

# Analytics of the Planned Giving Donor

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## Your Presenter

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*Title*

Senior Fundraising Consultant III  
Target Analytics, a division of Blackbaud, Inc.

*Development Background*

20+ years Development, Research & Fundraising Management  
Health, Higher Education & Public Broadcasting

*Interesting Facts*

- Past president, Colorado Planned Giving Roundtable
- State Bar of Arizona (retired)
- Affiliate faculty, Regis University's Masters in Global Nonprofit Leadership program (retired)
- Presenter and member: PPP, AFP, APRA, AHP
- Industry presentations @ SlideShare/kswank

*Area of Focus at Blackbaud*

Helps non-profits use and apply statistical analytics and donor research to their existing and emerging fundraising efforts

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## Our Objectives

- Overview the **findings** of three planned gift studies
- Understand the **purpose** of each study
- Learn about the varying **profiles** of planned gift donors and how they were **derived**
- Learn which demographic and socio-demographic **factors** are prevalent in those that make planned gifts
- Determine what may be **easy** to data-mine vs. **difficult**
- Consider data points your organization may already have **available**, may want to **collect** or may need / choose to **purchase**
- Align your objectives with your prospect research team's functions
- Discuss three different applications for the studies

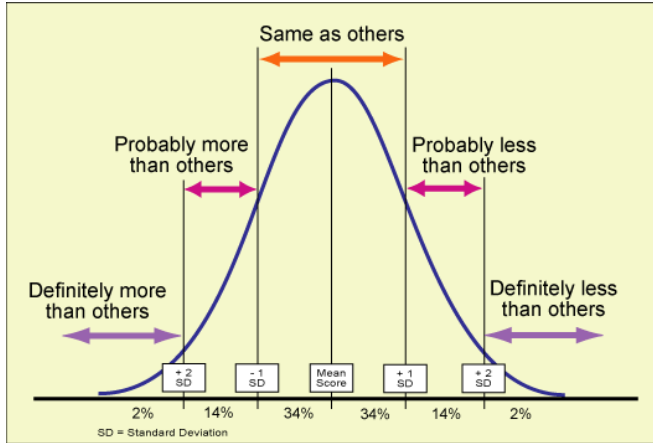
*NOTE: This discussion is not an exhaustive review*

## Our Agenda

- Terminology
- Recent Studies in Planned Giving
- Methodologies
- Findings
- What's in Here for the Planned Gift Officer?
- Three Applications for these Studies
- Resources

I'm just a normal

**Fundraiser!**



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# Terminology

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## What's in a Word?

### Research Terminology

<b>Study</b>	Attention to acquiring knowledge on a subject
<b>Survey</b>	General examination or description of someone or something
<b>Poll</b>	Recording the opinion of those asked
<b>Model</b>	A simulation of a real system that omits all but the most essential variables of the system
<b>Dependent variable</b>	What is affected by the independent variable(s)
<b>Independent variable(s)</b>	What manipulates the dependent variable
<b>Regression analysis</b>	Statistical process for estimating the relationships among variables

## Recent Studies in Planned Giving

## The Studies

1. *American Charitable Bequest Demographics [ACBD](1992-2012)*, by Russell N. James III, J.D., Ph.D., Professor, Texas Tech University, 2013.
2. *Target Analytics Predictive Giving Models*, by Target Analytics, 2013.
3. *What Makes Them Give? 2012 Stelter Donor Insight Report*, by The Stelter Company, 2012.

## ACBD

### Study Type

Longitudinal Panel Survey (20 years)

### Purpose

Explore changes in labor force participation and health transitions toward end of work lives and in years that follow

### Participants

- ≈ 25,000 individuals
- Age 50 +
- Participate every 2 years
- 10,000 participants have passed away
- New participants added every 6 years

### Data Used

- Self-reported or collected by surviving relatives
- Financial, insurance, physical & cognitive function and health care expenditures
- 3 questions directly relate to charitable giving/volunteering

## Planned Giving Likelihood Model(s)

### Study Type

Custom Response Model(s)

### Purpose

Model the likelihood that an individual will make a specific gift type to a specific institution

### Participants

- All individuals in an institution(s)' database
- 2,000 to 16 million individuals
- Age 18 +
- Identified planned gift donors necessary
- Valid home address required

### Data Used

- 6 years donation history
- Summarized spending, financial, marketing habits from credit reporting agency
- Summarized census data
- Public-record asset, career, financial & philanthropic data

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## Stelter Survey

### Study Type

Phone Poll via Personal Interviews

### Purpose

Understand how donors evolve from transactional givers to planned givers and gain insight into key interactions

### Participants

- 401 individuals
- Age 40 +
- 15-minute interview
- Self-reported current planned givers
- Self-reported prospective planned givers

### Data Used

- 109 questions pertaining to:
- Age, gender, ethnicity, income, inheritance, political affiliation, financial planning
- Attitude about planned gifts
- Communication and recognition preferences

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# Findings

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## ACBD Survey

### Findings

According to the American Charitable Bequest Demographics report, the following single-item lifetime factors best predict leaving a charitable estate gift

Rank	Item
1	% years giving \$500+ to charitable organization(s) (+)
2	% years reporting funded trust in place (+)
3	Highest \$ year of giving (+)
4	Average \$ giving per year (+)
5	Gave \$500+ in last report (+)
6	\$ of giving in last report (+)
7	Funded trust in last report (+)
8	No offspring exists (+)
9	% of years reporting a will (+)
10	Last reported wealth (+)

The report lists 32 items that are statistically significant predictors of post-mortem charitable transfers – top 10 presented

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# Planning Giving Likelihood Model

## Findings

According to Target Analytics Planned Giving Likelihood (PGL) response model, the following combined variables best predict leaving a planned gift

Rank	Item
1	The immediate past 3-year giving history of each individual (+)
2	Experian <i>Mosaic</i> lifestyle cluster group (specific clusters)
3	Number of months since oldest credit account opened (+)
4	Number of political contributions to Federal Election campaigns (+)
5	Number of persons in the household (-)
6	Current balance to credit ratio (-)
7	Contributor to health and institutional organizations (+)

Response model will change for institutions with enough recorded instances of planned gifts to create a customize model for the institution

# Stelter Poll

## Findings

According to the 2012 Stelter Donor Insight Report, the following single-item factors best predict leaving a charitable estate gift (planned givers)

Rank	Item
1	Natural affinity to the cause (+)
NA	Annual gifts to the cause (+)*
NA	Annual giving \$500+ (+)**
NA	Age 40 to 54 (+)
NA	Age 70+ (-)
NA	Income \$150,000+ (+)
NA	Nonprofit communications motivate action over financial planner (+)***
NA	Facebook communications for those in their 40s (+)
NA	Once planned gift made, most do not plan to use additional PG vehicles (-)****

\*41% have made gifts for <5 years, including 0 gifts to the organization receiving planned gift

\*\*40 percent of current planned givers with a history of giving make annual donations of less than \$500

\*\*\*Independent decision-making ranked first

\*\*\*\*Would consider adding new organizations to vehicle already in place



## Compare & Contrast



### ACBD Survey

- Self-reported data
- Longitudinal view of PG donor
- Cannot apply all variables to individuals in your CRM
- Descriptive group result



### PG Likelihood Model

- Transactional, self-reported & modeled data
- Current view of PG donor
- All variables are applied to each indiv'l in your CRM
- Scored indiv'l result



### Stelter Poll

- Self-reported data
- Current view of PG donor
- Cannot apply all variables to individuals in your CRM
- Descriptive group result

## Benefits vs. Drawbacks

Study	Benefits	Drawbacks
ACBD Survey	<ul style="list-style-type: none"> <li>• Easy to understand survey results</li> <li>• May be able to apply <u>some</u> characteristics to individual records</li> <li>• Some data may already be available to you</li> </ul>	<ul style="list-style-type: none"> <li>• Difficult to apply all characteristics to individual records</li> <li>• Not all data available to you</li> <li>• Time and expense to purchase or collect data</li> </ul>
PGL Model	<ul style="list-style-type: none"> <li>• <u>All data</u> is applied by vendor</li> <li>• Uses your data as well as external predictive-source data</li> <li>• You do not need to collect or store most data points</li> </ul>	<ul style="list-style-type: none"> <li>• You do not receive all data points</li> <li>• May or may not be more expensive than collecting and applying data/formulas yourself</li> </ul>
Stelter Poll	<ul style="list-style-type: none"> <li>• Easy to understand survey results</li> <li>• May be able to apply <u>some</u> characteristics to individual records</li> <li>• Some data may already be available to you</li> </ul>	<ul style="list-style-type: none"> <li>• Difficult to apply all characteristics to individual records</li> <li>• Not all data available to you</li> <li>• Time and expense to purchase or collect data</li> </ul>

# What's in Here for the Planned Gift Officer?

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## The Elusive Planned Gift Donor

### When Bequests are Created

- 64% of Americans aged 40+ already have wills
  - 50% of them created their will before reaching age 50
  - 84% of affluent households created their wills before age 50
- 7%-10% name nonprofits in their wills; 10% would "consider"
  - Ages 55 - 64 are most active in naming a charity (11%)
    - Trend is shifting to transfer-on-death type non-probate transfers
  - 6 out of 10 are women
  - 66% say they were approached about bequest gifts
- Only 36% have alerted nonprofits of their gifts
- <1% remove a nonprofit from their will
- 6% of those 70+ with wills say they will add a nonprofit

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## The Elusive Planned Gift Revenue

### When the Money is Received

- 66% bequest givers do not see themselves as major givers
- The most common way to specify a gift is to give a fixed dollar amount
  - Current donors are more likely to think about giving % of estates
  - Prospects are more likely to think about specific \$\$ amounts
- 40% of the total estate gift dollars received come from those making plans by age 55
- 83.5% of all charitable dollars are received from donors dying at age 80 or older
  - 1/3 of this revenue comes from estates of decedents 95+
  - Yet only 18% of bequest dollars are generated from those creating charitable plans within 2 years of death

## Mission Critical: Prospect Research

### Your new BFF

- If you have a prospect researcher at your organization – become friends!
- Learn about the data points available to you
- Teach him/her about the planned giving attributes from these studies
- Collaborate on segmentation and portfolio assignments

### Your new skill-set

- If you don't have prospect researcher at your organization – learn!
- Meet with the database officer to learn about the data points available to you
- Talk to him/her about the planned giving attributes from these studies
- Collaborate on segmentation
- Learn how to use the database to your advantage – take a class or two offered by your database vendor on data entry, querying, reports and exporting

## Data You May Already Have

### Data in Your CRM

- Age, Marital Status, Gender
- Giving amounts
- Giving longevity
- Natural affiliation code(s)
- Income
- Estimated Wealth
- Giving data to other institutions; political gifts; health
- Communication strings between individual and institution
- Social media handle (especially Facebook)

## Data You May Be Able to Collect

### Internal Data Collection

- Age, Marital Status, Gender
- Giving amounts
- Giving longevity
- Natural affiliation code(s)
- Income
- Estimated wealth
- Giving data to other institutions; political gifts; health
- Communication strings between individual and institution
- Social media handle (especially Facebook)
- Planned gift and/or funded trust status

## Data You May Want to Purchase

### Vendor Purchase

- Age, Marital Status, Gender
- Income
- Estimated wealth
- Giving data to other institutions; political gifts; health
- Social media handle (especially Facebook)
- Planned gift status
- Presence of children
- Number of persons in the household
- Mosaic cluster codes

## Data You Are Unlikely to Have or Collect

### Not Available through Normal Research Sites

- # years giving \$500+ to charitable organization(s)
- Average \$ giving per year
- Gave \$500+ in recent year(s)
- Total giving to all organizations
- Highest \$ year of giving
- No offspring exists
- # of years reporting a will
- # years with a funded trust in place
- Total current wealth
- Number of months since oldest credit account opened
- Current balance to credit ratio

## What's in Here for You?

### Using the ACBD Survey

#### Research

- Pre-application research on known data such as giving history at your institution and others, estimated wealth, known will or trust, absence of offspring

#### Application

- Apply known data points into your own ranking system for segmentation

#### Result

- Because ACBD compiles all charitable giving and succession of reported estate planning, it's unlikely that you can apply the majority of the findings into a replicable result
- Limited CRM penetration based on bandwidth of manual record review

## What's in Here for You?

### Using the Planned Giving Likelihood Model

#### Research

- Prospect research is not necessary pre-application

#### Application

- Your vendor obtains giving data from your CRM, appends additional necessary data, applies the likelihood model to your full database using a ranked and weighted scoring system that segments your entire constituent pool

#### Result

- Prospect research takes place on high-scoring prospects adding additional knowledge about capacity, affiliation and institutional objectives to sub-segment records

# What's in Here for You?

## Using the Stelter Poll

### Research

- Pre-application research on known data such as giving history at your institution, affinity, age, income, known planned gift to another institution, planned gift communications received, social media (younger prospects)

### Application

- Apply known data points into your own ranking system for segmentation
- Application of data points differs for those that are 'best prospects' for planned gift over those that are 'planned gift donors' to you or another organization

### Result

- You can apply the majority of the findings into a replicable result
- Limited CRM penetration based on bandwidth of manual record review

# Application #1 – Marketing Segments

## Pull a List of PG Prospects Who are Donors



**Pull together a list of constituents with \$500 or more to your organization in a single year**

- And has at least one gift in past 3 years
- Is known to make political gifts
- Makes gift(s) to health organizations
- Are in Experian Mosaic A, C, E, J or P (if you have them)



**Further refine your list**

- Ages 40-70
- Income \$150,000+
- Narrow your list using natural affinities that are closest to you such as Alumni, Patients, Faculty/Staff/Physicians, Volunteers, those that use your services frequently (library, public broadcasting) or that have >1 constituency

## Application #2 – Marketing Segments

Pull a List of PG Prospects Who are Donors & Non-Donors



### Contract with a vendor to analyze your full database

- Determine your scoring needs
  - Planned gift only (one score)
  - Separate out by planned gift vehicle (up to 3 scores)
- Discuss your data with your vendor to determine what you have that is useful and what you might want to collect or additional data you might want returned in your project



### If you need to narrow your scored results

- Conduct additional prospect research to prioritize your list using high indicators from the other studies -
- Income \$150,000
- Ages 40-70
- Natural affinities to you
- *Do not add gift amount or you limit result to donors only*

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## Application #3 – Caseload Assignments

Prospect Research on Top Prospects to Visit



### Review Prospect Data for Discovery Activity

- Gather basic data elements for initial phone call or first visit appointment
- PGL score (if analytic screening was conducted)
- Brief giving history – gifts over \$500 and gifts in last 3-years
- Experian Mosaic code or code description (if known)
- Age and marital status (if known); Affinity to organization



### Assess Prospect Data for Solicitation

- Screen the prospect through your research portal, review:
  - # gifts over \$500 and complete giving history in last 3-years
  - Income, age and marital status (if known)
  - Household make-up; presence/absence of children
  - Presence/absence of political & health giving history
- Determine applicable gift vehicle(s); set an ask amount

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# Resources

# Resources Used in Our Discussion

- *American Charitable Bequest Demographics (1992-2012)*, by Russell N. James III, J.D., Ph.D., Professor, Texas Tech University, 2013.
  - <http://maximumbook.org/American-Charitable-Bequest-Demographics-page1842598761.html>
- *Target Analytics Predictive Giving Models*, Target Analytics, 2013.
  - Enhancing Fundraising Success with Custom Data Modelling, International Journal of Nonprofit and Voluntary Sector Marketing Volume 6 Number 4 (2006).
  - <http://onlinelibrary.wiley.com/doi/10.1002/nvsm.v6:4/issuetoc> (Wiley Online subscription required or contact the presenter for a PDF of the article)
- *What Makes Them Give?: 2012 Stelter Donor Insight Report*, The Stelter Company, 2012.
  - The Stelter Company, Planned Giving Survey Questions, Selzer & Company, June 17-25, 2012.
  - <http://www.stelter.com/footerfiles/researchwhitepapers.html>

## Other Resources

- *Prospect Research for Planned Gifts: Using Predictive Donor Profiles, Wealth, and Asset Screenings to Identify High-End Planned Gift Prospects* by Katherine Swank, J.D. and Michael Quevli, Senior Consultants, Blackbaud, Inc., 2011.
  - [https://www.blackbaud.com/files/resources/downloads/WhitePaper\\_ProspectResearchforPlannedGifts.pdf](https://www.blackbaud.com/files/resources/downloads/WhitePaper_ProspectResearchforPlannedGifts.pdf)
- *24 Planned Giving Terms You Should Know: A Glossary of Common Terms* by Katherine Swank, J.D., Consultant, Blackbaud, Inc., 2011. (white paper was updated after submission to CARA)
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- *Using Statistical Modeling to Increase Donations: Success Begins with Choosing the Right Model for your Organization* by Lawrence Henze, J.D., Principal Consultant, Blackbaud, Inc., 2008.
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  - [https://www.blackbaud.com/files/resources/downloads/WhitePaper\\_ProspectResearchForTheNonResearcher.pdf](https://www.blackbaud.com/files/resources/downloads/WhitePaper_ProspectResearchForTheNonResearcher.pdf)
- ResearchPoint® Prospect Research Software by Blackbaud™
  - <https://www.blackbaud.com/analytics/research-point>
- Planned Giving Predictive Modeling by Blackbaud™
  - <https://www.blackbaud.com/files/resources/downloads/fundraising-models-that-drive-gains-across-programs.pdf>

## Questions

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