The untapped potential of planned giving

In his final article in this four-part series, Lawrence Jackson explores the potential of going beyond our traditional 'one-trick pony' bequest marketing approach to enrich our local planned giving ecosystem and diversify our practices.

The purpose of this series of articles was to explore the potential to generate far greater Australian philanthropic support via estate-based giving mechanisms and channels. In part one, a comparison of local practices with those abroad revealed a wide disparity in the sophistication of our bequest marketing activities in comparison with the UK, as well as a vast gap with the far broader planned giving practices of the US and Canada.

The following two articles focused on how to shift the local planned giving paradigm, with suggestions for innovations in the following areas: gifts in wills; individual investment giving funds; remainder trusts; superannuation fund-related annuity giving vehicles; and leftover superannuation. In this final article, I will focus on some specific, practical suggestions for how we can develop a richer planned giving ecosystem and diversify our traditional approach to create a values-based and donor-centred approach.

RETRAINING THE PONY

Look closely at Australian bequest development practices and you will typically see what could be described as a 'one-trick pony': traditional practices augmented by small, professional teams with limited planned giving investment and innovation. Our planned giving ecosystem is generally small and underdeveloped.

The typical approach within a large Australian nonprofit will be a combination of a bequest marketing approach, incorporating direct mail and newsletter-type appeals, and communications augmented by some type of bequest honour society. There will be a small professional planned giving team, typically only a few people, often no more than one or two, even in very large organisations that generate millions of dollars in bequest revenue.

Compare this to the much larger individual giving and community fundraising teams that exist, where the returns from these activities, as important as they are, are usually much lower than those from planned giving activities. This reality is revealed in the AskRIGHT *Return on Fundraising Investment* report based on an analysis of the annual reports of 22 major Australian charities, including Canteen, Fred Hollows Foundation, Mission Australia, National Breast Cancer Foundation, WWF and many more. And all with a rather limited sector support system and specialist services.

Why is this? Typically, because bequest income is not immediate and sometimes difficult to specify and track. Some managers believe "it just comes in" and does not need to be cultivated or promoted. But a closer look at Australian bequest data, as revealed in the recent Legacy Foresight analysis commissioned by Fundraising Institute Australia's Include A Charity program, reveals limited growth in this area despite significant efforts to stimulate bequest giving.

Contrast this situation with international practices in the US, Canada and the UK, and you will find far larger investment and scale in the first two territories. They have much broader mechanisms and vehicles and a much richer and wider planned giving ecosystem made up of specialist member organisations and industry associations, research training bodies and numerous specialist training and accreditation programs, publications and specialist supplier and consulting services. Australia has little of this with virtually all the bequest and planned giving activities occurring within traditional fundraising sector bodies.

DIVERSIFYING OUR PRACTICE: INTRODUCING VALUES-BASED GIFT PLANNING

In addition to the need to enrich our planned giving ecosystem, Australia could try adopting diverse and complementary approaches such as values-based estate planning practices. This is would be in stark contrast to our traditional and >

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one-dimensional bequest marketing paradigm described above.

Values-based estate planning is now a common practice in US and Canadian institutions and involves working with planned giving donors and prospects to guide them through a deeply personal process, primarily focused on three core areas: family, assets and philanthropy.

This approach uses family, financial and philanthropic legacy as the core mechanism for relationship development and genuine service provision to prospective planned giving donors. In our communications with and for donors, asking the right questions of donors about these three key legacy areas removes the silos from planning and ensures that philanthropy is put on the proverbial table.

Further, values-based planning moves the individual or couple to the centre of the planning process, rather than as bystanders. Too many estate holders sit on the sidelines and let the professional advisors – mainly lawyers – draft documents with little consideration of the donors' goals, desired outcomes, impact on heirs and charitable bequests.

Values-based estate planning engages donors to create a roadmap. Firstly, questions are asked to help donors explore how they want to help their heirs and leave a family legacy, such as:

- Who are their heirs?
- Are their heirs financially mature and able to manage a lump-sum inheritance?
- Do they want their heirs to receive their inheritance outright or in trust(s)?
- Have they talked to their heirs about their inheritance?
- Have they made gifts to them during their life?

When an asset or wealth holder begins planning with some of these questions, it forces them to think about the impact on their heirs and it often identifies excess assets for philanthropy.

Secondly, donors must determine/understand their financial independence and develop the contours of their heirs' inheritance – their financial legacy:

- What are the wealth holder's income needs?
- Are they willing to give up control of assets during their life?
- What are their heirs' respective journeys – education, career choice, lifestyle choices – and how do donors want to support those journeys?
- Is there a minimum amount of assets or wealth – a minimum resource-based and/or annual income – that donors want to give their heirs?

Our colleagues in the US, the Heaton Smith Group, a specialist values-based planning advisory and consulting firm that works with some of the largest North American institutions, especially in the healthcare and higher education sectors, attests that almost all wealth holders with whom they work want to help, not hurt, children and grandchildren. Therefore, a significant portion of their estates are identified for philanthropic purposes. I believe most Australians with meaningful assets or wealth would share this perspective.

Lastly, donors must determine what nonprofit missions are most important to them – their philanthropic legacy:

- What organisations have they supported during their life?
- Which ones do they want to support at death?
- What impact do they want to have on each organisation and those served by the mission of each?
- What are their goals for their philanthropic dollars? To endow a scholarship or program in perpetuity or for a period of years? To offset an organisation's operating expenses for a period of years? Restricted or unrestricted estate gifts?

Wealth holders must also determine if they want family involved in their philanthropy and, if so, what vehicles are most appropriate based on the individual donor's wealth and assets. For most wealth holders in the US, a donor advised fund (DAF) is the best vehicle to teach heirs about philanthropy. For those fewer donors with greater wealth, a private family foundation would be appropriate.

What can we learn from the North American experience? What giving mechanisms and vehicles are available in Australia and how can these be structured and managed? Are there any local gaps or opportunities for structural innovation?

Where values-based planning can get quite interesting is when there is overlap of these three legacy areas: how can Australia's unique existing structures of private ancillary funds (PAFs), endowed funds and bequests be optimised? What role can the already established but underutilised sub funds play? They offer lower funding thresholds, which in some ways are akin to DAFs in the US.

BEYOND THE ONE-TRICK PONY

It now seems the time is well overdue for the well-established and resourced Australian nonprofit and charitable sector to acknowledge and confront this reality. We need to take steps to close this gap, diversify our 'one-trick pony' approach, invest in greater professional staffing, development and training, and test some proven global planned giving innovations.

In so doing, we will build and develop much deeper local planned giving practices and enhance our local ecosystem in the process.

Lawrence Jackson established the fundraising and philanthropy consultancy Catalyst Management in 2006. F&P

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The big innovations

Telefundraising can help to future-proof your organisation in uncertain times, writes Ruth MacKay.

We live in uncertain times and nonprofits will become more important than ever as we continue to support the most vulnerable.

Innovation will be the key to dealing with the current crisis. It will also help to equip our organisations with the agility, flexibility and resilience we'll all need to overcome the challenges that await.

With F2F fundraising suspended, nonprofits have been forced to pivot, and fast. Telefundraising is the logical solution. However, telefundraisers also experience challenges. Here are three big innovations I believe we need to embrace in order to be a solid port in the storm for nonprofits.

GO VIRTUAL

In the wake of the pandemic we saw businesses send employees home and race to implement remote working solutions. I can tell you from experience that managing a truly virtual workforce isn't easy. It's not just a question of providing the right technology to your employees. Operating a successful virtual workforce requires a complete mind shift.

I launched OURTEL almost a decade ago on a completely virtual workforce model. While the benefits of this model underpin our success, managing remote workers requires a different approach to traditional in-office management.

You must commit to communicating openly with real-time chat and regular video conferences. And without direct physical supervision, you may need to work harder to build trust. To do that, clearly communicate the team goals and express exactly what you expect each team member to deliver in a set period.

This, of course, requires the right software platforms. But you'll also need to pay attention to the human side. In the rush to remote work during the current pandemic, we have seen many employees struggle with feelings of social isolation.

Your work-from-home employees need to understand they are still part of a team and still need to collaborate to get the job done. Don't just focus on individual performance. Make time for daily social catchups (my team comes together for a virtual coffee meeting each morning), share progress updates in daily team video conferences and celebrate with your team when goals are achieved.

DRIVE PERSONALISATION

Today's consumer expects personalisation in their communications and nonprofits are not exempt. Telefundraising can be a key tool that helps nonprofits get to know their donors better and drive more personalised campaigns.

The first step is relationship building. Running a thank you campaign can be an effective way to collect data about your current donor community.

At OURTEL, we've run several successful thank you campaigns that do not include any request for money. We simply thank the donor for their support, invite them to share their story of connection with the charity and give them space to ask questions or share their frustrations.

All our tele-agents note donor feedback given during these calls, and this information is fed back to the charity. Insights gathered can help to drive personalisation through better donor segmentation in future campaigns. For example, a thank you call gives us an opportunity to reveal individual donor preferences, such as how and when they prefer to be contacted, and whether they prefer single gift giving based on specific campaigns or are open to giving ongoing monthly donations.

EMBRACE GAMIFICATION

We are using gamification techniques to boost our employee engagement. This is particularly important in a virtual workforce environment where personal distractions and a lack of motivation can be challenges for virtual managers.

Gamification seeks to turn existing work processes into a game-based interface. As an example, a gamification platform might display each user's KPIs or training goals, and provide a point-scoring mechanism for hitting specified targets. You could give all team members access to a virtual leaderboard to boost competition and recognise high performance, or choose to keep your employees' scores private as part of an incentives program where players can cash points in for rewards.

There is no single magic bullet that will future-proof your nonprofit. Rather, you will need to commit to embracing new solutions in uncertain times. F&P

Ruth MacKay is the Managing Director of OURTEL Fundraising Solutions. Her first book, The 21st Century Workforce, *is available now.*