



The Value of a Hand-Raiser

Presented by
Nathan Stelter and Brantley Boyett

About the Presenters



Nathan Stelter

President
The Stelter Company

- Sought after speaker, having presented at more than 150 national and regional industry meetings/conferences
- Member of the National Association of Charitable Gift Planners (CGP) Leadership Institute
- Chair-elect for CGP's national board of directors as well as co-chair of the National Standards for Gift Planning Success (NSGPS) task force
- Two-time graduate of the University of Iowa where he earned a bachelor's degree in marketing and an Executive MBA



Brantley Boyett

Co-founder and President
Giving Docs

- Former (recovering) attorney, practicing for over a decade in Austin, TX
- Moved to Durham, NC, when Giving Docs partnered with Dan Ariely's behavioral science lab, the Center for Advanced Hindsight at Duke University
- Received JD and BFA in Economics at the University of Texas in Austin
- Teaches Law and Entrepreneurship at Duke University School of Law



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What is a hand-raiser?

How should an organization value individuals who have indicated an intention to leave a gift, but have not yet done so?

Many organizations are sitting on hundreds or thousands of hand-raisers, but how does this factor into future revenue?

In this talk we argue that organizations could be devoting more resources to their hand-raiser pools.

We will also present a proposed framework for determining the value of the hand-raisers in an organization's pipeline, so that development professionals can better make the case for those resources.

The Rise Of The Hand-Raiser:

Survey marketing and online estate planning tools have greatly increased the number of individuals who have indicated an intention to leave a legacy bequest

Today's Agenda

Our Reality

The Value of a
Hand-Raiser

Identifying,
Cultivating &
Getting Prospects
to Raise their
Hands

Our Reality

The Reality of Today's Hand-Raisers

- 7% include charity in their will
- Of that 7% only $\frac{1}{3}$ share their intentions
- Donors 60% of way to decision before EVER talk to us

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Only 1/3 of Planned Giving Donors Tell Us

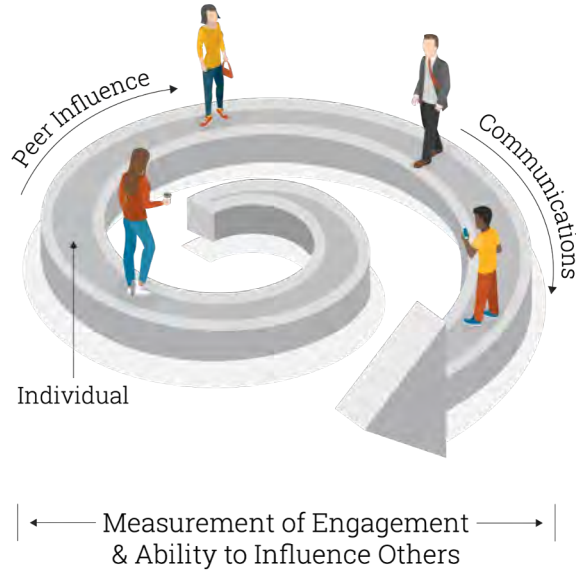


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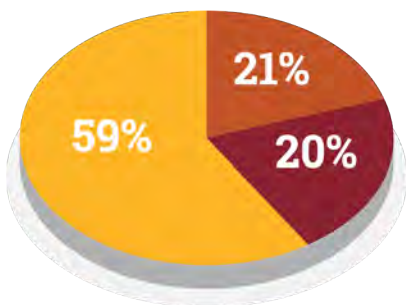
Typical Ladder of Engagement, but...



...Hand-Raisers Can Pop Up at Anytime



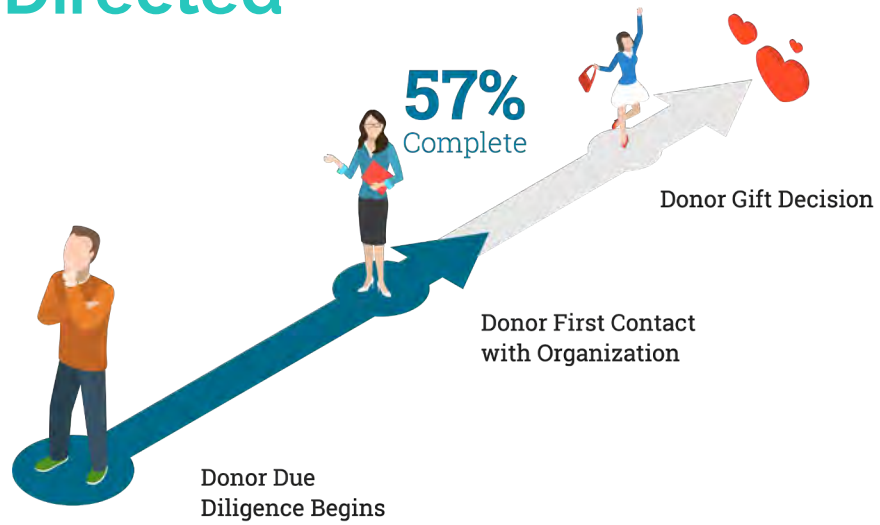
Some May Not Be on Your Radar



41% of your planned giving donors may not be on your radar

- 10+ years of consistent giving
- Less than 5 years of giving
- Never made a gift to the charity

The Self-Directed Donor



The Reality

Ladder of Engagement

Self-Directed World

The Value of a Hand-Raiser

Planned Gift Officers are rewarded for closing.

They are less inclined to engage with someone who "just isn't ready right now"

Some planned gift officers may see less value in hand-raisers, but forward thinking leadership can incentivize the growth of the hand-raiser pipeline.

Not all hand-raisers are created equal.

Surveying has shown that these people remain valid prospects even when they haven't created a gift for many years after raising their hand.

But-one size fits all messaging doesn't work.

And a typical PGO interaction might not be a good fit either.

Ideally, an organization would have a hand-raiser specific outreach person who does not have PGO quotas.



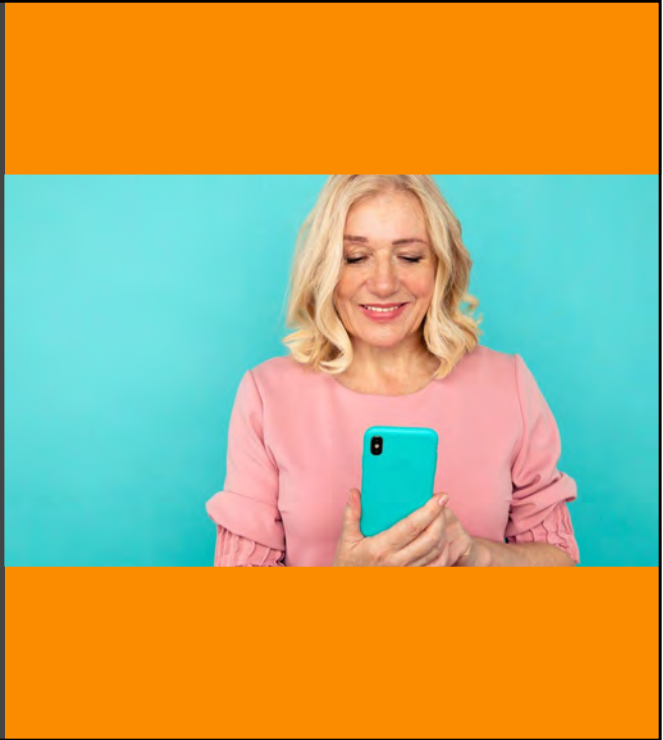
How do organizations currently value hand-raisers? (they don't)

We interviewed a number of planned giving professionals for this talk, ranging from PGO to ED to consultant. None put a monetary value on hand-raisers, but most had identified this as an issue they had considered before we spoke.

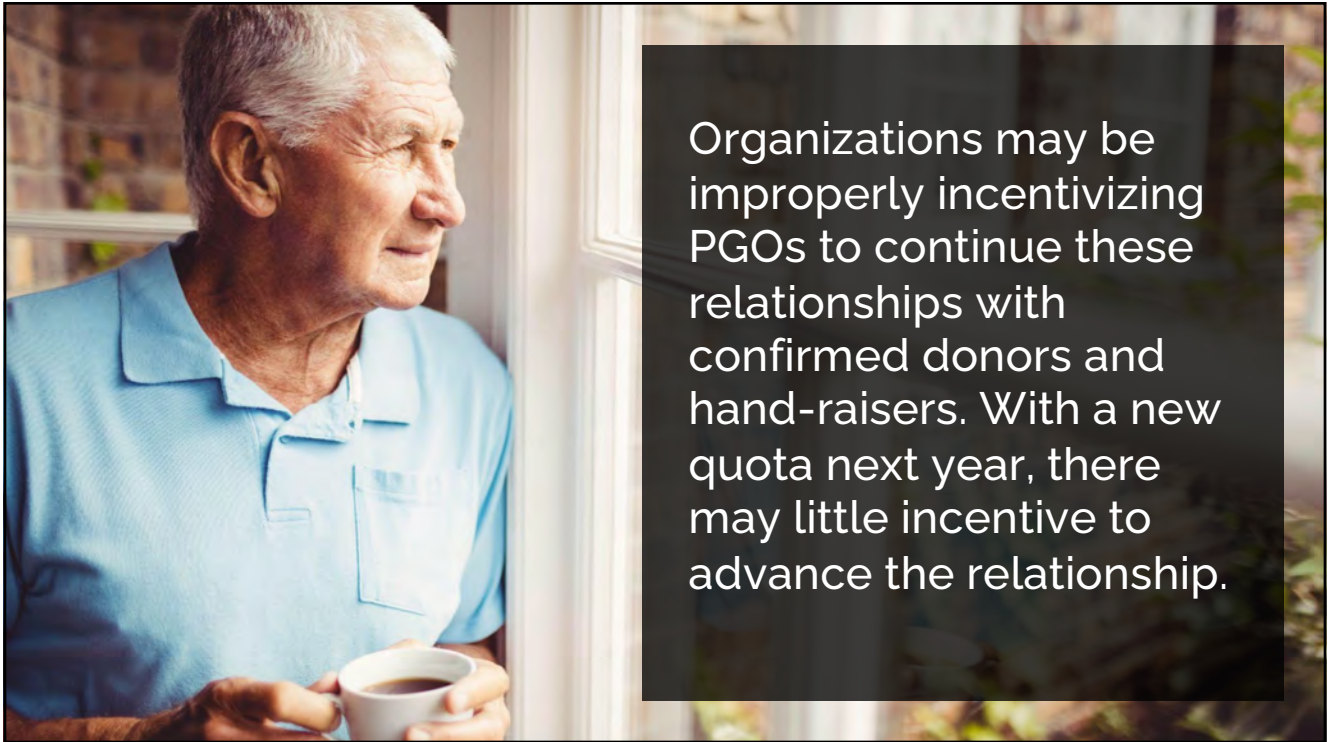
Development professionals have a pipeline of confirmed gifts.

We call these Gifts Under Management.

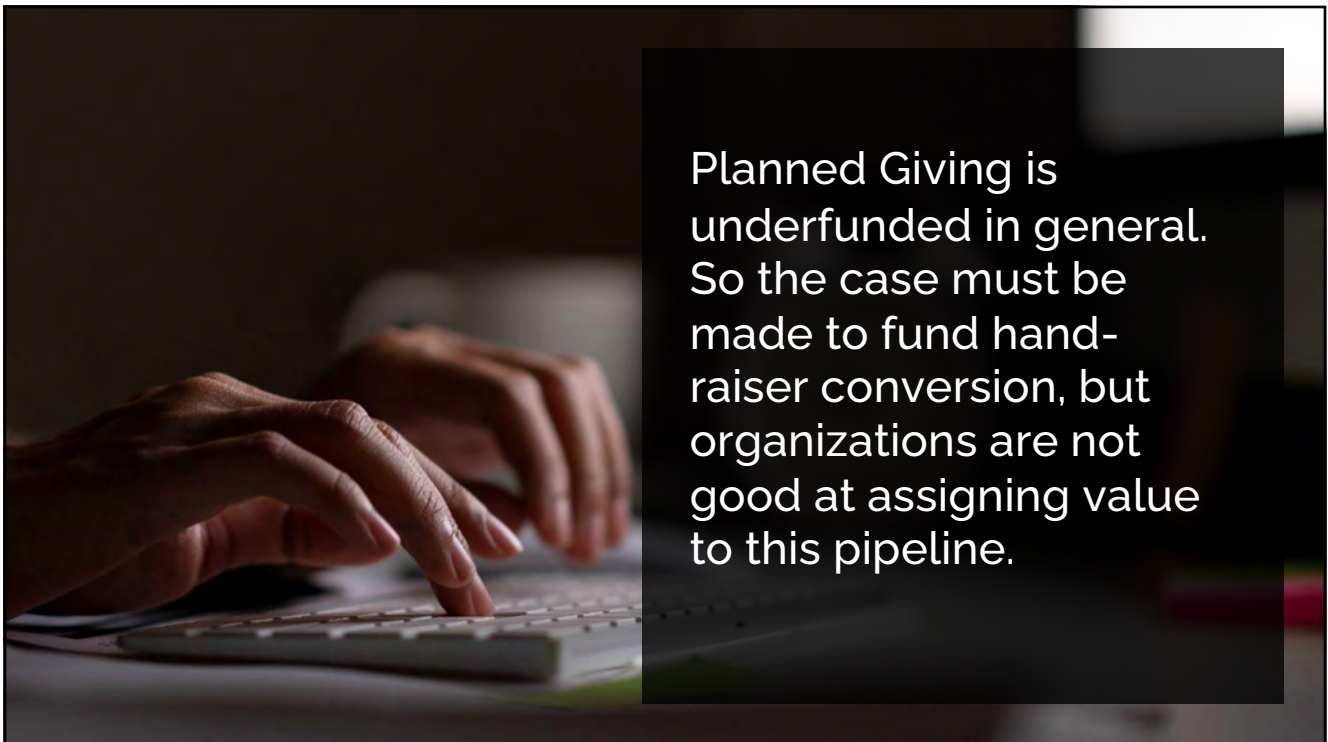
They are not yet realized and have real management costs and responsibilities. GUM must receive gratitude and continued stewardship. Many desire a continued relationship with the organization until death. SOME donors will change their minds and the gift can disappear (not always due to mismanagement).



A legacy donor who is ignored may drop the gift from their plan. The same thing will happen with hand-raisers.



Organizations may be improperly incentivizing PGOs to continue these relationships with confirmed donors and hand-raisers. With a new quota next year, there may little incentive to advance the relationship.



Planned Giving is underfunded in general. So the case must be made to fund hand-raiser conversion, but organizations are not good at assigning value to this pipeline.

Our solution:

A framework for how to understand the monetary value of your hand-raiser pipeline

-Rooted in scientific and mathematical principles

This is not a one-size-fits-all solution

→ **Every organization is different**

Different donor affinities, different types of engagement, changing political climates, unforeseen events, are just some of many examples of things that can throw predictions off.

→ **Accurately predicting the future is difficult**

That's why we use past performance as an indicator of future probability without declaring definitively how things turn out

Assumption #1:

A certain percentage of hand-raisers will convert to planned gifts each year.

- Some of these will be reported.
- Some of these will be unreported.

We've interviewed a number of organizations about the number of hand-raisers that convert each year—that number varies greatly, but an acceptable average might be 3%.

(This is a conservative estimate based on the fact that no organization interviewed had visibility into greater than 50% of their gifts at the time they were received)

Source: [theguardian.com](https://www.theguardian.com)

Assumption #2: Attrition

A certain percentage of hand-raisers will change their mind about their interest in leaving a gift each year. This is opaque of course, as a hand-raiser would almost never alert the organization about this change. For the purposes of formula, we will conservatively assume 1% of hand-raisers change their mind in any given year.



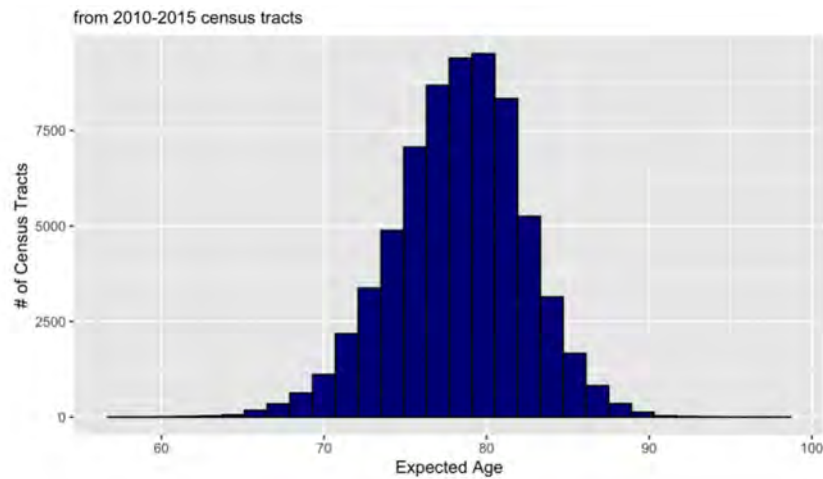
Assumption #3: Average Gift Size

Once again, average gift sizes vary widely from organization to organization. Many cause related charities average 40-50k per gift, while many higher education institutions average closer to 100k, some organizations have a much higher average than this.

For the purposes of this exercise, we will assume that the average gift is 50k, which should be a conservative estimate.



Life Expectancy in the U.S.



Assumption #4: Average time someone will remain a hand-raiser

- Average life expectancy in the U.S. currently = 79
- Average age a donor first raises their hand = 55 (plug your own number in here—this varies)
- So the average hand-raiser will be a hand-raiser (before factoring in attrition) for 24 years if they never create a gift



How we value gifts now

Take the average value of last years realized planned gift.

Apply that number to this years unknown gift commitments.

Put those gifts in the pipeline of gifts under management, with continued stewardship and cultivation of major gifts.

**#1**

How many hand-raisers do you currently have in your pipeline?

**#2**

What is the average age of hand-raisers in your pipeline?

#3



What is the average gift amount your organization receives by bequest?

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Based on how we value gifts now, we can create an algebraic equation to determine the value of a hand-raiser today.

(Years until gifts realize(average)) X annual conversion rate of hand-raisers/years until gifts realize X annual attrition of hand-raisers X annual gift average



*Expected Value of Handraiser = P[Gift Committed this Year] * P[Retention over Y Years] * Gift Amount*

- P[Gift Committed this Year] = 0.03 = 3%
- P[Retention over Y Years] = $(1 - \text{Attrition Rate})^Y = (1 - .01)^{23} = 0.7936 = 79.36\%$ chance Handraiser is not lost to attrition before death
 - This statistic calculates the probability that the Handraiser will change their mind about leaving a gift
- Y = Years until gift realization = 23
 - In this example, Y = 23 years.

A Calculator for Valuing Hand-Raisers

www.givingdocs.com/handraiservalue

VALUE OF YOUR HANDRAISERS

A framework for how to understand the monetary value of your handraiser pipeline - rooted in scientific and mathematical principles.

Handraiser Age	55	<div style="border: 1px solid #ccc; padding: 10px;"> <p style="text-align: center; color: #e67e22;">Result</p> <p>Your handraisers are 78.57% likely to stay engaged with your organization over their lifetime.</p> <p style="text-align: center; background-color: #2e8b57; color: white; padding: 5px;">Handraiser Value \$2,257*</p> </div>
Conversion Rate	3 %	
Attrition Rate	1 %	
Gift Amount	\$100,000	
Acquisition Cost	\$100	
Life Expectancy Estimate	79	

Considerations with the calculator

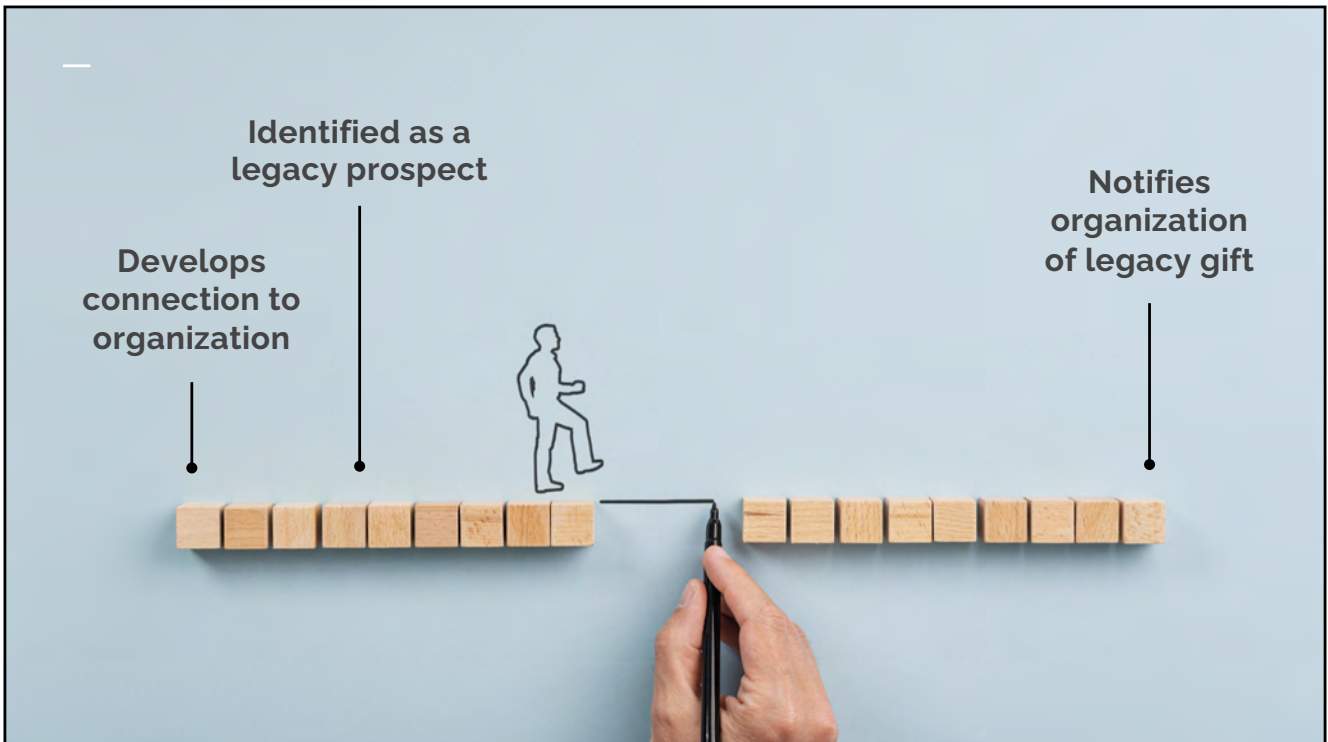
- Are we using the right number for number for gift valuation? Should it be PVFB? Something else?
- May need another line for post-acquisition costs
- Most organizations just don't have good data for determining the assumptions to input

Takeaway 1: Hand-raisers have a real value to the organization that is often going unrecognized.

Takeaway 2: How those hand-raisers are valued will be vary greatly from organization to organization.

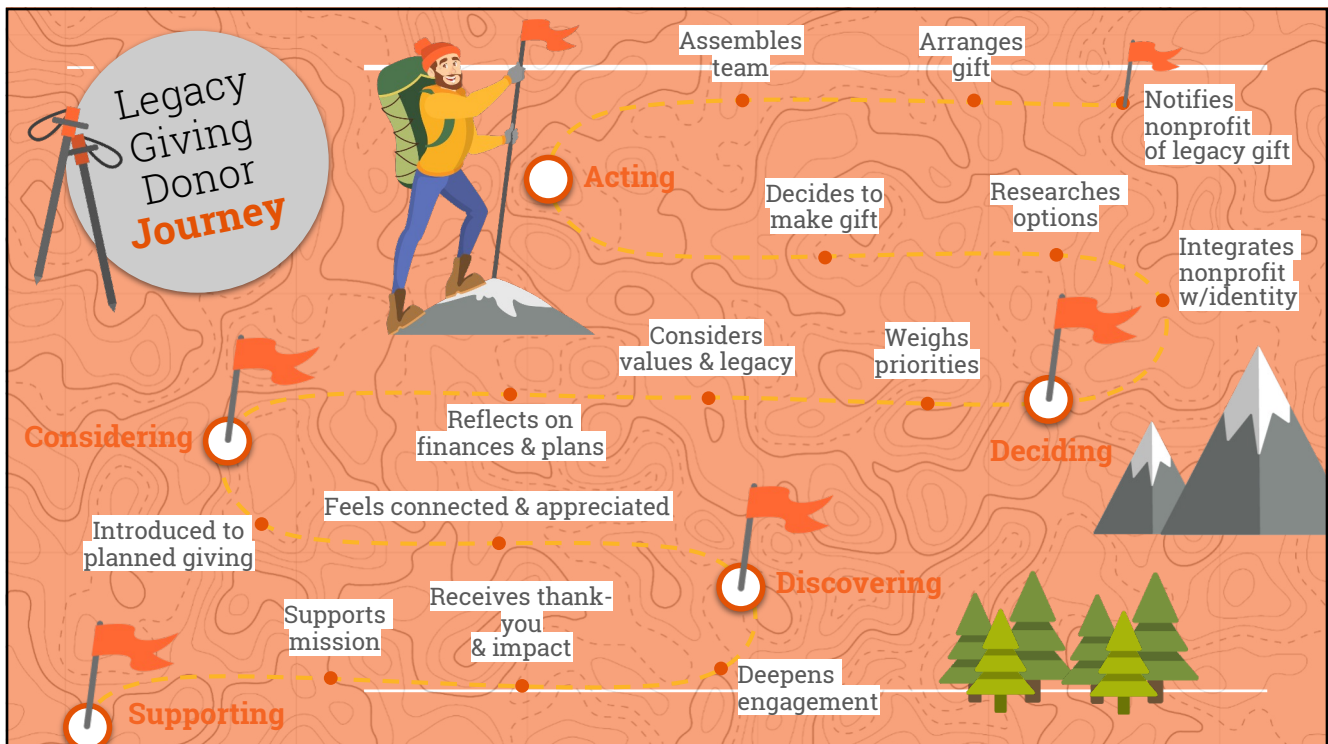
Takeaway 3: This valuation should be factored into the overall GUM of the organization, and fundraisers should get credit for this pipeline.

Identifying, Cultivating & Getting Prospects to Raise Their Hands

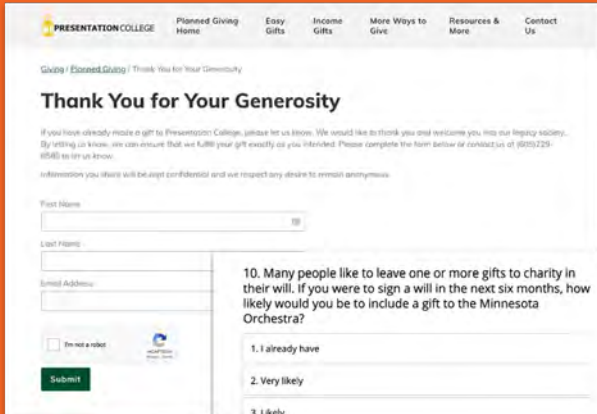


Donor Journey....

Supporting	Discovering	Considering	Deciding	Acting
① This work is important				
② This organization is capable				
③ This organization is trustworthy				
④ I am connected to this work				
⑤ An estate gift is a smart choice				
⑥ People like me do things like this				
⑦ I need to share my intentions				



Prompting Donors to Action



10. Many people like to leave one or more gifts to charity in their will. If you were to sign a will in the next six months, how likely would you be to include a gift to the Minnesota Orchestra?

1. I already have
2. Very likely
3. Likely
4. Undecided
5. Unlikely
6. Very unlikely



JOIN US

100 YEARS IS JUST THE BEGINNING

From right: Peggy Light, with fellow League Councilor Christa Lyons and Martha Helms

OUR CENTENNIAL VISION

Save the Redwoods League envisions vibrant redwood forests of the scale and grandeur that once graced the California coast and the Sierra Nevada, protected forever, restored to grow old again, and connected to people through a network of magnificent parks and protected areas that inspire all of us with the beauty and power of nature.

BE ONE OF THE 100

Join Mike Helms, Peggy Light, and other dedicated legacy donors at the dawn of the League's second century. The favor of your reply is requested by **July 16**.

I am interested in joining other supporters of the redwood forests by becoming a member of the **Redwood Legacy Circle**. Please contact me with more details about how I can support the forests future with a planned gift, and generate \$1,000 today.

I **accept with pleasure**. I have already included Save the Redwoods League in my estate plan, but have not previously informed you. Please contact me so that I can officially be counted among the 100, and generate \$1,000 for the League today!

Name (Please print) _____

Address _____

City, State ZIP _____

Telephone _____ Email _____

*We respect your privacy; information collected here will not be shared outside of our organization.

SAN FRANCISCO SYMPHONY
MICHAEL THOMAS THOMAS - MUSIC DIRECTOR

Create the Future of the **SAN FRANCISCO SYMPHONY** in a Simple and Powerful Way

Need Another Reason...

When you join the Pierre Monteux Society in a drawing to win two seats to a special concert in the Grand Conductor's Room followed by MTT conducting a concert of the 2014-15 season on Saturday, October 11, 2014.

FAST FEEDBACK

Please complete and return today. Thank you!

I have included the Symphony as a beneficiary in my will or other estate plans and am interested in being included in the 70@70 Bequest Campaign.	YES	NOT AT THIS TIME
I am interested in learning more about including the San Francisco Symphony as a beneficiary in my estate plans.	<input type="checkbox"/>	<input type="checkbox"/>
I would like to receive a copy of the FREE brochure <i>Your Personal Guide to Gift Planning</i> .	<input type="checkbox"/>	<input type="checkbox"/>
I have enclosed \$_____ to support the Symphony today.	<input type="checkbox"/>	<input type="checkbox"/>

THANK YOU
for supporting symphonic music in the Bay Area!

Name—Please print. _____

Telephone _____ Email _____

Address _____

City, State ZIP _____

We respect your privacy; information collected here will be kept strictly confidential. It will not be sold, rented, loaned or otherwise disclosed, and it will not be used in ways to which you have not consented.

Give Forward to Future Audiences With a Special 70th Birthday Gift to MTT and the Symphony

You can create your lasting impact on the Symphony as a participant in our 70@70 Bequest Campaign. It's a simple and powerful way to perpetuate your special connection to the Symphony and provide increased musical experiences to future audiences and students.

- **Name the Symphony as a beneficiary** for any amount in a will, trust, IRA, financial account or insurance policy. This costs you nothing in your lifetime, you control your assets and you can modify your gift if your circumstances change.
- **Increase retirement income** by converting appreciated assets or assets with low interest rates into a life income plan. Receive payments for life and for benefits. What remains in the plan will be directed to future strategic initiatives that bring music to others.

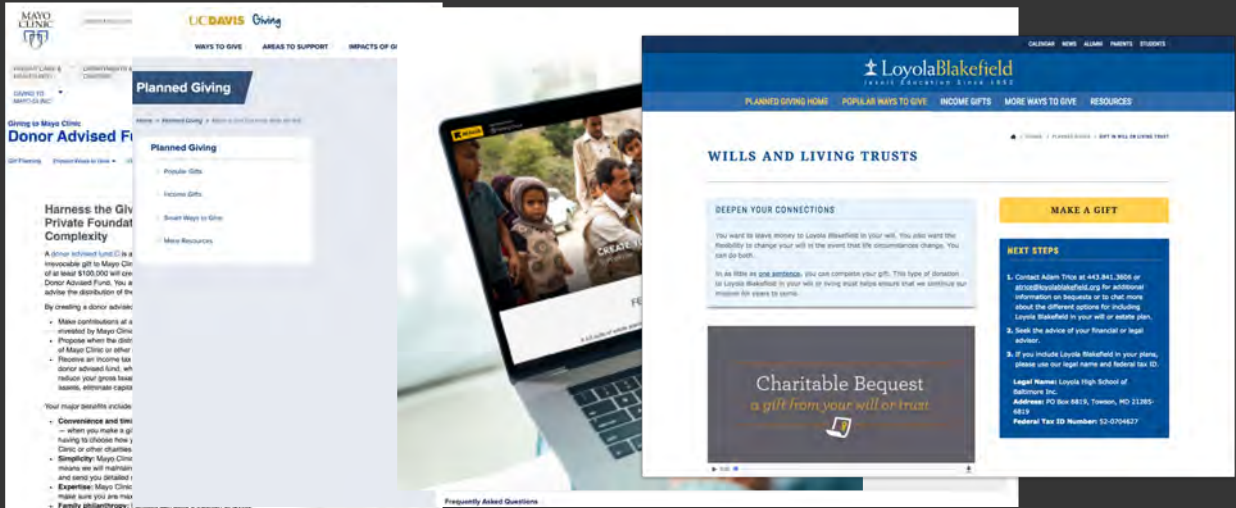
In this milestone season of MTT's 70th birthday, the Pierre Monteux Society aims to add 20 new legacy gifts in recognition of the Symphony and Michael Thomas' contribution to culture in the Bay Area.

Thank You!

We look forward to creating a partnership with you that continues bringing classical music to the Bay Area.

SYMPHONY PLANNING

Give Them Options



Understand the Donor Journey
 Be Creative
 Provide Options

Recap

Challenges & Opportunities

Calculating the Value of a Hand-Raiser

Creative Ways to Get Donors to Raise Their Hands

Additional Questions

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Webinar Resources

Recording
Presentation handouts

www.stelter.com/webinars

Thank you!

