

## Bequests for Service Agencies-Feast or Famine: Should Agencies Stay Out of Planned Giving?

**By Ken Ramsay**

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In August 2002, Fred Mathews, then with The American Red Cross in Seattle, wrote a stimulating article in *Planned Giving Today* titled, "Should Agencies Stay Out of Planned Giving". Fred is now with MultiCare Health Foundation in Tacoma, Washington.

In his article, Fred proposed that bequest propensity was a continuum. (see Figure 1)

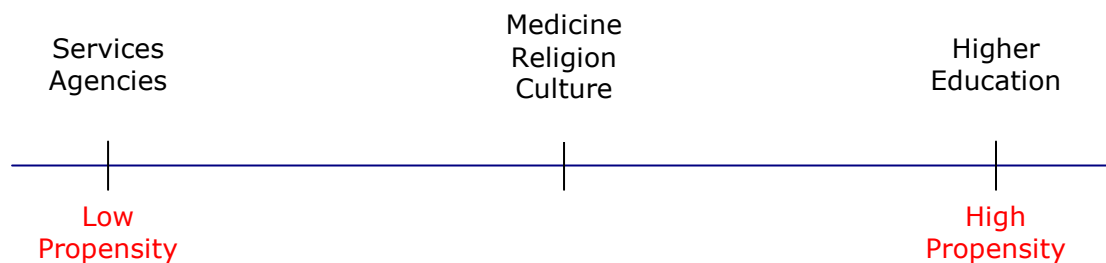
Fred attributed higher bequest propensity to six factors:

1. Knowledge of the donor
2. Age of donor (the right age to ask)
3. Opportunity to designate the outcome of the gift
4. Confidence in the future of the organization or institution
5. Need for resources to develop the solicitation program
6. Size of target constituency

He concluded that service agencies quite often were at a disadvantage because of the above factors and so the job of finding the bequest commitments was more "famine" than "feast". Fred also outlined four steps that such agencies could take to enhance their results:

1. Do a demographic overlay to find bequest donors
2. Look for donor interest in the cause
3. Look for supporters who demonstrate consistent support over time
4. Commit resources to bequest solicitation

Fred Mathews made many good points and I want to take them much further. I want to prove that there is a "feast" of bequest potential in all agencies.



**Figure 1 Bequest Propensity Continuum by Fred Mathews**

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## Bequest Campaign Results

Over the years, Legacy Leaders has asked close to 250,000 individuals for a bequest commitment and secured 13,000 positive responses. More importantly, we have a wealth of information about who will respond and in particular, who will respond to support service agencies.

In general, Fred Mathews was right about his continuum, (higher propensity at the top):

- Higher education
- Medicine, Religion, Culture
- Service Agencies

However, there are many very important exceptions and if we look closely at these exceptions, we will find the “feast”.

The bequest commitment is made out of relationship. Hence, gift planners must search for this relationship that the supporter or affiliate has with the agency. Some supporters might have a deeper relationship with a service agency than some alumni of universities or colleges. This relationship is demonstrated in certain ways:

### 1. Cause

Sometimes the cause or mission of an agency is so compelling that supporters will naturally make the bequest commitment.

Legacy Leaders recently completed a national test for a breast cancer research agency. The result was amazing – a 17% participation rate of those asked for a bequest to support the cause. Breast cancer causes are

often supported by individuals who have a deep, personal connection.

Another Feasibility study for a United Jewish Appeal in a large city converted at 24%. This is a city in which the Jewish community is shrinking and under some threat. These are two examples of agencies that have emotional, compelling causes that lead directly to bequest commitments. However, we can look more deeply into other agency campaigns to find more specific sources of bequest propensity even when overwhelming support is not there across the board.

### 2. Segmentation

Any agency has willing bequest donors if you know where to look for them. A large national campaign for a health charity, showed the following rate of confirmed bequest commitments:

Donors under \$100	3.4%
Donors over \$100	8.5%
Monthly Donors	19.1%
Volunteers	13.4%

A national environmental organization showed the following results:

Donors under \$100	5.0%
Donors (3-5 gifts)	8.3%
Donors (6+ gifts)	14.6%
Major Donors	17.1%
Donors guaranteeing land	7.7%
Donors guaranteeing land and cash	9.5%

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Another environmental charity showed (Feasibility test only):

Donors (\$50-\$99)	2.0%
Donors (\$100-\$500)	4.5%
Monthly Donors	9.6%
Subscribers to Magazine	5.4%

A national hunger foundation doing overseas development:

Donors (under \$100)	0.6%
Donors (over \$100)	6.7%
Monthly Donors	10.2%

A Chapter of a national heart research organization:

Donors (under \$100)	2.1%
Donors (over \$100)	5.2%
Volunteers/Donors	7.5%

## Implications

In all cases, where supporters had indicated by their actions an above ordinary buy-in to the mission of the agency – through an above average gift, showing trust through monthly giving, volunteering time, or some other action, better conversion rates of bequest commitment resulted.

Fred Mathews in many ways was correct. Securing bequest commitments from agency supporters is difficult. Part of the challenge is that agencies try to appeal to a broad spectrum of supporters; almost the pursuit of quantity versus quality. The small, occasional supporter however, has no special affiliation with the

particular cause. It is not unusual for our consultants to talk to individuals who donate to 20, 50, 80 or even 200 charitable causes. One agency is not more connected to them than any other. They are all “good causes”.

Bequests don’t lie there even if a demographic profile is done. Legacy Leaders has tested generic predictive profiles on agency databases and conversion results are in the 0.8% to 2% range. In some cases we have gone back and implemented two simple segmentation criteria—annual gifts over \$100 and ages between 55 and 75, and the results have improved 4 to 6 times! The problem is that many agencies have very few “better” donors or volunteers.

## Conclusion

In conclusion, the strategy is as Fred Mathews suggested. Agencies must enhance the “connection” with their supporter. Of course it is hard to replicate the life experience of four years in college or even a critical one week in a hospital. These are powerful life experiences that lead to bequest propensity. However, agencies can bring their missions alive; connecting strongly to individuals and similar propensity will develop. Even the simple conversion to monthly donors (direct bank transfer or credit card) will not only increase annual donations but increase bequest likelihood two to four times!

In summary, agencies should test their better segments of “connected” individuals by proactively soliciting bequest commitments. Then, build a long-term strategy to enhance the quality of supporter relationships. There are many proven strategies for doing this. The pay off is enormous

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because the yield for bequest commitments will sky rocket!

Some agencies have missions that by nature connect deeply with individuals. All agencies have missions that can

connect deeply with individuals as part of a long-term planned giving strategy. There is a "feast" of bequests if the table is prepared and if the right meal is cooked!



**Ken Ramsay**, President and CEO of Legacy Leaders, one of the most experienced planned giving professionals in North America, joined Legacy Leaders in 1996 as President and CEO. Prior to Legacy, Ken spent seven years as the Special Gifts Officer of the United Church of Canada, responsible for the Planned Giving and Direct Mail programs. That program doubled in size to average \$20 million in planned gifts annually. Ken was long-time Chair of the Canadian Association on Charitable Gifts (formerly the Canadian Association on Charitable Gift Annuities). He was the founding Chair of the Canadian Association of Gift Planners and has lectured and taught extensively on Gift Planning in Canada and the United States. An original faculty member, Ken co-founded with Frank Minton, the course on Planned Giving at the Banff School for Management and has taught many of the planned giving professionals in Canada today. He has chaired the North American Conference on Christian Philanthropy, created the first Planned Giving Track for the Association of Fundraising Professionals Congress and acted as Dean of the Pre-Congress/Executive Development Track. Ken has spoken frequently at AFP, NCPG, AHP, and CAGP events throughout North America.