

# The untapped potential of planned giving (part 1)

In a series of articles for *F&P*, Lawrence Jackson explores the potential for far greater investment in planned giving in Australia.

These are exciting times for philanthropy in Australia. Recent years have seen 'mega gifts' pledged to Australian not-for-profits such as universities, medical research institutions and arts organisations. The predominance of multimillion-dollar capital appeals is almost *de rigueur* among universities, museums and private schools. Education, medical and arts sector development teams are becoming increasingly professionalised and adept at integrating philanthropy campaign promotion into regular activities.

Earlier this year we saw the conclusion of the first billion-dollar campaign in Australia with the University of Sydney's decade long INSPIRED campaign reaching the historic milestone. Similarly, the Art Gallery of NSW completed their Sydney Modern campaign and surpassed its \$100 million target, which is reputed to be the largest Australian public-private arts sector partnership ever.

This highlights the very enthusiastic application and take-up of North American-inspired philanthropy development and

campaigning techniques, with very high-touch relationship fundraising practices increasingly used in Australia over the past decade or so. Yet this does not seem to have translated into the more detailed and complex planned giving arena.

## THE LOCAL PLANNED GIVING SITUATION

Despite tremendous historical and current support of Australian charities via bequests (gifts in wills), it appears that there is still significant untapped potential to expand estate-based giving in Australia in two broad ways, namely:

- 1 Through much deeper application of UK-style bequest marketing techniques.
- 2 The potential for Australian development and application of American and Canadian estate-based giving practices and vehicles. Australia's major lag in gifts-in-wills marketing was recently identified and highlighted in the Legacy Foresight research, *Australian Gifts in Wills 2040*, undertaken for the Fundraising Institute of Australia (FIA) and released during

Include a Charity week in September this year.

While Legacy Foresight Development Director Meg Abdy was sensitive enough not to say Australian practices were "less sophisticated" than the UK, *Pro Bono Australia* estimated that "Australian bequest fundraising was about 10 years behind the UK in terms of scale and impact".

While the gifts-in-wills situation has been well researched, documented and reported, it appears that there is insufficient focus and investment given to other 'non-bequest' planned-giving vehicles such as endowments, donation of shares, property and innovative gift-planning vehicles such as charitable annuities, insurance policies and other more creative and complex instruments.

## AMERICAN AND CANADIAN COMPARISONS

When comparing Australian practices to similar organisations in the USA and Canada, the disparity is clear and stark. North American organisations place far greater focus on estate-

based giving with much broader programs, extensive giving options and planned-giving vehicles, with considerably more information provided, more marketing and far larger development teams.

I reviewed the programs of American and Canadian institutions to enable a local comparison. It covers several sectors including education, health, medical research and the arts, with deeper focus on the education sector due to the size, resources availability and generally well-developed fundraising activities both locally and abroad, including both public universities and independent school practices.

### Universities

University of California, Berkeley, has a standalone Gift Planning office with extensive tools and resources to help determine what type of planned gift may be suitable for you based on your age, asset holding, family situation and personal preferences. They also offer extensive information on different gift types including a section for professional advisors as well as contact details of eight senior planned giving development professionals. Their giving options are very wide with eight different 'planned gifts' vehicles including bequests, charitable gift annuities, donor-advised funds, gifts of life insurance, personal property, private and publicly traded securities and real estate – all carefully classified so that they are life-stage relevant and appropriate.

The UCLA Foundation has extensive 'bequests and planned gifts' options and vehicles such as securities and wires, real estate, bequests, charitable gift annuities, gifts of materials and qualified retirement plans. They also offer extensive information and resources including donor toolkits and UCLA endowment giving criteria and minimums.

University of British Columbia in Vancouver also has a bespoke Gift and Estate Planning division with extensive information and resources for donors on giving options, vehicles, resources for professional advisors and estate planning and review tools.

In Montreal, McGill University's giving options are cleverly presented in three broad ways, namely: 'Give Today', 'Give Tomorrow' and 'More Ways to Give'. Give Tomorrow options include bequests, life insurance, retirement plan assets, charitable gift annuities, charitable remainder trusts and endowment giving activities.

### Independent Schools

Lawrenceville School is a secondary school catering for approximately 815 students from years 9-12 located in central New Jersey, about 140 kilometres from New York City.

What is astonishing is the sheer scale of the

investment in fundraising in general, and in philanthropy and planned giving activities in particular. The Lawrenceville School has a total of 31 professional fundraising staff, including a Director of Planned Giving, which equates to one fundraiser for every 26 students and accounts for over 20% of the overall school staff.

Like the North American university practices mentioned above, Lawrenceville has a separate planned giving website with extensive information on giving options, with a number of very innovative tools including a gift comparison chart outlining the pros and cons of different vehicles and a trademarked 'life stage gift planner' which considers "some of the financial issues you may find yourself dealing with" at three distinct stages: under 60, 60-80 and over 80 years of age.

The Lawrenceville School successfully undertook a US\$200 million fundraising campaign some years ago which led to a \$60 million bequest. This school certainly seems to pay homage to the maxim that you need to spend money to make money.

### Health and Medical Research Sector

North American practices were similarly advanced in the health and medical research space, as the practices of the following organisations which I looked at in detail revealed: Dana-Farber Cancer Institute in Boston; Memorial Sloan Kettering Cancer Center in New York City; Cedars Sinai Medical Center in Los Angeles; and Princess Margaret Cancer Centre in Toronto.

### Arts Sector

The American and Canadian arts sector is also well rehearsed in this area, with the following major organisations all offering sophisticated planned giving options and bespoke gift-planning programs and web resources: Toronto Symphony Orchestra; National Ballet of Canada; Museum of Modern Art (MOMA) in New York City; and The Metropolitan Opera, also in New York City.

### THE IMPACT OF PLANNED GIVING

The *Giving Australia 2016* report highlighted the importance of planned giving, stating that "those who plan their donations give six times more". Most fundraising practitioners in Australia seem to associate planned giving with the singular promotion of bequests via wills and estates. Bequests are, and will probably continue to be, the key planned giving vehicle. However, planned giving offers much wider application which does not yet seem to be extensively applied in Australia. There are many options available, even taking into account the cultural, regulatory and taxation differences between Australia and other countries.

### TAPPING INTO THE POTENTIAL OF PLANNED GIVING

Here are some suggestions for how we may be able to emulate North American examples in sophistication and success:

**Leverage** Planned giving is more than gifts in wills. Follow the lead of US institutions and provide a wide range of options for giving.

**Marketing** Increase promotion and communication of your planned giving activities. Set up a separate initiative and section within your development office to focus exclusively on planned giving.

**Investment** Increase investment over the long term. Keep reminding your CEO and board that this is a long-term business that requires investment, and moreover planned giving offers one of the highest ROIs of any development activity. (A local report, *Return on Fundraising Investment*, published by AskRIGHT in 2015 and based on 10 years of data from over 20 major Australian nonprofits, highlighted that bequests produced the highest ROI of any category of fundraising by far, with a weighted average of \$56.83 raised for each dollar invested, followed by major gifts at \$33.36 and general donations at \$19.11.)

**Monitor and report** Determine which KPIs indicate you are making solid progress and ensure these are communicated in your regular development reports.

**Solicit** Finally, and as in all aspects of fundraising perhaps most importantly, ensure compelling solicitations-to-give are made via these expanded planned giving programs.

### EVOLVE AND GROW

Attracting substantial estate-based gifts requires a sophisticated planned giving program. These cases also highlight possible ways in which planned giving in Australia can evolve and develop. Local legal, regulatory and cultural differences need to be clearly understood and accounted for. The time has come to develop new ways to engage donors in estate-based gift planning, and evolve and grow our critically important gifts-in-wills giving programs. **F&P**



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