The Fundraising Authority Newsletter

Four Common Planned Giving Myths Busted

Guest post by Michael J. Rosen, CFRE

Editor's Note: Today, we're launching a three-part series on planned giving by nationally recognized expert Michael Rosen. A smart planned giving program is essential to the long-term success of every non-profit organization.

Only 22 percent of Americans over the age of 30 report having been asked for a planned gift, a study conducted by The Stelter Company recently revealed. Sadly, most organizations do not have a gift planning program and, even among those that do, few do an effective job of soliciting planned gifts. Why?

In my book, *Donor-Centered Planned Gift Marketing*, I have identified and busted four common myths about planned giving that keep most nonprofit organizations from pursuing such gifts with vigor:

***Myth 1: Planned giving is very difficult*.**

The best kept secret about planned giving is that it is just not that difficult. From time to time, planned giving can pose a real challenge that can lead people to believe it is always very complicated. However, for the most part, planned giving is simple.

If one knows how to generate current gifts, she is well on her way to being able to secure planned gifts. After all, planned giving is just like every other type of fundraising: one has to identify prospects, cultivate them, and ask for the gift. The vast majority of planned gifts fall into one of three simple categories—bequests, charitable gift annuities, and gifts of stock—so, there is no reason why all organizations cannot engage in some form of planned giving program.

While some organizations may never move beyond simply promoting bequest giving and other organizations may grow their program over time to include more sophisticated giving options, virtually all organizations can do something to encourage some type of planned giving.

***Myth 2: One needs to be a planned giving expert to be involved in gift planning*.**

One does not need to be an expert. However, one does need to be knowledgeable. Fortunately, virtually all planned gifts are simple bequests, charitable gift annuities, and stock gifts. The more complex forms of planned giving (i.e., charitable lead trusts, charitable remainder annuity trusts, real estate gifts, etc.) make up only a tiny fraction of all planned gifts. For the more complex transactions, one

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simply needs to be aware of them and know who to call for assistance when the need arises.

Myth 3: All planned gifts are deferred gifts.

Many organizations are reluctant to commit the necessary resources to planned giving because they incorrectly believe that all planned gifts are deferred gifts that will take decades to be realized.

While it is certainly true that bequest expectancies represent deferred gifts, even they are not necessarily deferred for decades. Depending on the size and age of the pool of bequest expectancies, some gifts will be realized within three to five years of commitment based on basic actuarial forecasts, and sometimes sooner. Other types of planned gifts such as gift annuities represent an immediately bookable asset for nonprofit organizations. Gifts of stock also represent an immediately bookable contribution. So, organizations that commit resources to planned gift marketing can see a return on investment in a very reasonable time frame.

Myth 4: Planned gift marketing should be passive.

Except when working with major donors, many organizations believe that planned gift marketing should be relatively passive. In other words, planned gift donors should self-identify their interest before they are asked for a gift. Organizations that would never think twice of picking up the telephone and soliciting annual fund gifts would never use the telephone to solicit gift annuities. After all, if someone is interested in a gift annuity, she would respond to the advertisement in the newsletter.

The reality is that those organizations that are proactive in their marketing are enjoying greater success than would otherwise be possible. Planned giving is fundraising. The same fundamental principles apply. Researchers Adrian Sargeant and Elaine Jay found that 88.7 percent of donors to nonprofit organizations “indicated they believe it is appropriate for nonprofits to ask for legacy gifts.”

There has never been a better time for nonprofit organizations to engage in planned giving. We are at the leading edge of the largest intergenerational transfer of wealth in world history. And, the current economic climate makes it more advantageous for many donors to make a planned gift. So, virtually all nonprofit organizations should engage in some type of planned gift marketing. Remember, if you want the gift, you have to ask for it.

Michael J. Rosen, CFRE, President of ML Innovations, Inc., is the author of the new planned-giving bestseller Donor-Centered Planned Gift Marketing. Michael can be reached at mrosen [at] mlinnovations.com

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