

What Do You Learn by Asking 240,000 Individuals for a Charitable Bequest?

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Introduction

There are many myths about who makes the charitable bequest. The older woman who has given \$10 a year for 20 years? The grateful patient? The wealthy philanthropist? NCPG in its groundbreaking research of 1992 and 2000 found limited information on bequest motivations and supporter's relationship. However, very little research has been done to scientifically determine the type of supporter who has actually said yes to a bequest intention to a charitable organization, until now.

Legacy Leaders in its bequest campaigns has represented over 70 North American charities and has asked over 240,000 individuals for a bequest intention. More than 14,000 have said "yes". (Note: This workshop will only refer to Legacy Leaders statistics. It will not discuss campaign methodology or in any way promote Legacy Leaders services.) There is much to be learned from a careful analysis of these results. What response rates should we expect from different types of donors or affiliates for different types of charities? What does a "commitment" for bequest intention mean? These questions can be answered by peering into the accumulated data base of all the Legacy Leaders campaigns.

The bequest commitment is made out of relationship. Gift planners have to

go looking for relationship. Integrating knowledge from this workshop will enable the gift planners to project their organizational bequest potential and build a solid business case based on hard facts. A new wealth of information will be available to the profession.

Research in North America has always shown broad support for individuals to benefit a charity in their wills. In 2000, Tony Myers and Guy Mallebone found through their research that 12% of adult individuals had put a charity in the will and another 28% would if they were asked by a charity; 40% of the population! The question for many Gift Planners is so what? What is the potential for my organization? What are the realistic goals on which to build a business case? Where do I find those prospects in my data base? This paper will attempt to answer some of these questions.

Legacy Leaders is a Company that provides planned giving products and services for North American charities. Among those services it implements, are proactive Bequest Campaigns and has over the last 10 years, asked over 240,000 individuals for a Charitable Bequest on behalf of over 50 different organizations of all types. This data has been assembled to provide rich information on the response rates of different types of charitable

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organizations and different types of affiliates and donors. There is a wealth of critical information available. Results from asking for commitment are surprisingly consistent. So much so that a Gift Planner can use this compilation to forecast potential and provide intelligence in market targeting. Furthermore, we can start to set benchmarks for our industry for almost any type of organization. Let's look at some highlights from this data and suggest ways of utilizing the information.

Data Description

Before we start to throw numbers around, let's be very specific about what the data is and what it means. Legacy Leaders Bequest Campaigns are very complex and follow a well-defined protocol. Each Campaign consists of three stages:

1. Preparation and Initial Solicitation
2. Confirmation and Categorization
3. Stewardship and Gift Realization

The results we will be using to examine industry and affiliate/donor benchmarks are the results after Stage 2 above. At this point the individual has made a verbal commitment two times, a clear "yes, I have..." or "Yes, I intend to..." "...put your charity in my will" over an approximate two month

period. The gift has not been realized nor has a written confirmation been received in all cases. Stage 3, which goes on for many years, will eventually secure most of the commitments in hard, written form.

The commitment decision is a process that occurs over a long period of time. Legacy Leaders Campaigns are proactive and quite often only initiate the commitment decision. However, a "Yes" is still a very valuable asset and stewarded properly, will become a sure gift. So, the conversion ratios that we will speak of, describe a confirmed "Yes" part way through this long term process.

Charitable Bequest Decision

The Charitable Bequest is made out of relationship with the organization and/or its mission. Relationship can actually mean many different things. The National Committee on Planned Giving in the U.S. did a very important piece of research in 2000, surveying 150,000 adult Americans to find those that had already made a planned gift commitment and then asked them a series of in-depth questions. One of the questions was, "What is your primary affiliation with the charity to which you have made the bequest?" Respondents answered like this:

Member	31%
Personally Benefited	24%
No affiliation	21%
Alumnus/Alumna	18%
Volunteer	10%
Neighbour/Community	7%
Family Affiliation	5%
Director/Trustee	4%
Employee	3%
Other	2%

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Unfortunately the quantitative results of this research are not necessarily significant. That is, we cannot compare the "Member" number with the "Employee" number, simply because there are undoubtedly more members than employees of charities. However, there are some interesting clues here that point us to where the strong relationships are. We now must put these relationship clues to the test.

We tend to structure our data bases around donor giving history. In fact, fund raising data bases are structured this way for the most part. Relationship management is always a secondary function. The organization's data base is its greatest asset and is the key link to finding planned giving prospects. Noteworthy is it that NCPG did not include a relationship as "Donor" although we can assume that most of those classified above as "Members", "Personally Benefited", etc. are also donors. We must therefore, combine the two types or relationship in our search for the bequest prospect.

Age is also a strong factor in the Bequest decision. When Blackbaud Analytics analyzed over 10,000 planned gift decisions they found that age was the single most important factor. The NCPG research of 2000 pointed out that the average age at which a Charitable Bequest is first put in the will is age 49. Recent research by Harris Interactive (online survey of 888 Americans) demonstrated that the Bequest decision peaks at ages 39 to 59. Again, unless the organization is a university or school, age is not generally known. Some demographic profiling can delineate age and if this information is known, it is valuable in targeting the Bequest cultivation and ask.

Through our campaigns we have found consistently that the donor demonstrates his or her relationship to the institution or cause through giving patterns. This information is more readily usable for the average organization. If it can be combined with other relationship factors, then the intelligence is even better.

Type of Charity

All charitable organizations are not created equal in the eyes of the Bequest prospect. The Harris Interactive survey cited a breakdown in Bequest commitments by the type of charitable organization. These results are for individuals with annual income above \$100,000, assets above \$500,000 with no children at home; however, it is a clue to where Bequest propensity lies by type of charity.

This study starts to show the bias in Bequest propensity by organization type. We must however, keep in mind that the stronger types of organizations also have more aggressive planned giving programs. For instance, the "Intend Bequest" column shows a more spread out propensity than the "In will already" column. The potential Bequest donor is on a more level playing field than the completed Bequest donor.

Let's now look at results by charity type from Legacy Leaders campaigns where the same campaign methodology was used for all types.

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<u>Type of Organization</u>	<u>In will already</u>	<u>Intend Bequest</u>	<u>Total</u>
Private University	25%	12%	37%
Public University	16%	11%	27%
Small College	8%	5%	13%
Community College	0%	12%	12%
Secondary School	4%	12%	16%
Hospital/Health Care	13%	12%	25%
Religious	36%	27%	63%
Social Services	25%	13%	38%
Environmental	9%	8%	17%
Community Foundation	7%	19%	26%
Arts	15%	16%	31%
Private Foundation	8%	9%	17%
Association	12%	5%	17%
<u>Other Non-profit</u>	<u>42%</u>	<u>42%</u>	<u>84%</u>
Total	220%	203%	423%

Table 1: Type of Charity with Bequest in will or intention.
 Note: Totals are more than 100% because of multiple beneficiaries

<u>Type of Organization</u>	<u>Relative Propensity Harris</u>	<u>Relative Propensity Legacy</u>
Education	25%	21%
Hospital	6%	19%
Health	6%	11%
Religious	13%	15%
Environmental	4%	17%
Overseas	N/A/	13%

Table 2: Type of Charity and Relative Propensity Harris and Relative Propensity.

<u>Type of Organization</u>	<u>Confirmed Bequest Decision of those reached</u>
Education	11%
Hospital	10%
Health	6%
Religious	8%
Environmental	9%
Overseas	7%

Table 3: Type of Charity and confirmed Bequest Decision

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These results of course are not the same measurement as the Harris Interactive study. The point of comparison is the relationship between the types of organizations. We can analyze both of these results in a comparative form. We will use the Harris study "Intend Bequest" results only because they more correctly represent pure propensity.

Again there is more difference with the Harris study than the Legacy results. However, the Legacy results reflect the same methodology of gaining commitment from different types of charities and so, probably are better indicators for most organizations. There are differences – Education almost doubles the results of Health charities. There are without doubt, inherently different propensities by type of organization and these should be kept in mind when analysis of Bequest potential is done.

Type of Relationship

The primary difference in Bequest propensity is the type of relationship that the prospect has with the charity. As noted above, the most useful demonstration is the donation history as a primary indicator of the depth of commitment to the organization. However, we should also keep in mind of types of relationship that demonstrate commitment. Let's look at Legacy Leaders campaign results from the aspect of relationship.

These results reflect a wide diversity of relationships and demonstrate many things.

- Relationship for Bequest propensity can lay in many places, as a volunteer, grateful recipient, etc. or donor.
- Higher \$ donors always perform better. The anomaly is extremely high-end donors who will perform the best but are undoubtedly not suited to the contact methodology used in a Legacy Leaders campaign. They are better contacted personally by senior management of the organization.
- Gift size of donor is more an indicator than length of giving.
- Community (non-donor, non-affiliate) cold calls work if there is an affiliation, e.g. community hospital or well known cause.
- Those closest to the organization will respond most favorably, e.g. Board members or volunteers.
- Individuals who have inquired about Planned Giving need to be asked for the gift.

Another factor in targeting Bequest donors is gender. Statistically, females respond positively 13% of the time better than males in Legacy Leaders campaigns. There is above, significant information to help the Gift Planner to do his or her work.

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<u>Type of Relationship</u>	<u>Confirmed Bequest Decision of those reached</u>
Annual Donor	
+\$5000	10%
+\$1000	14%
+\$250	14%
+\$100	12%
+\$25	9%
Lapsed	8%
Repetitive Donor	
> 3 years	10%
Monthly	15%
Volunteer	
Donor	14%
Non-donor	12%
Board	
Current	42%
Past	24%
Special Event	
Attende	3%
Member	
Donor	8%
Non-donor	13%
Planned Gift Inquirer	19%
Community	5%
Grateful Recipient	
Patient	12%
Next of Kin	8%
Parent	9%
Other	2%

Table 4: Type of Relationship and Confirmed Bequest Decision

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Summary

There is solid research to show that there is much untapped, future revenue from Bequests to charitable organizations. We call this potential the "last frontier" in fund raising. This potential, however, differs greatly by the type of charity although some of the differences may be more explicable by the traditional resourcing that certain types of charities put into their planned giving programs than the inherent propensity within the prospect pool itself. With the data presented in this paper, charitable organizations can begin to set benchmarks for their programs.

There is enough information to structure a cogent business case, a necessary step in the evolution of any program. You can calculate your potential and incorporate that into a plan to attain it over time. Bequests make up 85% to 95% of all planned gifts and are the cornerstone of any program. They are also an excellent starting point for any planned gift discussion with a prospect. But there is more.

Also here, is clear direction to find prospects with the most likelihood of positive response. Look for relationships that are meaningful to the organization. Always ask yourself, "How has this person demonstrated that he/she cares about the institution/cause?" Look for close affiliation. Look for superior donation history wherein size is the most important factor. Look for the prime age band. Look for the best gender. You have all the tools here to create a highly productive Bequest program.

There is one last thing, however. You must seriously engage those prospects and clearly ask for their support – just like any other kind of fund raising. All research shows that there are 2 to 3 times as many people who would put a charity in the will than those who already have. The potential is much greater than the current reality. You also want to be the first. The competitive atmosphere is heating up. There is exciting growth waiting for the smart, aggressive organizations. We hope the intelligence provided in this paper is helpful in making it happen.

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Ken Ramsay, 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.