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**PLANNED GIVING PROGRAM BASICS:
STRATEGIC MARKETING IS THE KEY**

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Most people involved in the arts and culture industry have heard of planned or deferred giving programs. Yet many organizations have no mechanism to encourage their patrons to make deferred gifts as part of their overall estate plans. Why would this be so? Some say that because they are so focused on obtaining enough operating funds each year, that they just don't have the time, energy, or resources to establish and maintain a planned giving program. Others express concern because they fear that adding planned giving programs might cannibalize their endowment, operating, or other gift prospects. Yet others say that it is too technical with terms like "charitable remainder trust," "gift annuity" and "charitable lead trust" scaring people off. These and other reasons are quite rational in the short-term, but they are easily overcome once an organization examines how easy and fruitful a basic planned program can be to its growth, stability, and long-term legacy. In this issue of *Arts Insights*, we will present concepts for introducing a basic planned giving campaign and the effective marketing that will generate tremendous income opportunities for your organization.

GETTING STARTED

First of all, it is always important to do your own internal resource analysis. Do you have experienced legal counsel and a financial planner available to advise your donors and staff? If not, don't worry about it! It doesn't mean that you have to turn away planned gifts. But you should enlist a board member or two who have some experience in this area, as their knowledge will be invaluable. And, ultimately, most prospective donors who are doing any sort of significant estate planning will have top professionals already involved.

Regardless of the above, there are still two basic gifts that you can encourage your donors to make without extensive planned giving knowledge or high-powered financial and legal planners inside your organization. These include bequests and gifts through life insurance policies. Most people have broad knowledge of these two methods of deferred giving, so we strongly encourage these as a minimum part of your planned giving marketing efforts. The patron is simply naming your organization in their will or has purchased a life insurance policy with your organization as the legal beneficiary.

More complicated gifts, however, are likely if you have a greater number of "wealthy" donors who have sophisticated estate plans. We'll define "wealthy" as an estate that is valued at greater than \$2 million, which is the amount through 2008 that is exempt from estate taxes for a married couple. In these cases, your organization does not necessarily need to hire an entire planned giving department to get the ball rolling. Many small and mid-sized arts organizations tap the incredible resources of their local community foundations as a way to launch planned giving efforts. This allows you and your prospects to learn about various giving options, it provides a legal entity that will manage the gift for a reasonable cost, and ultimately encourages the largess of your patron.

DEVELOPING A LEGACY SOCIETY

Before you begin marketing planned giving options, you should establish a legacy society. This allows you to recognize donations and inform prospective donors about your planned giving efforts. These donor programs are often named for a founder of your organization, famous composer, artist, or other significant figure who will be recognizable and supported by the community.

As you do with recognition of donors who make gifts to your operating, endowment, or capital campaign funds, it is doubly important to recognize those who have made planned gifts. Typically, planned gifts are “revocable,” so a patron could change their mind about leaving your organization in their estate plans before they die. Appropriate recognition, discussion and ongoing cultivation can minimize that threat that they will amend their estate plans. Keep in mind that donor recognition includes those people who are actively involved in your organization and have indicated their intention to remember your organization in their estate plans.

Additionally, people whose planned gifts have matured due to their passing must be recognized for their generosity. In many cases, organizations had no idea that they were in the estate plans of one or more of their patrons, so the bequest, insurance policy, or income from a trust comes as a complete surprise. In any case, recognizing these donors during their lifetimes and afterwards is critical. Why afterwards? Remember that these patrons are part of your organization’s legacy, and their families can continue to support a loved one’s memory for generations to come with additional gifts.

MARKETING PLANNED GIVING PROGRAMS

But how do you get patrons to join this legacy society? Typically, organizations have a long lead-time to market and introduce the planned giving initiatives. One great way to stir interest is to create a “charter” membership in the legacy society to encourage patrons to inform your organization of their planned gift. Similar to capital and endowment campaigns, which sometimes occur over several years, the charter membership in planned giving could take two or three years from announcement until the “charter” group is established. Keep in mind that not everyone even has an estate plan, and these issues take a great deal of thought, financial planning, and discussion. Others have already remembered your organization in their estates, so they should be recognized during their lifetimes.

You now have to determine how to communicate with your prospective donors in order to get them to join your legacy group. We know that all your donors and patrons receive a substantial number of marketing and fundraising materials from your organization already. The thought of developing yet another initiative may make your head spin, as cultural organizations typically have limited human and financial resources to launch these additional efforts. That’s okay! Use the existing marketing pieces to get the word out about your planned giving programs. Newsletters, program books, and general correspondence are the basics of introducing your legacy society. As your gifts begin to roll in, you’ll then have additional resources to spend on more sophisticated planned giving initiatives. But keep in mind, as with any “development” effort, the results of your work may not be seen for years to come. You have to make a small investment now in order to see those gifts, and your contributed income, increase in the future.

Marketing your planned giving efforts, however, must also be an ongoing effort. A donor recognition page in your program book that outlines what purpose or why a donor's family made a gift is an important first step. An article in your newsletter about wills, charitable remainder trusts, life insurance policies, gift annuities and other topics will assist you in educating your prospects. A general letter with a planned giving brochure is also a low-cost way to disseminate information about your organization, its programs, and the legacy society. Special donor recognition events for those in your legacy society are also a wonderful way to keep patrons informed about your organization and its long-term goals.

Seminars and lectures from respected leaders in the financial and estate planning arena are also wise additions to your marketing efforts. Host several of these each year for all your patrons. Although only a small number will likely attend, don't be discouraged. These people are typically thoughtful major gift prospects that respect your organization. They may not make a planned gift today, but you are more likely to be at the forefront of their thoughts as they develop their estate plans.

Overall, try to time your marketing materials so that your prospective planned givers are receiving information through several sources. Correspondence with planned giving brochures, newsletters, legacy society recognition in program books, and educational seminars are all a great way to build stronger connections with your patrons. Many of these basic suggestions can complement what your organization already does in its general marketing efforts.

CONCLUSION

The issues outlined above are just the basics in developing your planned giving program. As you can see, establishing a program doesn't have to be a large and cumbersome initiative. Basic structures and minimal marketing can make all the difference. Possibly the most important thought for consideration, however, extends well beyond the advice given above.

Planned giving is about the human experience. It is about the legacy that your patrons leave on this world. They each have priorities in their lives, including family, educational and religious organizations, tax planning, and their own medical care and income needs as they age. As an organization that is about to undertake planned giving or has already begun, you must always keep in mind your patron's priorities, as yours must be secondary to theirs. Don't rush your patron into a hasty estate planning decision. Their ultimate decision is not necessarily about you or your organization. It is about their life and legacy. With proper donor cultivation, caring, concern, and education, however, your organization could become a lasting part of their legacy and your own.

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**FOR MORE INFORMATION ON HOW THE ARTS CONSULTING GROUP CAN HELP YOU
ESTABLISH YOUR PLANNED GIVING PROGRAM,
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