

# How Your Small-to-Midsized Nonprofit Can Start a Legacy Giving Program...

*...and build sustainability for the future while strengthening ties with your most loyal supporters today.*



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## Introduction

We all want our lives to have meaning – during our lifetimes, and even after. Being involved with charitable nonprofits is one of the most important ways we express our desire for meaning and our commitment to make the world a better place. That’s why many of our donors are open to making nonprofits a part of their legacy.

Legacy Giving, also known as “planned giving,” is a largely untapped yet very important opportunity for many small-to-midsized nonprofits. At its most basic, it’s a form of charitable giving in which donors leave a legacy by planning future gifts to a nonprofit from a will, retirement account, life insurance policy, or other asset. According to a [recent study](#), nearly \$9 trillion dollars will be inherited over the next decade. If only five percent of that inheritance is donated, it would mean nearly half a trillion dollars for charitable nonprofit missions.

Your nonprofit already has loyal supporters, board members, and volunteers. How can you begin a conversation with them that strengthens their relationship with your organization and includes the possibility of making the type of gift that has a lasting impact on your nonprofit’s sustainability and ability to advance its mission? Let’s start with the basics....

**THE CORONAVIRUS CRISIS** has led to a [surge in Americans preparing wills](#) and making estate plans. Of course, there are important ethical and messaging questions to consider when discussing sensitive topics like legacy giving with donors during an emergency like the pandemic. [Nanette Fridman writes](#), “**Planned giving is a series of conversations over a long period of time, sometimes years.** You can deepen relationships and learn more about donors as initial planned giving campaign steps during this crisis without ever talking about planned giving explicitly.” Resources to help you and your team think through a thoughtful approach to legacy giving during the pandemic:

- [The ethics of legacy fundraising during emergencies](#), from the international fundraising think-tank Rogare
- [Legacy Fundraising: The Best of Times or the Worst of Times?](#) by Russell N. James III and Michael J. Rosen

# THE LEGACY GIVING PROGRAM

## A LEGACY GIVING PROGRAM IS:

- A way for people to make a difference that outlasts them.
- A modest investment of a nonprofit's time and other resources that can produce a return on the investment in multiples.<sup>1</sup>
- More and more important! As “giving inequality” increases and community-based organizations [struggle to meet increasing needs](#), legacy giving is one way smaller nonprofits can sustain revenue by connecting with current donors.

## LEGACY GIVING IS:

- NOT just for large nonprofits.
- NOT just for nonprofits with dedicated planned giving staff.
- NOT just for the wealthy (the majority of legacy gifts are made by ordinary middle-class people).
- NOT only about complex or large gifts.
- NOT necessarily scary! You don't have to be a financial or tax expert to introduce the idea of leaving a legacy to your donors.

<sup>1</sup> [An Australian study](#) found bequests to have the highest average return on investments (ROI) of all fundraising activities, more than 15 times higher than the return on investment on direct mail.

Joe Tumolo writes in [Simplify: A Simple Approach to Building a Sustainable Planned Giving Program](#): “It is NOT our place to give our donors legal or financial advice.”

Joe encourages us to focus on the “why” of the gift—the donor's dreams, motivations, and concerns—and leave the tax and financial planning to the professionals.

You might worry that speaking with donors about leaving a legacy could inadvertently lead to their giving less today. But research and experience show that the opposite is true: donors who commit to leaving a legacy tend to increase their current giving as well.<sup>2</sup>

Bequests accounted for 10 percent of charitable giving in 2019 – more than double corporate giving, and more than half of all foundation giving, according to [Giving USA](#).

<sup>2</sup> Here's an array of evidence that suggests legacy gifts don't reduce annual or major gifts:

- “[According to research by Dr. Russell James](#), donors who make bequests increase their giving in the subsequent five years by 75% on average.”
- “My experience shows once a donor has made a planned gift commitment and is properly stewarded, their outright giving is likely to increase. Why? Because they are invested in the charity.” Joseph Tumolo, [Simplify: A Simple Approach to Building a Sustainable Planned Giving Program](#) (p. 14, Kindle Edition).
- Forty five percent of donors who have established a planned gift also increased their annual giving to the recipient organization, according to a [study from Giving USA](#). An additional 47 percent maintained their annual giving rates from before.

## Getting Started

*The job of the gift planner is (therefore) to help donors and charities connect in a meaningful way, so that they can realize their collective dream of a better tomorrow.*

— Dame Greene (2003)

### THREE SIGNS YOU SHOULD BE TALKING TO A DONOR ABOUT THEIR LEGACY:

Legacy donors are often the most loyal givers, not the wealthiest givers. Use your donor tracking software to identify those most likely to care about your organization and its work beyond their life span:

1. Donors who have been giving for a long time and are still giving. Number of gifts and length of relationship are more important than size of gifts.
2. Donors with high engagement (monthly giving, volunteering, opening email, attending events, responding to alerts, etc.).
3. Donors who are middle aged, not (just) retirees. The average age that donors made their first planned gift (from [Giving USA's "Leaving A Legacy" report](#) survey) was 52.8. The average age that they made a will was 44.3. If you know anything about your donors' ages, you can shape your outreach accordingly.

*75% of charitable bequests now come from monthly donors.*

—Erica Waasdorp, *The Sleeping Giant*

### FOUR SIMPLE LEGACY GIFTS ORDINARY DONORS CAN MAKE:

1. Leave a bequest (a gift in the donor's will) to the nonprofit. [More than two thirds of legacy gifts are simple bequests.](#) A bequest can be a percentage of assets or a simple dollar amount.
2. Name the nonprofit as a beneficiary of an insurance policy.
3. Name the nonprofit as a beneficiary of an IRA, 401(k), or 403(b) plan.
4. Donors that give through donor advised funds can name the nonprofit as the beneficiary—or one of several beneficiaries—of the fund.

### ELEVEN SIMPLE WAYS TO GET STARTED

1. Get your board of directors involved early on. They will be important champions, cheerleaders, early adopters, and sources of guidance.
2. Decide how Legacy Gifts will be used. Will you establish a scholarship fund, a building maintenance reserve, or a general fund? Express the organization's intention for legacy gifts, but encourage donors to give unrestricted gifts and trust that the organization will use them for the most important needs at the time, especially given the long-term time frame.
3. Establish a "Legacy Giving Circle" or [named society](#) to help recognize donors (with their express permission only).

4. Create a simple landing page on your website and a simple brochure about your program, with testimonials from legacy givers (that's where having your board members be early adopters can come in handy).
5. Identify the people among your existing donors who have been the most engaged and committed for the longest time.
  - a. Consider starting with your board and staff so your Legacy Society starts out "primed" with members—and so you can practice in a friendly environment. In addition, you can speak most authentically about the process to donors if you've been through it yourself.
  - b. You're not looking for wealthy donors, you're looking for what Nick Ellinger of DonorVoice calls "[high commitment donors](#)." They care deeply about your mission and they show it through loyal giving, volunteering, and other expressions of long-term engagement.
  - c. Consider inviting donor leadership for the project. This might be board members or other trusted, long-time supporters who are willing to invite their peers to join them. They'll also be a valuable source of feedback on "what donors want."
6. Integrate simple invitations and education into existing development programs. Examples: a signature line on all your emails, a line on thank you letters, a listing of the Legacy Society plus a featured donor story in newsletters.
7. Develop your marketing plan. Start simple! Many donors don't already know this is an option, or they don't know how easy it is to include your nonprofit in their plans.
8. Send a Legacy Giving survey to your most loyal donors (by mail, phone, or email). Depending on your budget and capacity, you can do a simple survey in-house or outsource it and get some professional help. Google "legacy giving survey" and you'll find plenty of resources to study and emulate.
9. Cultivate personal, authentic relationships with high-probability legacy donors (those identified above under "Four Signs You Should Be Talking To Someone About Their Legacy"). Write, call, and visit virtually or (if appropriate) in person. This is not a short-term process; take your time.
10. Ask, recognize (with permission), and steward. Long-term stewardship is crucial.
11. Finally, before you get started, set up your donor tracking software so that you're capturing information **each step** of the way. Make sure you're ready to track donor loyalty, **each step** of the cultivation process, expressions of intention to give, and ongoing stewardship.

## MORE RESOURCES

There are plenty of excellent resources that offer more detailed nuts and bolts of setting up a robust Legacy Giving program. The [National Association of Charitable Gift Planners](#) has great resources, even if you're a beginner and not a planned giving pro.

### A few other good ones are:

- Pamela Grow's [Planned Giving Intensive: Basics & More™](#).
- [Donor Centered Planned Gift Marketing](#) by Michael J. Rosen.
- [Simplify: A Simple Approach to Building a Sustainable Planned Giving Program](#) by Joe Tumulo.

Many state associations of nonprofits offer webinars, resources, and consulting on Legacy Giving and myriad other topics such as board development, budget & finance, communications, diversity, equity, & inclusion, fundraising, leadership, technology, and state and local policy issues affecting nonprofits. They can connect their members with expertise and a community of nonprofits that are working together to strengthen their organizations and advance all nonprofits in their states and across the country. Visit [Find Your State Association](#) to learn more.

## When You Need Help With More Complex Gifts:

- Establish a relationship with a community foundation or other intermediary to handle complex gifts

such as charitable gift annuities, charitable remainder trusts or lead trusts, or gifts of securities or real estate. They'll have the needed expertise in-house and can absorb the risk and the regulatory burden. As examples:

- › The [Vermont Community Foundation](#) offers a turnkey planned giving program for nonprofits that have an endowment or reserve there. Check with your local community foundation to find out if they offer similar planned giving services.
- › [Friends Fiduciary](#) is an example of a faith-based (Quaker) intermediary that provides gift planning and other financial services exclusively to the religion's congregations, schools, and related organizations. Faith-based organizations can explore whether there are analogous institutions that serve their faith.
- › Many banks and trusts, such as [Northern Trust](#), offer administrative services for complex planned gifts to their clients. If your nonprofit has an endowment or cash reserves invested, ask your advisor what kind of planned giving services it makes available to your nonprofit.
- › Seek a law firm in your community that might help your nonprofit on a pro bono basis to draft the appropriate paperwork.
- Download this free (and hefty) [textbook on Planned Giving](#) by Dr. Russell James. At 433 pages, you'll find a detailed discussion of complex planned giving subjects and instruments.

## The Bottom Line:

Starting or enhancing a legacy giving program at your nonprofit holds many benefits:

- Engage your most loyal supporters more closely in the mission and impact of your nonprofit.
- Strengthen the long-term sustainability of your organization.
- Build current revenue at the same time you grow future revenue (see footnote 2 for evidence).
- Here's the kicker: [fewer than 6 percent of Americans include a charitable bequest](#) in their will or estate plan—[but one in three say they would consider doing so](#) if asked. [In one survey](#), only 17 percent of donors who said they were open to a conversation about legacy giving had been invited to have such a conversation by their favorite charity. **Is it time for your nonprofit to begin designing its legacy giving program?**



### QUICK TIP:

Hundreds of nonprofits have signed up for platforms like [FreeWill](#) and [Giving Docs](#), which offer different types of services to help people create a will for free and encourage users to designate a legacy gift to a charitable nonprofit. An initial investment is required from nonprofits to participate, so it's not for every organization. FreeWill says that its nonprofit partners have realized an average 30:1 return on their investment.

This guide does not constitute legal or tax advice. We encourage you to seek professional guidance for your specific questions as needed.

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The National Council of Nonprofits is a trusted resource and advocate for America's charitable nonprofits. Through our powerful network of state associations of nonprofits and their 25,000+ members – the nation's largest network of nonprofits – we serve as a central coordinator and mobilizer to help nonprofits achieve greater collective impact in local communities across the country. We identify emerging trends, share proven practices, and promote solutions that benefit charitable nonprofits and the communities they serve. Learn more at [www.councilofnonprofits.org](http://www.councilofnonprofits.org).

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