



During Tough Times, Role of Planned Giving Gains Prominence

Planned Giving Conversations with: American University • Arizona State University • Children's Healthcare of Atlanta • M.D. Anderson Cancer Center • McGill University • Partnership for Philanthropic Planning • Worcester Polytechnic Institute • Southcoast Health System of Massachusetts

Over the past 24 months our firm has received an increased number of requests for planned giving leaders. We have been steadily filling these posts for years, of course, but at no other time in our firm's history have we worked on so many planned giving searches at the same time. The client mantra for the previous ten years had been clear – "Find us great major gifts people!"

Late last year, as the recession began to take hold, we began seeing numerous articles and association reports outlining planned giving's increasing importance as major gift donors experienced the brunt of the economic meltdown.

We were interested in learning more about planned giving's increasing prominence, and so we asked a few of our clients – as well as the longtime president of the Partnership for Philanthropic Planning – for their perspectives. We thank them for sharing their expertise with us and hope you find their insights and suggestions helpful to your development programs.

Lois L. Lindauer

Immediate and Long-term Benefits

At a time when many nonprofit institutions are focused on current needs fundraising, there is an increasing interest among development leaders for the most long-ranging of all giving vehicles – the planned gift. In fact, all of the experts interviewed by Lois L. Lindauer Searches (LLS) for this article, cite the value of planned giving in fostering deeper connections with current donors impacted by the recession and in building future revenues.

Tanya Howe Johnson has been President and Chief Executive Officer of the Partnership for Philanthropic Planning (formerly the National Committee on Planned Giving) for more than 18 years. She says, "Today's Chief Development Officer knows a strong planned giving program is integral to a healthy fundraising strategy. There is also an understanding that in difficult economic times donors need creative options to continue their philanthropic involvement."

Marc Weinstein, Vice Principal of Development and Alumni Relations at McGill

University, concurs, saying, "Planned giving allows us to be more sensitive to donors' changing situations. If we know someone has been negatively affected by the economy, we now encourage hybrid gifts that may combine direct gifts with a bequest or other type of deferred gift, thereby providing greater flexibility for the donor. Helping donors achieve their vision, even if they can't give the same amount as they did in previous years, creates a tremendously powerful conversation and underscores how much the institution values donor involvement."

In addition to advancing development during tough times, keeping the array of planned giving options on the table is important when the economy is strong, say our experts; doing so allows for more donor-centric fundraising and optimizes an important revenue source.

Weinstein, whose office secures more than CA\$100 million annually, fully supports a proactive planned giving program. "At

McGill, bequests are our strongest gift method. Our average bequest is CA\$100,000, and in fiscal year 2008-2009, CA\$22 million was raised through planned giving overall (booked and actual). Despite our limited budget, the planned giving office provides an extraordinary return on investment."

In the past four years, M.D. Anderson Cancer Center has expanded its planned giving program dramatically, and this growth has yielded impressive results. Kevin Pickett, who serves as a Director of Development for Planned Giving, says the team includes six field officer positions (two of which are currently unfilled), communications professionals, and several support staffers.

He says, "Planned giving revenues now account for nearly half of M.D. Anderson's annual contributions. For the fiscal year ending in August 2009 our booked gifts totaled more than \$82 million; up from \$33 million in 2008.

Planned Giving's Evolution -- Moving Away from the Silos

In January 2009, the National Committee on Planned Giving changed its name to the Partnership for Philanthropic Planning. According to CEO Johnson, the move was made to better reflect the association's support of a function that has become more complex and integrated with overall fundraising. She says, "I've been with the organization almost from its inception in 1988, and over the years I've seen interesting changes. In the 1990s there was a surge in the number of planned giving officers and this was followed by a surge in the number of financial advisors involved in planned giving counsel and document preparation."

In this recession, the tremendous potential of planned gifts has become evident. Seven of the largest gifts made during 2008 came from estates, whereas the largest gifts made

in 2007 all were made by living donors. Some theorize the recession has caused even the nation's wealthiest individuals to decrease the size and number of outright gifts.

And while the Giving USA numbers for 2008 show a 2.8 percent dip in charitable bequests from 2007 (which Johnson attributes, at least in part, to demographics – there were fewer people born between 1925 and 1935 so the current death rate is lower), the bequest total for the year was a robust \$22.66 billion, the third highest amount ever recorded.

Johnson is most excited about the greater integration of planned giving in development programs, a trend she was seeing even before the downturn. "In the past, major and planned gifts were considered completely separate functions," she explains. "But now most development professionals see it is more effective to view major and planned gifts as a continuum of options, so gift officers can create a giving plan that meets each donor's unique needs."



Tanya Howe Johnson, President and CEO of the Partnership for Philanthropic Planning

Stretching the Planned Giving Expertise of the Major Gifts Team

Given the complexity of planned giving, institutions will, of course, continue to require expert in-house professionals. We found Chief Development Officers are also making concerted efforts to increase the knowledge and comfort level of their major gifts officers in the area of planned giving.

Dexter Bailey joined Worcester Polytechnic Institute (WPI) as Vice President for Development and Alumni Relations in the spring of 2006. Overseeing a staff of 40+ staffers, he asked LLS to help the Institute secure an Executive Director of Planned Giving to design and implement a comprehensive program and carry a portfolio.

Upon arrival at WPI, he was struck with how comfortable the school's alumni were with planned giving. "Historically, planned

giving has been a very stable and productive revenue source for us. As a matter of fact, when I started, planned giving revenues accounted for 40 percent of WPI giving, but there was still room to grow," he says.

He continues, "I wanted to make a strong effort even better by adding a high caliber planned giving expert who could design a program, carry a portfolio and extend the planned giving knowledge of the other development officers. Thanks to LLS, our new Executive Director Audrey Klein-Leach now offers a series of "Brown Bag" lunch presentations on planned giving topics and is an integral participant of our top prospect meetings, which provide additional planned giving strategy exposure to members of the gifts team."

He adds, "I am also a big fan of the Indiana Institute's [Indiana University's Center on Philanthropy] planned giving track, and I am happy to send interested major gift officers to the Center's one week immersion program. Finally, on an ongoing basis, we do in-service programs on campus with key PG strategists like John Brown LLC and State Street Global Advisors. This is a cost-efficient way to enhance everyone's skills."

At McGill University, Marc Weinstein's seven-person planned giving staff (with four front-line fundraisers), also offers Brown Bag presentations to major gift officers as well as one-on-one training and will accompany major gifts staffers on calls as necessary. In addition, major gift officers are now required to integrate planned giving metrics into their annual work plans by conducting a minimum of two meaningful planned giving conversations a month. The goal is not to make major gift officers experts in the technical aspects of planned giving, but to help them feel comfortable doing multi-prong asks.

Judith Pillon serves as Associate Vice President for Planned Giving at Arizona State University (ASU) and came to the university a year ago with the charge to build up the planned giving function. Prior to her ASU

appointment she had developed planned giving efforts at UCLA and Johns Hopkins University. Pillon has used her 20+ years of planned giving expertise to design and implement an internal certificate program for development staffers in other areas who want to learn more about planned giving.



WPI's Audrey Klein-Leach, Executive Director of Planned Giving, and Dexter Bailey, Vice President for Advancement and Alumni Relations

"I wanted to offer those with an interest in planned giving a way to advance their skills and receive some recognition for their efforts," she says. "Our first 'class' consisted of staffers with similar knowledge and experience. I taught a series of five classes and at the end they received their certificates. The classes demystified planned giving for them, and the certificates rewarded them for their initiative."

During her classes Pillon covers topics such as charitable gift annuities, charitable remainder trusts, bequest intentions, estate administration, gifts of property, and gifts of tangible personal property – "the good, the bad, and the ugly." Participants are also required to bring to each session prospects or donors who can be discussed in terms of developing solicitation strategies that could include revocable or irrevocable giving plans.

Like McGill, ASU has added some achievable planned giving metrics for major gift officers – each one is required to bring

two people per year into the school's Legacy Society. Concurring with Marc Weinstein, Pillon says, "I'm not trying to make planned giving experts, only to make sure they are conversant in the basics."

Of Bequests and Beyond

All of our client experts said that bequests constitute the majority of their institutions' planned gifts. This is in line with what fundraising experts have said for years and with a study published by Jonathan Gudema in 2008 for OnPhilanthropy.com. In "Will the Real Planned Giving Please Stand Up," Gudema reports his findings after examining data from the Voluntary Support of Education Survey published by the Council for Aid to Education. He found that more than 80 percent of planned giving monies came from bequests – the average bequest was \$162,000 and the average deferred gift was \$73,000.

However Gudema cautions that the deferred giving totals were "present valued," and if they were tallied as full valued, bequests might account for 60 percent of planned giving revenues. He says, "...a planned giving program needs more than bequests to market. Deferred gift marketing complements a bequest program by interesting donors in potential estate planning options."

So what trends have our experts seen beyond bequests? WPI's advancement office reports having more dialogues surrounding lead trusts and has done many annuities over the past year. McGill is also seeing an increase in charitable gift annuities and interest in life insurance vehicles.

Building a Program Unique to Your Institution

In October 2008, Tom Minar was appointed Vice President of Development

and Alumni Relations at American University in Washington, DC. His charge was to take a good office to the next level of fundraising excellence while closing a \$200 million capital campaign.

Like Dexter Bailey at WPI, Minar stepped into a situation where the planned giving function was strong and stable. He explains his emphasis going forward will be on maintaining his current program model through the end of the campaign. He says, "Since 2003 American has brought in more than \$31 million in planned gifts and that's really a terrific number. I'm fortunate because we have a strong planned giving person, as well as major gifts people who are hungry and willing to ask for planned gifts."

He continues, "In the long term, I'd like to see my current person – who's fantastic with the technical aspects – be an integral part of a larger program with more gift officers on the road supported by a comprehensive marketing campaign. To know what is truly possible in planned giving, one needs only to look at Pomona College in California. Under Vice President Chris Ponce and his predecessors, the school has raised the bar for planned giving in higher education. It is well staffed, marketed beyond alumni to members of the community, and generates tremendous revenues."

While many Chief Development Officers would love to have their trustees show more interest in planned giving, American University trustees are knowledgeable about the area and are eager to build a bigger program. "The trustees are savvy and know planned giving has tremendous fundraising potential. However, at this point, it is important for them to lead the charge in outright gifts as we finish the campaign. In designing a planned giving effort, one size doesn't fit all; every program needs to be built upon an organization's current staffing, philanthropic histories, and immediate goals."

Starting from Scratch

Southcoast Health System in Massachusetts encompasses three well-respected acute care hospitals and 41 ancillary services that are financially and clinically strong and much beloved in their communities. However, up until 1999, when Barbara Mulville joined

the staff as Senior Vice President of External Affairs, the hospitals had no fundraising systems in place.

“When I started, the system was raising about \$200,000 each year,” she says. “However, I could tell the potential was enormous – our hospitals are perceived as leaders in their communities. Whole families

receive care at the same hospital.”

Over the years Mulville has built a culture of philanthropy within the system, a staff of four professionals, and a fundraising program that now exceeds \$1 million annually and includes two successfully completed capital campaigns (one \$12 million campaign for the 90-bed Tobey Hospital and a \$13 million

What Makes a Great Planned Giving Officer

When reviewing recent LLS planned giving placements, we found the candidates had, on average, 15 years development experience and nine years planned giving experience. Some candidates had some work exposure to financial services (including life insurance) or law. But what was most intriguing to all of us in the office, was that three of the selected candidates held master’s or divinity degrees.

We wondered: Does it take a different sort of conversation – and maybe person – to discuss end-of-life giving?

Kevin Pickett of M.D. Anderson says he himself was educated at a Christian college and his colleague Steve Norris joined the cancer center from the Salvation Army. “Those who go into planned giving



Kevin Pickett, Director of Development for Planned Giving at M.D. Anderson Cancer Center

need to feel comfortable having meaningful discussions with donors who are often facing emotionally charged issues, such as advancing age, mortality, declining health,

and yes, grappling with faith. It does take a certain sensitivity.”

He continues, “But I feel the qualities that make up a strong major gifts officer also make up a strong planned giving officer. You need to ask good questions to uncover what people think and feel, and then meet their needs.”

Barbara Mulville at Southcoast Health System agrees, “Being intuitive, listening to donors, building relationships – those are the key elements for any role in development. It’s true that planned giving vehicles can be complicated (and documents can be produced outside of the development office), but success in fundraising is measured by inspiring a donor to connect to your cause.”

Development Expert or JD? (or MBA, CPA, CFP)

Most of the experts we talked to favored hiring a strong development person over someone from an allied profession with limited development experience. Says Mulville, “Allied professionals moving into planned giving is a relatively new phenomenon. For many years planned giving was the sole purview of development. As a matter of fact, some of the most highly regarded planned giving professionals have strict development backgrounds with no experience in law or financial services.”

In considering professionals for his lead planned giving post, Milton Key says that practical experience usually trumps degree credentials, although getting both can be ideal. “I’ve found allied degrees and/or experience don’t necessarily dictate success. This is particularly true in the area of prospecting: those who have strong development experience and a marketing sense are more accustomed to attracting giving prospects.”

Dexter Bailey used LLS to find candidates for WPI’s Executive Director of Planned Giving. He ended up hiring someone who possessed a strong development

background and experience as a Trust Officer. “The bottom line for me is that you don’t have to come from a trusts and estates background, but you do need to understand it.”

He continues, “There are times when I feel having a JD is important. When I was at the University of Washington School of Law, I wanted a planned giving person with the same technical facility as the donor base. In the end it comes down to evaluating the big picture – what would be best for your donors and institution – and the talent available in the marketplace.”

campaign for the 333-bed St. Luke's Hospital in New Bedford).

How important is planned giving at Southcoast? Says Mulville, "All you need to do is consider that the \$12 million Tobey campaign was finished and surpassed because of a \$6 million bequest – this is an enormous gift for a 90-bed hospital. Estate gifts are an important part of our fundraising in general, and ongoing education of the donors is key."



Barbara Mulville, Senior Vice President for External Affairs at Southcoast Health System

To advance the planned giving function across the system with a lean staff, Chief Development Officers assigned to each hospital must have a solid track record in major gifts and a strong familiarity with planned giving. Mulville herself serves as the back-up expert.

"The leadership of trustees is, of course, instrumental in educating staff, volunteers, and the community about philanthropy," she says. "In recent years board members of the system and all our hospitals receive information about the importance of their contributions and are encouraged to include us in their estate plans."

Using a Strategic Plan to Chart the Future

Serving nine out of ten hospitalized children in greater Atlanta, Children's Healthcare of Atlanta (CHOA) consists of three hospitals and 16 neighborhood clinics and centers. CHOA offers more than 30 pediatric specialties and is consistently ranked among the nation's best hospitals for children.

Milton Key, joined the CHOA Foundation in 2006 to serve as Vice President, Development/Major and Planned Gifts. For the first two years of his tenure, he focused on building a larger, more proactive major gifts force. In 2009 he asked LLS to secure a planned giving director who could bring the right combination of vision and experience to meet the foundation's significant growth projections for planned giving over the next ten years.

"Well before we embarked on the hiring process, however, we developed a ten-year strategic plan to get a better grasp of how we wanted to roll out the planned giving function. As we took the time to construct this plan, we made sure the major gifts officers were trained in the basics of planned giving so they could ask preliminary questions, develop awareness, and provide generalized information to donors when necessary."

Working in concert with the Foundation's President, Gene Hayes, Key first had existing constituencies evaluated for planned giving potential. These included patient families, trustees, 6,700 staffers, 1,200 volunteers, and the Scottish Rite Masons who are affiliated with one of the CHOA hospitals.

He says, "In terms of planned giving, we realized we were in our infancy, but we also realized we had potential. We outlined in detail how we would update our database to include new prospects (such as grandparents and members of the community), ways we would market our planned giving vehicles, how we would cultivate prospects, and how the office should be staffed. We also compiled



Milton Key, Vice President, Development/Major Planned Gifts, Children's Healthcare of Atlanta

descriptions for all planned giving procedures and worked with the finance department in determining how these gifts would be booked."

He continues, "When Elaine Eberhart, our new Director of Planned Giving, came on board, some of the background work was already done; she is now able to refine and expand it. Constructing the plan was an excellent exercise and helped us focus our future efforts."

Stewarding the Planned Giving Donor

At CHOA, every planned gift donor on record is assigned to a development officer. In the past, says Key, the Foundation recognized planned giving donors primarily via letter, but the organization is working hard to make recognition more extensive and personalized.

He says a revamped Legacy Society has helped add new momentum. "We recently held CHOA's second annual Legacy Society luncheon and the donors loved it. It gave them a chance to meet with other planned giving donors, hear from patient families, learn about CHOA's latest activities and initiatives, and be recognized by CHOA leadership.

At the end of the event we had a pinning ceremony to signify their contributions. This was an example of how a little recognition can generate a lot of good will. We're hoping the folks who attended the event will tell their friends about CHOA planned giving and will contribute additional gifts."

Marc Weinstein of McGill, says using a legacy society to connect with planned giving donors is especially effective when the institution itself was established through a legacy. "Through written and personal communications, we remind our constituents that McGill was established in 1821 through a bequest by a Montreal merchant," he says. "We've found this message has tremendous resonance - people can look around our campuses and see how one man's final gift benefited so many."

The 1821 Legacy Society has become so popular in recent years, McGill has launched a separate legacy group for graduates of the university's second campus outside of Montreal. Members of both societies receive certificates, pins, and access to special seminars and lectures.

Dexter Bailey of WPI reports that through more intensive marketing, membership in the school's Alden Society has doubled in recent years. His shop has also ramped up written donor communications, moving away from general letters toward more customized and personalized correspondence.

In addition to enjoying membership in the school's legacy society, planned giving donors at Arizona State University are likely to be reconnected with their favorite professors, academic programs, sports team, or club. Says Judith Pillon, "This is a great university and the largest charity in the Arizona. However, like most large schools with a strong commuter base, we use affinity programs to best connect with our graduates. We now actively encourage faculty and staff to reach out to alumni they know. It is the same principle as major gifts cultivation - tying donors to their memories and passions."

Communicate, Demystify, and Increase Reach

All of our experts underscored the importance of using an array of communication vehicles to educate donors about planned giving options. This proactive approach is supported by a recent study conducted by Adrian Sargent, a professor of fundraising at Indiana University's School of Public and Environmental Affairs, who found that bequests are often triggered by life-changing events, such as serious illness, birth of a child, or a family death.

According to the study, constant communication or "drip feed ask," increases the likelihood a charity will spring to mind when a donor goes through a major life change. As a means of staying in touch with McGill graduates, annual planned giving newsletters are mailed out to everyone who graduated from the university 25 years ago or more.

At Southcoast Health System, Barbara Mulville says planned giving is mentioned in every piece of development communications. "Not only do we remind donors to include us in their wills, we also remind them to let us know when they do include us in their wills. We want to be able to thank them now and include them in all of our stewardship activities. If they allow us to mention their future gifts, this goes a long way in cultivating friends and children down the road. And of course, you can never thank a donor too much."

A solid communications program can also help demystify the many different types of planned giving programs. M.D. Anderson has built a comprehensive web site to easily educate potential donors about all the options. There's a "Legacy Planner" (a product of VirtualGiving.com), an area to compare gift plans, and a detailed description of the different assets that can be donated, and more than a dozen personal calculators. There is also a dedicated section for attorney

information.

The planned giving department at M.D. Anderson maintains its own communications team, but several of our other experts have had great success in using the communications products of outside vendors.



Tom Minar (left), American University Vice President for Development and Alumni Relations, and Seth Speyer, Director of Development for Planned Giving

Dexter Bailey of WPI uses Endowment Development Services (www.endowdevelop.com) in his shop and Judith Pillon of ASU is a fan of Robert Sharpe's products (www.sharpenet.com), saying, "It's challenging to keep up with the many laws affecting planned giving, so for us it has made sense to outsource the communications. We do blend these products with our own donor stories and carry over ASU's branding principles."

Communication vehicles can be used to reach out to those beyond an organization's usual constituencies. Milton Key of CHOA says his office sends out planned giving materials to a broad spectrum of donors and non-donors. And at McGill University, special communication strategies are developed for allied professionals, such as CPAs, financial services professionals, and lawyers. Says Weinstein, "We are now encouraging more interaction between our advancement office and allied professionals. For instance, we

recently initiated a program to exhibit at Canadian allied professional conferences. We want them to know who we are, what we have to offer and feel comfortable working with us – after all these are the folks advising our current and potential donors.”

Dexter Bailey concurs saying, “Even though our major gifts officers are doing more planned giving, we need to make sure they hit their major gifts numbers because WPI has critical needs that must be addressed now, such as student financial aid. Despite the

economy, in the long run I’m still bullish on traditional major gifts fundraising. Planned giving is important to the overall development strategy, but I wouldn’t want to see the pendulum swing completely away from major gifts.”

Watching the Pendulum

While Tom Minar supports a robust and proactive planned giving effort, he’s quick to point out that outright gifts should always be the first priority. “Once again it is about doing what’s right for our donors and our institution,” he says. “As the Chief Development Officer, I worry we’ll lose sight of the fact that outright gifts are essential to continue our mission. I think if you offer someone a choice of making a planned gift or a major gift, he or she might opt for the planned gift. It’s human nature to postpone a major decision.”

For More Information

To learn more about planned giving or to read the articles mentioned in this paper please refer to:

Partnership for Philanthropic Planning, www.pppnet.org

A comprehensive resource covering all aspects of planned giving with links to planned giving councils nationwide.

Association for Fundraising Professionals, www.afpnet.org

Association for Healthcare Philanthropy, www.ahp.org.

Council for Advancement and Support of Education (CASE), www.case.org

The Chronicle of Philanthropy ran an excellent article on April 1 that summarizes recent studies on bequest behavior, including Adrian Sargent’s research mentioned in this paper. “New Research Sheds Light on Bequest Giving” was written by Paula Wasley and can be read by visiting www.philanthropy.com and going to the “Update” section. Articles are filed by date.

Jonathan Gudema’s equally useful article, “Will the Real Planned Giving Please Stand” Up” can be read at www.onphilanthropy.com. (Type in “Gudema” and “bequest” in the search box) Gudema is Managing Director of Planned Giving Services for the consulting firm Changing Our World in New York, NY.

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