
</thead>
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<tr>
<td>80% to 70% LYBUNT 2+/Renewal 2+</td>
<td>Upgrade Leadership</td>
</tr>
<tr>
<td>70-50% New LYBUNT/Reactivated, SYBUNT</td>
<td>Renewal Same</td>
</tr>
<tr>
<td>35-25% SYBUNT 2-/Lapsed 2-4</td>
<td>Acquire Establish Gift Level</td>
</tr>
<tr>
<td>20-25% SYBUNT 5+/Long Lapsed</td>
<td>Acquire Establish Gift Level</td>
</tr>
<tr>
<td>25-15% Non-Donor w/ Gift</td>
<td>Acquire Establish Gift Level</td>
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Analyzing Annual Giving Behavior—File Analysis

- Measures of Affinity
  - Loyalty, Passion,
  - If it’s about building a relationship, how do we measure the strength of that relationship?

- Measures of Ability
  - Wealth, Assets

- Need to look at the total donor relationship

Types of Analysis

- RFM
  - Recency, Frequency, Monetary (Gift Size)

- FLAG
  - Frequency of giving
    - Over a specified period
  - Length of time on the file (LOTOF)
  - Age
  - Gender

- High Affinity non-donors
- Enhanced data selects
Age Based Gifts

- FLAG
- Frequency of giving
  - Over a specified period (70%)
- Length of time on the file (LOTOF)
- Age
- Gender
- Title
- Recent death in household
- Specific School or College

Gifts of Wealth

- Length of time on the file (LOTOF)
- Largest one-time gift (LOTG)
- Total cumulative giving
- Wealth rating indicator
- Prospect research

Lifestage Annual Fund

- Donors go through a cycle
- Identify and target older, lapsing Annual Fund donors
- Develop relationship with Institution
- Begin Planned Gift Marketing
- Annuitize Annual Fund Gift
### Planned Giving Prospect Matrix

<table>
<thead>
<tr>
<th>Wealth</th>
<th>High $, Low Affinity</th>
<th>High $, High Affinity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>If we could only get them to give us a million (Bill Gates, Joan Kroc)</td>
<td>You already know them. You have buildings named after them.</td>
</tr>
<tr>
<td>Low</td>
<td>Low $, Low Affinity</td>
<td>Low $, High Affinity</td>
</tr>
<tr>
<td></td>
<td>You don’t want to spend money on them</td>
<td>They want to know more</td>
</tr>
</tbody>
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### PG Segmentation Hierarchy

1. Multi-year/multi-givers cut by age
2. Internal affinity scores
3. PG scores
4. Use wealth rating if appropriate for gift

### Direct Mail for Planned Giving
Four Purposes of PG Mailing

- Education
- Top of Mind
- Stewardship
- Call to Action/Ask

Purpose of the Medium

<table>
<thead>
<tr>
<th>Marketing Channel</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Direct Mail piece, postcard</td>
<td>• Identify</td>
</tr>
<tr>
<td>• Newsletter</td>
<td>• Educate</td>
</tr>
<tr>
<td>• Website</td>
<td>• Educate, Top of Mind</td>
</tr>
<tr>
<td>• Email</td>
<td>• Identify</td>
</tr>
<tr>
<td>• Magazine</td>
<td>• Top of Mind</td>
</tr>
<tr>
<td>• Telephone</td>
<td>• Qualify, Call to Action</td>
</tr>
<tr>
<td>• Visits</td>
<td>• Qualify, Call to Action</td>
</tr>
<tr>
<td>• Seminars, Events</td>
<td>• Educate, Qualify</td>
</tr>
<tr>
<td>• Professional Networks</td>
<td>• Educate, Identify, Top of Mind</td>
</tr>
</tbody>
</table>

Education Pieces

- Newsletter
  - Donor Feature
  - Planned Gift Technical feature
  - Legacy Society News
- Postcard
  - CGA Rate information
The One thing

• The one hard and fast rule:
• Do not combine asks in one message
• OKAY to gather data
  – One or two quick screening questions

Using the Phone to Qualify Donors

Finding the Needle in the Haystack

Why We Dislike Telemarketing

When’s the last time you got out of your bath tub to respond to a direct mail piece?

Ken Burnett - Relationship Fundraising
You can’t use the phone for Planned Giving

• Negative Attitude
  – Most of us measure telemarketing by the attitudes and perceptions we personally hold about it
  – Ken Burnett, Relationship Fund Raising

Continuum of Direct Response

<table>
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<th>INTERACTIVE</th>
<th>NON-INTERACTIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Face to Face</td>
<td>Video Tape</td>
</tr>
<tr>
<td>Telephone Call</td>
<td>Direct Mail</td>
</tr>
<tr>
<td>Mass Ads</td>
<td></td>
</tr>
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</table>

Donor Qualification

• Interest, willingness, and ability
• Does the donor match the profile?
• Combines
  • Data analysis
  • Call results
  – Provides accurate assessment of annual fund donor’s value as a Planned Giving prospect
Donor Qualification

- Meaningful call by specially trained, interested callers
- Mature caller with life experience
- Trained in planned giving
- Capturing comments
  - Financial
  - Personal
  - Lifestage

Select the Right Calling Pool

- Expanding the relationship
  - Identify Planned Giving donor prospects
    - Annual Giving is the single largest predictor of future large gifts
    - Use direct response file analysis
    - Pre-call FLAG data analysis
      - Frequency, LOTO, Age, Gender
    - Select donors to call
- Pre-call notification card

Is the donor interested

- Qualify prospects interest
  - Based on admissions recruitment
  - Meaningful call by specially trained, interested callers with life experience
  - Gather important and useful information
    - Gift discovery—Named, Planned to Name
    - Knowledge of Planned Giving
    - Appropriate follow-up
    - Passion for (making gift) to client
Planned Giving in the Annual Fund Call

Annual Fund vs Planned Giving

- Annual Fund
  - Call is transaction oriented
  - Call follows script
  - Caller part of process
  - Solicitation done by caller

- Planned Giving
  - Call is relationship oriented
  - Script follows call
  - Caller visible
  - Solicitation done by client

Train Your AF Callers

- Planned Giving Knowledge
- Listen
- Capturing comments
  - What to listen for
- Planned Giving Clues
  - Financial
  - Lifestage
- Repeat and Ask
A Bequest is not a refusal

• Thank you!
• Do you have any specific areas of interest?
• What motivated you to make this gift?
• Have you made gifts like this to other charities?
• Many of our Bequest donors continue to support us on an annual basis

In the Will

• Thank you!
• What is the donor’s interest/passion
• Do you have any specific areas of interest?
• What motivated you to make this gift?
• Have you made gifts like this to other charities?

An Integrated Planned Giving Program
Role of Annual Fund

• Thank you program
• Recognition clubs
  – Frequency
  – Number of Gifts
  – Number of years on file
• PG discovery percentage
• Planned Gift donor profiling
• Add value to purchased data

Stewardship

• Thank you calls
• Birthday cards/holiday cards
• Caller training
  – Legacy Society
  – Events on campus

Working with the Planned Giving Office

• Provide name of Planned Giving Officer
  – Include in script
  – Callers provide to donors
• Transfer comments to Planned Gift Officer
  – Report back to callers
• Assist with analysis and segmentation
Planned Giving “Colombo”

• Structure
  – How—outright, multi-year, asset with income back

• Assets
  – What—cash, securities, real estate, retirement, intellectual property, business interest

• Timing
  – When—all now, some later, scheduled, deferred, at death

• Motivation
  – Why—charitable intent, taxes, legacy, project, position

Self-selected or Proactive?

• Proactive Marketing produces results and identifies more Planned Gifts.

Integrated Annual Fund Program

Planned Giving Marketing Matrix

<table>
<thead>
<tr>
<th>Life Event</th>
<th>Life Stage</th>
<th>Message</th>
<th>Theme</th>
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<tr>
<td>First Gift Planning</td>
<td>Estate Planning</td>
<td>Life Expectancy</td>
<td>Education</td>
</tr>
<tr>
<td>Second Gift Education</td>
<td>Retirement Planning</td>
<td>Financial Responsibility</td>
<td>Charitable Intent</td>
</tr>
<tr>
<td>Bequests, CGA</td>
<td>Death of Spouse</td>
<td>Security</td>
<td>In Order</td>
</tr>
<tr>
<td>Wealth CLT</td>
<td>Change in Control</td>
<td>Make a Difference</td>
<td>Stewardship</td>
</tr>
</tbody>
</table>

Wealth CLT CLT, Deferred CGA CRT’s, Deferred CGA CRT’s CRT’s

Annual Fund Involvement Growth AF Triage Cut-back Nondonor

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Planned Giving Marketing

• Find prospects who are ready now
• Identify prospects who are ready for Moves Management (Face to Face)

The 65% “E” (Exposure)

• Identify the Value Thread
• “If I am a 60 year old with a $7 million estate—I need to know my $7 million will be put to good use—or I will give it elsewhere. They need to show me that they know me.”

From Kay Sprenkel
Questions?

Thank you!
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Please complete the session evaluation at: www.ruffalocody.com/surveys