

What Does It All Mean? Incorporating Giving USA's New Findings Into Your Planned Giving Work

Wm. David Smith, CAP[®]
President
Heaton Smith Group



Presenter

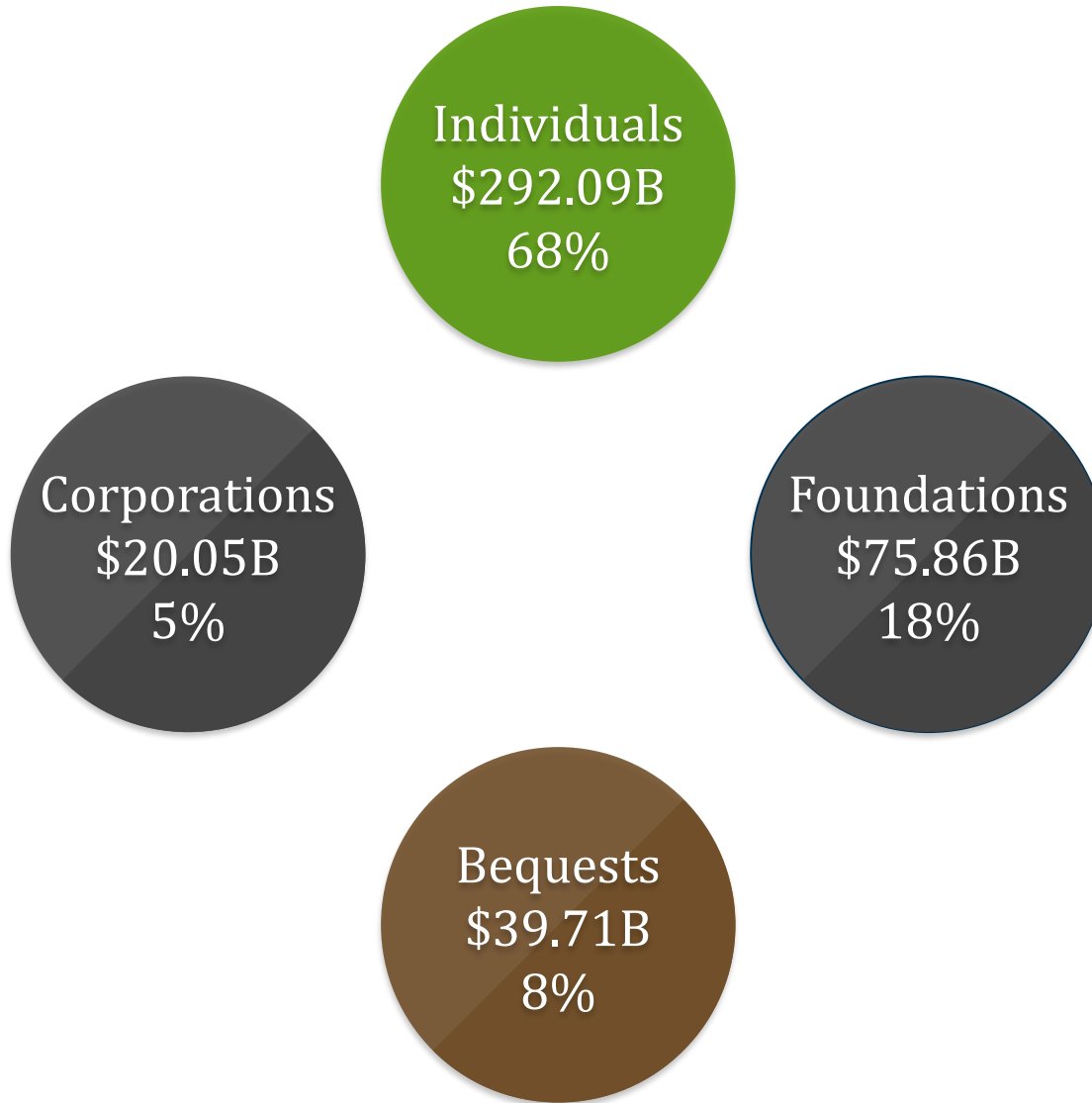


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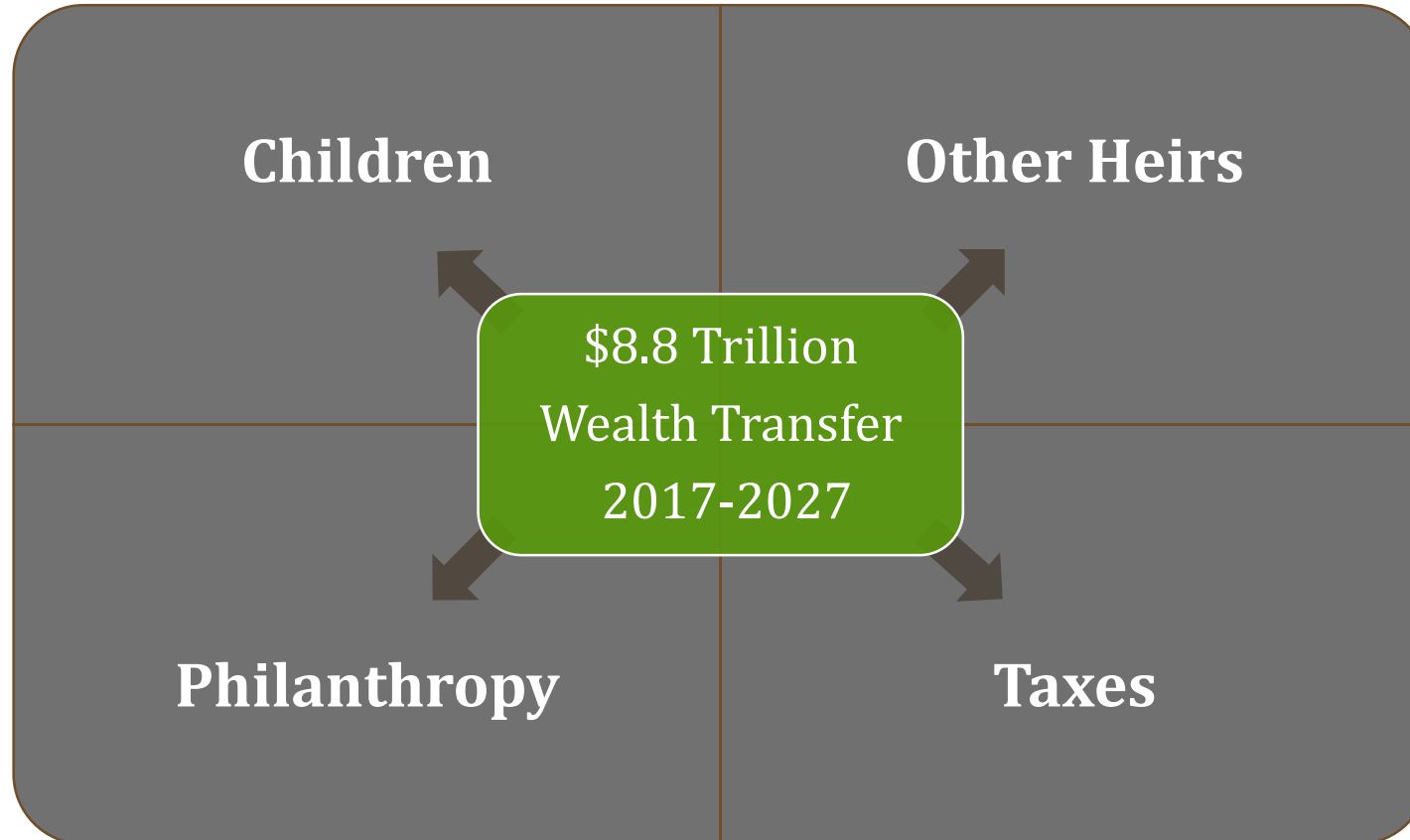
- Founded Heaton Smith Group in February 2009
- Heaton Smith is the leader in blended and documented estate gifts in its space
- More than 20 years in nonprofit sector
- Works with nonprofits and donors across the country
- Serves clients from a wide range of missions
- Has facilitated more than \$350 million for the nonprofit sector
- Serves on the Board of Directors for Giving USA and The Giving Institute
- Member of the National Association for Charitable Gift Planners, Georgia Planned Giving Council and the Association for Healthcare Philanthropy
- Holds a BS in Psychology from the University of Kentucky
- Attained the Chartered Advisor in Philanthropy Designation in 2017.

2019 Giving USA Foundation Report

Total Giving in 2019:
\$427.71 Billion



Unprecedented Opportunity



Agenda

Gift Process

Gift Types, Wealth and Duration

Organizational Relationship

Donor Motivation

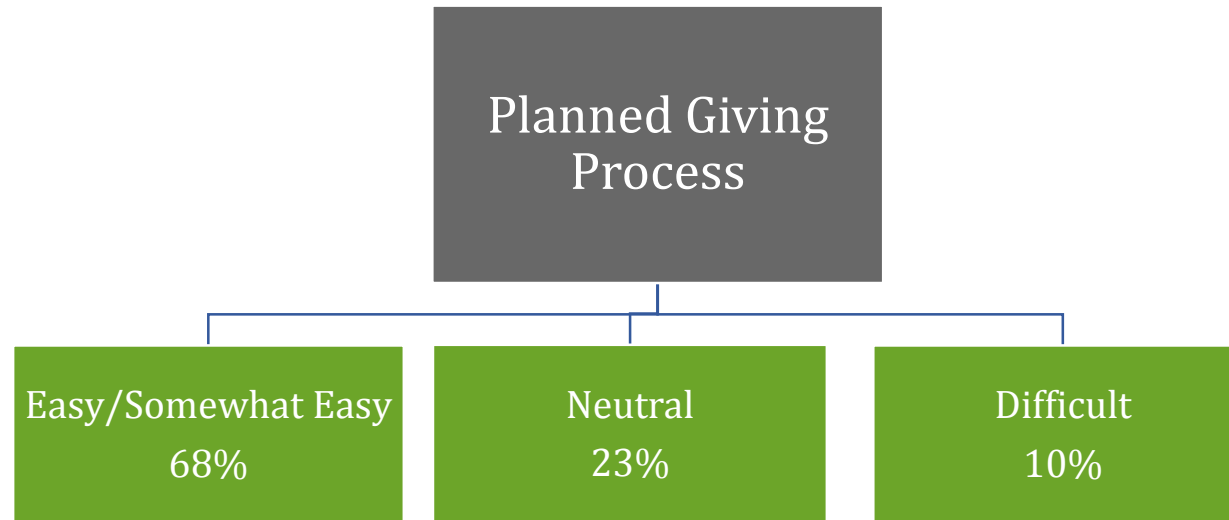
Enablers | Barriers

Gift Disclosure

Stewardship

Implications

Gift Process

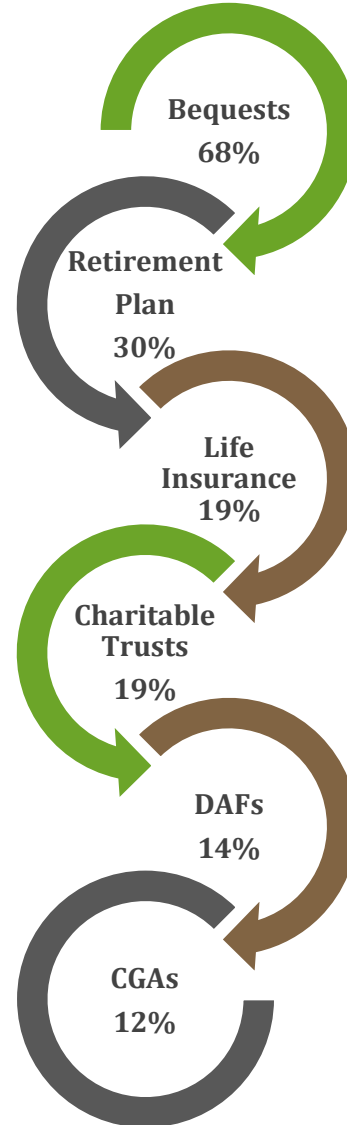


This may indicate that **gift officers and advisors** are doing a better job of talking with donors about legacy gifts.

*Respondents who ranked process difficult reported challenges balancing heirs' needs **AND** desire to help charities.*

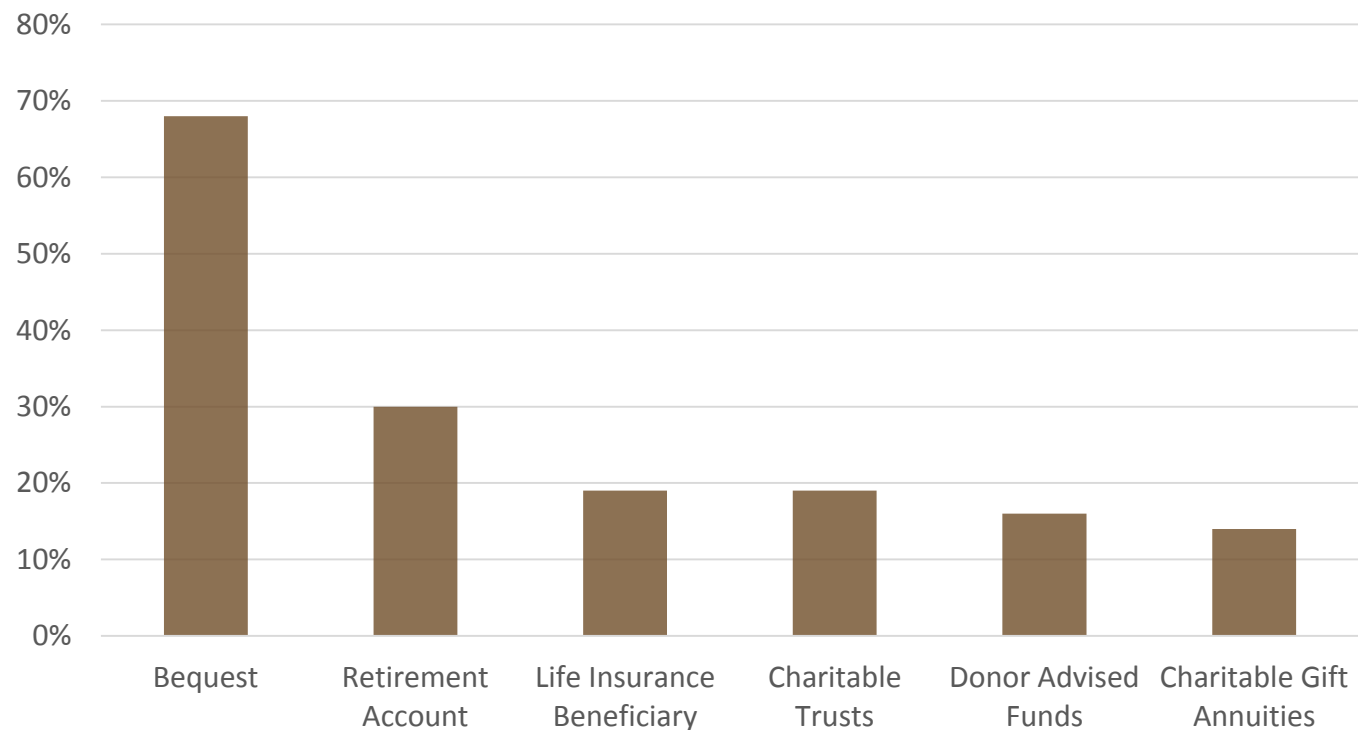
Gift Types

Half of all respondents reported their largest gift a **specific percentage** of estate rather than a specific amount.



*Did you notice that the percentage of respondents whose gifts were bequests **equaled** the number who reported the planned giving process “easy or somewhat easy?”*

Gift Types and Wealth



54% of respondents indicated that their largest planned gift was a bequest.

Donors who fund **charitable trust** make the largest gifts by value and are associated with greater wealth.

Wealth was related to types of legacy gifts donors made to organizations. Donors with net assets of **\$1-\$10M** were likely to have charitable **bequests** in wills versus charitable trusts. Donors with net assets **greater than \$10M** were more likely to have funded a **charitable trust**.

All charitable trusts in study were current trusts.

The **majority** of donors who funded CRTs reported that they decided on a charitable trust **ONLY AFTER** consideration of other gift vehicles.

Gift Duration

54%

of respondents reported that largest planned gift was a bequest.

50% of donors had not altered their planned gifts. 44% of those who made changes increased the number of gifts in their estate plan while 45% increased their gift amount.

Mean values excluded **top 3%** of reported gifts in each gift type.

Bequest Mean
\$511,874

Charitable Trust
Mean
\$2,030,548

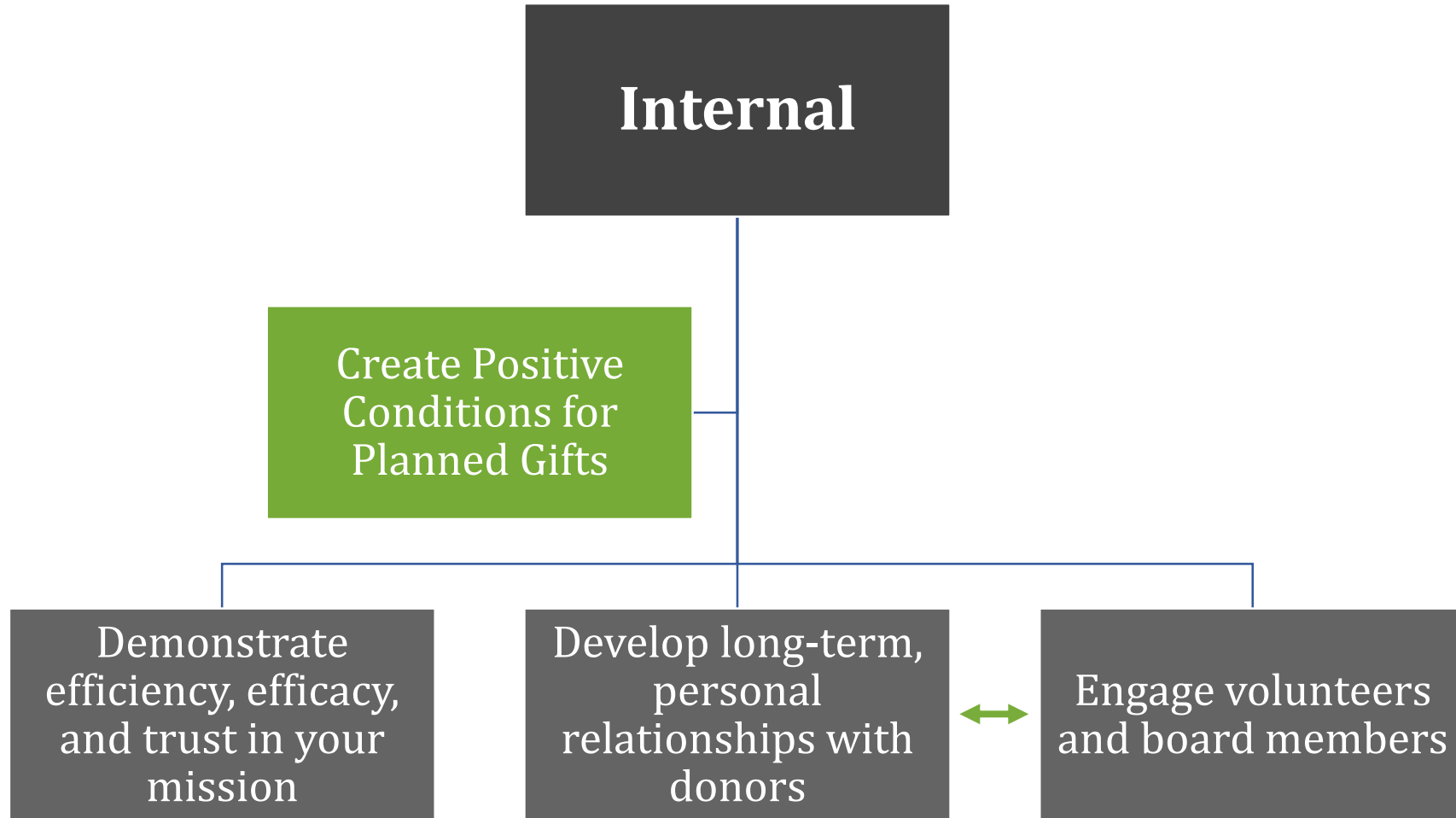
CGA Mean
\$222,552

Retirement Plan
Beneficiary Mean
\$635,774

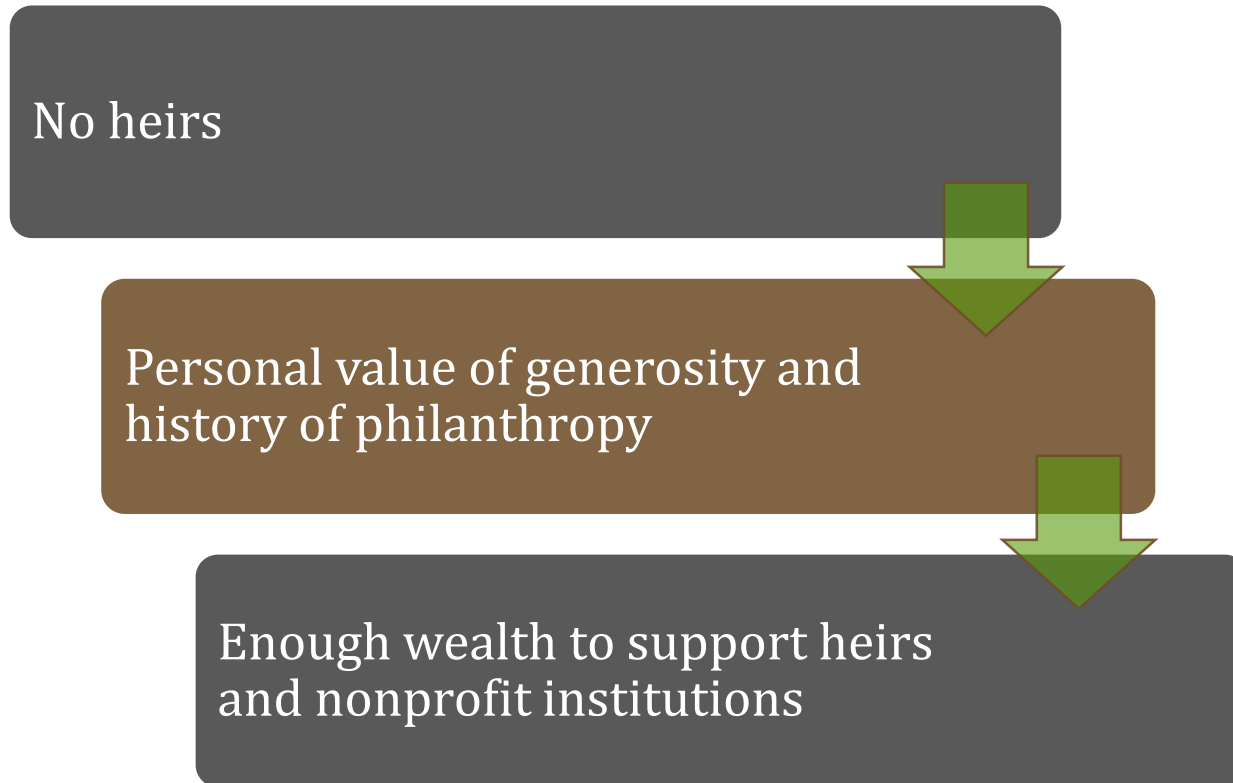
Insurance Policy
Beneficiary Mean
\$299,028

Retained Life Estate
Mean
\$557,773

Organizational Relationship



Individual Factors That Motivate Donors



Donors with children are more motivated to make legacy gifts by: an institution's impact on those served, long-range estate planning considerations, relationship with a nonprofit representative, encouragement from advisors(s), cause of nonprofit personally important to them.

*My colleagues and I have observed that donors with financially mature or comfortable heirs comprise the majority of documented estate gifts facilitated for clients – **reduces** parents' feeling of **obligation** to leave all assets to heirs.*

ONLY **10%** OF RESPONDENTS CITED REDUCTION OF TAXES AS A PRINCIPAL MOTIVATING FACTOR.

Individual Factors That Motivate Donors

Some donors expressed concern about creating “**trust fund children**” by leaving them too large of an inheritance.

The question
“**How much is enough or too much for our heirs?**”
is personal, and the answer is determined by
several factors considered by each donor.

Enablers for Planned Giving



Donors want **assurance** that your organization will exist for a **significant** amount of time after their death. After all, planned giving donors are elevating your organization's status to a **family member**.

*Donors' **trust** in recipient organizations was built **over time** through annual giving, volunteer service, or board service.*

Volunteer experiences may include mentoring students, hospital auxiliary, fostering animals, serving as a docent, fundraising, committee or board service, to name a few.

Enablers for Planned Giving



“One of the most **important factors** to look for in new legacy bequests is **long-term loyalty** to the organization that is **anchored in memories** and our ability to connect with members in a **meaningful** way.”

Leadership

*“We never dreamed that we were going to create what we did – we just hoped we could finish it. That reminds me of when **Yo -Yo Ma** was here and he had students play with him right on stage and the **students were in such awe**. That is a legacy - a sense of awe that this has happened and that **we were part of it.**”*

Legacy Donor

Enablers for Planned Giving

At the heart of what the *organization* does for our donors and for the community is to create **Memorable Moments**. Memorable Moments are **imprints** that are dynamic and layered, building up to **transformative experiences**.

Leadership

Barriers to Planned Giving

Internal to Organization

- Lack of personal and consistent contact with donors
- Mission drift or change

Barriers to Planned Giving

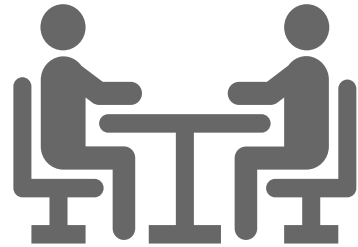
Internal to Organization

- Lack of personal and consistent contact with donors
- Mission drift or change

External to Organization

- Concerns about late-life health care costs
- Concerns about impact of relatively small gifts.

Enablers for Planned Giving



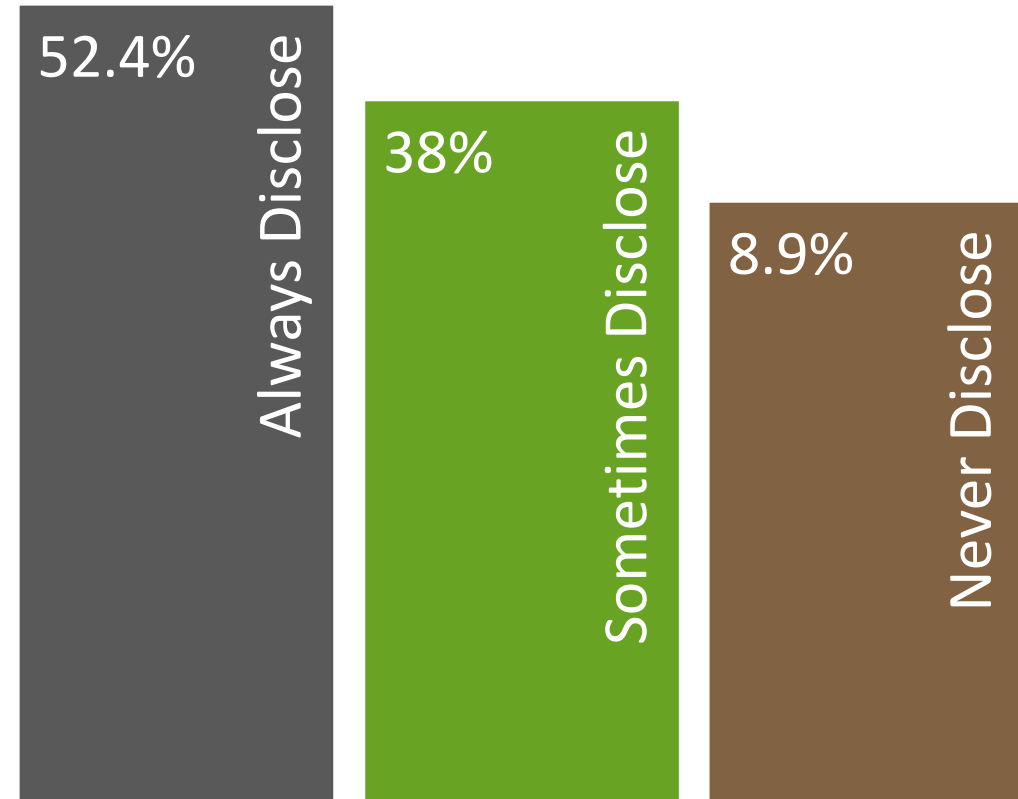
Relationship-building is
THE
core competency in
planned gift fundraising.

Gift Disclosure

86.6% of donors informed organizations that would receive largest planned gifts.

Donors aged **60-69** and those **WITH** children were slightly more likely to disclose their planned gifts.

70% of donors told recipient organizations voluntarily.



Planned Gift Disclosure

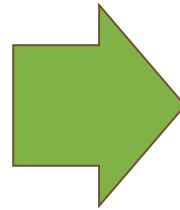
“People love to share **good stories** because it makes them feel good. It underscores making a **good choice**, and that that choice made it through their **high standards**. When they share, it strengthens their **bond** with other people.”

Planned Gift Disclosure

8.9% of Donors Did Not Disclose
Why?

Planned Gift Disclosure

8.9% of Donors Did Not Disclose
Why?

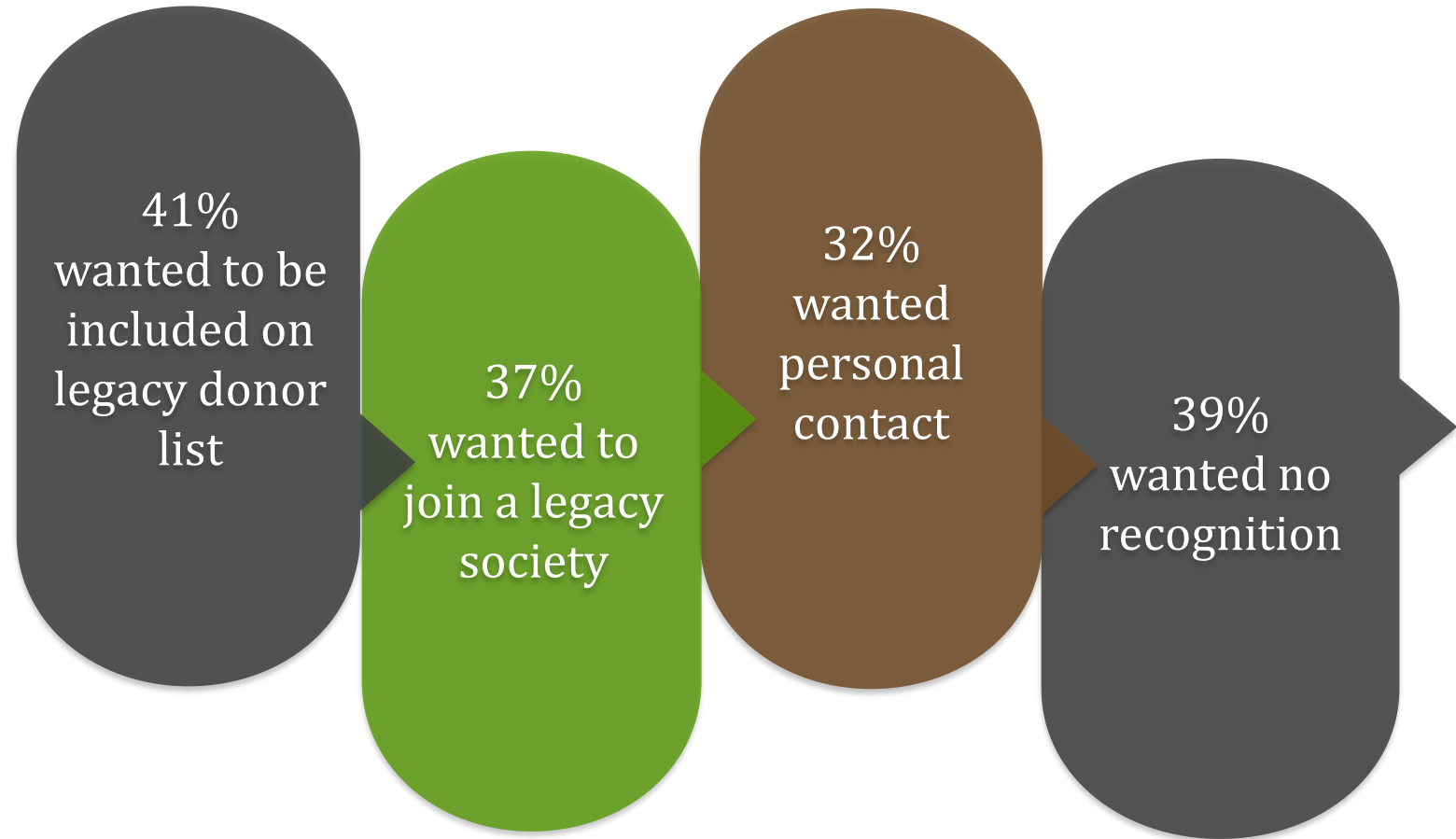


Desired No Special Recognition

Planned Gift Disclosure



Planned Gift Stewardship



Ask each donor's recognition preference(s) and customize accordingly.

Planned Gift Stewardship

It is **important to donors** to have a **designated person** from an organization who contacts them periodically – once or twice per year – and to whom they can ask questions.

16% of donors said that membership in a legacy society motivated them to **increase or plan to increase their legacy gift**.

Stewardship Communication Expectation



Demonstrate gift's
impact on organization



Evidence organization is
making a difference



Appropriate level of
personalization



Relevancy to area of
support

Report's Implications

Recommendations



Identifying High-Likelihood
Legacy Giving Prospects



Marketing Legacy Gifts and
Motivating Donors



Stewarding and Retaining
Current Legacy Donors

High-Likelihood Legacy Gift Prospects

Donors whom we **traditionally expect** to be best planned giving prospects were confirmed in the report. **However...**

Individuals

- No children

Couples

- No heirs

Annual

Donors

- Long-term

High-Likelihood Legacy Gift Prospects

Couples with **financially mature** and/or successful children feel less pressure to leave all assets to heirs.

My colleagues and I have found this factor ranks **very high** for donors who **disclose and document legacy gifts** with clients.

Couples

- With financially mature heirs

Individuals

- Highly educated

Volunteers

- Well informed about an organization

High-Likelihood Legacy Gift Prospects

*Individuals who have made legacy gifts to other institutions indicate the **importance of personal philanthropy** and a desire to have a meaningful impact on society. These donors must also show high affinity for your organization.*

Staff

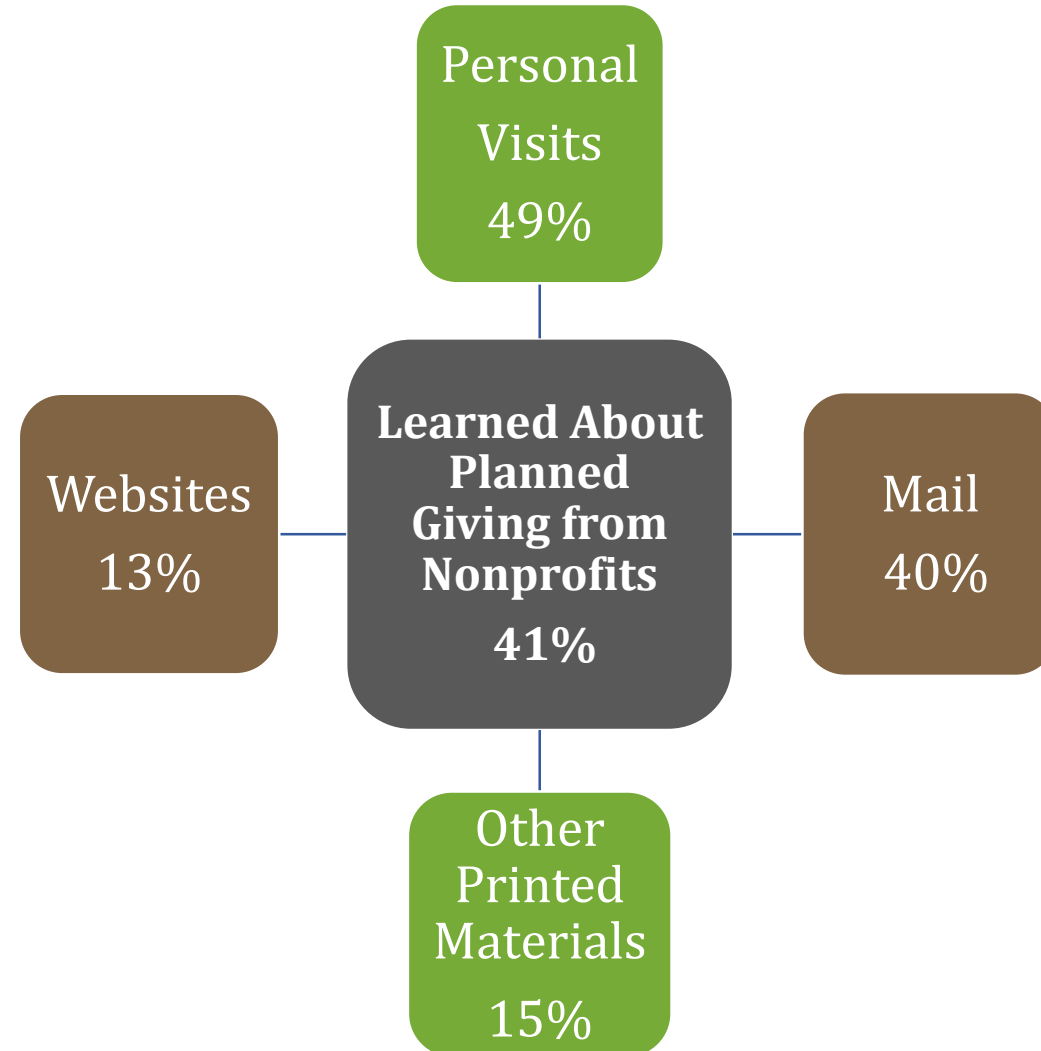
- Long-term

Individuals

- Made planned gifts to other organizations

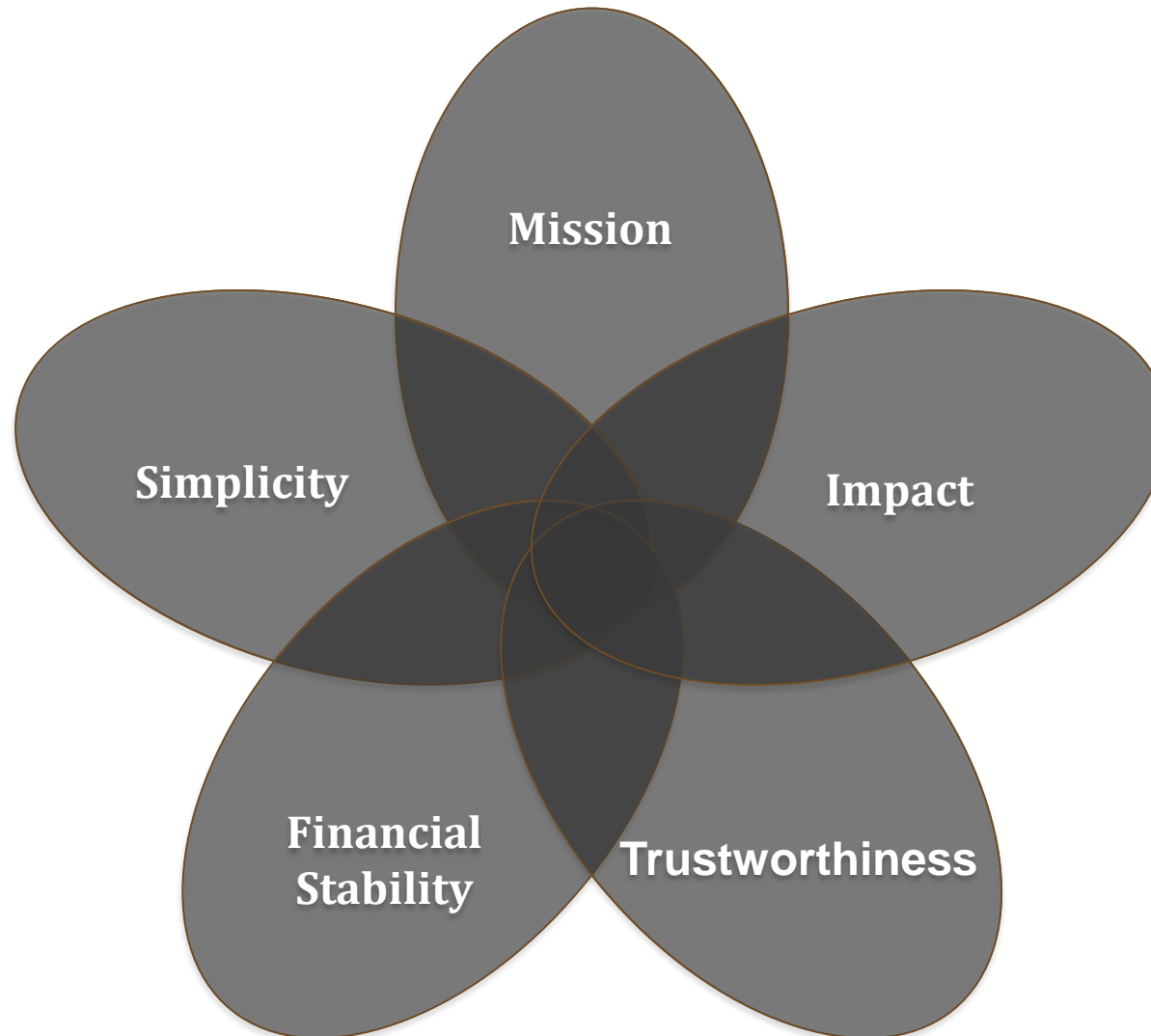
Marketing and Motivating Donors

*While more advisors discuss philanthropy with clients, particularly financial advisors, a plurality of donors reported that they learned about planned giving from **nonprofit organizations**.*



Marketing and Motivating Donors

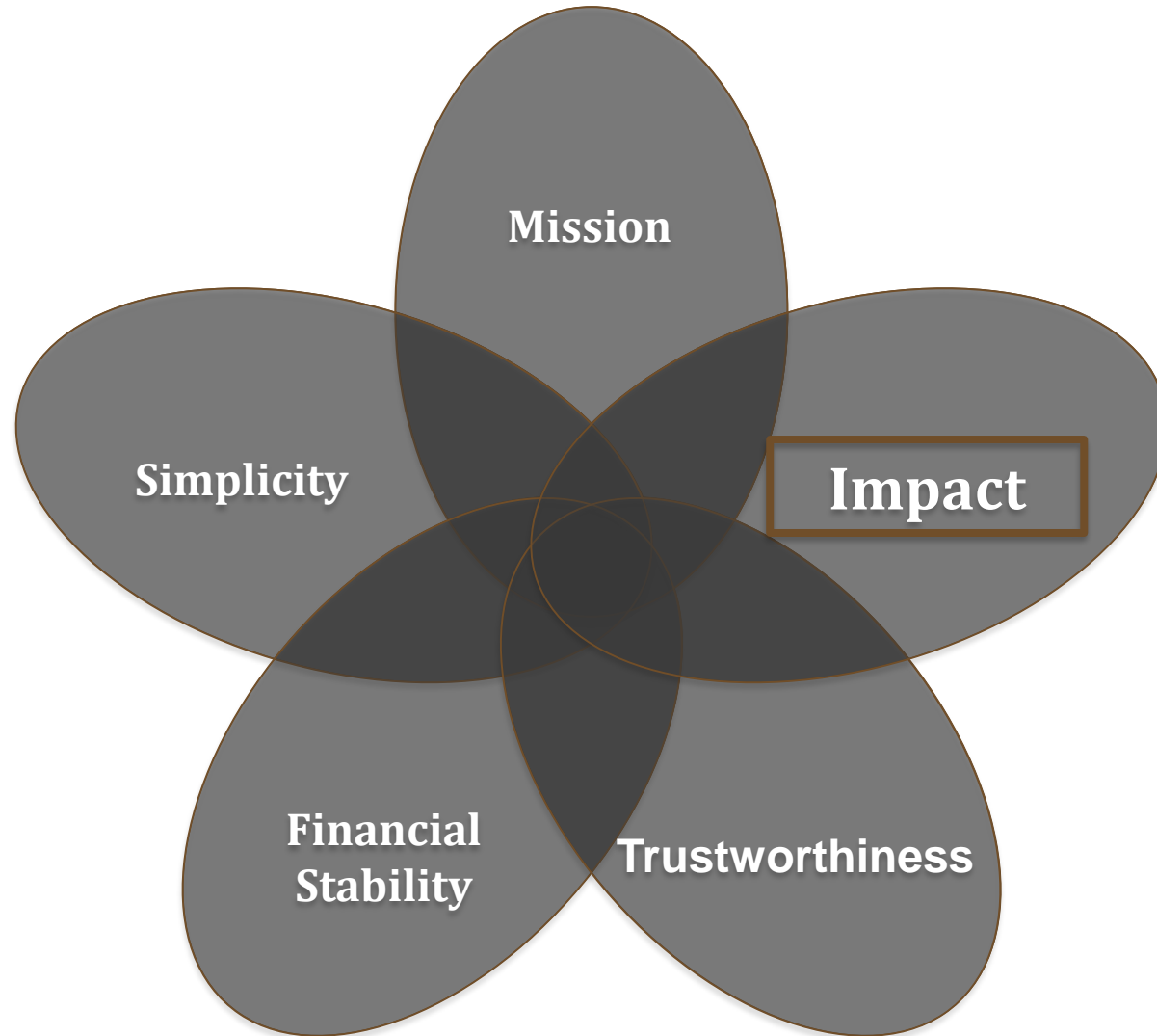
Demonstrate your organization's **impact** through **story and data**.
How is your organization making a difference in **individuals** served by your mission?



Highlight **relative simplicity** to make a planned gift via a bequest, life insurance, and a retirement plan beneficiary.

Marketing and Motivating Donors

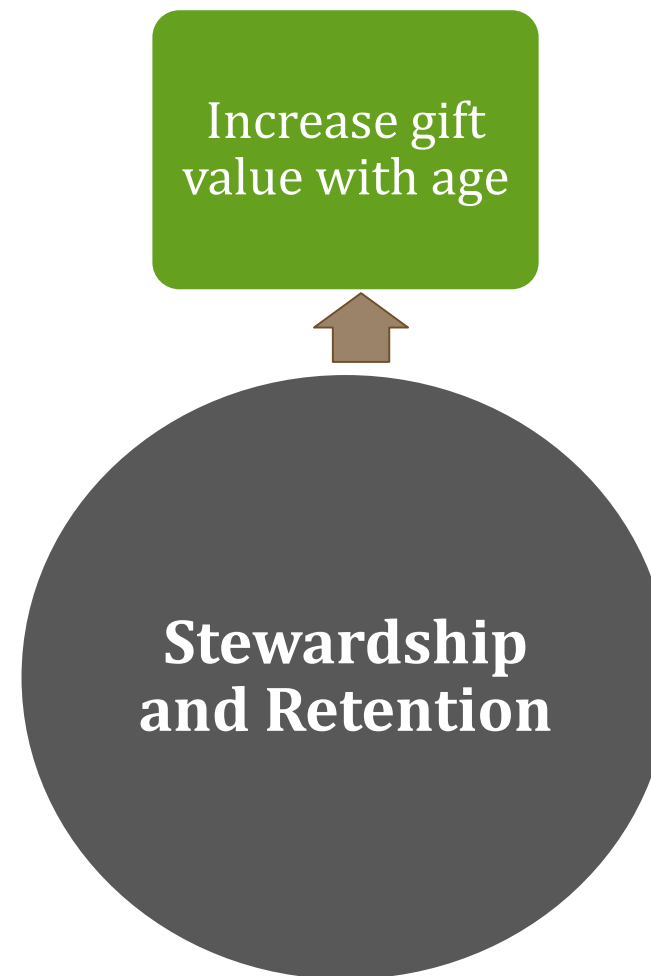
“**Legacy donors** want to align with an organization that facilitates their ability to have an **impact.**”



“It is very important to our legacy donors that *the organization* make it possible for them to **facilitate change** in the community.”

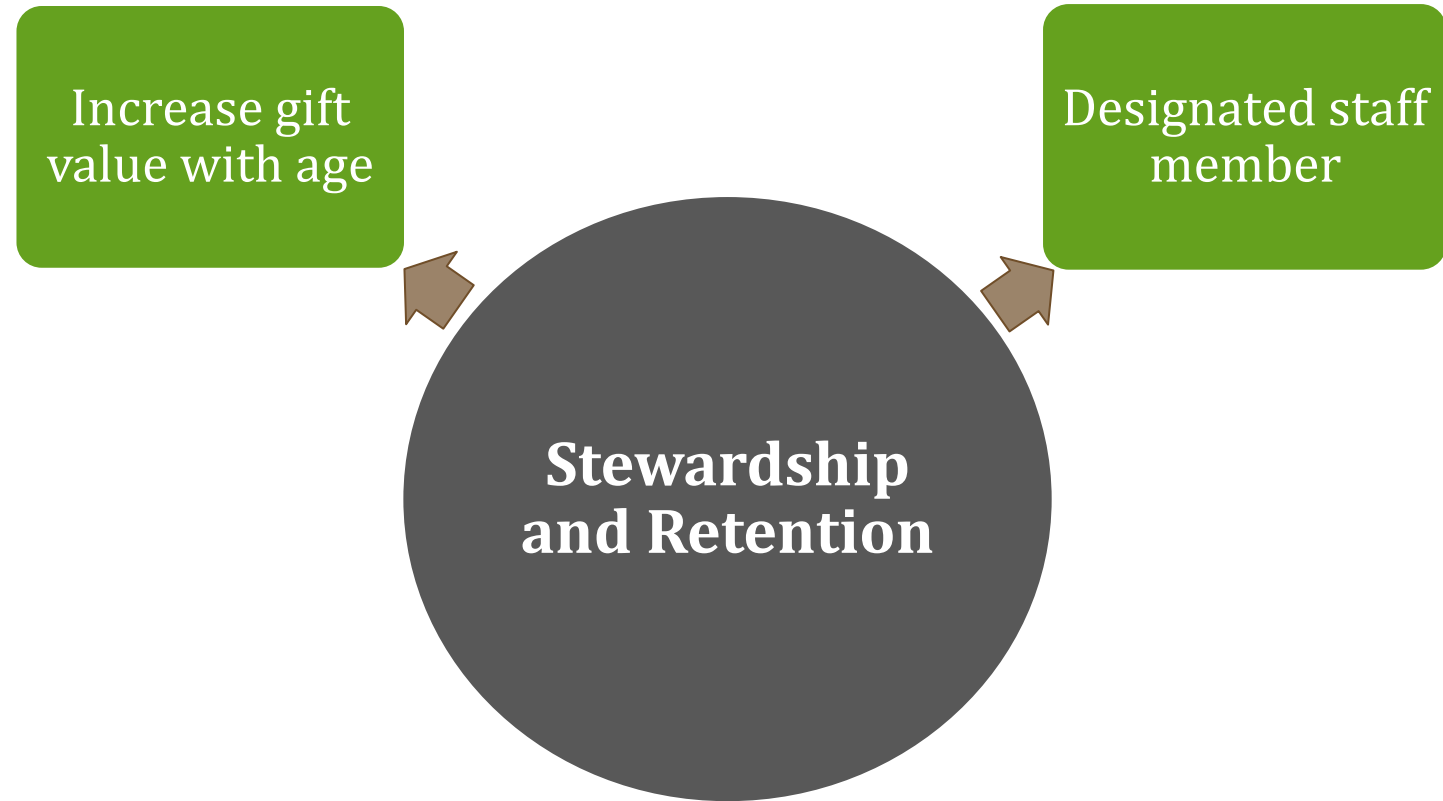
Stewarding and Retaining Current Donors

Assets often increase as donors age, they know more about their **heirs'** financial maturity – or lack thereof – and their **affinity** may grow for your organization over time.



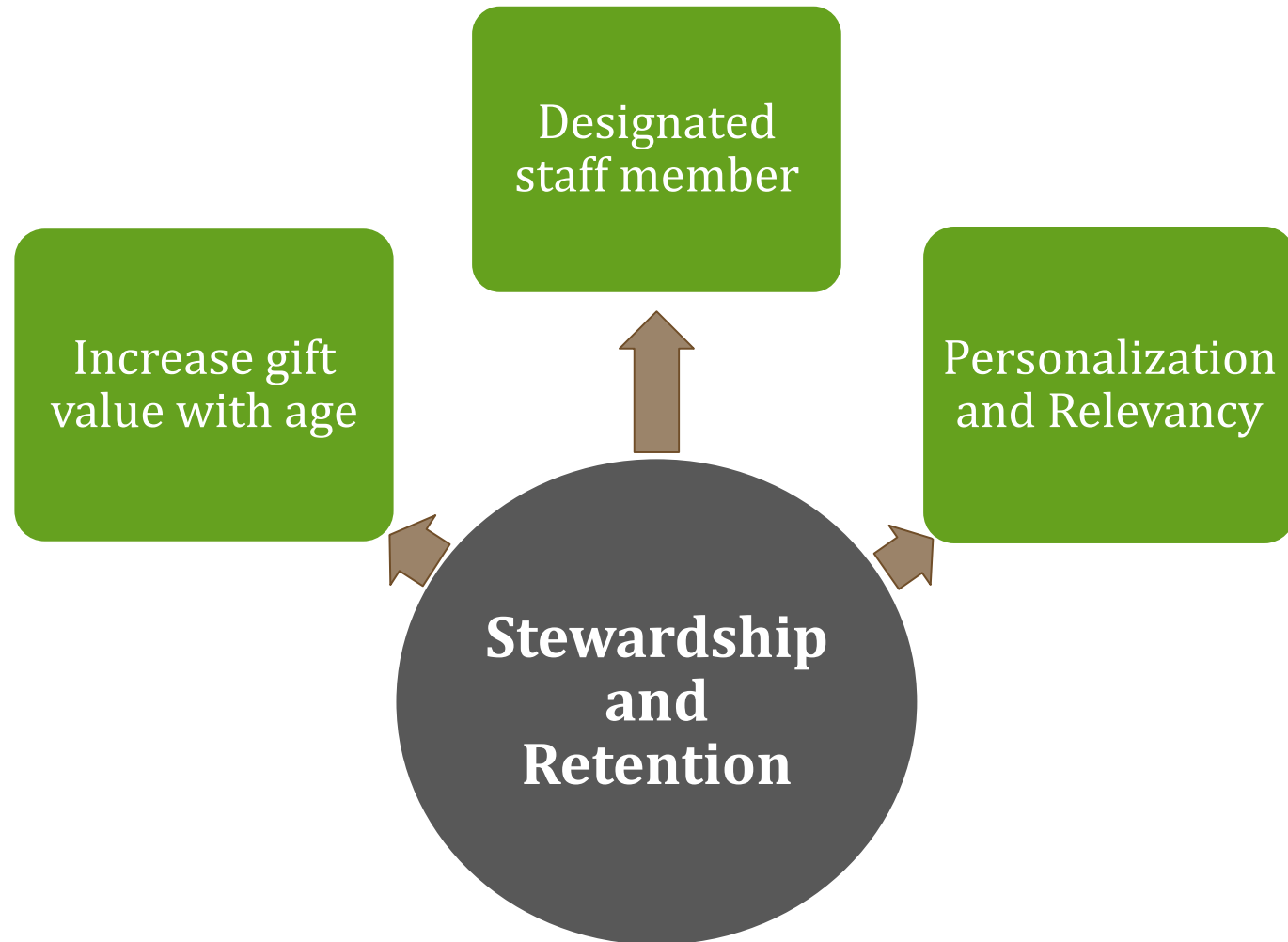
Stewarding and Retaining Current Donors

When **planned giving director** is not the relationship manager for a legacy donor, then be sure to **invite** the director to appropriate events and stewardship meetings. **Partner** with planned giving directors and allow them to be your **guide**.



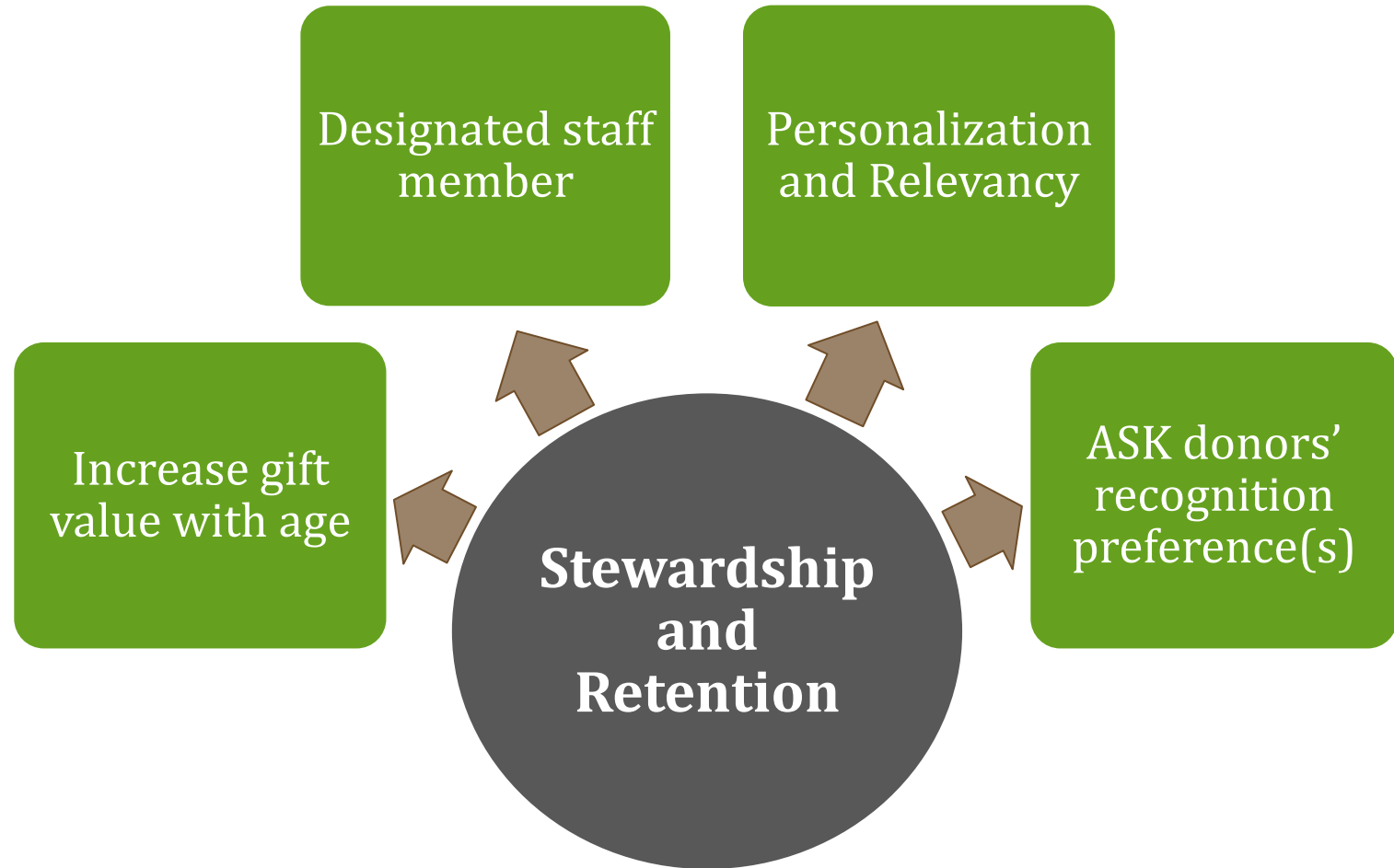
Stewarding and Retaining Current Donors

Create **ongoing** personalization and communication with legacy donors – cards, letters, holiday cards, legacy event follow-up protocol. Host educational events **tailored to donors' interests**, teachable moments subsequent to changes in tax law. Invite donors to speak at legacy events.

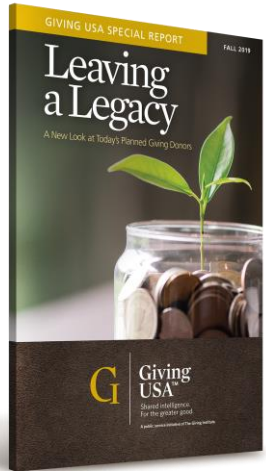


Stewarding and Retaining Current Donors

Ask donors their **preference(s)** for recognition. Gift disclosures **help** organizations facilitate more planned gifts. However, gift officer **must** respect donors who want anonymity.



Q&A



Purchase Giving USA Foundation's **Leaving a Legacy** report via the following link:

<https://store.givingusa.org/collections/special-reports-spotlights>

Additional Questions

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Thank You!

