Is A Planned Giving Program Worth It?
Some Food for Thought

PG Calc Featured Article, November 2022 eRate

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Many planned giving officers have been confronted with the question, “Is planned giving worth it?” If you’re lucky, you asked yourself that question while digging your car out of the snow for a Monday morning commute in February. If you’re unlucky, you’ve been asked that question point blank in a meeting with your Chief Advancement Officer (CAO) or Chief Financial Officer (CFO).

To help you answer that question, invest a couple of hours in examining your planned giving program through that lens and ask yourself, “Is it worth it?”

To begin, I recommend you pull your last fiscal year’s estate gifts and match them to the testator’s giving record (the testator is the donor who put the estate plan in place, a.k.a., the donor when they were alive). If you can’t match the estate to the testator that tells you something very important – your team never met with or corresponded with the testator, and yet somehow your marketing reached that person and gave them the impetus, and the tools, they needed to complete the gift.

I would identify the estate gifts in this first group as the most cost-effective planned gifts raised last year by your organization. After all, they didn’t absorb your travel budget or your staff time, but you still closed the gift thanks to marketing. This is the first argument that planned giving is “worth it.”

The next set of gifts I recommend you examine are those from estates that can be matched to a testator. Once you have this list, you can run the total lifetime giving for those testators in your CRM. Any CRM can export to Excel, making it easy to compare the

estate gift and the total lifetime giving of the testator. The question this data will answer is: in how many cases was the estate gift greater than the testator's total lifetime giving?

If the result is more than half of all estate gifts were greater than the testator's lifetime giving, that is a great story to tell your CAO or CFO. Ask them to estimate the expense your organization invested over decades of annual giving by the testator. Then, compare that total to the expense of the bequest solicitation that doubled that money. Once again, the result is that planned giving is worth your organization's investment.

To drill down a little more, pull out the testator's largest single outright gift. Is the estate gift larger than the largest gift made during the testator's lifetime?

If so, this is something else to bring up with your CAO or CFO. The bequest gift is serving as an effective "capstone" gift for those donors. By deferring their gift to after their death, they didn't reduce the size of their commitment to your organization. Instead, the ability to defer their gift allowed them to reach for a higher gift tier.

Then, take a look at which estates you knew about because of a known gift intention. You could gather this data by running a list from your CRM of booked bequest gift intentions and/or a list of legacy society memberships (I will point out that these are both easy to track in PG Calc's *Bequest Manager* – available as a *GiftWrap* add-on or standalone system) and then performing a VLOOKUP in Excel.

Is there a difference in gift size between the estates in the first set (those you knew about) and the estates in the second set? Ideally, you should see that stewardship of planned giving intentions has a positive impact on estate gift size. This helps make the argument that your stewardship expenses – whether in-person visits or legacy society events – are worth it.

If your planned giving program also includes life income gifts, you can run similar diagnostic tests on life income gift data. I recommend beginning by isolating the new life income gift donors for the previous fiscal year. These might be folks who were already being tracked in your CRM as outright gift donors or only became donors through a life income gift.

Once you have this new donor data set, you can again take a look at the relationship between the deduction, or discounted value of the life income gift, and the donor's previous total giving. I recommend the discounted value, since CASE guidelines typically recommend discounted value as the value that counts for campaigns. If there's a positive trend in the data, with the discounted value of the life income gift being greater than the previous total giving, that's another great story for your CAO or CFO.

For those donors whose life income giving was not surpassed by the value of the first life income gift, pull out their largest outright gift. Is your life income gift (at discounted value)

greater than that largest outright gift? If so, planned giving is raising donor's sights, and that's always worth it.

A pernicious rumor about planned giving programs that seems tailor made for the cash flow anxieties of CAOs and CFOs is that life income gifts "cannibalize" annual fund donors. This is the idea that once an annual fund donor makes a bequest intention known, or establishes a charitable gift annuity, they forevermore only make deferred gifts.

Refuting this rumor may take more than one year of data. Ideally, you would examine those new life income donors who were previously annual giving donors and establish what percentage of them continued to make annual gifts. These are donors receiving income from your organization and then redirecting it back to you – talk about planned giving being worth it!

If you have the staff time, I recommend running these data sets for earlier years so that you can produce five years of data. If you don't have the staff time to do a five-year review, just make sure to run these same reports each year so that you can build up the story of your program's worth over time.

Additional advice on examining your program, and incorporating predictive modeling, can be found in Craig Wruck's excellent blogpost on the subject: *Predicting Planned Giving Performance* (https://info.pgcalc.com/predicting-planned-giving-performance).

As a final thought, I've spoken with clients working for a CAO or CFO who believe that donors should only give outright gifts, and that if there weren't a planned giving program, those donors would be forced to make outright gifts. As ridiculous as that argument may seem to planned giving professionals, having the data described above will help you redirect that conversation.

In addition, try to find a way to make the point that this is how some donors want to give, and sometimes it's the only way a donor can give to your organization. If you don't have a vibrant planned giving program in place for those donors, you are discouraging those donors from supporting you.

In many ways it's analogous to your organization being willing to offer a vegan option at a fundraising gala or a kosher meal at a college reunion. If your organization is willing to accommodate how your donors sustain themselves, why are you not accommodating how they want to sustain your organization?

Hopefully, the results of the analyses recommended in this article will give your C-suite partners plenty of food for thought.