

# How to Talk with Donors about Planned Gifts

## Successful Planned Giving Programs Build Relationships with Constituents that Rarely Center on Charitable Tax Benefits

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### YOU ARE YOUR OWN EXAMPLE

A self-assessment of your own charitable giving behavior can offer the best lesson you'll ever have on talking to donors about potential planned gifts. It's likely that your own behavior mimics others — so, what better way to learn about your donors than to learn about yourself? Answer “true” or “false” to the following statements to get an insight into your personal giving patterns:

*True False I have made a charitable gift because a friend, family member, or colleague asked me to do so.*

*True False I have made a charitable gift in memory or in honor of another person or a pet.*

*True False I have made a donation of clothes, furniture, appliances, or other personal property.*

*True False I have made a donation to a charitable organization that was serving an urgent need in my community or somewhere else in the world.*

*True False I have made a series of weekly, monthly, or annual donations to a charitable organization, my religious institution, or a college or school I attended.*

*True False I care about the continuing work of one or more charitable organizations because my children, grandchildren, friends, or the community will benefit from its work in the future.*

*True False I have included a charitable organization in my estate plan because I want to make a larger gift than I can make today.*

If you indicated that one or more of these situations is true, you've already made a charitable gift without regard to its tax advantages. If you're among the 65 percent of Americans who do not itemize deductions on your federal tax return<sup>2</sup>, the tax-favorable benefits of these gifts are already moot. So why do development professionals continue to focus their deferred and non-cash gift marketing messages on financial benefits when people will make gifts with little or no regard to them?

### Executive Summary

Planned<sup>1</sup> gifts have often been thought of as the private purview of credentialed development, legal, and financial professionals. With terms like “present value methodology,” “four-tier system of taxation,” and “current IRS-mandated discount rate,” it's no wonder why many of us feel this way and hesitate to enter into discussions about planned gifts. Studies and talks with donors, however, remind us that the tax benefits of making planned gifts are not the primary reason they are made. Donors want to make a difference in the world they live in, both now and in the future. Successful planned giving programs start with simple messaging and evolve into life-long relationships with constituents. Start your planned giving program today by throwing out the law school admissions form on your desk and learn to talk with donors about their dreams and wishes for your organization!

### Contents

You Are Your Own Example. . . . .	1
Focus Your Outreach Efforts on Your Best Planned Giving Prospects . . . . .	2
Start with Simple Gifts that Donors Understand . . . . .	2
Talking to Donors about Planned Gifts Is Like Going on a Date. . . . .	2
Would You Like to Go to Lunch?. . . . .	3
The First Date . . . . .	4
Telling Donors You Want Planned Gifts I'd Like You to Meet My Parents. . . . .	6
Asking for a Commitment . . . . .	7
When Is It Time to Bring in Professional Help? . . . . .	8
Conclusion . . . . .	9
	1

The answer may be because it's what we assume they want to discuss. Yet, donors make bequests and other planned gifts because they have a desire to give back to society, to help others, or because of religious beliefs.<sup>3</sup> This isn't to say that tax benefits don't come into play at all — they do — but they are usually subsequent to the desire to make the gift. More often,

## FOCUS YOUR OUTREACH EFFORTS ON YOUR BEST PLANNED GIVING PROSPECTS

No matter how large or small your database of donors is, you probably have limited time and resources to focus on planned giving prospects. Mining for legacy gift suspects can be very broad. Many of us have at one time or another populated our prospect lists with older women or couples who have made a series of small gifts. We may have even considered wealth ratings in the mix. While such an approach could be considered “targeted,” this wide-cast net does not take into account factors unique to your organization's supporters. Using analytics services, such as constituent modeling, is one way to more effectively identify and target your most likely constituent groups. Ideally, you will want to segment your prospects and market deferred gift concepts according to the gift type by which they are most likely to show interest. Blanket marketing and mixed gift messaging only serves to dilute your efforts.

As with all fundraising methods, targeted marketing is the key to using your financial and staff resources efficiently and effectively. For most organizations, time and money spent analyzing and focusing on best prospects will pay the investment back within a few months to just a few years. To find out how to identify your best planned giving prospects, see [Making Planned Giving Work for You](#), a white paper by Lawrence Henze.

## START WITH SIMPLE GIFTS THAT DONORS UNDERSTAND

The planned giving role can fall to myriad staff positions, and in some organizations, it may have been assigned to a leadership volunteer. Whatever your training, basic planned gift concepts are easy to understand, and more often than not, you'll be talking to donors about making a bequest to your organization.<sup>4</sup> Bequests are usually simple gifts. As you plan to market your bequest program to your constituents, also become familiar with your state's probate process. Part of gift stewardship to your donor and surviving family members is to follow the gift through probate to make certain that it is distributed in a timely manner, and as the donor would have wanted. As your organization begins to look at promoting and accepting other gift vehicles, you will need to become familiar with the unique acceptance and stewardship aspects of them as well. For more information on determining the types of planned gifts appropriate for your organization, please read my white paper [Are You Ready to Start a Planned Gift Program: How to Choose the Right Gift Vehicles to Promote and Accept](#).

## TALKING TO DONORS ABOUT PLANNED GIFTS IS LIKE GOING ON A DATES

For more than 10 years, one of my most popular presentations to development officers and nonprofit leaders has been “Dating Your Donors.” It's not a personal matching service, and it's not about staff-to-donor dating policies. Rather, it compares talking with donors about



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planned gifts to asking someone for a date. In the United States, the dating ritual typically starts when two people find a common interest — in this case, that’s your mission. Building donor relationships that result in a planned gift can be an enjoyable series of events. There will be nervous moments, but in the end — like a relationship that starts with a first date and ends in a commitment — talking to donors about planned gifts can end with a very close, loyal, and satisfying relationship with your organization and the people who lead it. Let’s take a look at the steps.

## “WOULD YOU LIKE TO GO TO LUNCH?”

After you identify your prospect group or groups, it’s time to make the first move. Someone has to do it, and in this case, that’s you! First contact can take many forms; whether you approach a participant at an event, respond to a reply card seeking information about a specific gift type, or call to say “thank you” for a recent annual gift, your objective is clear: You want to ask the prospect for a personal visit. When someone accepts your invitation to talk about your organization, you have an important clue — he or she cares enough about your mission to want more information.

Wording a verbal invitation that suits your personal comfort level and style can take time to refine. Until you have developed your own, try these opening lines<sup>5</sup> on for size and see if one of them fits. Always begin by introducing yourself and stating the full name of your organization:

*“I’m calling to thank you for your recent gift. You’ve been a long-time supporter of our organization, and we’re reaching out to people like you to ask your opinion of some of our future plans. I’d like to take the opportunity to say “thank you” in person and to fill you in on what’s happening here. Would you be available to meet with me for lunch next week?”*

— The Author

*“I am calling to introduce myself. My role here is to get to know our donors and personally thank them for their support of our work. You have been very generous to us and our work; I would like to have the opportunity to find out more about why you give and get your opinion on how we are doing in your eyes. Would it be possible for me to set up a time to meet with you for 30 minutes or so?”*

— Kristin Walker, National Multiple Sclerosis Society

New development officers may actually have an added advantage when securing an appointment because they can rely on the desire to meet and get to know the organization’s supporters. Consider this example used by a colleague of mine if you are new to the field of planned giving or are new in your current position. You can use your new situation for a matter of months — even up to a year — if your prospect pool is a large one:

*“I am new to the organization and to the area and hope to meet as many loyal donors as is possible in the next few weeks. The president has suggested that you would be a very important person for me to meet. I’m hopeful that you might have 30 minutes in the next two weeks to meet me for breakfast, lunch, or another convenient time.”*

— Lawrence C. Henze, J.D., Managing Director; Target Analytics, a Blackbaud Company

Be prepared to offer several alternative meeting choices. Not everyone is comfortable enough to issue an invitation into their homes, and others will feel it too soon to be invited to your offices unless you represent a unique facility of interest such as a garden or museum. Often a neutral setting, like a café, coffee shop, or casual restaurant, works well. Differing times of day should also be offered.

Regardless of how you approach it, your purpose should be known. Most constituents are keenly aware that your invitation will ultimately move toward a gift solicitation. You should be prepared to discuss your position responsibilities in a tone that is honest but not intimidating and to assure your guest that your current purpose is not to ask for a gift. Here is what a few colleagues have found useful to offer:

*“I am not coming to ask you for a gift. I would like to introduce myself and learn about your association with us and update you on what is currently going on with the organization. I don’t feel it would be proper to ask you for anything at this visit. I can assure you that I will keep my promise to you and not ask for nor accept any gift at this time.”*

— Janet Doolin, J.D., Doolin Consulting, LLC

*“During our meeting, I hope to learn more about your interests and the stories behind your loyal support. Although I will be thanking you for your giving, I do promise not to ask you for a gift, nor accept a gift if you wish to offer one at this time. I am most interested in learning the reasons behind your loyalty and the ways in which we may help you to enjoy a stronger relationship in the future. I would be most grateful for your time and assistance.”*

— Lawrence C. Henze, J.D., Managing Director; Target Analytics, a Blackbaud Company

## THE FIRST DATE

You’re meeting your prospect for lunch. This “first date” is usually informal, and your objectives are to find out why your prospect is involved with your organization and to explore his interest in legacy giving. While you might take along a general brochure, an event schedule, or a president’s report, I suggest you leave it in your briefcase or purse and use it only if it’s asked for. Think about a first date. Would your date feel comfortable if you handed him or her your resume or the full-length manuscript you’ve just written? More likely, he’d be delighted to hear about your accomplishments or get a brief outline of your yet-to-be-published murder mystery, but handing him the written piece, as if it was a foregone conclusion that he wanted it, might be considered pushy.

Instead, use a series of open-ended questions that keep the conversation going and on topic. At this point in the budding relationship, you accomplish more through give-and-take dialog than you do through a written case statement. Here are some questions that I and other development professionals have found useful:

- “What first brought your attention to our organization?”

- *“Do you mind if I ask, what is your connection to our mission?”*
- *“What have been your past experiences with the organization?”*
- *“Are you receiving any of our publications? Did you see the latest update? What article or story was most interesting or hopeful for you?”*
- *“How do you feel the organization is doing in terms of meeting its mission?”*
- *“What do you think we do best?”*
- *“Where do you think we could improve our services or programs?”*
- *“Are there any thoughts you’d like me to take back to share with our CEO/president/executive director?”*
- *“Is there any area within the organization where you could see yourself becoming more involved?”*

Take the opportunity before you part company to arrange a second meeting. Thank your guest for his or her time and ask directly to meet again. I haven’t met a donor yet who told me everything there was to know in one meeting. An invitation to hear more of his or her opinions or to share recent developments about your programs or services will usually be accepted.

## TELLING DONORS YOU WANT PLANNED GIFTS

At your second meeting, don’t let the opportunity get by you. Take the lead and consider the following greeting to set the agenda:

*“Thank you for our last visit. I appreciate your willingness to meet again so we can continue our earlier conversation. Perhaps at this visit I can share with you ideas on how others have been able to make a significant impact on the programs/services that we’ve been discussing. Again, I don’t want you to feel compelled to make any decisions at this meeting. Rather I’d like to get your thoughts on our mission funding.”*

— Janet Doolin, J.D., Doolin Consulting LLC

The “date” is going well and lunch or coffee is coming to an end. You’ve learned a lot about your companion’s interest in your organization and you’ve discussed some of the exciting plans for the near future. You’ve conveyed your sincere gratitude for the continued support the donor has made over the years, and it’s time to introduce the topic of planned gifts. After all, the topic was the concluding objective of your visit. It’s easier to approach the subject when it’s a comfortable one for you; and, if you’ve already made your own legacy gift, you’re an expert on the process!

It’s never been difficult for me to share the story of my legacy giving and to ask others to join me with their own thoughtful future gift. If planned gifts are important to the organization, then your deferred gift is one of the most important and it should already be completed. Consider leaving a bequest in your will or trust, designating a five or 10 percent remainder of a life insurance policy or a retirement account for this purpose. When you are a planned gift donor, you are automatically an advocate for the gift method — not a just a solicitor. Here’s an

example of how I might begin:

*“I’m delighted to have this additional opportunity to discuss our organization with you. Meeting with people who are so connected to the mission is one of the best things that come with my position. I’ve found the mission so compelling and the programs so meaningful that a few years ago I made a planned gift because I wanted to make certain that my support continued into the future. Other people I’ve met have wanted to make sure that their support continues as well and have let us know that they’ve made legacy gifts too. Could I take a few minutes before we’re finished here and tell you, briefly, about our legacy giving program and how we plan to use these gifts?”*

## “I’D LIKE YOU TO MEET MY PARENTS”

Often there are interim meetings when asking a prospect to consider a planned gift commitment. If the gift solicitation amount under consideration is small or modest, the development officer is most likely going to make the solicitation, and it can take place after one or just a few meetings. If the gift amount under consideration is large, there may be other staff members or organizational leaders involved in the cultivation, and perhaps in the solicitation itself. Be certain at the beginning of the cultivation relationship that you have considered the appropriate steps and key players who will move events toward a solicitation.

Like dating, you might introduce your new acquaintance to your mother if you happen to be at the same restaurant for lunch. But you probably wouldn’t take him or her home to meet the “folks” until you had at least a few serious dates behind you. Consider this approach, for example: If you learn in the first or subsequent meeting that the prospect had particularly strong interests in one or two areas, extend the invitation to visit your office or facility to meet an important spokesperson or persons for the areas of greatest interest to him or her. Prepare the spokesperson(s) to say “thank you” and to speak of the important roles played by current and planned gift donors in the ongoing work for the organization. Leave time after the others have left to talk about gift support possibilities. Take the opportunity to be reflective of the areas of interest expressed in your meetings.

Prepare for this eventual progression from meeting to cultivation and towards solicitation by considering your organizational answers to the questions below:

- At what prospective gift level will the prospect be issued an invitation to meet with a top executive?
- Is it appropriate to introduce the prospect to a client/member/constituent who has been served by the organization? If so, when?
- Will board members or trustees be involved in cultivation and solicitation of planned gift prospects? If yes, which specific board members or trustees?
- On average, how many visits with a prospect will be appropriate before a specific gift solicitation is presented?
- At what prospective gift level will a written gift proposal be presented to the prospect?
- How much time will you allow to elapse between the proposal and a proactive follow-up contact?

With a plan to move forward, timelines as guides, and key players and organizational leaders who are trained and prepared in their roles, your planned giving cultivation and solicitations should fall into place.

## ASKING FOR A COMMITMENT

Let's face it — asking a donor to consider making a commitment to your organization can be uncomfortable. The possibility of rejection is why we hesitate. As in dating, however, asking a donor — by now an institutional friend — to make a legacy commitment should not be unexpected. He or she is ready to be asked!

Here, more than at any other stage in the relationship, your confidence must be apparent. Let's review how you have gotten to this point:

- You have targeted likely planned giving prospects with information about specific types of legacy gifts.
- Your prospect has responded favorably either to a written offer for information or to a verbal invitation discussing the topic.
- You have had a series of “dates” which have brought your prospect closer to the organization and you know from your discussions what mission components most interest him or her.
- You have told the story of your own planned gift and have described the various ways that the organization accepts legacy funding.
- You have shared information about the levels of funding that are needed to support his or her areas of interest.
- Where appropriate, you have introduced your prospect to organizational leadership and key players.

Your solicitation is just part of the ongoing conversation you've been having with your prospect. Although it is rare, you may find that your first meeting is the right time to ask the question; conversely, you might find that a series of meetings are more appropriate. If you are asking someone to consider a very large planned gift commitment, you should treat the cultivation and solicitation as you would with a major donor, and your solicitation will most likely be formal and may include a written proposal. In most instances though, you will probably make a verbal request. Consider the following suggestions when asking your donor to make a planned gift:

- *“As you plan for future gifts, would you consider making a planned or legacy gift to us?”*
- *“In addition to your ongoing gift support of our mission, would you join me as a member of our Legacy Society by making a planned gift?”*
- *“Of the types of planned gifts that we've talked about, which one would you consider?”*

If the response is positive or tentative, be certain to set a reasonable follow-up date. Making a planned gift takes time, and day-to-day activities can begin to take precedence. So be

persistent, and also be helpful! Be certain to address only the specific giving vehicle that you've settled on in your discussions.

- *“What assistance can I offer you?”*
- *“Do you have a financial or legal advisor I should forward information to on your behalf?”*
- *“Would examples of specific giving opportunities be useful?”*
- *“I have specific examples of language that might be helpful. May I share them with you?”*

## ASKING FOR A COMMITMENT

Congratulations! You have started and grown a relationship with a constituent that has resulted in an agreement to make a planned gift. More often than not, your assistance, written information, and sample language examples will be all that a donor needs to complete the gift. In my experience, most donors make a gift of cash from their estates using a will or trust instrument. Following that, other donors will complete a charitable gift annuity arrangement, usually with a gift of cash. Sometimes, though, a donor wants to use a non-cash asset or an asset that needs to be legally transferred to your organization through a third-party, such as real estate or mutual funds. If you are not well-versed in the administration and estate taxation benefits of choosing and accepting an appropriate asset, you will need help.

My first suggestion is to turn to the expertise of your board of directors or trustees, or to an expert volunteer. When you are organizing your planned gift program, you should recruit a few financial and legal experts who understand charitable gift taxation and estate planning and who are willing to answer donors' questions. Most people just need general instructions to complete the gift. Some will ask for educational information to help them decide between using one asset over another. Rarely, others will need more detailed consultation. In all of these instances, be certain to have a written disclaimer for your donor so that there is no misunderstanding that the information being provided by the organization or your volunteer is merely educational in nature. Your organization's representative is not an advisor to the donor, and the donor should understand this. You will always want to direct your prospect, in writing, to consult with a tax, legal, or financial advisor of his or her own choosing before completing the gift.

Another helpful resource may be found amongst your planned giving colleagues. Check to see if a local chapter of the National Committee on Planned Giving<sup>6</sup> or the Association of Fundraising Professionals<sup>7</sup> or other professional fundraising association meets in your area. If it does, join it! Your professional associates should be able to direct you to educational opportunities to expand your own knowledge, as well as to other professionals in the area to assist you.

## CONCLUSION

Building life-long relationships with your organization's donors naturally supports a planned giving program. It's a fact that people who complete legacy gifts also support the on-going needs of those organizations.<sup>8</sup> A proactive planned giving program that reaches out to and

asks constituents to make these gifts has the potential to become a significant part of annual revenue given time. Don't hesitate any longer: Make your own planned gift and share your story with donors. Within your first few visits, you'll find others who will delight in the opportunity to join you in legacy giving. And remember: Ask for that first date — the rest is easy!

<sup>1</sup> You'll notice that in this white paper, I use the terms "planned," "legacy," and "deferred" interchangeably to describe the same kind of gift.

<sup>2</sup> Toder, Eric J. and Carol Rosenberg, *The Share of Taxpayers Who Itemize Deductions Is Growing*, Urban Institute, February 15, 2007, <http://www.urban.org/publications/1001054.html>.

<sup>3</sup> The Center on Philanthropy at Indiana University, *Executive Summary, Bequest Donors: Demographics and Motivations of Potential and Actual Donors*, March 2007.

<sup>4</sup> More than 80% of all planned gifts are bequests made through a will or trust. *Planned Giving in the United States: A Survey of Donors*, National Committee on Planned Giving, 2001.

<sup>5</sup> Special thanks to my colleagues who contributed their expertise to this paper: Janet Doolin, J.D., Janet Doolin Consulting, LLC; Kristin Walker, National Multiple Sclerosis Society; Michael Donegan, Principal and Major Gifts, Central Region, Alzheimer's Association; Lawrence C. Henze, J.D., Managing Director, Target Analytics, a Blackbaud Company; Cary Colwell, Consultant, Target Analytics, a Blackbaud Company; and Nancy Nichols, Consultant, Target Analytics, a Blackbaud Company.

<sup>6</sup> View a list of local councils at [www.ncpg.org](http://www.ncpg.org).

<sup>7</sup> View a list of local councils at [www.afpnet.org](http://www.afpnet.org).

<sup>8</sup> *Planned Giving in the United States: A Survey of Donors*, National Committee on Planned Giving, 2001.



## About Blackbaud

Blackbaud is the leading global provider of software and services designed specifically for nonprofit organizations, enabling them to improve operational efficiency, build strong relationships, and raise more money to support their missions. Approximately 22,000 organizations — including University of Arizona Foundation, American Red Cross, Cancer Research UK, The Taft School, Lincoln Center, In Touch Ministries, Tulsa Community Foundation, Ursinus College, Earthjustice, International Fund for Animal Welfare, and the WGBH Educational Foundation — use one or more Blackbaud products and services for fundraising, constituent relationship management, financial management, website management, direct marketing, education administration, ticketing, business intelligence, prospect research, consulting, and analytics. Since 1981, Blackbaud's sole focus and expertise has been partnering with nonprofits and providing them the solutions they need to make a difference in their local communities and worldwide. Headquartered in the United States, Blackbaud also has operations in Australia, Canada, the Netherlands, and the United Kingdom. For more information, visit [www.blackbaud.com](http://www.blackbaud.com).

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