

Bequest Program

Fact Sheet for Board Members

Date: 2009

1. **“Planned Giving”** is nonprofit industry jargon that means making gifts to charity that require planning. This includes estate gifts like bequests and beneficiary designations, and also includes current gifts that require planning, such as real estate.
2. **80% of planned gifts are bequests** and beneficiary designations. (Source: the Partnership for Philanthropic Planning (PPP), “Planned Giving in the United States,” 2001 survey.) For most nonprofit organizations, this number is 100%.
3. **67% of planned gift donors will never tell the charity about the gift.** (Source: PPP, “Planned Giving in the United States,” 2001 survey.) **One survey puts this number at 92%.** (Source: *Iceberg Philanthropy*, Green / McDonald / Van Herbt, 2007.)
4. **\$22.66 Billion in charitable bequests were made in the US in 2008.**
(Source: GivingUSA 2009, www.givingusa.org)
5. **Intergenerational Wealth Transfer: Studies suggest that we’re in the midst of the largest intergenerational wealth transfer in the history of mankind.**
 - Estimate: at least \$41 Trillion to be transferred between 1998 and 2052, of which approximately \$6 Trillion could go to charity.
(Source: John Havens and Paul Schervish, Boston College “Millionaires and the Millennium,” 1999, and “Why the \$41 Trillion Wealth Transfer Estimate is Still Valid,” 2003.)
6. **Long-term loyalty to the cause** is the best predictor of a person’s willingness to make a bequest. (Source: The Planned Giving Company, Medina, PA.)
7. **Reasons to create a bequest program:**
 - Assist our donors to fulfill their philanthropic objectives.
 - Diversify our organizational funding sources.
 - Help fulfill our organizational mission.
 - Build our endowment.
8. **Our Bequest Program Plans:**
 - **Update our communications** to include “Please remember us in your will or other plans” on newsletters, direct mail appeals, letterhead, website, etc.
 - **Create some simple fact sheets** for donors and professional advisors.
 - **Begin cultivating our loyal donors, including our board members.**

9. How You Can Help:

- Consider naming ____ in **your will** to receive a bequest. Even a very small bequest will help. Consider naming ____ to receive a contingent (secondary) bequest.
- Consider naming ____ as a beneficiary, or a contingent (secondary) beneficiary, in **your retirement account**. Although most of us plan to leave our assets to our family, perhaps they would understand if you left a small percentage of your IRA to continue the good work of _____. This is easily accomplished through a beneficiary designation form that can be downloaded from your IRA custodian, and can easily be updated if you change your mind.

10. Myths about bequest programs:

- ***Only wealthy people make bequests.*** At the time they made their bequest commitment, 58% of bequest donors had income of less than \$75,000. Generally, bequest donors are people of modest means, who cannot afford to make large outright gifts. (Source: the Partnership for Philanthropic Planning (“PPP”), “Planned Giving in the United States 2001.”)
- ***Only old people make bequests.*** At the time that they made their bequest commitment, 65% of bequest donors were under the age of 65, with approximately 17% under age 45. (Source: PPP, “Planned Giving in the United States 2001.”)
- ***Only well-educated people make bequests.*** A person’s attained level of formal education is not a determining factor in their willingness to make a bequest. (Source: Campbell & Company / The Center on Philanthropy at Indiana University, “Bequest Donors: Demographics and Motivation of Potential and Actual Donors,” 2007.)
- ***People give primarily to avoid or reduce taxes.*** When asked the reason that they made a bequest to charity, 97% of respondents listed “desire to support the charity,” 82% listed “the ultimate use of the gift by the charity,” while only 35% listed “desire to reduce taxes.” (Source: PPP, “Planned Giving in the United States 2001.”)
- **Leaving money to a charity in an estate plan requires hiring an attorney.** Beneficiary designations can be used to leave money to charity from an IRA, other retirement plan, or insurance policy, without involving an attorney.
- ***Bequests and other estate gifts take too long to “mature.”*** Studies suggest that the average time from bequest creation to maturity is between seven and ten years, with roughly 10% maturing in the first five years and 40% maturing in the next five years. (Source: The Planned Giving Company, Medina, PA.)
- ***A bequest program has no place in capital campaigns.*** Generally, donors make capital campaigns gifts out of their current income, while they make bequest gifts out of their lifetime’s accumulation of assets. These two types of gifts come from two separate “buckets,” and donors evaluate making the gifts in completely different ways. Therefore, the bequest program is unlikely to “cannibalize” gifts to a capital campaign. Instead, a capital campaign that includes a bequest goal could help to create a sizeable endowment to support our project.

Fundraising: How You Can Help

Fact Sheet for Board Members

One of your essential roles as a board member of the _____ is to ensure that adequate resources are available so that we may continue our mission of _____. “Ensuring adequate resources” is best accomplished through fundraising. Not surprisingly, most board members are very uneasy about being involved with fundraising of any kind. This nervousness is best cured with a small dose of education.

The purpose of this “Fact Sheet” is to help you to understand that:

1. **You play a vital role** in our ability to provide our services, and our good work would not be possible without your help.
2. **You don’t have to be an expert** in fundraising to be extremely helpful.

Your Vital Role

There is no question that a nonprofit “best practice” calls for board members to be actively involved with fundraising. But don’t despair; this does not mean that you must become full-time or professional fundraisers. This fundraising role has been discussed in many books, two of which are noted below.

Nonprofit consultant Fisher Howe, in his 1991 book *The Board Member’s Guide to Fundraising*, wrote:

“The board must establish the organization and procedures to get the fund-raising job done. In turn, board members must be involved individually and personally. If an institution is having trouble raising money, don’t look to the development office; don’t look to the chief executive; first check out the board of Trustees.”

Author G. Worth George, in his 2003 book *Fearless Fundraising for Nonprofit Boards*, wrote:

“Board leadership and participation are essential to successful fundraising. Raising money is also a great deal of work and a true partnership between board members and key staff. Board members’ roles are multifaceted – they serve not only as strategists and policy makers, but also as individual solicitors.”

Our ability to deliver on our mission is always limited by our sources of funds. As a board member, community leader, and center of influence, **you have an exceptional opportunity to act as our advocate**. You have made it clear that you believe in our work. Now, we ask that you help us by getting involved, in a simple and limited way, in our fundraising efforts. You can make a big difference!

Where You Can Be A Most Valuable Player

It is a well-known fact: people give to people, and more so with people they know well. The “highest and best use” of your limited time is to first, stay up-to-date about our activities, and second, look for opportunities to tell your family, friends, and acquaintances about our work. It’s

as simple as that. By simply sharing your passion for our mission, you may be helping a friend on their path to fulfill a long-held philanthropic objective. Your short conversation could make a huge difference in the life of one of our constituents!

A Short List of Simple Things That You Can Do

1. **Attend board and committee meetings, and keep up-to-date on our activities.** This is the best way to be prepared to tell people about our current events.
2. **Share your passion for our vision, mission, and programs with your family, friends, and acquaintances.** If you're like most people, you readily tell others about a good restaurant you've been to, a great book you're reading, or an exceptional movie you've seen. Why not share your inside knowledge about the wonderful work that we're doing? Your sincerity and passion will be contagious! And if they are excited, consider introducing them to someone on our staff, or perhaps inviting them for a tour of our facilities.
3. **Promote and attend our fundraising and donor thank-you events.** Simply stated, your presence lends us important credibility in the eyes of our donors and prospects. As a board member, you are among our "inner circle." If you don't attend, people will notice, and may wonder what your absence means. It would be great if you would be willing to pick up a donor to drive them to an event, and / or to invite a friend or family member to attend an event as an opportunity to learn more about us!
4. **Personally thank some of our donors.** Each month, you could pick up the phone to personally thank a few donors. Alternatively, you could write a few thank you notes. Nonprofit consultant and researcher Penelope Burke, in her important 2003 book *Donor-Centered Fundraising*, wrote,

"As the top authority in the organization, and as the group of people who embody the highest ideals of volunteerism, there is no substitute for the Board of Directors. The single greatest honor that can be bestowed on a donor is recognition from the board. We tend to mete out recognition by Board members as if their capacity to say thank you were somehow limited in supply. Or we hesitate to ask for Board members' time because they have more important things to do. What could possibly be more important than communicating with donors?"

Ms. Burke's study asked donors what they would think if a board member called to personally thank them for a recent gift. The results: 95% said that they would be appreciative and impressed, 72% said that they would give more the next time they were asked, and 74% said that they would continue to give indefinitely or longer than they might otherwise have considered.

A "thank-you" phone call could be very simple: "Hello, Mrs. Lee? My name is Joe Smith, and I am a volunteer board member at the _____, and I am calling to personally thank you for your recent gift. I am calling to tell you how much we appreciate it." You might also ask, "What inspired you to make the gift?" Then, listen. These easy calls will definitely be some of the most enjoyable and inspiring calls you are ever likely to make!