



From the AACT Resource Library

## Starting or Growing a Legacy Giving Program

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There is no time like the present to begin, upgrade, or reinvent a legacy or planned giving program. Often overlooked among fundraising tools, especially in smaller organizations, starting a legacy giving program can help ensure an organization remains relevant and sustainable for generations to come. Once thought only to be for sophisticated fundraising teams and larger organizations, planned giving can be scaled to the capacity of any organization. While understanding the more complex giving vehicles, such as annuities and trusts, can be helpful, the majority of all planned gifts are bequests executed through a donor's will. Here are some reasons why a legacy giving program is important, some easy steps to get started, ideas to market a program, and ways to identify new legacy donors.

### Why is it Important?

There is a great transfer of wealth happening right now. In the United States, more than \$30 trillion is expected to be transferred from generation to generation over the next decade[1]. In Canada, the transfer of wealth is expected to be \$1 trillion over that same period[2]. Giving via bequests and planned gifts has steadily increased over the past 40 years, going from nearly \$9 billion in 1980 to nearly \$42 billion, or nine percent of overall giving, in 2020 according to the Giving USA report[3]. Also, the number of newly executed or redone wills during the pandemic has increased dramatically, in some months by as much as 400 percent over the previous year according to FreeWill[4].

### Five Basic Steps to Getting Started

1. Get the commitment of the board. If an organization is starting or expanding a legacy giving program, a good place to start is with the board of directors or development committee. It is important to have their commitment firmly behind the decision to invest time and resources in planned giving, knowing that financial results may not be immediate, but will be significant. According to Fundraising & Philanthropy Magazine[5], organizations can expect an average return of \$56.83 for every dollar spent on fundraising bequest gifts. By contrast, major giving reaps a return of \$33.33 per dollar spent, while direct mail earns \$3.66 per dollar spent. Once committed, the board members should be among the first donors to join the legacy program. Listing the board

members as legacy members will provide an example for other donors and help ensure a successful launch of the program. Additionally, make sure to add legacy gifts already known to be coming and consider adding realized legacy gifts to show a history of philanthropy at the organization.

2. Establish a name for the legacy society. Many organizations use the name of someone instrumental in establishing the organization, for example, a founding president or artistic leader. Whatever is decided, the name should be personal to the organization, a name that others might associate with a legacy society, and a name that can stand up over time. Including the word legacy in the name is often an easy way to convey how this program is different from an annual fund program, membership, or other donor society that might already exist.
3. Create giving options and guidelines. If the organization already has gift guidelines in place, then add information on the planned giving opportunities for donors. If there are no gift guidelines, they must be established, including a section on planned giving, that are ratified by the development committee or the board of directors. Two key questions to consider when establishing these guidelines are:
  4. How will you recognize potential legacy society donors? As above, simplicity is recommended, e.g., a listing on the organization's website or in an annual report. An organization might also consider an annual event to recognize legacy donors and keep them engaged with the organization.
    - What types of planned gifts will be accepted? Simplicity is best, especially in the beginning. Additional ways to give can always be added as the program expands over time. Again, the majority of all planned gifts are bequests, nearly 90 percent according to EveryAction [6], which further reports that charitable bequests usually fall into three categories:
      - Specific Amount: A donor allocates an exact set of funds to an organization.
      - Remainder: A donor chooses to have a nonprofit receive any money left after all other bequests are paid out.
      - Percentage: A donor chooses to gift the organization a set percentage of his or her total wealth.
    - How will you recognize potential legacy society donors? As above, simplicity is recommended, e.g., a listing on the organization's website or in an annual report. An organization might also consider an annual event to recognize legacy donors and keep them engaged with the organization.
5. Design a bequest form. The form should include a short introduction about the legacy society and its importance to the organization. It should also include the types of planned gifts accepted as well as the stewardship and recognition that supports legacy donors. Information on legacy naming forums as well as information on the option to remain anonymous. To note, many legacy gifts are made to honor or pay tribute to another person, so it is important to provide that recognition option. The remainder of the form should be used to capture donors' names and contact information, along with their signatures. A final option is to allow a space to capture contact information of the

donors' heirs, so communication can be established with family members once the bequest or planned gift is realized.

6. Train board and staff members. Organizations sometimes establish programs but fail to integrate board and staff training into them. Not all board and development team members feel comfortable talking about planned giving because it deals with death and money, two topics that are often hard to talk about. Providing guidance and emphasizing that such conversations are of service to donors, rather than a burden, will help ensure success. One way is to offer a few key phrases to help transition giving conversations to include legacy giving. For example, "we have this wonderful program that would allow you to continue to support the XYZ organization at your same level in perpetuity." Provide ways for board members, as well as development, executive and program staff, to introduce and incorporate legacy giving into donor conversations and the program will flourish.

### **Marketing a Legacy Program**

Now it is time to think about how to market a legacy program. An older model would suggest focusing on the age of potential donors, e.g., those age 65 or older; however, only concentrating on age will limit potential donors, especially those who are just establishing a will. According to a recent 2021 Gallup poll[7], 76 percent of people 65 or older have a will; however, the average person establishes their first will between the ages of 45 and 55. Gallup's poll also revealed that only 46 percent of adults in the United States have a will. A similar poll done by Canadian Legal Wills[8], shows that only 42 percent of adults in Canada have a will, but of those who do, nearly 50 percent established their will between the ages of 45 and 55.

A second factor of older marketing models was to focus on giving capacity, which is still important, but should be combined with donor passions and empathy. Today, donors prefer emotionally driven gifts over other financially motivated gifts. Historically, marketing appeals also looked at marketing specific types of planned giving options, such as annuities, trusts, pooled income funds, real estate, and life insurance; again, focused on the financial factors. Marketing today is more about telling stories and appealing to the hearts of potential donors. These stories can be shared across the marketing platforms an organization utilizes, e.g., website, social media, and already existing donor appeals and marketing collateral. Create a separate web page for the legacy society and weave legacy stories into other, ongoing messaging.

### **Identifying Planned Giving Donors**

Moving beyond the basics, an organization may want to consider a more sophisticated way to identify planned giving donors. Screening selected donors, subscribers, members, regular single ticket buyers, or other connected individual records against numerous public information databases can produce information on the prospective donor's financial position, while also rating the prospect's propensity to give and affinity for an organization to achieve a balance of connection, commitment, and capacity. This information can be used to determine potential

sources of new or increased contributed income from individuals in the form of annual, capital, endowment, or planned gifts. Currently, ACG has a unique association with iWave, a leading provider of donor research and prospect screening services, resulting in significant savings for small and mid-sized cultural organizations that otherwise could not afford these services independently. Having an experienced team who can gather high-level donor research information, analyze data, and deliver meaningful recommendations will jumpstart any giving program, including a legacy or planned giving program.

## Engaging Legacy Donors

Securing legacy donors is only the beginning of the relationship. Regular communication is important in maintaining those relationships and keeping donors informed about programs. These efforts will likely be met with increased giving in other areas. According to iWave[9], studies have shown that planned giving leads to a 75 percent increase in annual giving. Additionally, as mentioned above and if there is organizational capacity to do so, celebrate and convene legacy donors at an annual reception to keep them engaged with the organization's mission and programs. Ask them to bring their families or to introduce friends to the organization as way to engage prospective donors and potentially secure future legacy gifts for the organization.

There is a popular proverb that says: "The best time to plant a tree was 20 years ago. The second-best time is now." There is no better time than today to start or grow your legacy program.

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[1] Financial Post, "Giving while you're living and other options for the huge \$30 trillion intergenerational wealth transfer," <https://financialpost.com/personal-finance/family-finance/giving-while-youre-living-and-other-options-for-the-huge-30-trillion-intergenerational-wealth-transfer> (May 2022)

[2] Financial Post, "Canadian inheritances could hit over \$1 trillion over the next decade and both bequeathers and beneficiaries need to be ready," <https://financialpost.com/personal-finance/retirement/canadian-inheritances-could-hit-1-trillion-over-the-next-decade-and-both-bequeathers-and-beneficiaries-need-to-be-ready> (May 2022)

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[4] FreeWill, "Planned Giving Report 2021," <https://www.freewill.com/planned-giving-report-2021> (April 2022)

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