

# Starting a Planned Giving Program

*A manual designed to help smaller  
non-profits make a big difference*

Anna Ely Nelson, CSPG  
Ely Prudent Portfolios, LLC



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## **Introduction**

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This is a manual designed and created for smaller non-profits that would like to start a Planned Giving Program. Many times, the smaller non-profits cannot afford to have a full time planned giving professional on staff. This does not mean that you can't have a planned giving program. With the commitment of your staff, your board of directors, and other volunteers, you can create a successful planned giving program that will sustain your organization for years to come.

A successful planned giving program begins with getting your organization's story out. By using existing resources and creative ideas, you can share your mission, your passion for what you do, and why it is important to the community. Once people have caught your vision and want to give, the next step is to educate them about the benefits of planned gifts for themselves and your organization.

This manual will answer many of your questions in an easy to understand way, explaining what planned giving is and why your organization needs it. It will provide resources for you to start, implement, and maintain a successful planned giving program.





## **What is Planned Giving?**

## **Why Does My Organization Need It?**

### ***What***

A planned gift is what its name implies. It is a gift (donation) that requires some type of planning to set up and, also, to comply with the legal requirements necessary to qualify it for estate and/or income tax benefits. There are many different types of planned gifts, but their common characteristic is they are usually a larger deferred gift, as opposed to a current outright gift. This deferred gift can be funded immediately, over time, or upon the death of the donor. This manual will not discuss in detail the various types of gifts, but instead will focus on how to set up and maintain a program for attracting planned gifts to your organization

### ***Why***

Planned giving focuses on the long term sustainability of your organization. While day-to-day operations and funding are the most urgent concerns, by establishing a planned giving program now you can create future funding sources.

Planned gifts can take many years of cultivating donor relationships before you see a financial benefit. However, this makes it all the more important to start now. Think about the down economy: your regular donor giving has probably been down and new donors have been hard to

find. What if you had been cultivating planned giving relationships with your donors over the years and one of them had left a bequest for you in his/her will or trust? Your organization has just received a lump sum of money that can be used to help fund your operating costs or be added to your endowment.

Many non-profits that have planned giving programs said that it was the revenue from these sources that sustained them during the down economy. They didn't have to let any (or only a few) staff members go and were able to keep their programs going because of the money coming in from these bequests.

So, are you convinced yet that you may need a planned giving program?

**Example:**

A Boys and Girls Club in a smaller town was just starting out. A successful local businessman who had just sold part of his business was going around to local non-profits and asking them what they would do with \$500,000 if were given to them. All the organizations he talked to said something about building a new building or hiring more staff. When he asked the Boys and Girls Club director she said, "I would start an endowment to ensure our long term sustainability in this community." Well, *they* got the \$500,000 and that has grown over the years



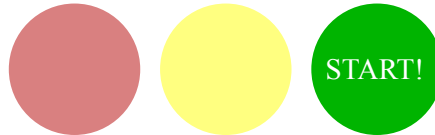
as others have augmented it. Yes, they wanted a new building and needed to hire new staff, but the director saw the greater importance of insuring that the Boys and Girls Club would be available to many kids for many years.

*Planned giving poses many special challenges as you deal with issues of law, finances, family matters and mortality. However, the payoff for both the donor and your organization make it all well worth the effort.*



## Let's Get Started

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## Essentials to Start your Planned Giving Program

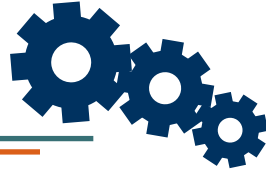
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Before you can attract donor interest, you first need to get the members of your organization to support and commit to the development of a planned giving program. Everyone will play a role in one way or another, so commitment is vital to even beginning the process. Staff members will have to devote much of their time, especially in the beginning, to the program. If you set things up correctly and efficiently at the outset, you will benefit in the long run.

You will need to become friends with professionals in your community who understand and practice in the area of planned giving. That means building relationships with attorneys, accountants, and financial professionals. They will be essential in helping to administer planned gifts for your organization and in assisting with the legal and financial questions that arise from the donor and your organization. Ideally, they should get to know your organization and believe in your mission, since you will need them, at times, to provide *pro bono* work. Also, they can provide educational seminars for potential donors with relevant topics related to planned giving.

Building relationships with key professionals in your community is essential to developing a good planned giving program. You will need their help to navigate the processes and to best serve your donors, while at the same time looking out for the interests of your organization.

## **Down to the mechanics**



You may need to consider developing a separate committee which will start, implement, and maintain the planned giving program. Ideal people are ones with a knowledge of and passion for planned giving. They must be well connected in the community (Make sure that members have different circles of influence. You don't want them to all be at the same picnic) and have the time required to commit to developing the program.

### **Investment Policy Statement**

For "institutional funds," such as endowment funds, that your organization holds exclusively for charitable purposes, (not program related) you will need to develop an Investment Policy Statement (IPS). This document will establish the guidelines for investing your donor's money. Your organization has a fiduciary responsibility to make sure that the funds are invested prudently and in accordance with UPMIFA (Uniform Prudent Management of Institutional Funds Act). This is where the financial professionals who are committed to your organization will really come into play.

### **Gift Acceptance Policy**

A good Gift Acceptance Policy is extremely important for providing guidelines as to what type of gifts you will accept from donors, especially when they are non-cash gifts. Just because someone wants to give you something doesn't mean you should accept it. There maybe legal, liability, or cost reasons why you should respectfully decline some

offers. A written policy will give the committee clear instructions as to what they should and should not accept. However, just because a gift seems strange or unusual doesn't mean that you should automatically say you can't accept it. That is why you need the guidance of a good policy manual.

To create a gift acceptance policy, your committee will need to acquire the assistance of an attorney qualified in this area of practice. The policy will have to consider the mission of your organization and determine the parameters for restricted gifts, gifts unrelated to the purpose of your organization, current gifts versus future gifts, gifts of business interests, gifts of real estate, and so on.

**Red Flags:**

If the potential gift is a tangible personal property item, (art, antiques, and collectibles ) ask the following questions:

- Will it be difficult to sell to generate an income for your organization?
- Will there be large maintenance fees, insurance costs, or other costs if the item cannot be sold immediately?
- Does the accepted gift conflict with the mission of your organization?

For real estate, there are similar concerns in addition to concerns about potential environmental hazards. (You

don't want someone dumping their toxic cleanup problems on your organization.)

In addition, the policy needs to state clearly that donors should consult an attorney before making a gift. You do not want to be accused of practicing law, get caught in a conflict of interest, or have a donor blindsided by legal or tax problems associated with a gift.

A benefit of having a written Gift Acceptance Policy is that your committee will have the final say in accepting or not accepting the gift. Why is this important? Well, you may have a donor that you have established a great relationship with and now they want to give you this gift; however, it may be more trouble to your organization than it is worth. As the staff person, you want to keep a good relationship with this donor and don't want him/her to be angry at you. You can show the donor your written Gift Acceptance Policy statement so he/she can see that it is not in line with your policy. Then, it is nothing personal against the donor but is a policy with which the staff and organization has to comply. With that said, don't be too quick to turn away an unusual gift!

*A community college foundation received a call asking if it would be interested in a gift of a couple thousand pounds of dirt. Well, that sounded very unusual and not something it could use, but the board didn't say, "No"; it did some research. The board had someone who was knowledgeable about soil go out and take a look at the pile of dirt. He told the foundation that the soil was great and there was high demand for soil of that quality.*

*They accepted the gift of dirt and sold it at a profit of \$60,000 after all the costs and put the profit into their endowment fund.*

*Good thing they didn't just say "No" right away! A little bit of research and using those professionals in your back pocket can truly pay off.*

## **Utilizing your Board of Directors, Professional Advisors and Staff**



### **Board of Directors**

The members of your Board of Directors should be well connected in the community. They should have expertise in different areas: financial, legal, political, etc. And, most important, they should have a passion for the mission of your organization.

An important role the members can play is in presenting seminars about planned giving to potential or current donors. The topic of the seminar should not just be planned giving or estate planning, but something that is relevant to the mission of your organization. If you work with elderly people, maybe consider doing a seminar on Estate Planning and caring for your elderly family members. This makes your seminar more specific and relevant to potential donors.

### **Professional Advisors**

Insurance agents, financial advisors, and accountants can also be great sources for presenting seminars. These can be targeted not just to potential donors but also to other professionals in the community. Professionals can talk to other professionals about how to incorporate planned giving into their practices. Using personal experience and success



stories can encourage other professionals to team up with your organization and talk to their clients about establishing a planned gift. Remember that the more people who know about your organization, its mission, and what planned giving is, the more opportunities you will have to receive a planned gift.

### **Staff**

Your staff should be trained in the planned giving basics. What are "the basics"? Why are they important to the organization? What type of planned gifts could a donor give? Staff do not need to be experts in the details--you can hire those people--but your staff must know the basics. Staff members are the ones who generally will be the first point of contact with your current and prospective donors. They will be the ones receiving calls about potential gifts and, with a little training, they may be able to identify donors who could give a planned gift. The staff then needs a process for how to work with potential donors. To whom do you refer them, or who do you have call them to talk more extensively about your planned giving program? Who is your organization's "go to" person for discussing potential large gifts and planned gifts? Is it the Executive director, donor relations coordinator, one of the board members, etc. Make sure this process is smooth and the potential donor is contacted quickly. You don't want someone to fall through the cracks because you didn't have a referral process in place.

## **Print out a list of all your current donors and past large gift donors.**

You have just made a list of all your potential planned giving donor leads. OK, but there is some more work to do! Donors who have made continuous monthly gifts might consider putting your organization in their wills or trusts if you talk with them and ask them. They have invested in your organization over the years and may want to continue to be a supporter even after they pass away. Let's talk to them about leaving a legacy with your organization.

## **Tasks for Board of Directors and Staff**



### ***Identify***

#### **Potential Planned Giving Donors**

Go through the list of donors with your board and staff and see if they know some individuals on the donor list and have some kind of relationship with them. Who knows, you may just identify some hot leads. Do you think this donor could be potentially interested in learning more about giving a planned gift to your organization? What is their current charitable connection to your organization?

### ***Cultivate***

#### **Leads You Have Identified**

There are many ways to cultivate leads taking into account your budget, resources, and to what prospects you are reaching out.

- Invite the prospects to an event at your charity, or have a board member host an event at his/her home. Prospects can learn more about what you are doing, get excited about it, and learn how they can become more involved. This is your chance to get to know more about the prospects and their ability to give. Talk with the prospects there, find out what they love about your organization, what could be better. This can help you create a more tailored solicitation approach that can have a greater impact on the prospect.
- If you already have a strong relationship with the donor and are able to have a tailored soliciting approach, go straight to the Solicitation.

### ***Solicitation***

Solicitation is where you ask the potential donor about giving a planned gift to your organization. Go into your meeting knowing the amount of gift you are asking for, and how it will be used. Present at the meeting should be a staff member from the organization, the person who made the initial connection with the donor, and, if possible, the CEO or president of your organization.

Before the meeting, create a game plan:

- Who is going to talk about the organization, give the story?
- Who will talk about how the money will be used?
- Will it be for a specific project, a future project, or the endowment?

- Who is going to “ask” for the gift and what is the amount being requested?

What *isn't* important at this meeting is what the type of gift will be; that can be worked out with professionals later. Right now, you are trying to secure a specific gift amount. Make sure everyone who will be in the meeting is on the same page before you go into the meeting.

During the meeting, be clear about what you are asking and LISTEN to the prospective donor. Hear what the person's concerns are, what they are excited about with what you are doing. Once you make your request, let the prospect think about it. Some people will be quiet for a while as they are considering their response. WAIT for a response. If the person says “YES,” express your appreciation and discuss what the next step will be. If there is a “NO” response, thank the person and, if it seems appropriate, ask what the hesitation is. Does he/she need more time? Does he/she want to consult with other people? Does he/she want more information?

### ***Follow Up***

*Follow up is one of the most important steps!* The most effective way to follow up with someone whom you have solicited is to send a letter to the prospect, hopefully now a large donor, summarizing what was discussed in the meeting. You will need to decide who will write the letter. Then you should follow that with a phone call about a week

later checking in with the prospect. If it was a, "YES" to your request, then you will be working with the donor's professional advisors about what type of gift it will be and how and when your organization will receive it. If there was a, "NO" response to the gift, continue to develop the relationship with the prospect, because you never know when the "NO" could become a "YES."

Also, with the "YES," your relationship with the donor has just begun. Continue to keep in contact and inform him/her about what is happening in your organization. You could encourage this donor to talk to friends and colleagues about the decision and ask others to join them. If appropriate and agreeable with the donor, you could use the individual's giving story in your next newsletter to encourage others to consider planned gifts. Real stories are always effective.

## **Allied Professionals**



*Who are they?*

Lawyers, CPAs, financial planners, and insurance agents are the most commonly identified allied professionals, but let's be a little more creative. What about pastors, funeral directors, counselors, and doctors? These generally are people who are well respected in the community and individuals develop very personal relationships with them. Don't you think they should all know what your organization is doing and that you have a planned giving program? Remember, you want your story out there so people think of

you *first* when they consider giving of their time and resources.

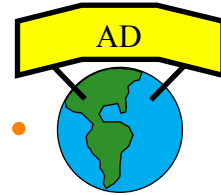
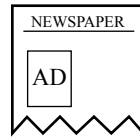
Allied professionals can help your organization in many ways; developing relationships with them will benefit their lives, your organization, and the community as a whole.

Here are some of the ways these allied professionals can help your organization:

- **Reach** new donors
- **Market** your mission and planned giving program
- **Assist** with policies and procedures such as gift acceptances and Investment Policy Statements
- **"Advise"** in technical giving matters
- **Fundraise** for your organization
- **Make presentations** about planned giving and estate planning on behalf of your organization
- **Create event** ideas and plan events and sponsorships

Remember that starting a planned giving program is first and foremost about building relationships and continuing those relationships. So, whether they are donors, prospective donors, staff members, board members, or allied professionals, make sure that deepening relationships and making each one of these people feel valued is your number one job.

## Marketing



The idea of marketing is to get your story out into the community and beyond. Let everyone know how excited you are about what is going on in your organization. How can they be a part of what is going on?

I believe that people want to give; your job is to make your mission relevant to them and easy for them to give and make a difference. This takes being creative and intuitive about connecting the right people to your organization. I believe that everyone could find some passion for your organization but everyone's passion for it is going to look different... so each relationship has to be cultivated differently.

### **Write a slogan on your letter head and business cards**

This is an easy way to get the word out that your organization has a planned giving program, so mention it on all your forms of communication. You can write the following on all your letter head, business cards, website and brochures.

***“Remember us in your will”***

*or*

***“Talk to us about leaving a legacy”***

**Make sure all your staff and board members have a 10 second pitch at the ready!**

It is essential, when asked, that your staff and board members can explain what you do, why it is important, and why they got involved.

*When a board member from a soup kitchen was asked about the organization, he would reply:*

*"We provide hospitality in the name of Jesus. That means not only providing food, clothing, and shelter for the homeless, but also providing an opportunity for the community to come together to serve the needy. I got involved because it isn't only the government's job to care for the poor, it is our responsibility also. Our organization serves the whole community and it does it without taking any government money."*

### **You *must* use social media**

**Social media such as Facebook** is a great way to let people know what is going on in your organization. You can post pictures of what you are doing and how your organization is making a difference in people's lives. Pictures are powerful. Also, you can easily invite donors and prospective donors to informal events. (Still use formal invitations for more formal socials and events.) You can invite people to join your cause and even make donations online.



**Twitter** is an excellent way of letting the community know what your organization is doing on a daily basis. You can use little comments that explain about your mission and how the community is being impacted because of your organization. You also can share interesting facts about what your organization's mission is.

*Let's say your mission is focused on children's hunger issues, maybe post something like:*

**Did you know that 5,000 kids in our community don't have enough food to eat before they go to bed?**

*This gets people thinking, and then maybe they will be inclined to find out what you are doing about it and how they can help. It is all about getting the word out.*

## **Create a Link on Your Website**

Hopefully you already have a website for your organization. If not, make one now!

Include your planned giving slogan under the name of your organization, or at least somewhere on the front page of your website. Create a link titled “Ways You Can Give” or something that catches people’s attention: “Leaving a Legacy.” Don’t just have a link titled “Planned Giving”, because most people won’t know what that means. The link can look similar to your brochure and include similar information. Again, don’t make it too technical, make it interesting so that people will want to call you to talk about leaving a legacy and making sure your organization is sustainable in the community for generations. Include a link that a potential donor can easily use to request more information and indicate how they would like to receive it. If they request it by mail, make sure that about a week after it is mailed someone follows up with a phone call to make sure they got the information and ask if they would like to set up a meeting to discuss any questions they may have. Ensure that someone is designated to follow up and know who has requested information so that no one falls through the cracks.

**Create a brochure about your planned giving program** that includes information on who they can contact if they have questions. Explain the basics on what planned giving is, list the ways they can give a planned gift, and include pictures.

Don't include too much technical information because it could turn some people away. One great way to get ideas is to search for other organizations that are similar to yours and get some ideas from them. Use what you like about theirs and don't use what is not fitting for your organization. Also, take a look at their demographics and take that into account as well. They may have the same mission as you, but are they in an urban densely populated area and you are in a more rural area? Just make sure to alter things for your specific needs and mission. Other brochures and information can be a great source for wording and layout design, but be careful not to plagiarize or copy someone else's materials.

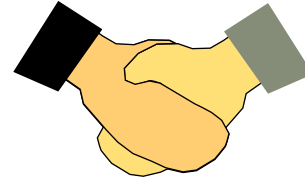
### **Capital Campaign and Starting Your Planned Giving Program**

If you do a capital campaign or an annual giving campaign, what a great time to get the word out about your planned giving program! You are already sending out information, so why not include your planned giving information at the same time? Remember that the people who are most likely to include you in their wills and trusts are those who have given to your organization regularly over time.

The concern has been raised that people may not continue to give regularly once they commit to giving a planned gift or have included your organization in their will. Well, almost always the opposite is true. Most of the time, the people who give a planned gift have greatly invested in your organization and want to see it sustain itself for years to

come. They will want to be a part of the day-to-day operations of the organization and its mission. They will continue to give on a regular basis or, if they weren't, they will start after they have agreed to give you a planned gift. Make sure that you continue to stay in contact with them and thank them for their generosity. Make sure they know how their donations are helping the mission succeed.

## **Teaming Up with your Local Community Foundation**



Your local community foundation will be the biggest help to you not only as you start a planned giving program but also throughout your planned giving program. It will have many resources and provide must-have services for your program especially in creating and maintaining your endowment. The community foundation actually can hold your endowment with your organization set up as the beneficiary. There are many legal, technical, and time-consuming administrative details that go into an endowment and managing certain planned gifts that can get you into some major trouble if not managed correctly. The community foundation may be better able to take care of all of that for you so you can focus on your main task of cultivating donor relationships. Yes, they will charge a fee, but it may well be worth it for the services they will provide. So, call them as soon as you can to talk with them about your organization and your desire to start a planned giving program and an endowment.

Some donors will be more inclined to consider a planned gift because they know it will be taken care of by the community foundation. There will be more security for them. Also, the community foundation is connected in the community and can provide another area of marketing for you. People give to a community foundation because they want to give to multiple charities. If you are on their list, then they could

suggest your organization if there is a match with the donors' giving desires. They can assist with talking to your large potential donors and be in those personal solicitation meetings.

## **Resources**

### **Other Non-Profit Websites**

Look at websites of larger non-profit organizations to get ideas about what can go on your website. They also provide valuable information about different types of planned gifts that a donor can give. They usually will have scenarios of planned gift situations such as the tax benefits the donor received because of the gift given. Also, the websites show examples of the amount of money that goes to the charity, the donor's heirs, and the tax benefits to the donor.

**Community foundations** are an excellent source of information for assisting you throughout your planned giving efforts. Starting with developing a planned giving program, to soliciting donors, cultivating donor relationships, providing administration, and getting your organization's name and mission out into the community.

**Plannedgiving.com** is a website with many resources focused on planned giving. It includes everything from starting a planned giving program, technology, marketing and donor cultivation ideas.

*A must have for all your board and staff members:*

**The Ultimate Quick Reference Planned Giving Pocket Guide** is an essential. You can purchase them at [plannedgiving.com](http://plannedgiving.com). This guide gives you an easy-to-read description of all the planned giving types of gifts.

## **Conclusion**

A good friend once told me, “Create enough enthusiasm for your organization and the money will take care of itself.”

John Wesley said basically the same thing, but in a more entertaining way: “Catch on fire with enthusiasm and people will come for miles to watch you burn.”

Couple that enthusiasm with the ideas in this manual and your own resources and you will be well on your way to achieving the financial and community support you desire for your charity or non-profit organization.