

Planned Giving:

Better Utilizing the Development Underdog in Small Museums

Department of Museum Studies

The University of the Arts

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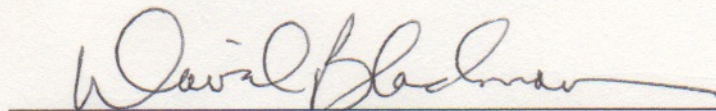
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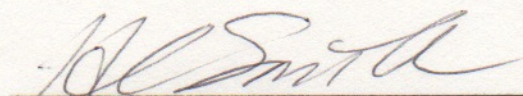
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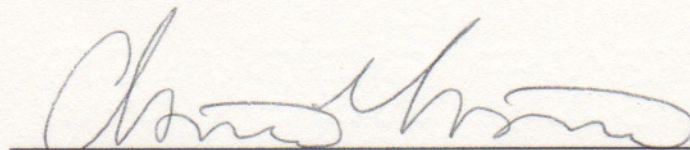
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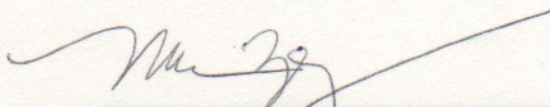
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## **ABSTRACT**

The objective of this thesis is to simplify the planned giving process and illustrate the value and potential charitable gifts of estate can bring to small museums. This paper also aims to provide small nonprofit organizations with reliable research to exemplify why creating and marketing a new planned giving program is worth the time and energy required to create a valuable new cornerstone of development.

A questionnaire was administered to the development departments of art museums, both small and large scale, across the country to find out how they maintain their planned giving programs. An additional survey was administered on the career networking website LinkedIn to gather the thoughts of development and planned giving professionals in the Northeast area. Further supporting this research are eleven interviews that were conducted with both museum and other nonprofit development staff, as well as outside planned giving experts, to help determine various solicitation, prospecting, and strategizing tactics. The result of this cumulative research and investigation revealed that there is a lack of planned giving programs in place among small Philadelphia museums and that in omitting planned giving platforms; these organizations are missing what could be a sizable amount of yearly contributions.

Within this thesis are recommended resources available in the Philadelphia vicinity as well as advice and insight from both local organizations and a selection of both small and large art museums across the country. For the purposes of this thesis research, the Greater Philadelphia region has been selected as a case study. While surveying and recommendations are intended to specifically inform Philadelphia organizations, these suggestions and findings are applicable to small institutions on a national level. The principal conclusion of this work is that there are affordable ways for museums, with little budget and staff size but considerable dedication and effort, to implement a planned giving program. The museums observed and questioned for this thesis provided an array of creative programming, marketing methods, and solicitation strategies that have proven to have fruitful results.

*To Angela Breeden and Tina Morrison*

## Acknowledgments

This research would not have been possible without the support of many museum, nonprofit, and fundraising friends and professionals. I am thankful for my invaluable thesis committee members: David Blackman, Joseph Gonzales, Tina Morrison, Heather Karasow Smith, and Mira Zergani, all of whom read numerous revisions of my paper and very generously volunteered time out of their own very, very busy fundraising schedules. Many thanks to the University of the Arts for awarding me the Graduate Grant and Graduate Assistantship, as well as to my wonderfully supportive and encouraging parents, providing me with the financial means to complete this degree. And finally, I am grateful to Angela Breeden, my first and very finest museum studies professor whose contagious passion for art and museums inspired me to pursue my own career within the art museum field of development.



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## Nomenclature<sup>1</sup>

**Annual Fund:** (noun) an organized effort to obtain gifts on a yearly basis to support, at least in part, general operations of a nonprofit organization; any organized effort by a nonprofit institution or program to secure gifts on an annual basis to support yearly budgets or general operations. Funds are typically raised through mail or direct solicitation efforts.

**Benefactor:** (noun) a generous donor, usually at the highest level

**Beneficiary:** (noun) 1. A person, organization, or institution that receives or is entitled to receive benefits. 2. In law, a person or organization that receives, or is named to receive, property or money from such as a will or insurance policy.

**Benefit:** (noun) 1. Something of value. 2. A social event from which net proceeds are designated as a donation to one or more causes. Also **fundraiser** (noun 2).

**Bequeath:** (verb) to give or leave (personal or real property) by means of a will when one dies.

**Board:** (noun) 1. A governing board. 2. An advisory board. 3. In printing, material that is camera-ready.

**Board of Directors:** (noun) governing board.

**Board of Trustees:** (noun) governing board.

**Budget:** (noun) a planning document projecting the income and expense necessary to accomplish an objective; (verb) to prepare or compose a budget.

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<sup>1</sup> The Association of Fundraising Professionals, "The AFP Fundraising Dictionary Online." Last modified 2003.

[http://web.archive.org/web/20061206150101/http://www.afpnet.org/content\\_documents/AFP\\_Dictionary\\_A-Z\\_final\\_6-9-03.pdf](http://web.archive.org/web/20061206150101/http://www.afpnet.org/content_documents/AFP_Dictionary_A-Z_final_6-9-03.pdf).

**Bylaw:** (noun) A rule, established by a governing board, that addresses matters of governance, such as the election of directors and officers, the conduct of meetings, the structure of any committees, and procedures for alteration.

**Campaign:** (noun) an organized effort to raise a specified amount of money for a particular purpose in a specified period of time.

**Capital:** (noun) 1. The amount of money or property that an organization or company has available or uses for carrying on a business. 2. The net worth of an organization or company after the deduction of taxes and other liabilities.

**Capital Campaign:** (noun) an intensive fundraising effort to meet a specific financial goal within a specified period of time for one or more major projects that are out of the ordinary, such as the construction of a facility, the purchase of equipment, or the acquisition of endowment.

**Cash flow:** (noun) funds that are available within a given time.

**Certified Financial Planner:** (Noun) a person who has met the standards of education, examination, experience, and ethical practice, as well as the annual licensing requirements, all established by the Certified Financial Planner Board of Standards, Inc.

**CFRE:** (noun) Certified Fund Raising Executive

**Charitable:** (adjective) 1a. giving to this in need. 1b. giving for charitable purposes. 2a. for or pertaining to charity. 2b. for or pertaining to a charity or charities.

**Charitable deduction:** (noun) the portion of a gift to a qualified charity that is deductible from a person's or corporation's deferral income tax, a person's gift tax, or a person's estate tax.

**Charitable foundation:** (noun) a corporation or trust set up and operated exclusively for charitable purposes. It may be established for the support of a particular charity, or it may make grants to multiple charities.

**Charitable gift:** (noun) a (usually tax-deductible) gift made to a not-for-profit organization

**Charitable gift annuity:** (noun) as stipulated in an irrevocable contract, a fixed sum of money paid at certain regular times by a charity to a donor or other designated beneficiary, or both, in exchange for the donor's gift of cash or property.

**Charitable lead trust:** (noun) a trust from which a charity receives income for the duration of the trust, after which time the principal is either returned to the donor or distributed to other people. This trust may be an annuity trust or a unitrust.

**Charitable organization:** (noun) an organization that is eligible to receive charitable donations and is tax-exempt under federal tax law.

**Charity:** (noun) 1. that which is given in willingness to aid those in need. 1. A not-for-profit organization or institution that is active in humanitarian work and supported entirely or in part by gifts.

**Code of ethics:** (noun) a guide for professional conduct. See Association of Fundraising Professionals Code of Ethical Principles and Standards of Professional Practices in the Appendix.

**Communication audit:** (noun) a review to determine the effectiveness of an organization's public-relations program in reaching a specific target audience with the desired material.

**Community foundation:** (noun) a community foundation is composed primarily of permanent funds established by many separate donors for the long-term benefit of

the residents of a defined geographic area. Typically, a community foundation serves an area no larger than a state.

**Constituency:** (noun) people who have a reason to relate to or care about an organization. Such people typically fall into customary groupings, such as faculty, alumni, medical staff, users, parents, donors, etc.

**Cost Per Dollar Raised:** (noun) a measure of the productivity of a fundraising program calculated by dividing the expenses incurred in raising the funds by the total dollars raised.

**Council on Gift Annuities:** (noun) American Council on Gift Annuities.

**Cultivate:** (verb) to engage and maintain the interest and involvement of a donor, prospective donor, or volunteer with an organization's people, programs, and plans.

**Cultivation Event:** (noun) a special event (such as a dinner, meeting, or similar affair) to enhance interest in and enthusiasm for the work of an organization.

**Deferred Annuity:** (noun) an annuity that does not begin until after a specified period of time, until the death of some person or until some future occurrence.

**Designated Fund:** (noun) a fund maintained by a public charity (usually a community foundation) from which distributions are made to one or more other public charities designated in advance by the donor who established the funds.

**Designated Gift:** (noun) a gift, the use of which is restricted by the donor. This gift is either a temporarily restricted gift or a permanently restricted gift.

**Development:** (noun) the total process by which an organization increases public understanding of its mission and acquires financial support for its programs.

**Direct Cost:** (noun) in accounting, a cost that can be assigned to a specific program.

**Direct Response:** (noun) a response to a solicitation by phone or mail.

**Donor Recognition:** (noun) the policy and practice of providing recognition to a donor by a personal letter, a public expression of appreciation, a published list of donors, or another appropriate way.

**Endowment:** (noun) a permanently restricted net asset, the principal of which is protected and the income from which may be spent and is controlled by either the donor's restrictions or the organization's governing board.

**Endowment Campaign:** (noun) a campaign to obtain funds specifically to create or supplement an endowment fund of an organization.

**Estate:** (noun) everything that a person owns; a person's possessions.

**Estate Planning:** (noun) the planned arrangement of a person's assets during his or her lifetime and after death.

**Estate Tax:** (noun) a federal tax on the net value of an estate before it is distributed to beneficiaries.

**Expectancy:** (noun) a gift from a donor, promised by legal or informal means, to be made at a later date, such as at the donor's retirement, sale of business, death, or other stipulation.

**Face-to-Face Solicitation:** (noun) the soliciting in person of a prospective donor.

**Family Foundation:** (noun) a foundation funded entirely by one family.

**Feasibility Study:** (noun) an objective survey, usually conducted by fundraising counsel, of an organization's fundraising potential. The study assesses the strength of the organization's case and the availability of its leaders, workers, and prospective donors. The written report includes the study findings, conclusions, and recommendations.

**Fiscal Year:** (noun) Canada and U.S., of an organization or government, the time between one yearly settlement of financial or taxing accounts and another.

**Fixed Annuity:** (noun) an annuity that provides constant, periodic dollar payments for its entire duration.

**Formal Campaign:** (noun) a fundraising campaign that is publicly recognized as such and is fully in progress.

**For-Profit:** (adjective) pertaining to an organization that operates for personal or corporate monetary gain.

**Fundraising:** (noun) the raising of assets and resources from various sources for the support of an organization or a specific project.

**Fundraising Appeal:** (noun) the presentation of the case for support of an organization; a formalized effort to obtain gifts.

**Gift:** (noun) donation

**Gift-acceptance Policy:** (noun) the rules and regulations developed by a donee organization to determine which types of gifts should or should not be accepted.

**Gift-acknowledgement Letter:** (noun) a letter expressing appreciation for a gift or service and confirming the use the donor intended.

**Gift Annuity:** (noun) charitable gift annuity.

**Gift Expectancy:** (noun) deferred gift; an anticipated gift.

**Gift Opportunities:** (noun) a list of campaign needs, usually within a range of donation levels, that are used in an appeal to the various special interests of prospective donors.

**Gift Planning:** (noun) a systematic effort to identify and cultivate a person for the purpose of generating a major gift that is structured and that integrates sound

personal financial, and estate-planning concepts with the prospect's plans for lifetime or testamentary giving. A planned gift has tax implications and is often transmitted through a legal instrument, such as a will or a trust. Also planned giving.

**Goal:** (noun) an all-embracing focus of accomplishment supported by specific objectives that an organization determines to achieve; the amount of money a fundraising organization hopes to raise for a campaign.

**Greater Philadelphia Cultural Alliance (GPCA) Small Museum List:** African American Museum in Philadelphia, Arthur Ross Gallery, Association for Public Art, The Philadelphia History Museum at Atwater Kent, Brandywine River Museum, Breadboard, COSACOSA art at large, Inc., Da Vinci Art Alliance, Galleries at Moore College of Art, Independence Seaport Museum, James A. Michener Art Museum, Mercer Museum and Fonthill Castle, National Museum of American Jewish History, Philadelphia Guild of Hand Weavers, Philadelphia Magic Gardens, Philadelphia Museum of Art, Philadelphia Sketch Club, Philagrafika, Please Touch Museum, Rosenbach Museum and Library, The Barnes Foundation, The Center for Emerging Visual Artists, The Clay Studio, The Fabric Workshop and Museum, The Print Center, University of Pennsylvania Museum of Archaeology and Anthropology, Visual Arts Alliance, Vox Populi, Wharton Esherick Museum, Woodmere Art Museum.

**Honor Roll of Donors:** (noun) a method of showing appreciation of donors, a list of which may be published annually or quarterly or placed on a wall or special plaque at the organization elsewhere.

**Initial Gift:** (noun) advanced gift.



**Institutional Advancement:** (noun) a process of building awareness and support from all constituent bodies; the programs within an institution that relate to its constituency, including development, public relations, government relations.

**Lapsed Donor:** (noun) a donor who has contributed at any time prior to the current year.

**Life-Income Gift:** (noun) a gift arrangement by which a donor makes an irrevocable transfer of property to a charity while retaining an income interest to benefit the donor and any other beneficiary for life or a specified period of years, after which the remainder is distributed to the charity.

**Long-range Plan:** (noun) the goals and objectives of an organization that are based on a projection of existing conditions and trends and translated into budgets and work programs.

**Major Gift:** (noun) a significant donation to a not-for profit organization, the amount required to qualify as a major gift being determined by the organization.

**Marketing Plan:** (noun) a plan used in the field of marketing that encompasses an organization or any part of it. The plan includes a situational analysis, budget, action plan, problems and opportunities, goals strategies, and monitoring systems.

**Mass Mail:** (noun) a large-scale mailing.

**Matching Gift:** (noun) a gift contributed on the condition that it be matched, often within a certain period of time, in accordance with a specified formula.

**Philanthropy:** (noun) love of humankind, usually expressed by an effort to enhance the well-being of humanity through personal acts of practice kindness or by financial support of a case or causes, such as a charity, mutual aid or assistant, quality of life, and religion.

**Planned Gift:** (noun) a gift arranged by gift planning.

**Pooled-Income Fund:** (noun) a trust to which a donor transfers property and contributed irrevocably the remainder interest to the charity that has established the trust, retaining a life-income interest for one or more beneficiaries. The transferred property is commingled (pooled) with gifts made by other donors, and each income beneficiary receives a pro rata share of the net income earned by the fund each year. Upon the death of the beneficiary, the fund's trustee severs from the fund an amount equal to the value upon which the beneficiary's associated income was based and distributes that amount to the charity.

**Prospect:** (noun) any potential donor whose linkages, giving ability, and interests have been confirmed.

**Revocable Trust:** (noun) a trust that can be changed or terminated upon maturity without additional negotiation.

**Special Event:** (noun) a function designed to attract and involve people in an organization or cause.

**Stewardship:** (noun) a process whereby an organization seeks to be worthy of continued philanthropic support, including the acknowledgement of gifts, donor recognition, the honoring of donor intent, prudent investment of gifts, and the effective and efficient use of funds to further the mission of the organization.

**Tax Benefit:** (noun) a saving on income tax, gift tax, or estate tax, resulting as from a gift to a charitable organization.

**Will:** (noun) a legally executed statement of a person's wishes about what is to be done with the person's property after his or her death.

## INTRODUCTION

With a nationally suffering economy and significantly decreased government funding, museums have reached a point in time where continued success is even more contingent upon the efforts of their development team. Corporate and federal funding has decreased, which has left most nonprofit organizations, regardless of their size or endowment, fighting the same battle to remain financially stable.

When devising a museum's fundraising strategy, the primary concern is typically immediate outright gifts (a donation in which the donor relinquishes all interest in the property donated or, value or property given by an individual directly to the gift recipient)<sup>1</sup>. Planned giving is often the afterthought, and, in most cases, forever on the to-do list. There are countless pieces of literature available, ranging from costly to inexpensive, that advise museums of all staff sizes and operating budgets how to better improve their planned giving programs, how to improve the program's marketing, and how development staff should discuss planned giving with donors.

While much of this offered advice is invaluable and enables institutions to develop their planned giving programs, many development professionals are not actually able to act upon these books' advice. Some of these recommendations that focus on small museums seem unrealistic and ignore the real challenges of small museums. If a museum says they are understaffed and have no room in the budget for planned giving-related anything, they cannot afford to send their sole development worker to a three-day conference five states away. Advice such as this is both unfair and unrealistic information to offer under resourced nonprofit institutions.

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<sup>1</sup> The Association of Fundraising Professionals, "The AFP Fundraising Dictionary Online." Last modified 2003.

It is important to note that many definitions of the “small museum” exist: most commonly referenced might be that of the American Alliance of Museums’ Small Museum Administrator Committee, which defines the small museum by three key attributes:<sup>2</sup>

1. It has a combined budget of \$350,000 or less.
2. It has a staff size of 5 or fewer.
3. One or more staff members have the responsibility of multiple roles within the museum.

For the purpose of this thesis, the small museum is determined by number of development staff; any museum with an overworked employee wearing multiple hats, including fundraising, may benefit from the research provided within this paper. This framework allows multiple museums to utilize this information—not just ones with minute operating budgets, and those that may not be knowledgeable about planned giving but have sufficient staff numbers.

Given the various operating budgets and departmental structures of art museums in the Greater Philadelphia region, would a smaller art institution benefit from following a similar protocol and using similar platforms that are successful in larger organizations? This thesis aims to provide useful and reasonable recommendations for small museums in Philadelphia who do not have a planned giving program in place. This paper also discusses the benefits of finally putting aside the time to begin implementing a planned giving program.

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<sup>2</sup> Hoffman, Chris. Institutional Use Cases and Scenarios: Case 1: Small Museum. Collections Space. Last modified 2008.  
<http://wiki.collectionspace.org/display/collectionspace/Institutional+Use+Cases+and+Scenarios>.

## A HISTORICAL STANDPOINT

Philanthropy is nothing new—the rise of ancient Christianity brought with it “an ethic according to which giving was more important than the gift and there was virtue in poverty, especially if it was the result of a pious vocation.”<sup>3</sup> While the Catholic Church retained a significant portion of its collected donations, it took responsibility for a substantial program of charity. The rise of the secular state and the decline of feudalism brought major social changes; foremost, Protestantism took a harsher view of destitution, and held poor people responsible for their own poverty. “At the beginning of the 17<sup>th</sup> century, an age of growing urbanization and fragmentation of religious authority, the English Parliament enacted the Statute of Charitable Uses.”<sup>4</sup> This same statute is what underlies American charity laws, and was intended to create, control, and protect charitable funds, thus providing for the collection of public funds by taxation to assist the poor.

Despite this shared and rooted history, the beginning of American philanthropy was founded upon and characterized by volunteerism.<sup>5</sup> Community members organized and worked together to meet community needs. Today, several nations’ governments fund and control significant national social institutions, except in the United States. In the United States, cultural organizations are operated, governed, and supported by private citizens who have volunteered their services.<sup>6</sup>

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3 Barrett, Richard D., and Molly E. Ware. *Planned Giving Essentials*. Aspen Publishers, Inc., 2002, 11.

4 Ibid.

5 Ibid.

6 Ibid.

While philanthropy as a whole is, as stated, as old as the Bible, planned giving was not instituted until much later in history. A few decades after Europeans landed on Plymouth Rock, three clergymen were sent to England by the Massachusetts Bay Company to raise money to start a new college in Cambridge. Several years later, an individual offered what could be the first instance of a planned gift in the Colonies. This planned gift was restricted, and with it came a specific designation: to rename the college. The donor? Reverend John Harvard, after whom Harvard University was thus named.<sup>7</sup> The first charitable gift annuity was similarly made at an educational institution; in 1831, John Trumbull, painter of the famous *Declaration of Independence, July 4, 1776*, gave nearly 100 paintings to the University in exchange for a lifetime series of annual payments.<sup>8</sup>

“Throughout the 18<sup>th</sup> century, churches and higher education [institutions] were aided by philanthropy.”<sup>9</sup> Social and civic causes later began seeking charitable contributions as well, as did the arts. The 19<sup>th</sup> century began an era in which humanitarianism flourished—people began to feel a particular need to not only contribute monetarily, but to also volunteer their time and energy. This philanthropic and selfless tendency lasted until after the Civil War, when philanthropy became increasingly institutionalized. Charitable organizations began developing, and “by the end of the first third of the twentieth century, a large number of charitable foundations had come into existence, and the separation of givers from recipients steadily increased.”<sup>10</sup> At the height of this trend, galas or balls were being heavily used by the more refined societies and organizations to raise money for charity.

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<sup>7</sup> Barrett, Richard D., and Molly E. Ware. *Planned Giving Essentials*. Aspen Publishers, Inc., 2002, 12.

<sup>8</sup> Donahue, Eileen B. "Gift Strategies for a Challenging Economic Climate." (2009): 1-4.

<sup>9</sup> Ibid.

<sup>10</sup> Barrett, Richard D., and Molly E. Ware. *Planned Giving Essentials*. Aspen Publishers, Inc., 2002, 12.

The Philadelphia Charity Ball perfectly illustrates this more refined concept of fundraising. The Ball is one of Philadelphia's philanthropic traditions that still exist today; its mission is to raise funds for nonprofit organizations in Philadelphia, and to inspire young people of Philadelphia to make philanthropy a central part of their lives.<sup>11</sup> This custom dates back over 125 years, supporting a different charitable organization each year. The young ladies and men who participate in the Ball select the beneficiaries; past recipients include Friends Hospital, Outward Bound, Thomas Jefferson University Hospital Wills Eye Institute, and the University of Pennsylvania Medical Center. The Charity Ball was one of the first organizations in the country to combine philanthropy with an enjoyable event.<sup>12</sup> The first Ball was hosted on February 1<sup>st</sup>, 1881 at the Academy of Music on Broad Street. At the time, tickets cost \$5 each, and the Ball raised what was "then an impressive sum" of \$12,597.73 for the Hospital of the University of Pennsylvania.<sup>13</sup>

Molly Ware and Richard Barrett, authors of *Planned Giving Essentials*, pull a vital lesson from this historical context in terms of planned giving:

Concepts of giving, charity, altruism, and philanthropy evolve over time as society's attitudes and behaviors change. The means and methods of fundraising, the way of presenting a case for support, must also change. This makes it even more important for planned giving professionals to understand the behaviors and attitudes different from those of society as a whole. Understanding how these donors think and act and

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<sup>11</sup> Philadelphia Charity Ball, "Philadelphia Charity Ball History ." Last modified 2012. <http://www.philadelphiacharityball.com/update.htm>.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.



how they differ from other people requires insightful research by planned giving professionals.<sup>14</sup>

## AN OVERVIEW

### Philanthropy or Charity?

It is important to note that *philanthropy* and *charity* are spoken of in conversation interchangeably. Nevertheless, they hold two separate meanings. “Philanthropy” attempts to help advance society as a whole while charity focuses on aiding individuals and groups. Philanthropy is also not considered as personally or as religiously affiliated as charity. Philanthropic organizations additionally share similar functioning characteristics as business or government organizations; the nonprofit sector is “oriented toward meeting social needs that are neglected by other sectors. Philanthropy can be thought of as a counterbalance to the business and government sectors—a way of responding compassionately to social needs.”<sup>15</sup>

### What is Development?

While fundraising and development may appear to the profit sector as synonymous, these for-profit professionals are almost right. “Casual observers equate the development office with raising money, pure and simple. To some extent, of course, they’re right, but such a limited definition of development fails to capture the full measure of what the term implies.”<sup>16</sup> Fundraising is just one component of the broader development concept; the

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<sup>14</sup> Barrett, Richard D., and Molly E. Ware. *Planned Giving Essentials*. Aspen Publishers, Inc., 2002, 12.

<sup>15</sup> Ibid.

<sup>16</sup> Drozdowski, Mark J. "Development and Fund Raising: What's the Difference?." *The Chronicle of Higher Education*, April 7, 2003. <http://chronicle.com/article/DevelopmentFund-Raising-/45139> (accessed November 4, 2012).

development office employs professionals who not all directly raise money, but provide otherwise related services such as prospect research and database management.

Development is what moves an institution forward; when successful, development can help determine the priorities and use of resources within an institution. During the early phases of planning a capital campaign, organizations usually compile a list of financial needs, and build a case statement to prioritize those needs. While money is not being raised at this moment in the campaign, development is still happening. Fundraising is what brings these plans to fruition.<sup>17</sup> Development additionally offers opportunities for involvement among volunteers, board members, and other friends of the organization. A trustee may act as an advocate for the museum, and while they do not directly solicit gifts, they are entirely involved with development.

Fundraising is, conversely, the literal act of raising funds. The Association of Fundraising Professionals defines the term “fundraise” as “to seek donations from various sources for the support of an organization or specific project.”<sup>18</sup> Combining planned giving platforms with other fundraising programs in the larger development picture requires time, coordination, teamwork, and a willingness to pursue the museum’s goals.<sup>19</sup>

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<sup>17</sup> Drozdowski, Mark J. "Development and Fund Raising: What's the Difference?." *The Chronicle of Higher Education*, April 7, 2003. <http://chronicle.com/article/DevelopmentFund-Raising-/45139> (accessed November 4, 2012).

<sup>18</sup> The Association of Fundraising Professionals, "The AFP Fundraising Dictionary Online." Last modified 2003. [http://web.archive.org/web/20061206150101/http://www.afpnet.org/content\\_documents/AFP\\_Dictionary\\_A-Z\\_final\\_6-9-03.pdf](http://web.archive.org/web/20061206150101/http://www.afpnet.org/content_documents/AFP_Dictionary_A-Z_final_6-9-03.pdf).

<sup>19</sup> Barrett, Richard D., and Molly E. Ware. *Planned Giving Essentials*. Aspen Publishers, Inc., 2002.

## What is Planned Giving?

Merriam-Webster defines “underdog” as “a loser predicted in a struggle or contest” or “a victim of injustice or persecution.”<sup>20</sup> Unfortunately, planned giving is often a misunderstood and underutilized platform within a development program. It is rarely given the thoughtful implementation it requires to become a successful method of fundraising in small and understaffed art museums.

Far from being the true development underdog, planned giving is one of the many methods of supporting nonprofit organizations that enables charitable individuals or donors to make larger gifts than they could make from cash-based, outright gifts from income.<sup>21</sup> Some gifts provide life-long income to the donor, while others use estate and tax planning techniques to provide for charity and other heirs in ways that maximize the gift and minimize its impact on the donor’s estate.<sup>22</sup>

Planned giving expert, Michael J. Rosen, claims that planned giving is just like every other form of fundraising: “One has to identify prospects, cultivate them, and ask for a gift.”<sup>23</sup> Without planned giving, the development program is incomplete. “To stay competitive with peer organizations, planned gifts must be offered...to meet the nonprofit’s ever-increasing demand for financial support.”<sup>24</sup>

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<sup>20</sup> Merriam-Webster Dictionary. 2012. <http://www.merriam-webster.com/dictionary/underdog> (accessed).

<sup>21</sup> Plannedgiving.com, "What is Planned Giving?." Last modified 2012. <http://www.plannedgiving.com/whatisplannedgiving.php>.

<sup>22</sup> Ibid.

<sup>23</sup> Rosen, CFRE, Michael J. Fundraising Authority, "Four Common Planned Giving Myths Busted."

<sup>24</sup> Jordan, Ronald R., and Katelyn L. Quynn. *Planned Giving for Small Nonprofits*. Canada: John Wiley, 2002.

## Planned Giving Vehicles

Any gift, of any size, for any purpose, can be a planned gift.<sup>25</sup> There are myriad ways a donor can contribute to a nonprofit at his or her death, as well as ways to invest money so that the donor receives benefits during his or her life and then bequeaths the remaining funds to the nonprofit institution. While this may sound rather depressing, mundane, and less than profitable, planned giving is a vital aspect of an organization's development strategy and integral to its financial success.

It is important for an organization to realize the difference between revocable and irrevocable gifts; understanding this distinction is crucial in how the organization sets goals, plans its program, and recognizes its planned giving donors. Revocable gift plans are agreements that are designed to pass to the charity when the donor dies, or at an arranged date.<sup>26</sup> An organization can count on receiving them as long as the assets are intact when the person dies or the pre-arranged date comes. These promised gifts are flexible in that the donor, should their financial situation or philanthropic priorities change, maintains the right to change or revoke their gift at any point during their lifetime.<sup>27</sup> Revocable gifts can be found in the form of bequests, living trust provisions, or retirement fund provisions.

Unlike revocable arrangements, irrevocable arrangements are assets that cannot be later changed or taken back and are the preferred gift from a development standpoint. When a gift is given in this fashion, they benefit from an immediate charitable income tax deduction and the gift value is removed from the donor's taxable estate. These gifts are

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<sup>25</sup> Jordan, Ronald R., and Katelyn L. Quynn. *Planned Giving for Small Nonprofits*. Canada: John Wiley, 2002.

<sup>26</sup> Walker, Sally. "Revocable and Irrevocable Gifts."  
<http://walkerfundraising.com/pdf/revocable.pdf>.

<sup>27</sup> Ibid.

usually charitable gift annuities, gifts of real estate, pooled income gift funds, tangible personal property such as artwork, and charitable lead trusts.<sup>28</sup>

There is a wide range of planned giving vehicles, but of these methods, there are three of the simpler kinds a small art museum should implement:

## **Bequests**

Nine out of ten planned gifts will be charitable bequests,<sup>29</sup> which Frank Minton, President of Planned Giving Services of the Planned Giving Design Center, emphasizes: “75 to 80 percent of planned gifts will be a bequest.”<sup>30</sup> A bequest is a transfer of cash, securities, or other property through a will or living trust.<sup>31</sup> This giving vehicle is the simplest gift for a museum or nonprofit to facilitate, and is equally simple for the donor to make. Giving by bequest costs donors nothing while they are alive, but can give them immense satisfaction in knowing that their future gift will make a difference to an institution or organization for which they deeply care. One is able to make this gift anonymously and can change the bequest at any point in their life. Bequests can include cash, real estate, securities, or an entire estate.

In the State of Pennsylvania, an estate tax is imposed only in situations where it is “necessary that a federal estate tax return be filed (Federal 706)—the estate must be worth

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<sup>28</sup> Walker, Sally. "Revocable and Irrevocable Gifts."

<http://walkerfundraising.com/pdf/revocable.pdf>.

<sup>29</sup> Swank, Katherine, and Michael Quevli. "Prospect Research for Planned Gifts: Using Predictive Donor Profiles, Wealth, and Asset Screenings to Identify High-End Planned Gift Prospects." (2011). [https://www.blackbaud.com/files/resources/downloads/WhitePaper\\_ProspectResearchforPlannedGifts.pdf](https://www.blackbaud.com/files/resources/downloads/WhitePaper_ProspectResearchforPlannedGifts.pdf)

<sup>30</sup> Frank Minton, (President of Planned Giving Services, Planned Giving Design Center), interview by Megan Fredericks, Philadelphia, Pennsylvania, August 7, 2012.

<sup>31</sup> Stanford University, "Giving to Stanford." Last modified 2012. <http://giving.stanford.edu/get/layout/g2s/Bequests>.

more than \$5 million in order to file with the federal government.”<sup>32</sup> When giving an outright gift from estate, it is, in most cases, free from federal estate taxes, unlike giving to an individual beneficiary (or several).<sup>33</sup> Similarly, charitable bequests are not subject to state inheritance or estate taxes. At some museums, giving through a bequest enables you to create a separate fund named for yourself or someone you wish to honor. Not only does this create a legacy for the family, but the fund’s visibility will encourage others to give as well.

The recognition benefits of giving through a bequest are unique and vary from museum to museum. The Philadelphia Museum of Art describes other benefits of bequests in three simple terms: simplicity, flexibility, and control.<sup>34</sup> Adding a codicil, or an amendment, to an already existing will is simple, and allows the flexibility to change the gift at any later point. “You retain control of your assets should you need them in the future.”<sup>35</sup> Most museums will accept bequests that are designated for specific purposes within the museum.<sup>36</sup> On the other hand, there are some that strictly apply bequests to unrestricted operating funds. However, depending on the needs and cash flow of a museum, accepting a designated bequest is better than no bequest.

In terms of growing a planned giving program, bequests are the first vehicle in which a museum should invest its time. It is the least expensive approach and there is less management required on the part of staff, as opposed to other planned giving vehicles; the

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<sup>32</sup> Pennsylvania Department of Revenue, "Find Answers." Last modified 2010. [https://revenue-pa.custhelp.com/app/answers/detail/a\\_id/952/~/\\_difference-between-inheritance-tax,-estate-tax-and-death-tax-in-pa?](https://revenue-pa.custhelp.com/app/answers/detail/a_id/952/~/_difference-between-inheritance-tax,-estate-tax-and-death-tax-in-pa?)

<sup>33</sup> Harvard University, "Benefits of a Bequest." Last modified 2012. <http://alumni.harvard.edu/ways-to-give/bequests/benefits>.

<sup>34</sup> Philadelphia Museum of Art, "Plan Your Legacy." Last modified 2012. <http://www.philamuseum.org/plannedgiving/>.

<sup>35</sup> Ibid.

<sup>36</sup> Laguna Art Museum, "Legacy Circle." Last modified 2012. <http://lagunaartmuseum.org/get-involved/give-support/planned-giving/>.

general development personnel are often unaware of the many bequeathed gifts that eventually arrive.

### **Charitable Gift Annuities**

Of the various principal kinds of life income gifts, Charitable Gift Annuities (CGA) are simplest to administer for art museums. In exchange for a monetary contribution, or (rarely) property, nonprofit organizations guarantee to pay donors or their designated beneficiary a fixed amount each year for life. These yearly or quarterly payments are contingent upon the donor's age at the time of the gift and the current gift annuity rate set by the American Council on Gift Annuities (ACGA). The ACGA defines a CGA as "contract, not a trust."<sup>37</sup>

This gift, given irrevocably, becomes part of the organization's assets, and the payments are a general obligation of the charity. The charity's entire assets back the annuity and ensure payments, not just the gift contributed. This means that the museum has to be financially stable enough and feel confident in their ability to offer and discuss CGAs with prospective donors. These annuity payments continue for the life of the annuitant.<sup>38</sup> This contract is simple, and it is made between the museum and the donor. This gift offers a tax-advantaged way to provide income during retirement while still supporting a cause close to the donor, who can choose to start receiving income immediately, or at a predetermined future date.<sup>39</sup>

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<sup>37</sup> American Council on Gift Annuities, "What is a Gift Annuity?." Last modified 2011. [http://www.acga-web.org/index.php?option=com\\_content](http://www.acga-web.org/index.php?option=com_content).

<sup>38</sup> Ibid.

<sup>39</sup> Harvard University, "Charitable Gift Annuities." Last modified 2012. <http://alumni.harvard.edu/ways-to-give/bequests/benefits>.



Forbes Magazine provides a guide that illustrates what nonprofits generally pay for a \$100,000 charitable gift annuity (Table 1):<sup>40</sup>

Table 1

	<b>EARLY PAYOUT</b>	
<b>STARTING AGE</b>	<b>ONE PERSON</b>	<b>WITH SPOUSE 5 YRS YOUNGER</b>
<b>50</b>	\$5,100	\$4,100
<b>55</b>	5,300	4,400
<b>60</b>	5,500	4,700
<b>65</b>	5,700	5,300
<b>70</b>	6,100	5,500
<b>75</b>	6,700	5,800
<b>80</b>	7,600	6,200

The advantages of making this gift include a charitable income tax deduction, avoidance of capital gains tax on assets such as appreciated securities, savings on gift and estate taxes, and future support for the designated institution. Unlike making a bequest,

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<sup>40</sup> Barrett, William P. "Charitable Annuity Safetynet." December 18, 2008.  
<http://www.forbes.com/forbes/2009/0112/046.html> .

CGAs have guidelines. Each museum has a minimum gift amount, generally around \$10,000.

There is a minimum age restriction, usually around 60 years of age.

A gift annuity also has the appeal of helping donors accomplish other goals such as providing secure payments for elderly parents, use payments to help pay college tuition for children or grandchildren, supplementing retirement income, diversifying portfolios, and relieving investment management responsibilities.<sup>41</sup>

### **Charitable Lead Trusts**

A charitable lead trust is defined as a trust designed to reduce beneficiaries' taxable income by first donating a portion of the trust's income to charities and then, after a specified period of time, transferring the remainder of the trust to the beneficiaries.<sup>42</sup>

The benefit of donating through a charitable trust is that a donor is able to reduce taxes upon the estate left by the deceased.<sup>43</sup> This is accomplished by donating to charities until all taxes are reduced—when this occurs, the estate is then transferred to the beneficiaries, who will typically face lower taxes. Harvard University offers a clear and helpful primer on how these trusts benefit both the university and the alumni's heirs:<sup>44</sup>

With a charitable lead trust, you can make annual gifts to support an area of interest to you at Harvard for a term of years, typically between 10 and 20.

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<sup>41</sup> Donahue, Eileen B. "Gift Strategies for a Challenging Economic Climate." (2009): 1-4.

<sup>42</sup> Investopedia, "Definition of 'Charitable Lead Trust'." Last modified 2013. Accessed January 30, 2013. <http://www.investopedia.com/terms/c/charitableleadtrust.asp>

<sup>43</sup> Ibid.

<sup>44</sup> Harvard Alumni, "Lead Trusts." Last modified 2013. <http://alumni.harvard.edu/ways-to-give/planned-giving/lead-trusts>.

At the same time, this intergenerational wealth-transfer tool enables you to provide for your heirs, while sharply reducing gift and estate taxes. When the term ends, trusts assets are transferred typically to your children or grandchildren.

The annual payments to Harvard can be based on a fixed schedule determined when you fund your gift, or can be based on a fixed percentage of the value of the trust assets, and fluctuate them from year to year.

The donor may establish the trust with either Harvard or their preferred trust company.

Another incentive for prospects to give through this trust is that the donor can choose the time period of the trust; this makes charitable lead trusts a “strategic way to time the passage of assets to heirs at the time when these assets may make a big difference in their lives, such as a mid-life career change or when their children will be entering college.”<sup>45</sup> The donor can donate through two kinds of trust—in a unitrust, the trust’s assets are valued annually and the charity or nonprofit organization will receive a fixed percentage of that amount annually. In an annuity trust, the charity receives a fixed annual payout that remains constant regardless of the value of the trust assets.<sup>46</sup> This choice between a unitrust or annuity trust structure affects the donor’s tax benefits, the annual payments to the charity, and the amount of assets passing to heirs when the trust ends. “The IRS sets the rate that assets are expected to grow in the trust. Estate planners call this rate the “hurdle” rate because any gains beyond it can usually pass to the heirs tax-free. The rate is adjusted monthly by the IRS, but remains locked in for the length of the trust.”

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<sup>45</sup> Vermont Land Trust, "Planned Giving: Charitable Lead Trusts ." Last modified 2013. <http://www.vlt.org/support/planned-giving/lead-trust>.

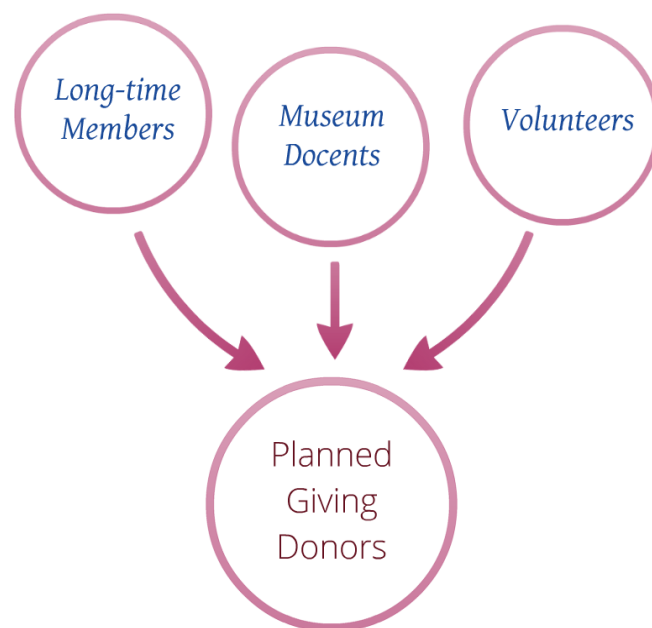
<sup>46</sup> Ibid.

Gregory D. Singer, a wealth strategist at Bernstein Global Wealth Management in New York, explained, “A charitable lead trust is very dependent on the starting interest rate.” Singer said the likelihood today that one of these trusts would have money left for heirs was 95 percent. The trusts are written so that the assets appreciate substantially over time, but even if they do not, the designated charity — often a family foundation — will still get the money. Michael O. Hartz, a partner at the law firm Katten Muchin Rosenmann in Chicago, calls this approach “heads I win, tails I don’t lose.”<sup>47</sup>

## WHO GIVES PLANNED GIFTS?

With a small organization, it can sometimes be difficult knowing where to start targeting planned giving prospects. While the process of identifying potential prospects can often be daunting and also varies from museum to museum, there are a few key places to start cultivating: reviewing longtime members, as well as volunteers and docents, can provide fruitful results (Fig. 1). It is crucial to remember that when thinking about planned gift donors, these are typically people with whom an organization’s mission closely resonates. Long-term, older members without children or grandchildren generally care deeply about the institution with which they have involved themselves with so loyally. Two other groups of constituents that care

Figure 1



<sup>47</sup> Paul Sullivan, "A Trust Surges, Heirs and Taxes in Mind, but Mind the Details" (2011), <http://www.nytimes.com/2011/07/23/your-money/estate-planning/charitable-lead-trusts-draw-renewed-interest.html?pagewanted=all> (accessed January 2013).

for the museum and its mission are volunteers and docents; these kinds of prospects are also sometimes people who may want to be more philanthropic than their current finances allow.

Reviewing your current member and volunteer list, as well as your existing donors, can easily start to build your prospect pool for planned gifts. Once an organization has begun this process, the next critical step is to understand what giving vehicles to recommend to unique prospects.

## **Bequests**

It is important to remember, when targeting prospective bequest givers, that those middle-aged philanthropic prospects creating or altering their wills are characteristically financially responsible and are concerned about their resources. They may have a fixed income or a very high one. Blackbaud suggests that it is these donors' attitudes towards finance and their habitual giving patterns that make them more easily identifiable:<sup>48</sup>

The hallmark characteristic of people who make bequests is loyalty. Our research shows consistent years of giving are a higher determinant than gift amount. Look for consistent loyal donors in their mid-forties to late fifties, and mid-sixties to late seventies, who appear to be at the life stage at which estate planning is active. I am a good example because I made my first planned gift at age 50; my co-author made her will while still in her thirties!" "Legacy givers tend to own homes with at least mid-level values. There is typically a positive correlation between income, home value, and legacy giving. Remember, a bequest donor does not have to have a high major gift capacity in order to make a high-end planned gift. Along with loyalty, age, home

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<sup>48</sup> Paul Sullivan, "A Trust Surges, Heirs and Taxes in Mind, but Mind the Details" (2011), <http://www.nytimes.com/2011/07/23/your-money/estate-planning/charitable-lead-trusts-draw-renewed-interest.html?pagewanted=all> (accessed January 2013).

values, and income levels, our research indicates that the following characteristics also apply to good bequest prospects:

- Established home ownership
- Children in college or evidence of education-related debt
- Charitable gifts to other organizations at similar levels
- Volunteerism
- Other types of loyalty indicators, such as long term membership, ticket buying history, event participation, etc.<sup>49</sup>

A study presented at the 2009 Association of Fundraising Professionals Conference in New Orleans revealed that of the 20,000 Americans over the age of 50 (between 1995 and 2006), only 9.8 percent of donors with children made a bequest to a charitable organization. Meanwhile, 50 percent of those in the study without offspring gave a gift through a bequest.<sup>50</sup> However, just because the study covered those citizens 50 years and older, does not mean prospecting should be limited to just this demographic.

A 2010 study conducted at Texas Tech University indicated that 50 percent of survey participants had a charitable estate plan; meanwhile, only 17.1 percent of those with only children and 9.8 percent of those with grandchildren included charities in their estate plans.<sup>51</sup>

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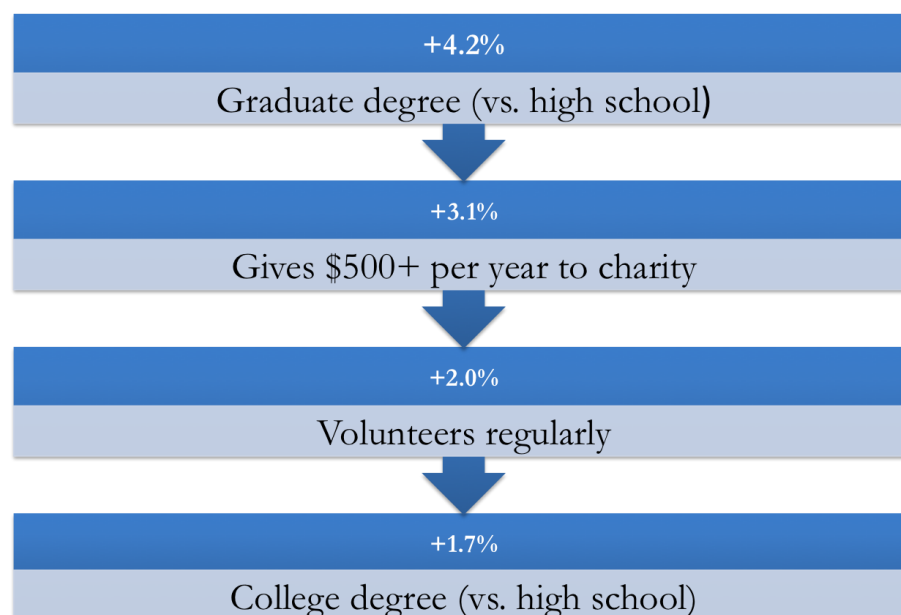
<sup>49</sup> Swank, Katherine, and Michael Quevli. "Prospect Research for Planned Gifts: Using Predictive Donor Profiles, Wealth, and Asset Screenings to Identify High-End Planned Gift Prospects." (2011). [https://www.blackbaud.com/files/resources/downloads/WhitePaper\\_ProspectResearchforPlannedGifts.pdf](https://www.blackbaud.com/files/resources/downloads/WhitePaper_ProspectResearchforPlannedGifts.pdf)

<sup>50</sup> Wasley, Paula. "New Research Sheds Light on Bequest Giving." April 1, 2009. <http://philanthropy.com/article/New-Research-Sheds-Light-on/63059/> .

<sup>51</sup> James, Russell. SlideShare Generosity, "Charitable Bequest Demographics." Last modified 2010. <http://www.slideshare.net/generosity/charitable-bequest-demographics>.

This same study produced even more specific results of who to target when soliciting bequests (Fig. 2).<sup>52</sup>

**Figure 2**



### **Charitable Lead Trusts**

Similar to bequests and other planned giving options, when looking for an ideal prospect to introduce to charitable lead trusts, the best candidates to consider are those who already are consistently giving to charity and who also “have an income large enough to take advantage of the charitable tax deduction for the entire amount put into the trust.”<sup>53</sup> Gregory D. Singer, a wealth strategist at Bernstein Global Wealth Management in New York, believes that these trusts could be worthwhile when a donor is able to contribute at least \$1 million into the gift. “The downside is that money is tied up and committed,” he stated. “In normal

<sup>52</sup> James, Russell. SlideShare Generosity, "Charitable Bequest Demographics." Last modified 2010. <http://www.slideshare.net/generosity/charitable-bequest-demographics>.

<sup>53</sup> Paul Sullivan, "A Trust Surges, Heirs and Taxes in Mind, but Mind the Details" (2011), <http://www.nytimes.com/2011/07/23/your-money/estate-planning/charitable-lead-trusts-draw-renewed-interest.html?pagewanted=all> (accessed January 2013).



times, I'd rather remain flexible, but these aren't normal times."<sup>54</sup> While Singer thinks a minimum of a million is sufficient, Marty McKeever of Planned Giving Design Center thinks that a donor should not consider establishing a trust for less than \$250,000—a much more practical number than \$1 million.<sup>55</sup>

Most likely to establish a charitable lead trust are those with an estate valued between \$3 and \$5 million, have children or grandchildren, and whose family does not need immediate access to the income or principal. Individuals interested in these trusts may see this opportunity as an effective tool to both make a charitable gift and satisfy financial family planning issues.

### **Charitable Gift Annuities**

Charitable Gift Annuity (CGA) donors are, generally, fiscally conservative and tend to be a little older than a bequest giver. They are typically risk-tolerant, and are comfortable with debt, have a higher-end lifestyle, and choose alternative financial schemes that benefit both their charities of choice and themselves in a significant way.<sup>56</sup>

CGA prospects are usually over 70 years old, but marketing should begin to prospects in their sixties. Look for small, one- to two-person households. Women who are single or widowed tend to favor the simple format of gift annuities. Do not base your prospect identification on historical major donors; doing this will discount many key gift annuity prospects. Our two decades of research on CGA donors reveals that their annual gifts are generally less than \$100! While typically well off or

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<sup>54</sup> Paul Sullivan, "A Trust Surges, Heirs and Taxes in Mind, but Mind the Details" (2011), <http://www.nytimes.com/2011/07/23/your-money/estate-planning/charitable-lead-trusts-draw-renewed-interest.html?pagewanted=all> (accessed January 2013 ).

<sup>55</sup> McKeever, Marty. Planned Giving Design Center, "The Charitable Lead Trust: Don't Forget The Donor!" Last modified 2011. Accessed January 30, 2013. <http://www.pgdc.com/pgdc/charitable-lead-trust-dont-forget-donor>.

<sup>56</sup> Ibid.

comfortable, these donors share conservative fiscal values and want their assets to continue to work for them. Look for the following characteristics to group your prospect pool together:<sup>57</sup>

- Age: late sixties to mid-seventies and older
- Evidence of retired status
- Faithful donors and loyal constituents; look for annual gifts less than \$100 and/or membership, ticket buying history, etc.
- Charitably inclined, giving to multiple organizations

## THE VALUE OF PLANNED GIVING IN PHILADELPHIA MUSEUMS

While the economy has been less than fruitful for nonprofit organizations, Philadelphia has shown incredible numbers despite the lackluster economy. In the 2012 *Arts, Culture, and Economic Prosperity in Greater Philadelphia* report, the Greater Philadelphia Cultural Alliance (GPCA) produced significant information regarding Southeastern Pennsylvania's range of arts and cultural offerings and its significant impact on Philadelphia's economy. This report's findings are based upon information gathered from 345 arts and cultural organizations and 2,039 audience surveys in Southeastern Pennsylvania. Of these surveyed institutions, 34 are museums, galleries, and visual arts organizations and have a combined direct expenditure total of \$255.8 million.<sup>58</sup>

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<sup>57</sup> Swank, Katherine, and Michael Quevli. "Prospect Research for Planned Gifts: Using Predictive Donor Profiles, Wealth, and Asset Screenings to Identify High-End Planned Gift Prospects." (2011). [https://www.blackbaud.com/files/resources/downloads/WhitePaper\\_ProspectResearchforPlannedGifts.pdf](https://www.blackbaud.com/files/resources/downloads/WhitePaper_ProspectResearchforPlannedGifts.pdf)

<sup>58</sup> *Arts, Culture, Economic Prosperity in Greater Philadelphia*. Philadelphia: Greater Philadelphia Cultural Alliance, 2012.

Robert Sharpe, planned giving expert and President of the Sharpe Group, a fund-raising consulting firm and who formerly practiced law with a major firm specializing in income, gift, and estate taxation, explains the true benefits of planned giving during a national economic halt; bequests are fortunately unaffected by economic downturns, except in the case of larger bequests of remainders of estates where after a few years of lower stock market and real estate values this begins to depress the size of residuary estates.<sup>59</sup> In the case of bequests of specific amounts, for example \$10,000, they are virtually unaffected by these economic slumps since deaths occur actuarially unrelated to the economy. Gift annuities that feature fixed income typically show growth during economic recessions: gifts that feature variable income, income that depends on the underlying performance of assets such as charitable remainder unitrusts and pooled income funds tend to fall off somewhat if there are reductions in stock market values during these economic downturns.<sup>60</sup>

The National Philanthropic Trust reports that giving has recently begun a slow but steady increase: Americans gave \$298.3 billion in 2011, which reflects a 3.9 percent increase from 2010.<sup>61</sup> Of this \$298.3 billion total, \$217.79 (or 73 percent of total giving) came from individuals. Foundations followed with 14 percent of giving, while bequests rose 12.2 percent and counted for 8 percent of total giving-- \$24.41 billion.<sup>62</sup> Even this number has increased from 2006, when charitable bequests in the United States amount to almost \$23 million, or 7.8 percent of total giving in 2006.<sup>63</sup>

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<sup>59</sup> Chronicle of Philanthropy, "Recession-Proof Philanthropy." Last modified 2008. <http://philanthropy.com/article/Recession-Proof-Philanthropy/63221/>.

<sup>60</sup> Ibid.

<sup>61</sup> National Philanthropic Trust, "Individual and Family Philanthropy." Last modified 2013. <http://www.nptrust.org/philanthropic-resources/charitable-giving-statistics>.

<sup>62</sup> Ibid.

<sup>63</sup> Betsy Brill, "Preparing for the intergenerational transfer of wealth: Opportunities and strategies for advisors," *Journal of Practical Estate Planning*, April-May 2003.

Other encouraging charitable giving vehicle statistics in 2010 include:<sup>64</sup>

- There were 93,831 Charitable Remainder Unitrusts with total assets of \$91.58 billion.
- There were 16,937 Charitable Remainder Annuity Trusts with total assets of \$7.49 billion.
- There were 6,609 Charitable Lead Trusts with total assets of \$19.34 billion.
- There were 1,410 Pooled Income Funds with total assets of \$1.28 billion

Why would a Philadelphia museum today invest valuable time, energy, and resources on this initiative when in the nonprofit world, money is not spent unless it has significant return on investment? Planned giving encompasses a wide range of fruitful gifts and strategies, many of which even development professionals consider foreign concepts, which although they generally require a lengthy period of time and some resources, can have a sizeable impact.

“The average planned gift in the United States, overwhelmingly through simple bequests, is between \$35,000 and \$70,000.” The immense value of planned gifts in numbers is undeniable; legacy gifts through charitable gift annuities and charitable remainder trusts, along with bequests, account for more than 97 out of every 100 planned gifts. Alone, a single planned giving officer over the course of a year is fully able to raise more than \$3 million by making a dedicated and strategic effort to meet with and solicit 100 strategic prospects for an

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<sup>64</sup> National Philanthropic Trust, "Individual and Family Philanthropy." Last modified 2013. <http://www.nptrust.org/philanthropic-resources/charitable-giving-statistics>.

average-sized gift—let alone if an organization had more than one staff member dedicated to legacy gifts.<sup>65</sup>

Specifically among arts, cultural and humanities organizations, giving rose by 4.1 percent with more than \$13.12 billion being raised for these nonprofits in 2011. Gifts to arts, culture and humanities organizations were 4 percent total of the total estimated giving in 2011, a slightly smaller share than the 5 percent received in 2010.

Important facts about planned giving:<sup>66</sup>

- Some of the largest gifts ever made have been bequests and other planned gifts.
- Planned gifts are usually made from donor's assets rather than from current income.
- Often these gifts come from individuals who have never viewed themselves as being in a position to part with cash—these people represent a completely additional group of donors.
- Frequently, the discussion of a planned gift leads to an outright gift.
- A planned giving program does not need to be expensive to administer; staff can handle the day-to-day paperwork and the specialist can be on call.
- With an effective marketing program, planned gift prospects identify themselves.

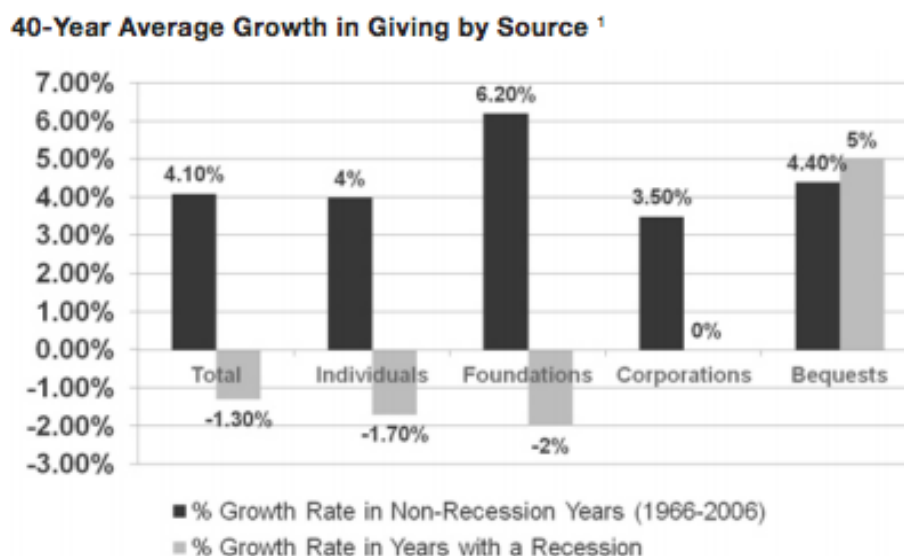
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<sup>65</sup> Swank, Katherine, and Michael Quevli. "Prospect Research for Planned Gifts: Using Predictive Donor Profiles, Wealth, and Asset Screenings to Identify High-End Planned Gift Prospects." (2011). [https://www.blackbaud.com/files/resources/downloads/WhitePaper\\_ProspectResearchforPlannedGifts.pdf](https://www.blackbaud.com/files/resources/downloads/WhitePaper_ProspectResearchforPlannedGifts.pdf)

<sup>66</sup> Barrett, Richard D., and Molly E. Ware. *Planned Giving Essentials*. Aspen Publishers, Inc., 2002.

- Planned gifts expand options for your donors and allow them to focus on personal needs as well as philanthropic goals.<sup>67</sup>

Figure 3



“It is a frequent mistake to use irrevocable gifts as the sole or primary benchmark against which to measure your planned giving program’s success. Current research studies show that bequests — the simplest revocable arrangement of all — generate 80 percent of all planned giving income! So even if you do nothing but promote wills and bequests, you can still have a very effective planned giving program.”<sup>68</sup>

Once a planned giving program is successfully implemented, a museum can expect a cost of three to five cents per \$1 raised. While this number should impress any development professional, it is important to remember that this will also be appreciated by the donor who wants their gift to make a genuine difference in the organization rather than additional

<sup>67</sup> Barrett, Richard D., and Molly E. Ware. *Planned Giving Essentials*. Aspen Publishers, Inc., 2002.

<sup>68</sup> Walker, Sally. "Revocable and Irrevocable Gifts."  
<http://walkerfundraising.com/pdf/revocable.pdf>.

fundraising efforts. Many nonprofit organizations are able to “enjoy upwards of 25 percent of their annual revenue from planned gift receipts.”<sup>69</sup>

According to the Annual Report on Philanthropy for the Year 2008, GivingUSA reports that planned gifts have increased roughly 5 percent every year, even in financial recessions while other sources of revenue decline, illustrated by the corresponding “40-Year Average Growth” chart.<sup>70</sup> Blackbaud Analytics explains that if you carefully cultivate as few as 15 donors, who each provide an “average-sized gift,” a museum can make \$1 million in mission funding. “With gift averages in the tens of thousands of dollars, efforts to identify planned gift prospect pools can make the difference between mission stagnation and mission accomplishment.”<sup>71</sup>

While planned gifts can be of any size, they truly are peers to major gifts; looking at the numbers in the following chart provided by Blackbaud, you can see that these average gift amounts have a significant impact on a museum’s financial situation (Fig. 4).<sup>72</sup>

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<sup>69</sup> Swank, Katherine, and Michael Quevli. “Prospect Research for Planned Gifts: Using Predictive Donor Profiles, Wealth, and Asset Screenings to Identify High-End Planned Gift Prospects.” (2011). [https://www.blackbaud.com/files/resources/downloads/WhitePaper\\_ProspectResearchforPlannedGifts.pdf](https://www.blackbaud.com/files/resources/downloads/WhitePaper_ProspectResearchforPlannedGifts.pdf)

<sup>70</sup> “The Annual Report on Philanthropy for the Year 2008,” GivingUSA 2009.

<sup>71</sup> Ibid.

<sup>72</sup> Swank, Katherine, and Michael Quevli. “Prospect Research for Planned Gifts: Using Predictive Donor Profiles, Wealth, and Asset Screenings to Identify High-End Planned Gift Prospects.” (2011). [https://www.blackbaud.com/files/resources/downloads/WhitePaper\\_ProspectResearchforPlannedGifts.pdf](https://www.blackbaud.com/files/resources/downloads/WhitePaper_ProspectResearchforPlannedGifts.pdf)

Figure 4

Facts about Planned Gifts	United States	Canada
Average Charitable Bequest Gift	\$35,000 - \$70,000	\$30,000
Average Charitable Gift Annuity	\$60,000	\$35,000
Minimum Charitable Remainder Trust value often required by Trustees and Financial Institutions	\$1,000,000	

With the slow economy, Association of Fundraising Professionals Chair Andrea McManus, CFRE, reminds nonprofits that “We have to remember that just like in previous years, hundreds of billions of dollars will be given to causes around the world in 2012. Many charities will far exceed their goals, so the question is, how do we ensure that we are one of those organizations?”<sup>73</sup> She advises that institutions get to know their donors even better than they already might; donors are unsure about the economy, the future, their giving decisions, so it is up to nonprofits to help them be confident about their organizations, their impact, and their involvement. While they may not be in a position to support at this moment, it is valuable to work to maintain these relationships. When a prospect is unable to give an outright gift, the potential to give a planned gift may appeal. Tom Ahern in *Seeing Through a Donor's Eyes* further stresses the notion that heavy philanthropists and general members alike are usually in it for the emotional kick. “That good feeling you get by writing a check to your favorite charity could be your brain patting itself on the back. A team of economists and psychologists at the University of Oregon has found that donating money to

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<sup>73</sup> Association of Fundraising Professionals, "Giving Slows At the Mid-Year Point: How to Respond." Last modified 2012.  
<http://afpbatonrouge.afpnet.org/International/RepResdetail.cfm?ItemNumber=12523>.



charity activates regions of the brain associated with pleasure.”<sup>74</sup> McManus adds to her thoughts, “[Nonprofits] need to move forward with an understanding of what our donors are facing, but we should not be defensive about asking for money during these times.”<sup>75</sup> What a donor may not be able to give now, he or she could be thrilled to promise for later.

## CHALLENGES OF GROWING A PLANNED GIVING PROGRAM

There is a false pretense among many small and understaffed nonprofits that one must be a planned giving expert to implement a program and handle planned gifts. In truth, a museum does not need a professionally trained expert to understand the vital role research can play in the success of a planned gift program. David Blackman, Deputy Director of Development at the Philadelphia Museum of Art and previous Director of Planned Giving, believes a large issue is that planned giving is perceived as being highly complex; there is a “barrier of believing you can’t talk to people about it” if you are not a formally educated lawyer or planned giving expert.<sup>76</sup> Frank Minton, of the Planned Giving Design Center, also states that a large issue is that “art museums are the latecomers to planned giving. They [simply] have not been promoted.”<sup>77</sup>

Conversely, implementing a planned giving program is not to be undertaken casually. “Planned giving requires careful analyses, commitment, and the support of several of the charity’s staff members, officers, and departments. Unlike outright gifts, planned gifts must

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<sup>74</sup> Mitchum, Robert. "Donating to charity is good for the brain, according to study." Chicago Tribune. (2007). [http://articles.chicagotribune.com/2007-06-15/news/0706150110\\_1\\_caudate-nucleus-functional-magnetic-resonance-imaging-brain](http://articles.chicagotribune.com/2007-06-15/news/0706150110_1_caudate-nucleus-functional-magnetic-resonance-imaging-brain) (accessed February 8, 2013).

<sup>75</sup> Association of Fundraising Professionals, "Giving Slows At the Mid-Year Point: How to Respond." Last modified 2012. <http://afpbatonrouge.afpnet.org/International/RepResdetail.cfm?ItemNumber=12523>.

<sup>76</sup> David Blackman, (Deputy Director of Development, Philadelphia Museum of Art), interview by Megan Fredericks, Philadelphia, Pennsylvania, October 3, 2012.

<sup>77</sup> Frank Minton, (President of Planned Giving Services, Planned Giving Design Center), interview by Megan Fredericks, Philadelphia, Pennsylvania, August 7, 2012.

be administered for years.”<sup>78</sup> Winton C. Smith, Jr., J.D., (Winton Smith Law Offices) planned giving specialist, believes “the recurring challenge is the need to recognize that it takes budget and time to establish an effective planned giving program. An organization should not begin a planned giving program unless they are willing to commit to a three-year program. Another recurring challenge is the need to recognize the importance of focusing on providing an educational service that will help people accomplish their objectives.”<sup>79</sup>

### **Linking In**

In a survey posted on November 14, 2012 to the professional networking website, LinkedIn, the question was posed; “What do you find is the greatest challenge in creating a planned giving program at your museum?”

This survey was posted to numerous professional groups related to museum or nonprofit development, as well as planned giving specifically. LinkedIn, the world’s largest online professional network, “provides a place for professionals in the same industry or with similar interests to share content, find answers, post and view jobs, make business contacts, and establish themselves as industry experts.”<sup>80</sup> Officially launched in 2003, LinkedIn is host to 187 million members. Because of this organization’s popularity among nonprofit professionals and its impressive membership base, the survey was posted in each of the following ‘groups’ for response:

- American Alliance of Museums
- ASTC (Association of Science-Technology Centers)

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<sup>78</sup> Jordan, Ronald R., and Katelyn L. Quynn. *Planned Giving for Small Nonprofits*. Canada: John Wiley, 2002.

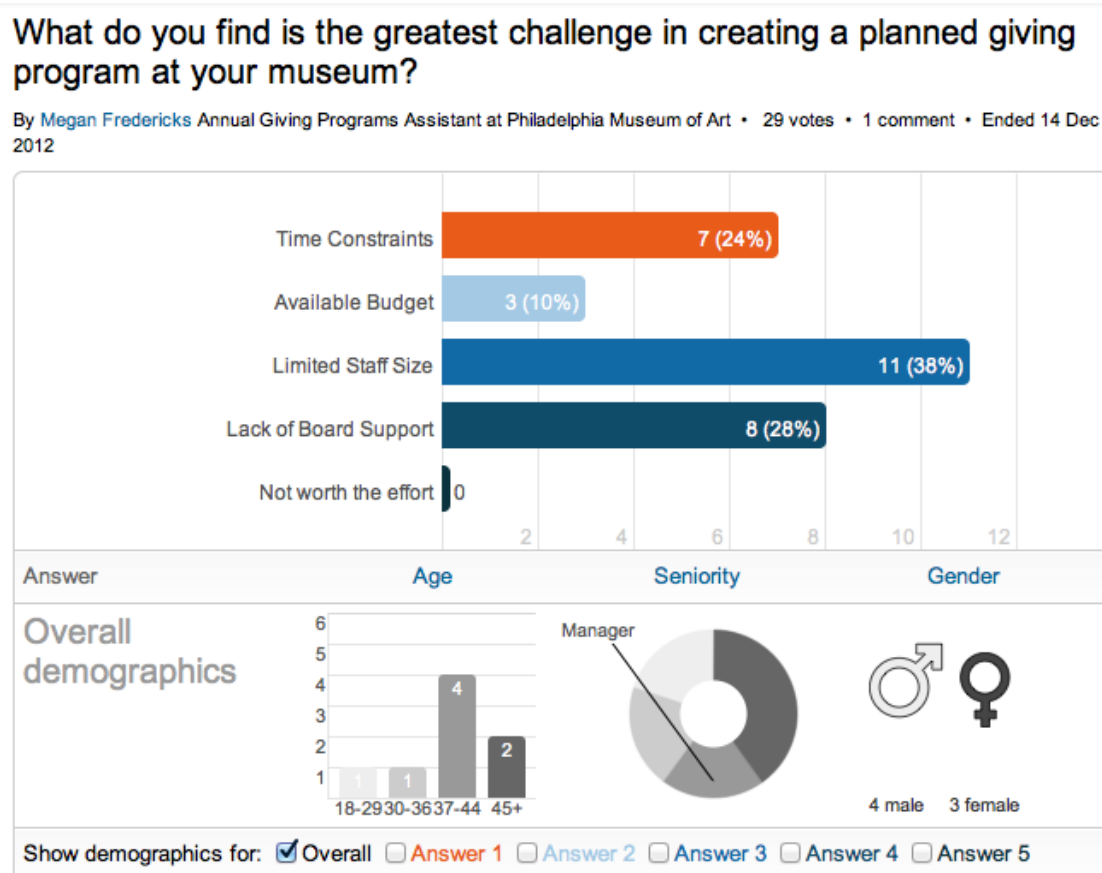
<sup>79</sup> Winton Smith, J.D., (Attorney, Planned Giving and Tax Strategy Specialist), interview by Megan Fredericks, Philadelphia, Pennsylvania, August 24, 2012.

<sup>80</sup> LinkedIn, "Groups- Getting Started." Last modified 2012. Accessed December 30, 2012.

- Bay Area Emerging Museum Professionals (BAEMP)
- Blooloo: Theme Park, Zoo, Museum & Attractions Professionals
- Charitable Gift Annuity Solutions
- Emerging Museum Professionals (a subgroup of American Alliance of Museums)
- Fundraising Professional Group
- ICOM Members
- Legacy/Estate/Gift Planning and Planned Giving Professionals
- M.I.D.A.S.—Museum Ideas, Development, and Strategies
- Museum & Art Galleries
- Museums & Exhibitions International
- Museum Council of Philadelphia of Philadelphia and the Delaware Valley
- Museum Planning
- Museum-Ed Group
- Museums Association
- Museum Link
- Planned Giving Group of New England
- Small Museum Professionals
- Small Museum CoP (a subgroup of ASTC)

LinkedIn keeps all surveys active for exactly four weeks, and notifies the creator when the poll has become inactive. After this particular survey closed, a total of 29 LinkedIn members had responded:

Figure 5



One of the leading primary challenges found in nonprofit organizations is having a limited staff size (Fig. 5). Closely following this difficulty, 28 percent believe they face a lack of sufficient board support and 24 percent have the most difficulty balancing time constraints. Only 10 percent of respondents chose “Available Budget” as their reason for not implementing a planned giving program. David Blackman, Deputy Director of Development at the Philadelphia Museum of Art and previous Director of Planned Giving, agrees that one of the most difficult challenges of developing a planned giving program is consistently that there is no staff to do it.<sup>81</sup> Blackman additionally believes that the lack of

<sup>81</sup> David Blackman, (Deputy Director of Development, Philadelphia Museum of Art), interview by Megan Fredericks, Philadelphia, Pennsylvania, October 3, 2012.

expertise and volunteers within a small museum's development office is another point of resistance.

In addition to overcoming staff and budget issues, it is critical for a museum to be able to successfully integrate planned giving into their overall development strategy and ensuring that staff members work collaboratively.

### **The Small Staff Size**

At most small art museums, staff size is, unfortunately, restricted. In "Praise for the Small Museum," Ron Chew explains, "Most small museums run on such a tight shoestring that survival is a hand-to-mouth endeavor. Keeping regular public hours is a high hurdle. Many don't have computers, much less e-mail or voice mail. Everyone does a little bit of everything, learning not from manuals but by looking over the shoulders of those who preceded them. Small museum staffs don't have time to dabble in the theoretical or the sublime. Just getting the job done is enough. Making time to travel to museum conferences for professional training, let alone visiting other small museums in the same region, is an unimaginable luxury."<sup>82</sup>

Smaller yet is the Wharton Esherick Museum, located in Paoli, Pennsylvania, has three full-time employees who work as the Executive Director, the Curator, and the Business Manager and Director of Programs. The Museum is a tax-exempt, nonprofit organization founded in 1971 with a mission "to preserve, maintain and exhibit the artistic creations of the late Wharton Esherick so that the public may gain enjoyment, education and inspiration from Esherick's life work."<sup>83</sup> The Museum costs over \$200,000 a year to staff,

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<sup>82</sup> Chew, Ron. "Praise for the Small Museum." *Museum News*, March/April 2002.

<sup>83</sup> Wharton Esherick Museum, "Support the Museum." Last modified 2012.  
<http://www.whartonesherickmuseum.org/support1.php>.

maintain, and operate, as well as to insure the Esherick Studio and collection, and to carry out the Museum's programs and preservation efforts. While current adult admission is priced at \$12 per ticket, this would ideally mean visitors should pay \$40 a visit to cover the Museum's operating budget.<sup>84</sup>

Their website gives a brief paragraph of incentive for potential donors:

Admissions, sales and membership dues cover less than half this amount. The rest must come from donations, grants and endowment income. Your generous support – through membership and/or contribution – helps to preserve the Esherick Studio and keep it open for you, others and future generations to enjoy.<sup>85</sup>

The Museum offers a variety of donation options through PayPal, an online service that serves as a digital wallet where one can securely store all payment options, such as bank account and credit card information. Visitors can select a fund, such as the Contingency or Preservation Fund, and select to make a gift between \$10 and \$500.

While these giving opportunities appear to be limited, it is important to remember that there are countless similar organizations in similar positions. At a small organization, it is often the case that the development director, or in Wharton Esherick's case, the Business Manager, performs a wide variety of development and overall business functions. This staff member may be the primary fundraiser for the entire organization, meaning that this position meets with trustees, runs the annual fund, raises major gifts, makes the personal

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<sup>84</sup> Wharton Esherick Museum, "Visiting Information." Last modified 2012. <http://www.whartonesherickmuseum.org/visit.html>.

<sup>85</sup> Wharton Esherick Museum, "Support the Museum." Last modified 2012. <http://www.whartonesherickmuseum.org/support1.php>.

visits, manages other staff, writes grant proposals to foundations and corporations, and leads donor stewardship efforts.

### **The Lack of Board Support**

Robert Barr, Director of Gift Planning at St. Paul's School in Boston, Massachusetts, commented on this survey that to gain the support of an institution's Board, three important steps should be taken:<sup>86</sup>

1. Convince [the Board] that a healthy planned giving program will secure the future of [the] organization.
2. Get each of [the Board] to make a planned giving commitment
3. Market [the Board's] participation to others to build [the] program.

While these suggestions are valuable and sound, the three steps recommended by Barr involve a significant amount time and effort. Kevin Johnson, principal founder of Retriever Development Counsel, LLC consulting practice, works to help organizations jump start their major and legacy gift projects as well as coach nonprofit leaders on how to be more effective as leaders in strategy and building sustainable funding models. He noted on the survey:

Perhaps it starts with the question: Is it a program or is it about something different? "Program" approaches come with their own limitations; rarely does the work become integrated into the fabric of an organization's supporters.

The World War II generation with their combination of trust in institutions, altruism,

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<sup>86</sup> Fredericks, Megan. LinkedIn, "Group Answers: What do you find is the greatest challenge in creating a planned giving program at your museum?." Last modified 2012. Accessed December 31, 2012.

frugal ways, and unexpected prosperity and work with them defined much of what we assume about planned giving. Boomers are quite different and loathe signing ironclad agreements.

An interesting comment and thought comes from this month's issue of Fast Company in which the head of Wal-Mart is talking to his Board about going into the digital marketplace: "Somebody asked me at one of the (Wal-Mart) board meetings, 'Neil, how long is this going to take, and how much is it going to cost?' ... And I said, it's going to take the rest of our careers, and it's going to cost whatever it costs. Because this isn't a project, this is the company'."

In the coming decade, for many nonprofits, legacy gifts might be the single big gain in fundraising -- but only if it becomes more than a program.<sup>87</sup>

Vikki Jones, CFRE, Planned Giving Officer at Weill Cornell Medical College, also advises that support from the board is critical in the success of a new program; "It is important to first have a Director of Development in support of the idea and the board of directors. Once you have these key elements, you start to build a list of donors who have included you in their estate plans."<sup>88</sup>

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<sup>87</sup> Fredericks, Megan. LinkedIn, "Group Answers: What do you find is the greatest challenge in creating a planned giving program at your museum?." Last modified 2012. Accessed December 31, 2012.

[http://www.linkedin.com/groupAnswers?viewQuestionAndAnswers=&discussionID=190250849&gid=3678495&commentID=108553204&trk=view\\_disc&ut=1-JFJhB6aD65A1](http://www.linkedin.com/groupAnswers?viewQuestionAndAnswers=&discussionID=190250849&gid=3678495&commentID=108553204&trk=view_disc&ut=1-JFJhB6aD65A1).

<sup>88</sup> Ibid.



## First Steps

With all of these equally important responsibilities weighing on often a single person's shoulders, where does one even begin to think about starting up a planned giving program? When there is a board meeting to plan, acknowledgement letters to be signed, the finance committee to be met with, the newsletter to be proofread, the upset donor(s) to be called back, the Twitter account and Facebook page to be updated, it is easy—and understandable—to procrastinate writing a planned giving program. Molly Ware and Richard Barrett, authors of *Planned Giving Essentials*, explain six broad phases of planned giving “activities,” or the overall gift process. These steps are listed as:

Phase 1- Feasibility

Phase 2- Preparation

Phase 3- Marketing

Phase 4- Cultivation

Phase 5- Acquisition

Phase 6- Stewardship

Determining if there are sufficient resources to produce a successful planned giving program and preparing the marketing plan, staff training, volunteers, and identifying potential donors are the first two crucial steps of developing a program.<sup>89</sup> Contacting prospects in accordance with the established marketing plan and concentrating on prospective donors who have expressed interest and on developing their interest further encompasses phases 3 and 4; finally, working with the donors and their legal advisors until the planned gifts are defined, understood and realized, and then honoring donors for their

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<sup>89</sup> Barrett, Richard D., and Molly E. Ware. *Planned Giving Essentials*. Aspen Publishers, Inc., 2002.

gifts (ideally through an active planned giving recognition society) and sustaining their interest in the museum's cause concludes the 6-phase cycle.<sup>90</sup>

Winton Smith, Jr. J.D., a practicing attorney who specializes in estate tax strategies and tax planning, financial development and planned giving for charitable organizations believes the most crucial first step in developing a program is “establishing a Planned Giving Recognition Society and enlisting those people who have already made a bequest or other planned gift to the charitable organization or who are interested in making a planned gift to the organization.”<sup>91</sup> On the other hand, Ronald Jordan and Katelyn Quyn of *Planned Giving for Small Nonprofits* state that the first step in developing a program management plan is to determine the goals that should be accomplished in the first year to year and a half of the program.<sup>92</sup>

So where does one really begin? For the sake of simply being realistic, the most approachable way to kick-start a new planned giving program would be to find out what gifts are not already in the system. Paul Levinson, previous Associate Director of Gift Planning at Boston University and Planned and Major Gifts Officer at the New England Conservatory, reinforces this step—“One way to grow a program is to find out how many gift intentions are not in your files. Send a letter to all the prospects and donors you know or think you know [to find out].”<sup>93</sup> He gives a simple letter to illustrate his thinking:

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<sup>90</sup> Barrett, Richard D., and Molly E. Ware. *Planned Giving Essentials*. Aspen Publishers, Inc., 2002.

<sup>91</sup> Winton Smith, J.D., (Attorney, Planned Giving and Tax Strategy Specialist), interview by Megan Fredericks, Philadelphia, Pennsylvania, August 24, 2012.

<sup>92</sup> Jordan, Ronald R., and Katelyn L. Quynn. *Planned Giving for Small Nonprofits*. Canada: John Wiley, 2002.

<sup>93</sup> Fredericks, Megan. LinkedIn, "Group Answers: What do you find is the greatest challenge in creating a planned giving program at your museum?." Last modified 2012. Accessed December 31, 2012.

Dear [Prospect],

We're trying to lay the groundwork for the future, and our files show you might have a bequest intention in your will. While you're not obligated in the least, it would be great if you could confirm to us your plans so we can both say thank you now, and keep saying thank you as we go forward. Bequests and other deferred gifts are one of the least known, but most valuable sources of endowment dollars for [the institution]. Knowing about them enables us to steward your interest and make sure your generosity supports the area(s) about which you care. We've enclosed a one-page sheet on which you can indicate the status of your interest in planned giving, or the absence of it. Both types of response help us. Thank you for your consideration of allowing [the organization] to be an active part of your philanthropy and generous spirit.

While this letter can be further tailored and edited to suit the specific language and message of individual institutions, the message is clear: the museum is thankful for their previous support and if they have made a planned gift, they want to show their appreciation. Levinson's letter allowed his institution's nonprofit bequest intentions to grow over time by 215 percent-- "Who knows how many others are still out there? For every one you know, there are two you don't, says the conventional wisdom. Go fishing... you're bound to catch something."<sup>94</sup>

Some institutions find it difficult to approach their board to ask for even more support than they already give, especially when planned giving is often undervalued in the

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<sup>94</sup> Fredericks, Megan. LinkedIn, "Group Answers: What do you find is the greatest challenge in creating a planned giving program at your museum?." Last modified 2012. Accessed December 31, 2012.

eyes of these directors. Rebecca Scott, the Senior Director of Development and Alumni Relations of Tufts University School of Medicine, emphasizes that there can be a tactful way to ask board members what their estate intentions may be. Scott suggests that rather than flatly request a planned gift from the organization's biggest advocates who already give so much, a development staff member can casually write a letter, or in conversation, to inquire if the board member has made a planned gift. The staff member should iterate how grateful the organization is for the board member's support, and casually inquire, if a planned gift has been made—when asking this question, the employee should remind the board member of the institution's new planned gift initiative and explain that they would hate to exclude this board member from their acknowledgment plans. Saying, in short, "If you have made this gift, we would like to thank you," is a much more genial and tactful way of advertising planned gift opportunities rather than "Here is the organization's goal—make your planned gift now." Conversely, Suzanne Regnier of the Brandywine River Museum believes that "Trustees already give so much," and it's better not to ask. This decision must be left to the leaders of the organization's development office and treated very carefully.

## **RECOMMENDATIONS**

### **Investing in Planned Giving Consultant or Planned Giving Software**

One of the primary deterrents of implementing this planned giving program is the belief that one must have expert knowledge in the area of planned gifts. Not only is this assumption incorrect and hindering, but also there are several resources available to these smaller Philadelphia institutions that are not widely recognized. These resources come in the form of consultants, community foundations, and computer programming. Frank Minton, of the Planned Giving Design Center, explained in an August 2012 interview that if a

museum or nonprofit is unsure of whether or not hiring a full-time staff member is worth the investment or not, looking to a planned giving consultant is a worthwhile approach to determining whether or not a designated planned giving staff member would be advantageous as a trial assessment.<sup>95</sup>

When unable to hire a planned giving staff member, and when lacking confidence in pursuing planned gifts, purchasing software like PG Calc or Crescendo is a viable and immensely useful tool of which to take advantage. Not only does this software provide gift illustrations for planned gift prospects, but they also offer consultation and gift administration support.<sup>96</sup>

### **PG Calc**

PG Calc offers seven different software products, ranging from a program that specifically focuses on administering charitable gift annuities to the overall calculation and proposal software for all planned gifts. These different programs range in price but as David Blackman, of the Philadelphia Museum of Art stated, all available programs are “cheaper than a staff member!”<sup>97</sup> Of the software available for purchase, there are four that would explicitly benefit small organizations.<sup>98</sup>

### **Planned Giving Manager (PGM)**

*PGM* enhances your productivity by giving you the ability to calculate, explain, compare, and promote planned gifts, and to work more

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<sup>95</sup> Frank Minton, (President of Planned Giving Services, Planned Giving Design Center), interview by Megan Fredericks, Philadelphia, Pennsylvania, August 7, 2012.

<sup>96</sup> PG Calc, "About." Last modified 2013. <http://www.pgcalc.com/index.htm>.

<sup>97</sup> David Blackman, (Deputy Director of Development, Philadelphia Museum of Art), interview by Megan Fredericks, Philadelphia, Pennsylvania, October 3, 2012.

<sup>98</sup> PG Calc, "Software." Last modified 2013. <http://www.pgcalc.com/software/giftwrap.htm>.

effectively with your donors and their advisors. Whether you want to explain how a gift plan works to a new prospect or provide a detailed analysis of its benefits to a sophisticated donor or advisor, *PGM* can create the presentation you need in minutes (Table 2).

Table 2

Planned Giving Manager	License Fee*	Annual Service
Primary Copy	\$1,295	\$655
Additional Copies	\$300	\$140

\*The license fee is a one-time fee; the service contract is renewable annually.

### Gift Annuity Manager (GAM)

*GAM* is a highly robust gift annuity calculations and proposal software. No program makes it easier to calculate deductions and other values for gifts of cash, long term appreciated property, short term appreciated property, ordinary income property, and capital loss property (Table 3).

Table 3

Gift Annuity Manager	License Fee*	Annual Service
Primary Copy	\$300	\$125
Additional Copies	\$50	\$75

\*The license fee is a one-time fee; the service contract is renewable annually.

## GiftWrap

PG Calc's *GiftWrap* is the right solution for individuals that are interested in administering planned gift programs accurately, professionally, efficiently and with more insight into the future - not only when compared to offline, manual solutions, but also when stacked up against any other planned gift administration (Table 4).

Table 4

GiftWrap	Charity	Service Provider
One-Time Fees	\$1,090	\$1,590
Annual Support Fees	\$695	\$955

## Bequest Manager

*Bequest Manager* allows organizations to track all bequests throughout their entire lifecycle, from expectancy to realized gift. The software will enable your organization to model projected expectancy values and cash flows for your program, as well as to manage gifts through the probate process (Table 5).

Table 5

Bequest Manager	Charity	Service Provider
One-Time Fees	\$145	\$295
Annual Support Fees	\$630	\$975

Purchasing any one of these programs would prove extremely beneficial to any small museum that decides to invest in PG Calc. Nan Goff, Planned Giving Associate at the Philadelphia Museum of Art, also stresses the importance of the support and customer service behind PG Calc; “The optional webinars offered for \$95 per session and the overall customer service is excellent.”<sup>99</sup>

### **Crescendo: Total Planned Giving Gift Solutions**

For those smaller museums hesitant to so expensively arm themselves with PG Calc but are still looking for alternative software solutions, Crescendo is an excellent choice. Similarly to PG Calc, Crescendo offers a selection of seven different computer programs: Crescendo Pro, Crescendo Lite, Crescendo Plus, Crescendo Admin, Crescendo Presents, Crescendo Estate, and Pro/Plus/Presents, a combination of three of their top products in one package at a discounted price.<sup>100</sup> Of these options, Crescendo Lite may be ideal; this particular program is intended for “a charity’s ‘on the road’ staff, a charity just starting a planned gifts program and allied professionals needing the reliable calculation and client presentation tools of Crescendo.”<sup>101</sup> This purchase also includes the additional ‘Crescendo Presents’ software, which gives development staff the ability to easily create presentations from your computer—after entering basic donor information, Crescendo Presents produces an on-screen gift proposal presentation complete with flowcharts and audio explanations.<sup>102</sup>

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<sup>99</sup> Nan Goff, (Planned Giving Associate, Philadelphia Museum of Art), interview by Megan Fredericks, Philadelphia, Pennsylvania, February 6, 2013.

<sup>100</sup> Crescendo, "Planned Giving Presentation Software." Last modified 2013.  
<http://www.crescendointeractive.com/products.jsp>.

<sup>101</sup> Crescendo, "Crescendo Lite." Last modified 2013.  
[http://www.crescendointeractive.com/software\\_lite.jsp](http://www.crescendointeractive.com/software_lite.jsp).

<sup>102</sup> Crescendo, "Crescendo Lite." Last modified 2013.  
[http://www.crescendointeractive.com/software\\_lite.jsp](http://www.crescendointeractive.com/software_lite.jsp).



Crescendo offers even lower prices than PG Calc, with Crescendo Lite costing \$150 for the initial software and \$150 for annual service. If a museum's board is wavering on their commitment to a new planned giving program, Crescendo offers a 90-day trial so that museum development employees can become acquainted with the software and they may determine whether or not the \$300 would be a wise investment—which the software surely is.

### **Employing Community Foundations**

A community foundation is a tax-exempt, nonprofit, autonomous, publicly supported, philanthropic institution composed primarily of funds established by many separate donors for the long-term divers, charitable benefit of the residents of a defined geographic area. These foundations typically provide an array of services to donors who wish to establish endowed and non-endowed funds without occurring the administrative and legal costs of starting independent foundations. Community foundations additionally “seek to strengthen philanthropy in their geographic areas. They provide a range of valuable services to partner nonprofits including grants, technical assistance, endowment management and consultation on planned giving. When you work with your community foundation, you don't need to become an expert in planned giving — that's what the community foundation already does.”<sup>103</sup>

Small museums in the Greater Philadelphia area and city vicinity are fortunate in being able to access the Philadelphia Foundation's wide range of helpful resources. The Philadelphia Foundation has dedicated itself to improving the quality of life in Bucks, Chester, Delaware, Montgomery, and Philadelphia counties for 90 years. The Foundation

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<sup>103</sup> Ingram, Valerie. Plannedgiving.com, "A Small Nonprofit's Best Friend." Last modified 2011. Accessed October 14, 2012. <http://www.virtualgiving.com/downloads/whitepapers/bestfriend.pdf>.

has accomplished much over the course of 90 years, through funds established by their donors. As a public charity community foundation, they are responsible for managing more than 800 charitable funds, and strive to maximize the strategic impact of these charitable gifts. The Philadelphia Foundation aims to full support the intentions of their donors, who establish permanent charitable funds “to the meet the challenges of changing times.”<sup>104</sup> The Foundation is overseen by a volunteer board “of leading citizens and run by professionals with expertise in the region’s needs.”

The Foundation offers a series of workshops and trainings that are free or of little cost—with convenient online registration and a full description of the event and speakers, there really is no valid reason *not* to utilize such a wonderful source of training. “Through the services and resources we provide to all nonprofits—as well as workshops and events we offer to meet their organizational needs—the Foundation supports the development of well-run, well-staffed, and well-governed organizations that advance economic opportunities.”<sup>105</sup>

### **Partnership for Philanthropic Planning of Greater Philadelphia**

The mission of the Partnership for Philanthropic Planning of Greater Philadelphia (PPPGP) is to facilitate, coordinate, and encourage education and training of the charitable planned giving community and its allied professionals.<sup>106</sup> Membership is \$125, and includes three annual luncheon seminar programs that feature national planned giving experts and leaders in the field. Members receive access to PPPGP’s job and networking opportunities, as well as an invitation to the Annual Planned Giving Day Conference, presented in

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<sup>104</sup> Philadelphia Foundation, "About the Foundation." Last modified 2013.  
<https://www.philafound.org/DefaultPermissions/AbouttheFoundation/tabid/64/Default.aspx>.

<sup>105</sup> Ibid.

<sup>106</sup> Partnership for Philanthropic Planning of Greater Philadelphia, Last modified 2012.  
<http://www.pppgp.org/resources>.

collaboration with the Association of Fundraising Professionals' Greater Philadelphia Chapter (AFP-GPC). The PPPGP website offers a plethora of information regarding associations, publications, sponsors, exhibitors, and education.

One of the most helpful resources offered by PPPGP would be their mentorship program, where a small museum development professional can benefit from the guidance of an experienced professional from the Philadelphia planned giving community.

### **Greater Philadelphia Cultural Alliance**

The Greater Philadelphia Cultural Alliance (GPCA) was founded in 1972 with the goal of serving as the region's premier leadership, advocacy, and audience development organization for arts and culture. The Alliance strives to consistently follow its mission to lead, strengthen, and give voice to a diverse cultural sector that is making Philadelphia a world-class region to live, work, and play.<sup>107</sup>

The Alliance provides the opportunity to participate in numerous workshops that relate to a number of different cultural and nonprofit areas. One of their past presentations includes "Planned Giving: Realizing the Potential" with Lise Twiford, presented by the Nonprofit Center at LaSalle University's School of Business. Twiford wished to address and "demystify" planned giving techniques, stating, "planned giving is often the one thing on the development officer's to-do list."<sup>108</sup> While this 9 a.m. to 4 p.m. workshop has already occurred, it is opportunities such as this offered by the Alliance that a small museum with little to no budget for formal planned giving training could benefit from. Winton Smith, of Winton Smith, Jr. Law Offices, believes that the best training a small museum could

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<sup>107</sup> Philadelphia Cultural Alliance, "About." Last modified 2012. <http://www.philaculture.org/about>.

<sup>108</sup> Greater Philadelphia Cultural Alliance, "ProCalendar." Last modified 2012. <http://www.philaculture.org/procalendar/2012/05/02/15107/planned-giving-realizing-potential-lise-twiford>.

participate in would “concentrate on providing the training that is essential to help someone plan a gift. The best place to start is with a three day to one-week course that focuses on the fundamentals of the various gift options.”<sup>109</sup>

### **Association of Fundraising Professionals, Greater Philadelphia Chapter**

The Association of Fundraising Professionals’ Greater Philadelphia Chapter (AFP-GPC) serves as a wonderful tool and source of support, opportunity, and knowledge for the nonprofit sector of Philadelphia. AFP-GPC’s mission is to enhance the philanthropic effectiveness of the Greater Philadelphia community through the promotion of ethical practices, professional development, education, communication, leadership, and service. AFP-GPC offers membership to its organization, and provides access to workshops, seminars, and events to both members and non-members for an extremely affordable fee, ranging from \$10 to \$100 (the member discount is also extended to members of the Alliance and PPPGP).<sup>110</sup>

Potentially the most valuable and unique resource offered by AFP-GPC is its Member Mentor Program. Each year, AFP-GPC hosts a mentoring program that helps newer AFP members benefit from the experience of a more seasoned fundraising professional. In the 2010-2011 year, 17 mentor and mentee pairs completed the seven-month program, which concluded in May 2011.

The program’s “mentees” are professionals who have been in the field for at least one year and are looking to expand their professional skill set by enlisting the expertise of a

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<sup>109</sup> Winton Smith, J.D., (Attorney, Planned Giving and Tax Strategy Specialist), interview by Megan Fredericks, Philadelphia, Pennsylvania, August 24, 2012.

<sup>110</sup> Association of Fundraising Professionals, "Mentoring Program for AFP-GPC Members." Last modified 2012. <http://www.afpgpc.org/>.

tenured AFP member. They are matched with mentors who have five years of experience or CFRE status minimum and are committed to share their time and knowledge to assist their assigned mentee. These pairs are matched based on the goals set by the mentee and the skills of the mentor. The mentor and mentee focus on projects that can be realized in seven months, such as: how to set-up a grant template program; how to build a board of directors; how to create board member parameters; and how to initialize a planned giving program.

Mentee Anne Love entered [2010's] program because she wanted to gain the skills needed to transition to a career in the nonprofit sector. Love was paired with mentor Toni Makowski who served as a "great source of inspiration," and "kept her on track and headed in the right direction" with her goals. Love believes that anyone who participates in this program can come away with useful skills. She will apply the knowledge that she gained from her mentor as she begins her new career with Meals on Wheels.

Another participant in this [2010's] program was mentee Elizabeth Pendley, who joined the program to benefit from the external perspective provided by her mentor, Megan Lepore. Pendley is one of two development staff in a "small shop" who sought to gain additional feedback from a seasoned fundraiser. She commented that she benefited by always having someone to go to with questions, as well as from the help that Lepore gave her in building relationships around the fundraising community. Pendley completed the program feeling empowered by the guidance she received. She recommends the experience and would love to be involved again.<sup>111</sup>

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<sup>111</sup> Association of Fundraising Professionals, "Mentoring Program for AFP-GPC Members." Last modified 2012. <http://www.afpgpc.org/>.

This is a truly incredible resource that would be beneficial to utilize when developing and implementing a planned giving program and recognition society. To take advantage this mentor program, membership in AFP-GPC is required. A Professional and Associate membership cost \$250, while the Young Professional membership (limited to fundraising professionals under the age of 30), is only \$50.

### **The American Alliance of Museums- Museum Assessment Program**

The American Alliance of Museums (AAM), formerly the American Association of Museums, is the sole American organization that supports all museums—approximately 21,000 to date.<sup>112</sup> With a mission to nurture excellence in museums through advocacy and service, they support a wide multitude of cultural organizations, from art museums to botanical gardens to historic sites to technology centers to museum-service companies. Dues for membership are fairly based on museum staff size, and three “tiers” of membership levels are offered. For a basic, “Tier 1” membership, a museum will be represented by AAM and gain access to information about ethics, standards, and best practices. Dues for this level are “pay what you can,” while Tier 2 starts with a \$125 membership fee to a museum with 1-3 staff members, \$250 for a museum with 4-10 staff members, and so on. AAM is able to offer such an affordable program through a cooperative agreement with the Institute of Museum and Library Services (IMLS).

One of the potential resources an AAM member has is participation in its Museum Assessment Program (MAP). MAP helps small and mid-sized museums strengthen operations, plan for the future and meet national standards through a four-month period of self-study and a 1-3 day site visit from a matched peer reviewer. Grants are awarded for this

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<sup>112</sup> American Alliance of Museums, "About Us." Last modified 2012. <http://www.aam-us.org/about-us>.

program, which are non-competitive and provide \$4,000 worth of consultative resources and services to participating museums.<sup>113</sup> MAP focuses on providing guidance and growth in the prioritization of a museum's goals; focus on mission and planning, communications between staff, board, and other constituents.<sup>114</sup> MAP offers four different kinds of assessments: organizational, collections stewardship, community engagement and leadership. Each program is designed to be completed in less than a year, and fees are charged based on a museum's annual operating expense (Table 6).<sup>115</sup>

**Table 6**

<b>Annual Operating Expenses</b>	<b>Participation Costs</b>
\$125,000 or less	Free
\$125,001-\$400,000	\$350.00
\$400,001-\$1 Million	\$550.00
Greater than \$1 Million	\$750.00

The assessment most suitable for a small museum attempting to develop a planned giving program would be the Organization Assessment. This program reviews a museum's entire operation, emphasizing strategic planning--aligning operations and resources with mission. One of the common outcomes is the ability to improve financial stability—depending on the specific needs of each small museum, this assessment program has the

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<sup>113</sup> American Alliance of Museums, "Museum Assessment Program." Last modified 2012. <http://www.aam-us.org/resources/assessment-programs/MAP/assessment-types>.

<sup>114</sup> Ibid.

<sup>115</sup> Ibid.

potential to be extremely beneficial in determining how successful a planned giving implementation process may be.<sup>116</sup>

2012 Pennsylvania participants in this program include the Please Touch Museum of Philadelphia, the Discovery Space of Central Pennsylvania in State College, and the Butler County Historical Society in Butler. 2011 had a larger group of Pennsylvania Participants:

- Bradford Landmark Society; Organizational MAP
- Butler County Historical Society, Organizational MAP
- Carnegie Science Center, Pittsburgh; Organizational MAP
- Historic Strawberry Mansion, Philadelphia; Organizational MAP
- McCarl Coverlet Gallery, Saint Vincent College, Latrobe; Community Engagement MAP
- North Museum of Natural History & Science, Lancaster; Organizational MAP
- Susquehanna Art Museum, Harrisburg; Organizational MAP

The benefits of participation in the assessment program would allow a small organization the opportunity to consult with a planned giving specialist.

## **Creative Marketing**

According to a study presented at the annual meeting of the Partnership for Philanthropic Planning in Washington, more than six out of 10 Americans in a new study

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<sup>116</sup> American Alliance of Museums, "Museum Assessment Program." Last modified 2012. <http://www.aam-us.org/resources/assessment-programs/MAP/assessment-types>.



said they were not familiar with the term planned giving.<sup>117</sup> Because of this said unfamiliarity, small and understaffed art museums are omitting a truly beneficial method of fundraising from their overall strategy, and furthermore, eliminating potential for stabilizing their organization's financial welfare.

A committal and necessary step is to begin marketing the program through a recognition society and the bequest vehicle. This gift, as previously discussed, involves the least amount of energy on the employees' part and, more importantly, is the most commonly made planned gift. Once you succeed in marketing bequests and get the planned giving recognition society off the ground, then Jordan and Quynn's suggestion to outline the more complex goals become immensely vital and relevant.

In a 2009 study conducted by J. Ann Selzer of the Chronicle of Philanthropy, more than six out of ten Americans claimed, "they were not familiar with term planned giving."<sup>118</sup> 800 survey participants, all 30 years of age or older, were at the same time "more familiar with specific ways to make planned gifts, such as by leaving money to a charity in a will."<sup>119</sup> Selzer concluded that rather than opening a door, the term 'planned giving' is an obstacle. Sixty-two percent of these participants do not understand what planned giving entails when looking at the development page on a nonprofit's website—this, among other challenges, is problematic for any small art museum trying to grow or re-structure a planned giving program.

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<sup>117</sup> Palmer, Stacy. "Planned Giving Befuddles Most Americans." (2009). <http://philanthropy.com/blogs/prospecting/planned-giving-befuddles-most-americans/19351> (accessed).

<sup>118</sup> Moore, Jennifer. "What's in a Name: Planned Giving or Philanthropic Planning?." (2009). <http://philanthropy.com/blogs/conference/whats-in-a-name-planned-giving-or-philanthropic-planning/10618>.

<sup>119</sup> Ibid.

“Traditionally, planned giving cultivation starts by mass mailing newsletters or targeted informational pieces to suspect groups of older, loyal donors. Many programs never advance beyond this technique or consider engaging middle-aged planned giving prospects, while other nonprofits’ programs implement sophisticated identification and marketing plans to better target and cultivate highly qualified planned giving prospects. Simple prospect research provides an additional tool to both identify and solicit not only the organization’s larger prospect pool, but also to elevate the charity’s most capable constituents to major gift level status.”<sup>120</sup>

When the small museum is spending their money on the roof that needs fixing and for the preservation of one of their most valuable objects, marketing the dubious planned giving program is the last thing on which the museum’s Board will want to spend money on.

### **The Importance of Online Marketing**

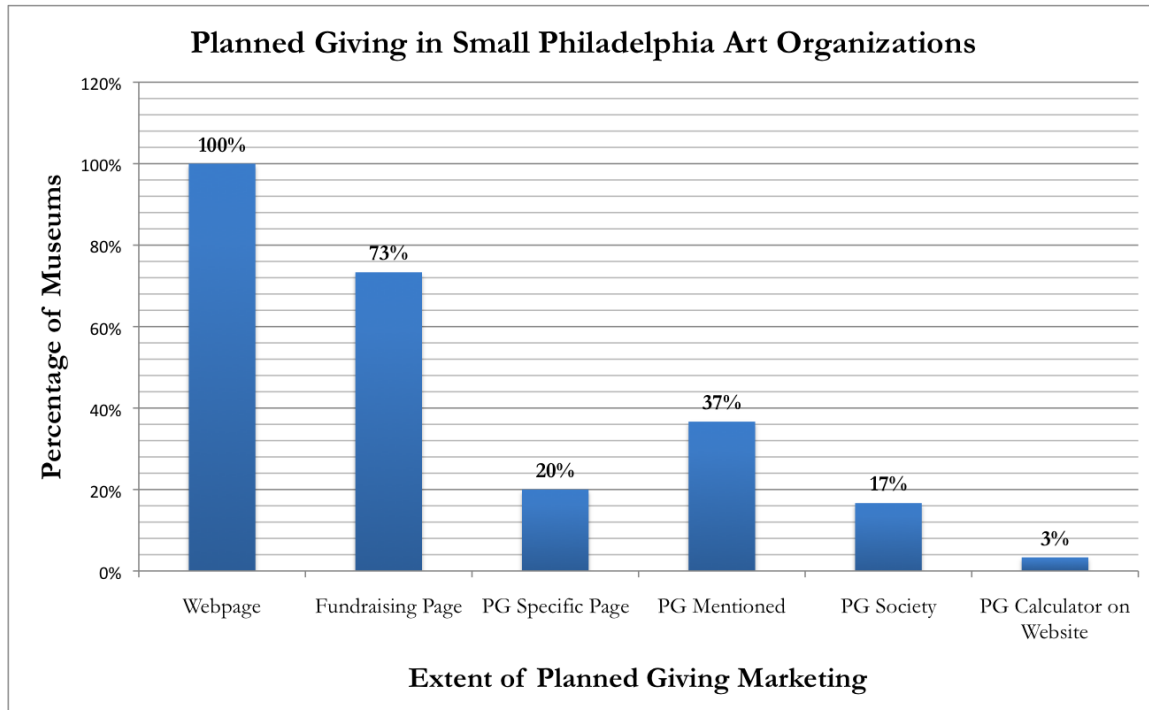
Following is a graph that reveals the results of a brief audit conducted of thirty Philadelphia arts and humanities organizations that were included in the Greater Philadelphia Cultural Alliance’s Arts, Culture, and Economic Prosperity 2010 Report.<sup>121</sup> After a visit to each organization’s webpage, it has been determined that there is a severe lack of planned giving marketing on nonprofit’s websites—a site that is already in place, and simply requires additional content and design preparation. While 100 percent of the arts, humanities, and cultural Philadelphia institutions listed in the GPCA’s report have an operational website, only 73 percent of these nonprofits have a separate webpage dedicated to fundraising (Fig. 6).

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<sup>120</sup> Moore, Jennifer. "What’s in a Name: Planned Giving or Philanthropic Planning?." (2009). <http://philanthropy.com/blogs/conference/whats-in-a-name-planned-giving-or-philanthropic-planning/10618>.

<sup>121</sup> See “GPCA Art Museum List” in Nomenclature.

Figure 6



It is no secret that small museums often cannot afford to spend time or energy on producing top quality advertising materials. They make the most educated decisions they can in terms of prioritizing the needs of the museums and given what little budgets they may have. However, it is worth doing more than the minimal effort in terms of advertising planned giving vehicles. When a museum already has a website in place, it is vital that the museum not leave their site's content or design stagnant; when already paying for this crucial internet service, it can only benefit the organization to provide information on planned gifts.

Even better would be to provide a page specifically about the benefits and advantages of giving a charitable contribution through planned giving. In 2010, 140 charities across the country reported to the Congressional Research Service that they received \$12 billion in online donations, compared to the \$887 million received in 2009. While these gifts were primarily outright donations, this statistic shows the increased usage of online activity among museum members and a rise in popularity of online giving. When this many people

are clicking through a museum's webpage to give a gift, it would be detrimental not to even mention the planned giving opportunities an organization can provide.

The rise of social media has introduced an alternative fundraising method that is inexpensive, effective, and will often target a desired audience. Creating a social media-advertising plan is a cost-effective method of building and promoting a new planned giving campaign. In a March 2012 WordPress posting, Michael Rosen, CFRE and planned giving expert, explained that tax avoidance is not, in fact, a powerful motivator for planned giving. "While some donors might be interested in structuring a gift in the most tax-advantaged way possible, it is not why they will give to your organization. That's because they can probably get the same benefits going to any other nonprofit organization in town. So, while tax avoidance might be a motivator in general, it has little or nothing to do with what motivates a donor to give to your specific organization."<sup>122</sup>

Cody Switzer, a web editor and journalist at *The Chronicle of Philanthropy*, states that social media is often associated with young people, while planned giving is associated with older donors—while this is an accurate depiction, it is possible to combine these two demographics and produce beneficial results. "The people most willing to give you a planned gift are the people who have been giving to you for years," said Kristen Schultz Jaarda, senior vice president at Crescendo Interactive.<sup>123</sup> Because social media are built on relationships, they can offer a great way to appeal to those dedicated donors, she said.

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<sup>122</sup> Rosen, CFRE, Michael. Wordpress, "Michael Rosen Says." Last modified 2012. Accessed February 10, 2013. <http://michaelrosensays.wordpress.com/2012/03/09/20-factoids-about-planned-giving-some-may-surprise-you/>.

<sup>123</sup> Switzer, Cody. Chronicle of Philanthropy, "How to Attract Planned Gifts Through Social Media." Last modified 2012. <http://philanthropy.com/blogs/prospecting/how-to-attract-planned-gifts-through-social-media/32831>.

A few pieces of advice suggested at the 2012 Association of Fundraising Professionals Annual Meeting in Vancouver, Canada consist of:<sup>124</sup>

**Test the waters.** If you aren't sure if your Facebook fans will respond to a post about planned gifts, just try, said Ms. Jaarda. If you get several responses or questions, you know to post messages about planned gifts more often. She said most organizations post once or twice a month about planned gifts.

**Start with bequests.** Because so many planned gifts are bequests, and those are simple for people to understand, Ms. Jaarda suggested opening a social-media conversation by mentioning those.

**Continue the conversation privately.** Social media may be a good place to spark interest in planned giving, but they aren't usually where people want to talk about it, Ms. Touchinski said. She always points people to additional online resources and includes her foundation's phone number so people can speak privately about their gifts.

**Provide solutions.** Ms. Touchinski said she has been successful posting about the need for estate planning, then providing links to tools like online calculators or articles on the community foundation's Web site. One offer for a free estate-planning book posted on the Marquette County Community Foundation's page prompted 20 calls. Ms. Touchinski plans to follow up with those donors once they've had time to read the book.

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<sup>124</sup> Ibid.

**Find common questions.** Ms. Touchinski noticed that several donors were calling with the same questions about planned gifts, so she posted an answer to the one most frequently posed on Facebook, which led to praise from a donor.

**Consider a page just for planned giving.** Several universities have experimented with Facebook pages specifically for people who have made planned gifts, members of their “heritage societies,” Ms. Jaarda said. Two examples are the Charles Tufts Society at Tufts University and the Charles C. Chapman Heritage Society at Chapman University.

Whether utilizing social media or the trusted snail mail, a study conducted by Adrian Sargent, professor of fundraising at Indiana University’s School of Public and Environmental Affairs, found that organizations should be “mindful” of their language when soliciting bequests.<sup>125</sup> Recording conversations with 8 groups of various donors and philanthropic individuals, Sargent concluded that the primary reasons for giving through bequests are “desire for personal benefits or gain in prestige, the perceived efficiency or professionalism of an organization, or a wish to make a difference or leave a legacy.”<sup>126</sup>

Given this well-planned research, it is vital to take these motivations into consideration when developing the planned giving marketing strategy. Many participants in this study also voiced that the quality of communications they receive from a nonprofit influences their decision to donate. A simple first step in planned giving marketing is to audit what existing communication materials the museum already has. For some very small institutions, this may be a single museum brochure and development newsletter. For others,

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<sup>125</sup> Wasley, Paula. "New Research Sheds Light on Bequest Giving." April 1, 2009. <http://philanthropy.com/article/New-Research-Sheds-Light-on/63059/>.

<sup>126</sup> Ibid.

there may be the brochure and newsletter as well as an extensive website, along with more specific development materials like higher-level membership brochures and corporate sponsorship information. Whichever marketing materials are already being produced, there is potential for information regarding planned giving to be included. This can be as simple as adding a checkbox; when requesting returned information from a donor, offering the option to check “Is [the museum] included in your estate plans?” can be beneficial in allowing the organization to know who has not already thought of a planned gift, and at the same time, be able to start stewarding those who have.

Another effective way to reach out to donors and members is to include an article in the pre-existing newsletter that highlights someone who has given a planned gift, or how the organization is benefiting from the planned gifts it has already received. When asking constituents to give away their hard-earned money, it helps to provide a case for support while keeping a donor-centric voice. This can be accomplished informally through a brief editorial in the quarterly newsletter about the new conservation lab that was just built or the recently acquired sculpture that completes the museum’s ceramics department. Whatever an organization decides to emphasize, the writing should credit the organization, but award this credit to its donors.

As previously stated, donor spotlights are an effective way of letting members and prospects know about the variety of ways they can give. The Woodmere Art Museum, an institution dedicated to celebrating Philadelphia’s art and artists, provides on their website an informative and effective donor spotlight article. For a small museum with a functional

expense total of \$1,524,632 in 2010, utilizing their website in this way is a valuable and cost effective method of marketing.<sup>127</sup>

The Woodmere's particular donor spotlight in this case introduces Francis H. Rasmus, Jr. as an enthusiastic supporter and how he benefits from donating through charitable gift annuities:

If it's something I feel strongly about, I support it, Rasmus says. "I do all this for two reasons: one, I can't take the money with me. And two, when I'm dead the money goes to a charity and not to some insurance company." Today, Rasmus is having the time of his life – since 2004 he's donated more than \$900,000.<sup>128</sup>

The article offers a simple and readable explanation of what charitable gift annuities are ("How does a CGA work?"), and how they help both the donor and the organization. Rasmus is further quoted, "The tax deductions and tax-free income are phenomenal. In my case, a \$10,000 gift gets me a \$3,700 deduction."<sup>129</sup> In five paragraphs, the Woodmere successfully illustrates who is giving through charitable gift annuities, why he does it, how it works, and how to receive more information about charitable gift annuities through the Museum.

The Brandywine River Museum's development department, under the leadership of Director of Development Suzanne Regnier, has thus far accumulated \$24 million in planned gift expectancies. In an August 2012 interview, she explained that they never use direct mail, social media, or telemarketing to solicit planned gifts. All solicitation efforts are done face-

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<sup>127</sup> Charity Navigator, "Woodmere Art Museum." Last modified 2013.

<http://www.charitynavigator.org/index.cfm?bay=search.summary>.

<sup>128</sup> Woodmere Art Museum, "Donor Spotlight: Francis H. Rasmus, Jr." Last modified 2011.

<http://woodmereartmuseum.org/giving-opportunities/donor-spotlight/>.

<sup>129</sup> Ibid.



to-face, with a goal of meeting a new prospect each month. When asked what methods the Brandywine uses to encourage members to make planned gifts, Regnier stated that the museum keeps their message of planned giving “out there, in front of them in the Catalyst [quarterly newsletter and calendar of events], and on the website, making them aware of the giving pyramid with planned giving on top.”<sup>130</sup>

### **Entertaining Without A Budget**

When a museum has a small budget, there is often no room to spend money on planned giving events. In this case, the museum should piggyback onto other existing or pre-planned events. Suzanne Regnier encourages this notion of piggybacking, as it not only keeps this form of stewardship low-cost, but also provides an opportunity for other donors to see what other kinds of planned giving options are available. As previously stated, not everyone is aware of what a planned gift actually is. The Philadelphia Museum of Art recently started creating unique nametags at events for their “Associate Members” and their “Corporate Partners” that would be attending the same event; this simple strategy allows both groups to feel like they are apart of something positive, and encourages conversation amongst these constituents. Some of the Associate members have joined the Corporate Partners and vice versa. By having the organization’s planned giving society mingle with other kinds of donors, the institution is inviting opportunity and conversation amongst its donors.

In addition to this piggybacking onto other special museum events, Regnier invites donors on the tenth anniversary of their gift to “something special.” This “special” event is sometimes what she calls the museum’s “homespun” approach. Donors typically do not

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<sup>130</sup> Suzanne Regnier, (Director of Development, Brandywine Conservancy and Brandywine River Museum), interview by Megan Fredericks, Philadelphia, Pennsylvania, August, 2012.

want their money going towards lavish and unnecessary events, so Regnier finds that having a curator or other vital staff member taking a donor on a private tour of Andrew Wyeth's studio, for example, makes the donor feel appreciated and also gives the constituent a chance to see what their money is really helping to accomplish.

### **Creating a Recognition Society**

Fortunately, successful planned giving programs do not need an outlandish budget to appeal to prospective donors. A strategy that many museums employ is creating a recognition society specifically benefiting planned gifts, which Winton Smith, Jr. J.D., (Winton Smith Law Offices) states usually takes three to six months to initiate and enlist.<sup>131</sup> This society not only provides incentive for others to give when seeing how many of their philanthropic peers are included in the list, but makes them feel that much more appreciated and paves the way for effective donor stewardship.

When starting to build a new recognition society, a museum should take the simple but vital first step to look at the promised gifts it has already received; during the "Gifts That Transform" initiative in 2002 at the Philadelphia Museum of Art, the Deputy Director for Collections and Exhibitions shared with Robin Austin, then Director of Planned Giving, all irrevocable pledges of works of art. These individuals were, in turn, invited to join the newly created Fiske Kimball Society.<sup>132</sup>

The Fiske Kimball Society recognizes and honors those Trustees, donors, members and friends of the Philadelphia Museum of Art who have provided for the Museum's future through planned giving. The Museum acknowledges bequest intentions or other planned

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<sup>131</sup> Winton Smith, J.D., (Attorney, Planned Giving and Tax Strategy Specialist), interview by Megan Fredericks, Philadelphia, Pennsylvania, August 24, 2012.

<sup>132</sup> Robin Austin, (Previous Director of Planned Giving, Philadelphia Museum of Art), interview by Megan Fredericks, Philadelphia, Pennsylvania, August 14, 2012.

gifts of any amount--revocable or irrevocable, both with and without documentation--by inviting the individual to be listed as a member of the Society.<sup>133</sup>

“The Society is an honor roll of individual names, listed in alphabetical order. Members are assured that all specific information about the size and nature of their gift is confidential and held in strictest confidence. For these reasons, no differentiation is made among specific cash bequests, charitable gift annuities, trust, or promised works of art. Each gift is important to the vitality of the Museum’s future.” Frank Minton, of the Planned Giving Design Center, firmly believes that an organization should confirm 15 to 20 members before officially launching any recognition society.<sup>134</sup>

Society members are identified through a number of ways, including:

- Staff, Trustee, or volunteer meetings during which the individual confides his or her estate plans
- Planned Giving mailings, such as The Fiske Kimball Society newsletter, whereupon the individual returns a response card indicating that he or she has already included the Museum in his or her estate plans
- Individuals who establish Charitable Gift Annuities or other life-income gifts are immediately invited to be listed as members of the Society
- Staff meetings with members of the curatorial staff

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<sup>133</sup> Ibid.

<sup>134</sup> Frank Minton, (President of Planned Giving Services, Planned Giving Design Center), interview by Megan Fredericks, Philadelphia, Pennsylvania, August 7, 2012.

Planned giving consultant Sally Walker suggests that organizations create appealing member benefits, and if possible, “an elegant annual recognition event underwritten by a local bank or trust company.”<sup>135</sup> The attention an organization devotes to donor recognition is time well invested. Each annual thank-you event gives the opportunity to share the organization’s mission and build a better relationship with these contributors. Walker insists that with such a recognition program, “20 to 30 percent of your contributors will go on to make an additional planned gift to your organization. And very few will cut the organization out of their estate plans!”<sup>136</sup>

### **Staying in Touch**

Once you have secured a planned gift, it is important to continue to steward these donors. Their gifts, while they will not surface until possibly years or decades later, are just as critical to the success of an organization as an upfront major gift. Many planned gifts are revocable, and should be treated as such. Once the documents are signed and the gift is given, do not forget about the donor. If they feel their gift is unappreciated, they have every right to revoke the donation. Time and patience are crucial aspects of planned giving: it takes time to build a pipeline of estate gifts that will sustain an institution in the years to come.

David Blackman, Deputy Director of Development and previous Director of Development at the Philadelphia Museum of Art, successfully maintains his relationship with his donors through thoughtful strategizing; with every quarterly charitable gift annuity payment he sends, he includes a newspaper or online article that illustrates how the donors’ gift is benefiting the museum—whether it be through children’s education programs, the

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<sup>135</sup> Walker, Sally. "Revocable and Irrevocable Gifts."  
<http://walkerfundraising.com/pdf/revocable.pdf>.

<sup>136</sup> Ibid.

Museum’s adult classes for the blind, or a promising review of a current exhibition. These excerpts remind the donor of why they are contributing and make them feel remembered and valued.<sup>137</sup> He additionally plans programming for members of the Fiske Kimball Society, ranging from special luncheons to private lectures with Museum curators.

Another benefit of Blackman’s mailings is that it is a relatively inexpensive way to show the donors they are cared about—an extra piece of paper or two are being included in a mailing that is already being sent out. Blackman is fortunate in having many CGAs to maintain, but keeping in constant contact with each of these donors can be difficult given the never-ending list of his other responsibilities as Deputy Director. This mailing is an effective and simple way to say thank you, again and again, to these constituents.

Suzanne Regnier (Brandywine River Museum) further emphasized the importance of donor stewardship by explaining a “woman [they] were tracking for years.”<sup>138</sup> Regnier had been expecting a \$10,000 planned gift, as was promised at the time of the original agreement, and had continued to steward this generous benefactor. While some small organizations may have felt that their time might be spent more effectively on other pressing tasks or gathering outright gifts, the power of effective stewardship is not to be underestimated or neglected. When the donor passed away and the gift matured, Regnier was pleasantly surprised to learn that this woman had increased her gift to \$300,000.<sup>139</sup> Robin Austin (Philadelphia Museum of Art) had the unfortunate and untimely experience of happening across a deceased donor’s file at one of his previous nonprofit roles—this constituent had told the previous Director

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<sup>137</sup> David Blackman, (Deputy Director of Development, Philadelphia Museum of Art), interview by Megan Fredericks, Philadelphia, Pennsylvania, October 3, 2012.

<sup>138</sup> Suzanne Regnier, (Director of Development, Brandywine Conservancy and Brandywine River Museum), interview by Megan Fredericks, Philadelphia, Pennsylvania, August, 2012.

<sup>139</sup> Suzanne Regnier, (Director of Development, Brandywine Conservancy and Brandywine River Museum), interview by Megan Fredericks, Philadelphia, Pennsylvania, August, 2012.

of Planned Giving that they included the organization in his estate plans. Because no one at the organization had kept in touch with this donor, he either felt unappreciated or that the institution no longer needed the funding and altered his will to exclude the nonprofit. This was a loss of nearly \$600,000, which may have still been received had the previous staff better maintained their cultivation and stewardship practices.

## CONCLUSION

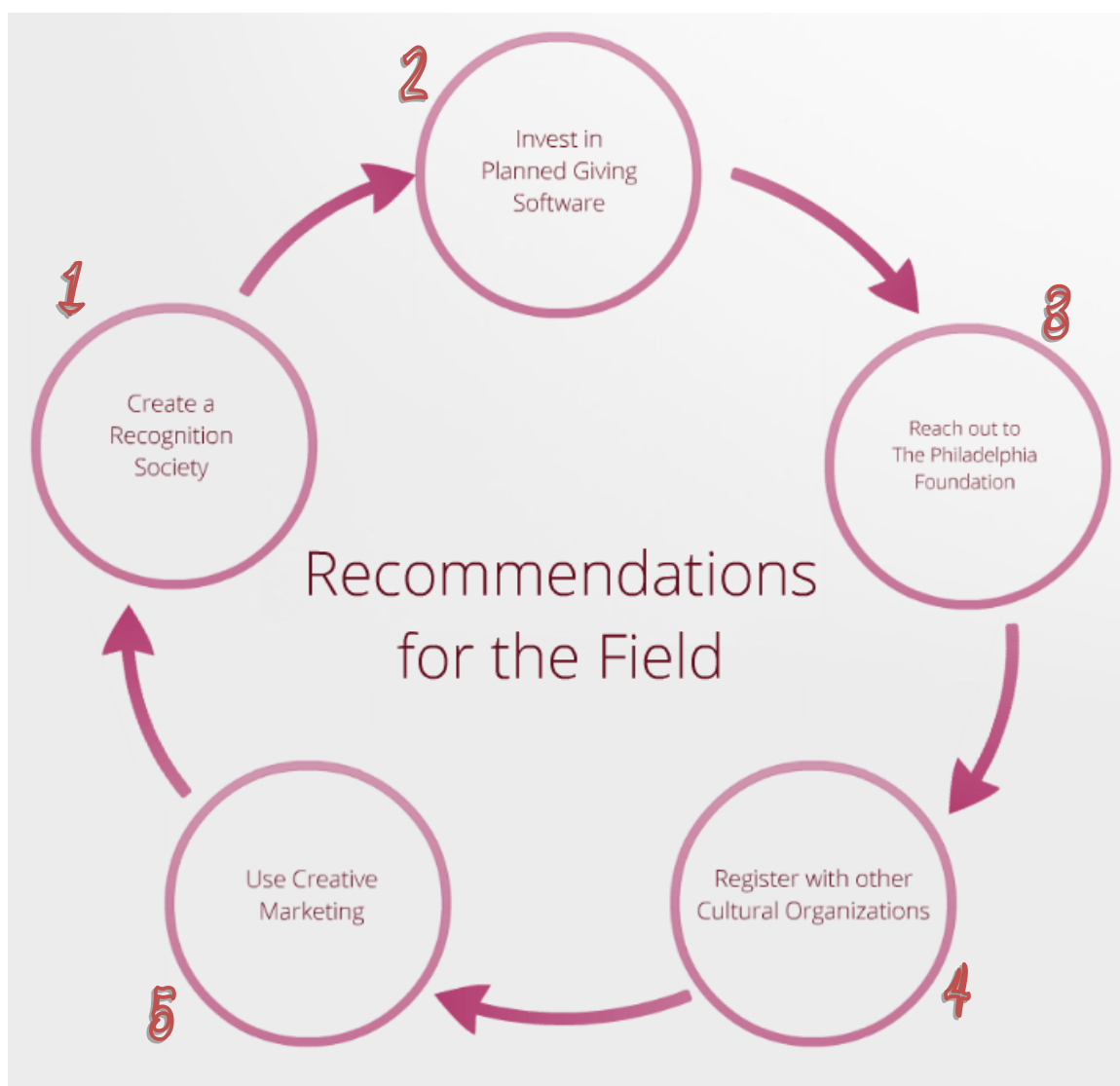
Frank Minton, President of Planned Giving Services at the Planned Giving Design Center, quite simply explains the value of planned giving best: “Many people are reluctant to let go of large gifts while they are living, but will make a large planned gift.”<sup>140</sup>

Even the smallest nonprofit arts organization can benefit from spending a few extra evenings in the office designing their nonprofit’s planned giving strategy; a planned giving program is an additional way of bringing in money for a nonprofit, but more than this, when thoughtfully and wholeheartedly implemented, planned giving has the potential to be one of the stronger fundraising pillars. Given the numerous resources available in Philadelphia, as well as nationally available tools, any small museum is capable of benefiting from the wildly successful opportunities planned giving can reap.

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<sup>140</sup> Frank Minton, (President of Planned Giving Services, Planned Giving Design Center), interview by Megan Fredericks, Philadelphia, Pennsylvania, August 7, 2012.

Figure 7



**The Small Museum Planned Giving Checklist (Fig. 7)**

1. Do you have a planned giving budget?
2. Does your organization have a development newsletter?
  - Does your organization have a planned giving newsletter?
  - If so, do you include a checkbox for those interested in receiving bequest and other planned giving information?
3. Do you have a development webpage on your organization's website?

4. Do you have a planned giving specific page on your website?
5. Do you offer benefits for those who make charitable estate plans?
6. Does your organization have a planned giving recognition society?
7. Have you contacted your community foundation for planned giving advice and support?
8. Is your institution's Board of Trustees supportive of your planned giving goals?
9. Does your organization piggyback these society events onto others?
10. Have you applied for the Museum Assessment Program (MAP) through the American Alliance of Museums?
11. Do you have at least one staff member dedicated to furthering your planned gifts?
12. Have you invested in planned giving software or a planned giving consultant?
13. Have you implemented a social media marketing strategy?
14. Does your organization have a Facebook page or Twitter account, in which you regularly update and include planned giving opportunities?



## Key Findings

- Planned giving is the development underdog, particularly in Philadelphia; most art institutions in the Philadelphia region do not have program, a planned giving recognition society, nor do they market planned giving opportunities on their website.
- 65% of households give to charity, and those philanthropic constituents who cannot make a large outright gift would prefer to make a planned gift than nothing at all.
- Bequests have increased every year since 2006; in 2011, the largest source of charitable giving came from individuals at \$217.79 billion, or 73% of total giving; \$24.1 billion, or 8 percent, came from bequests.
- A small museum can offer planned giving donors creative and valuable benefits while sticking to a budget; these low budget ways of managing planned gifts for Philadelphia museums range from working with a consultant to utilizing community foundations to worthwhile software and support.
- Community foundations may provide an array of services to donors who wish to establish endowed and non-endowed funds without occurring the administrative and legal costs of starting independent foundations; utilizing these foundations, or investing in a planned giving consultant, is a good way to test the planned giving waters and to avoid the plunge of a new full-time position
- A successful planned giving program ensures the longevity and financial stability of a nonprofit institution, not matter the size or scope.
- Social media can be a cost-effective and unique way of reaching out to potential planned giving donors.

Planned giving is a development opportunity that has the potential to be one of the most profitable forms of fundraising if given the thoughtful implementation and yearlong effort it deserves. The greatest challenges small museums face is limited staff size, budget restrictions, and fear of the technicalities involved. Regardless of a small museum's development priorities, prospective donors are receiving information on charitable estate planning from many sources. Charities and donor advisors should be prepared to help the donor decipher what is best for the donor, the family, and the charity. Understanding the options available will be the key to making the gift a pleasant experience for the donor, and for the institution.

Maintaining a successful planned giving program may be considered a vital cornerstone of any development office. These planned gifts, coupled with the rest of a development team's fundraising efforts, provide an institution with generations of financial income and stability. Donors are satisfied in that they can be honored during their lifetimes for what they do, and will also leave behind a legacy of philanthropic support. These individuals can also make larger gifts than they might have otherwise thought possible to a museum or other organization with whose mission they feel strongly about, and sometimes significantly enhance their own financial situation with increased income and tax advantages. When utilizing budget friendly and creative marketing, stewardship, and acknowledgement strategies, charities end up receiving more assets than might otherwise have been donated to them. Offering planned giving opportunities and maintaining a strong, thoughtful, and positive repertoire with these donors often creates stronger relationships and greater loyalty between contributors and the benefiting nonprofit organizations.

## Planned Giving Surveys

### Brandywine Conservancy

Suzanne Regnier, Assistant to the Chairman & Director of Development

- **What is your fundraising goal for planned giving?**

To always maintain \$24M in gift expectancies.

- **What is your planned giving operating budget?**

\$30,000 (this covers PG Calc, brochures, and salary time)

- **Do you have multiple fundraising initiatives for planned giving? If so, what are they?**

No—case by case basis: is the time right? We make them aware of our vehicles and ask if they will consider putting us in their will.

- **How do you recognize planned giving donors?**

Through the Brandywine Heritage Society: recent event was the 40<sup>th</sup> Anniversary Luncheon; BHS members were invited. Piggy backing off of another event is an easy fix.

- **Do you have a giving society for planned giving? If so, please attach a list of benefits.**

Brandywine Heritage Society; membership involves no dues, obligations, or solicitations, but it does allow us to thank you and recognize you for the plans you have made, and it may inspire generosity in others. In addition to opportunities for increased involvement with the institution's museum and environmental programs, members of the *Brandywine Heritage Society* are honored at a unique annual reception, recognized in the Annual Report (unless they request otherwise), and thanked in other ways.

- **Has your organization had a recent capital campaign? If so, how did it affect planned giving?**

No- our last campaign concluded in 2004. Didn't really affect our planned giving program; some gave extra money in their will (\$1M towards endowment)

- **What major groups of people do you solicit? (i.e. members, donors, event donors, trade lists, etc.)**

Longtime givers—doesn't matter if they've given \$20 consistently or \$1,000,000 consistently.

- **What methods do you use to solicit donations? (direct mail, social media, telemarketing, etc..)**

All face-to-face, unless someone specifically requests written information.

- **What types of strategies do you employ in soliciting your current donors?**

Less strategy, and more of a feeling. We scroll through our donor database to see who gives consistently—look for someone without children, and try to be perceptive. Having the gift of gab and being a good listener goes a long way.

- **What methods do you utilize to encourage museum members to become donors?**

Keeping the message out there, in front of them in *Catalyst* and on the website; making them aware of the giving pyramid with planned giving on top.

- **What message do you convey to your board about supporting planned giving?**

The benefits you can reap from planned giving are HUGE. Would love if our Board all arranged a planned gift.

## Cleveland Museum of Art

Kathleen Branscomb, Assistant Director of Planned Giving

- **What is your fundraising goal for planned giving?**

FY 13 goal is \$4 million in new documented estate commitments; plus \$2,400,000 in new endowment gifts.

- **What is your planned giving operating budget?**

FY 13: \$79,450 – 1 ½ planned giving-specific staff members

- **How much did your planned giving program raise in the last fiscal year?**

Approximately \$6.6 million

- **Do you have multiple fundraising initiatives for planned giving? If so, what are they?**

Newsletter published 3 times per year; postcards; letters; website; radio ads

- **How do you recognize planned giving donors?**

Personal thank you letters from director of planned giving and, depending upon amount of gift, from deputy director and/or Director; invitation to join museum's Legacy Society. Legacy Society donors are recognized annually at a luncheon.

- **Do you have a giving society for planned giving? If so, please attach a list of benefits.**

Yes, Legacy Society. Acknowledgement in annual report, Members Magazine, Lasting Legacies newsletter, and website; annual luncheon with Director and private tour of exhibition with curator; invitations to educational seminars and private tours; sterling silver membership pin.

- **Has your organization had a recent capital campaign? If so, how did it affect planned giving?**

The campaign did not diminish planned gifts. Some planned gifts were designated to the campaign.

- **What major groups of people do you solicit? (i.e. members, donors, event donors, trade lists, etc.)**

Members, donors, event attendees, Board, friends of the museum, website visitors.

- **What methods do you use to solicit donations? (direct mail, social media, telemarketing, etc..)**

Personal visits, direct mail, website, radio ads

- **What types of strategies do you employ in soliciting your current donors?**

Same as #10

- **What methods do you utilize to encourage museum members to become donors?**

Our members are considered donors. We have a comprehensive engagement strategy for various donor levels and prospects including strategy sheets that we follow for each major donor/prospect to move them from identified, to cultivate, to ready to solicit, to solicit, and then stewardship.

- **What message do you convey to your board about supporting planned giving?**

Currently not all of our Board are members of the Legacy Society. We plan on a concerted effort this year with this particular constituency. Our ultimate goal is to have 100 percent of our Board include the museum in their estate plans. The Board Development Committee recognizes the importance of our planned giving program.<sup>2</sup>

## **Milwaukee Art Museum**

Mary K. Albrecht, Senior Director of Development

- **What is your fundraising goal for planned giving?**  
We don't go by dollars but by how many join the legacy society.
- **What is your planned giving operating budget?**  
Without staff and benefits (because we don't have one dedicated person) it is about \$25,000.
- **How much did your planned giving program raise in the last fiscal year?**  
About \$250,000 went into the endowment; our program for planned giving → all contributions go into the endowment
- **Do you have multiple fundraising initiatives for planned giving? If so, what are they?**  
We have a 20+ year member event.
- **How do you recognize planned giving donors?**  
In the annual report, on a wall in the lobby, and have a dedicated event for them.
- **Do you have a giving society for planned giving? If so, please attach a list of benefits.**
  1. Names listed on the Legacy Society Wall in Windhover Hall
  2. New members announced at the Museum's Annual Meeting
  3. Acknowledged in Art Museum publications
  4. Listed in the Annual Report
  5. Invited to special recognition events
  6. Invited to President Circle receptions
  7. 4 VIP tickets to ticketed exhibitions
- **Has your organization had a recent capital campaign? If so, how did it affect planned giving?**

We are in the middle of a capital campaign and are asking for their intentions for a planned gift when we meet with them.

- **What major groups of people do you solicit? (i.e. members, donors, event donors, trade lists, etc.)**

Board, donors, 20+ years of giving to the institution.

- **What methods do you use to solicit donations? (direct mail, social media, telemarketing, etc..)**

Just face to face

- **What types of strategies do you employ in soliciting your current donors?**

Just asking the question about their estate plans.

- **What methods do you utilize to encourage museum members to become donors?**

In the newsletter we will highlight a story about a person who has joined.

- **What message do you convey to your board about supporting planned giving?**

We need to build the endowment.



## **Laguna Art Museum**

Ed Fosmire, Deputy Director

- **What is your fundraising goal for planned giving?**  
5 commitments this year, 10 each year thereafter
- **What is your planned giving operating budget?**  
\$20,000
- **How much did your planned giving program raise in the last fiscal year?**  
\$100,000
- **Do you have multiple fundraising initiatives for planned giving? If so, what are they?**  
Don't quite understand the question: Kick off event in November 2012, monthly individual and small group gatherings
- **How do you recognize planned giving donors?**  
Legacy Circle membership, annual event
- **Do you have a giving society for planned giving? If so, please attach a list of benefits.**  
Just starting it this year—nothing in place yet
- **Has your organization had a recent capital campaign? If so, how did it affect planned giving?**  
No
- **What major groups of people do you solicit? (i.e. members, donors, event donors, trade lists, etc.)**  
Members, donors
- **What methods do you use to solicit donations? (direct mail, social media, telemarketing, etc..)**  
Direct mail, social media, in person

- **What types of strategies do you employ in soliciting your current donors?**

(n/a)

- **What methods do you utilize to encourage museum members to become donors?**

Individual cultivation, invitations to special events, appeal mailings

- **What message do you convey to your board about supporting planned giving?**

That it's important for the long-term success of the museum and has benefits for the donor and that strengthening our endowment relieves future fundraising pressure for everyone.

## **Philadelphia Museum of Art**

David Blackman, Deputy Director of Development

- **What is your fundraising goal for planned giving?**

Not so much a goal—idea in mind around \$2 million realized gifts, including charitable gift annuities

- **What is your planned giving operating budget?**

Gifts of Works of Art (GOWA) and Planned Giving-- \$104,000 total. ~\$25-30K allocated to GOWA.

- **How much did your planned giving program raise in the last fiscal year?**

\$2.1 million

- **Do you have multiple fundraising initiatives for planned giving? If so, what are they?**

No, due to staffing limitations. 5 different Directors of Planned Giving in 12 years—we are trying to keep the program stable.

- **How do you recognize planned giving donors?**

Through our Fiske Kimball Society—membership listed in Annual Report and on PMA website. Members are invited to 3 exclusive events a year (used to be two).

- **Do you have a giving society for planned giving? If so, please attach a list of benefits.**

Fiske Kimball Society. Recognition on website and in Annual Report; invitations to special events.

- **Has your organization had a recent capital campaign? If so, how did it affect planned giving?**

Last campaign in 2004; not a significant part of the campaign.

- **What major groups of people do you solicit? (i.e. members, donors, event donors, trade lists, etc.)**

Whole membership base → 30-35 leads to talk to because of newsletter response cards; past members; general public indirectly through website.

- **What methods do you use to solicit donations? (direct mail, social media, telemarketing, etc..)**

Direct mail, in person meetings; no telemarketing.

- **What types of strategies do you employ in soliciting your current donors?**

(see above)

- **What message do you convey to your board about supporting planned giving?**

- Gerry Lenfest, who feels strongly about planned giving, sent a planned giving letter.
- Continued messaging through board reports, making them aware of planned giving's impact
- Major conversations about their giving; 35 Trustees have not made a planned gift (including Honorary and Emeritus Trustees as well)

## Seattle Art Museum

Jennifer Aydelott, Director of Development

- **What is your fundraising goal for planned giving?**

SAM does not have a formal planned giving goal at this time because of staffing limitations that have been in place for the past three years. Our major gifts officer position has just been restored and planned giving will be part of their responsibilities. Our program will still not be as active as we wish; we are working towards that. Hopefully the program will be more robust in the next two years.

- **What is your planned giving operating budget?**

Minimal (\$10,000)

- **How much did your planned giving program raise in the last fiscal year?**

It depends on bequests realized, but anywhere between \$250,000 to over a million.

- **Do you have multiple fundraising initiatives for planned giving? If so, what are they?**

Not at this time, but this is being discussed as part of efforts mentioned in #1. We have had severe staffing limitations over the past three years, which have forced a fairly vibrant program to become passive. We are just gearing up to bring it back – it's a priority and it has to be as far as I am concerned.

- **How do you recognize planned giving donors?**

We recognize them onsite and through various promotional materials, annual report.

- **Do you have a giving society for planned giving? If so, please attach a list of benefits.**

We have a group called legacy club. The benefits, for the most part, are limited to quarterly tours with curators. As part of our efforts to re-launch, these will be evaluated.

- **Has your organization had a recent capital campaign? If so, how did it affect planned giving?**

We ended that campaign five years. As part of that we did do a planned giving effort (which was not counted toward the campaign goal). As part of that we have secured another \$40 million in planned gifts.

- **What major groups of people do you solicit? (i.e. members, donors, event donors, trade lists, etc.)**

Trustees, major donors, upper level members, seniors.

- **What methods do you use to solicit donations? (direct mail, social media, telemarketing, etc..)**

All of this is to be evaluated, but we hope to engage a multi-layered effort that focuses on wide spread education through program guide, membership insert to targeted appeals where we host receptions with appeals for groups such as senior members, trustees, major donors, etc.

- **What types of strategies do you employ in soliciting your current donors?**

Our program is passive right now, but general strategies outlined above will be used.

- **What methods do you utilize to encourage museum members to become donors?**

See above

- **What message do you convey to your board about supporting planned giving?**

Planned giving is yet another way that they can be supportive if making an outright gift at this time is not possible. Planned giving helps us plan for the future, and, it is part of their board responsibilities to consider a planned gift.

### **Interview for Museum Development Staff and Planned Giving Professionals**

1. In an e-mail exchange with Carole Hurst, the Acting Director of Advancement at the James A. Michener Art Museum, she explained that she developed a planned giving program in 1999. Unfortunately, nothing “formally has been done” with planned giving since 2006, when the Museum prepared to launch an \$11 million dollar capital campaign “which was cash based.” In your presentation notes, you discussed the role of gift planning in the campaign strategy;

Why do you believe that promoting planned giving vehicles in support of a capital campaign benefits the museum? While only the Michener knows the exact details of their campaign, do you think they may have missed a valuable opportunity in omitting planned gifts from their strategy?

2. Many smaller museums and nonprofit organizations cannot afford the planned giving training, legal advice, and other services necessary to maintain a planned giving program. How effective do you think utilizing pro-bono services would be to these institutions?
3. Do you have any suggestions for affordable training options that would benefit a small museum? In your experience observing the planning and implementation of new planned giving programs, how long has it approximately taken to fully implement the society, from the earliest stages of planning to the first member?
4. Are there any recurring challenges that you’ve seen shared among various organizations developing planned giving programs? What would you consider the most difficult challenge of starting a new program?
5. Do you have any thoughts pertaining to inexpensively but effectively marketing a new program? Should museums be utilizing social media and their website as low-cost solutions?

6. Most small museums can barely afford to produce general visitor brochures; what do you think the most effective planned giving literature is? Can you suggest a creative alternative (such as an online newsletter, email blasts, etc.)?
7. Do you believe implementing a system to steward a museum's Young Friends group towards planned gifts (when they age out of the program) might be beneficial?
8. What do you think is the biggest challenge planned giving faces within the larger development picture?
9. The Philadelphia Museum of Art is fortunate in its ability to provide occasional special events and programming for their planned giving society members (the Fiske Kimball Society). Do you recommend instituting a society to promote planned gifts at small organizations?
10. Based upon your experience, why do you think organizations find planned giving intimidating? After bequests, which planned giving vehicle do you think might be the simplest to implement.