

# Blended Gifts...

*even in small development shops*



A Key Component to Successfully Closing Complex  
Planned and Major Gifts

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## Blended Gifts: In a Nutshell...

- It's About Helping Donors  
Maximize their Philanthropy
- When Donors Maximize  
Their Philanthropy,  
Charities Receive Bigger  
Benefits



Why are there more  
and more  
conversations about  
blended gifts



Scholarships



Faculty



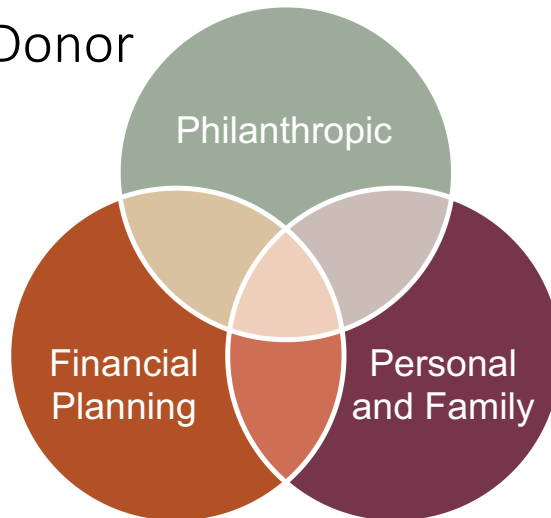
Facilities

**FUNDRAISING  
GOALS**

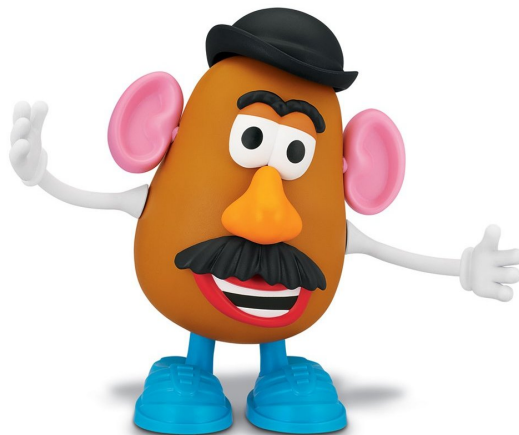


Programs

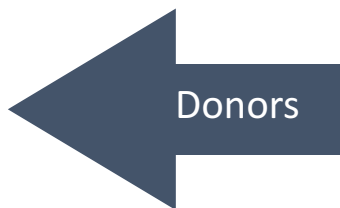
## Know Your Donor



Two Ears, Two Eyes. One Mouth



How can your  
institution be  
more successful at  
getting larger gifts  
from your donors



Retirement worries  
Family concerns  
Skeptical  
Less loyal  
More data  
More choices



Aggressive goals  
Decrease in  
government  
funding  
Short-term focus  
“We need cash”  
Transactional  
approach

## A Successful Gift...



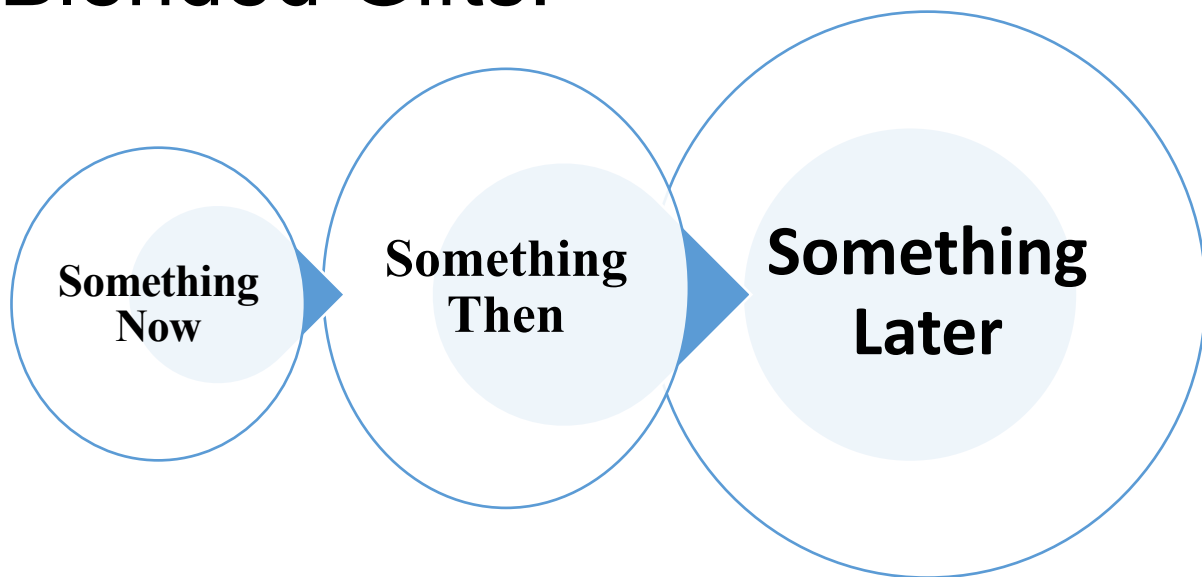
## Overview

- Definitions, Background and Some History
- Elements for Success in Blended Gift Productivity
- Case Studies
- Where to Begin
- Mechanics
- Takeaways

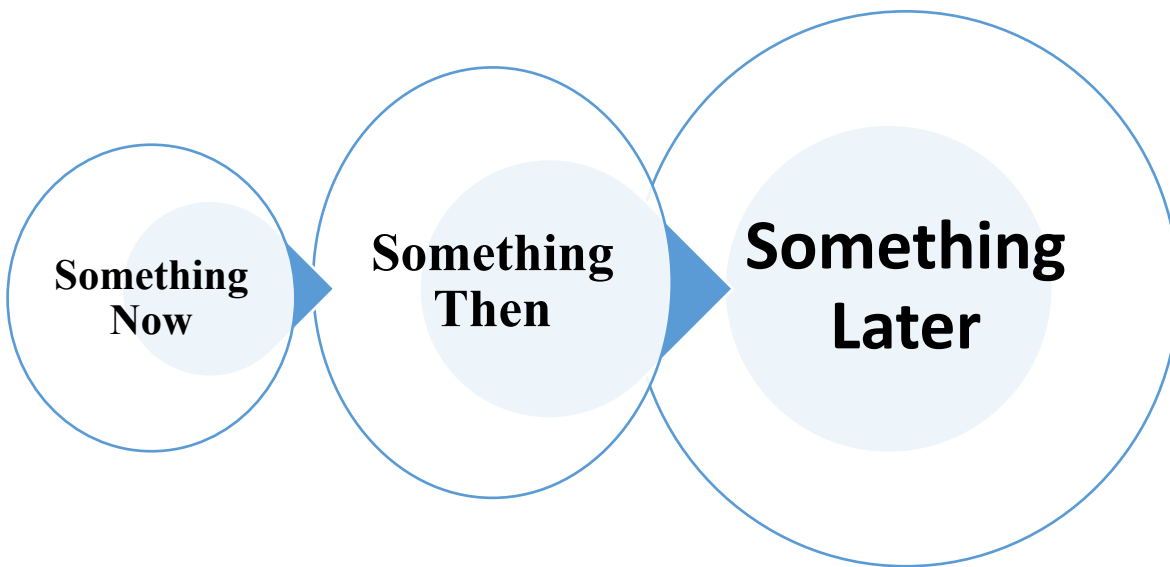
## Ground Rules...Definitions...

- Annual Fund: \$1 to \$24,999
- Major Gift: \$25,000
- Major Gift Commitment: \$25,000
  - Over 5 Years (\$5,000/year)
- Endowments:
  - \$50,000 Current Minimum
  - 5% Annual Payout Rate; \$2,500/year Program Support
  - **Minimum Funding Likely to Rise Over Time**

## Blended Gifts:



Annual/Major   Major/Planned   Planned/Major

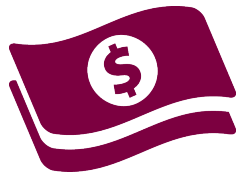


## Pursuing Blended Gifts



A blended gift is one that has both current and deferred components.

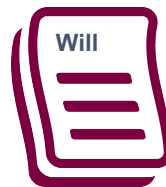
## Appropriate Gift Types



Outright Gift

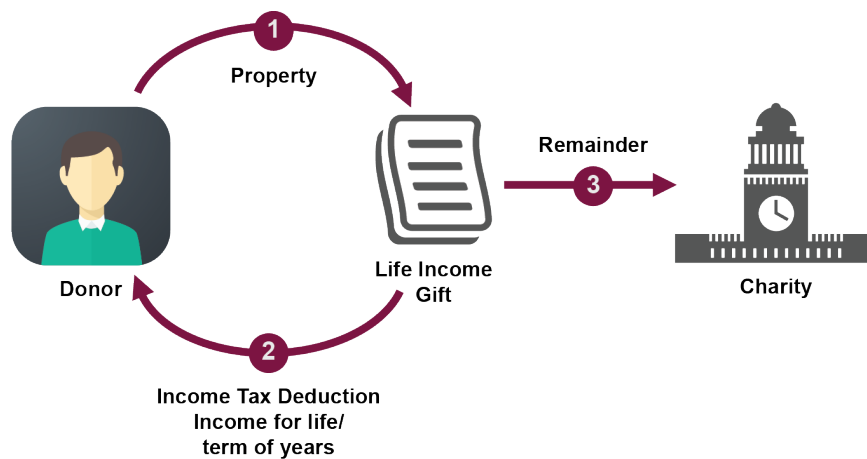


Life Income Gift

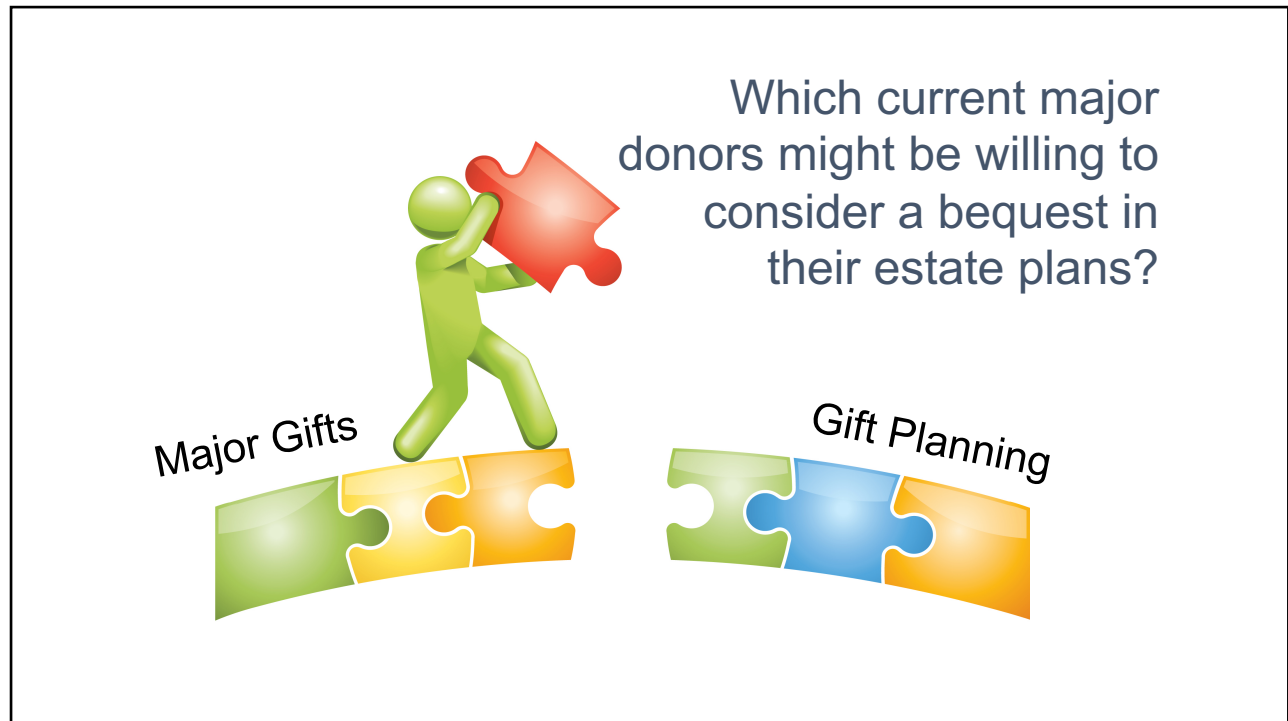


Bequest

## The Basics of Life Income Gifts







## Where We Are...Now

- A Function of Where We've Been
- Blended Gifts Have Arisen to Recent Prominence as a Confluence Primarily of Three Factors
  1. Maturing Growth and Acceptance of Planned Giving
  2. Asset Based Wealth
  3. The Great Recession

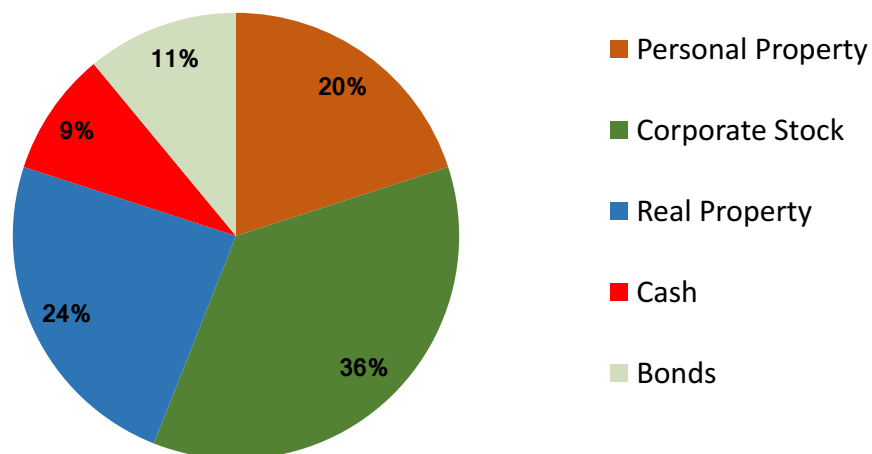
## Maturing Growth & Acceptance of Planned Giving

- Collaboration is Now Widely Recognized as:  
**BEST PRACTICE**
- Successful Blended Gifts Initiatives begin with Successfully Blended Planned and Major Gifts Programs
- Collaboration is Almost Always Key

## Asset Based Wealth

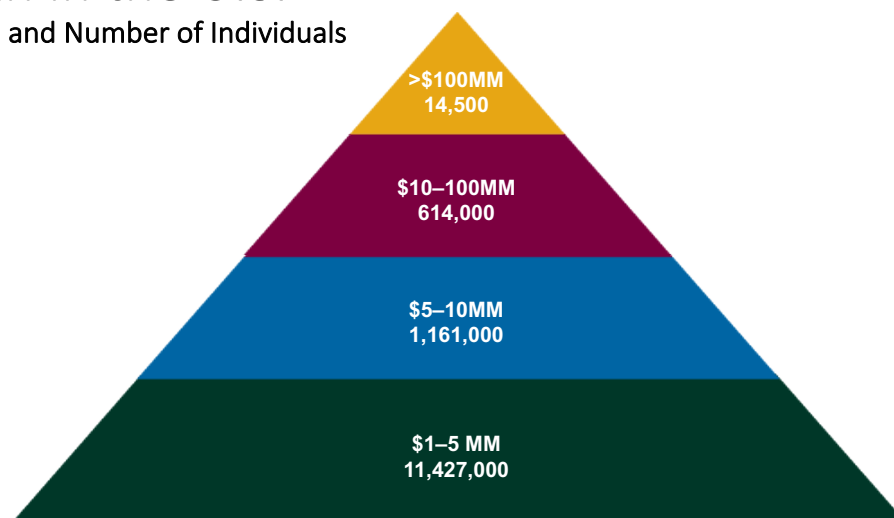
- Almost All Annual Fund Gifts Are Made From the Donor's Current Income
- Most Major Gifts Are Made From the Donor's Current and Near Term Income
- Most Planned Gifts Are Made From the Donor's Assets
  - Sometimes Now (Outright Gift of Real Estate, Business, CLT)
  - Most Often Through a Revocable or Irrevocable Future Commitment

## How Donors Hold Their Wealth



## Wealth in the U.S.

Net Worth and Number of Individuals



Source: Credit Suisse, Global Wealth Databook 2013

## When Is It “Good” To Introduce Planned Giving: A Gift of Assets?

- When It Meets the Donor’s Philanthropic Interests
- When It Meets the Charity’s Priorities and Interests
- When It Adds a “0” or Two (ie “00”), or More to the Gift Consideration

## 2009 and The Great Recession

- Can’t Overstate the Impact on Philanthropy and Planned Giving
- Particularly Tough on MGO’s
- Jumpstarted Planned Giving Collaboration
- Donors Still Wanted to Support Their Favorite Charities But Were Reluctant to Make New Major Gift Commitments

## 2009 and The Great Recession: Planned Giving

- Plummeting Consumer Confidence
- Plummeting Wealth
- MGO: There Are Many Ways to Make a Gift Commitment
- Now May Be a GREAT Time to Consider a Bequest or IRA Designation

## 2009 and The Great Recession: Planned Giving

- Plummeting Interest Rates Led To Sharp Drop in Most Technical Gift Plans
- Planned Giving Used to Be the Purview Primarily of Technicians
- Most PGO's Spent the Bulk of Their Time ON Complex Gifts
- Now 80% or More of Planned Gift Commitments Are Simple Bequests, Handled Well By Most MGO's

You don't need to be an expert  
You just need to be curious



## Mary

- 75 Years old
- Widow
- No Children
- \$2 Million Estate
- Leaving Entire Estate for an Endowment
- \$1,000 Annual Donor



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## Potential Blended Gift

- What Additional Facts Would You Want to Know?
  - When Did She Plan the Bequest
  - When Did She Inform You of the Bequest?
  - What Are Her Assets and Financial Plans?
- Propose Establishing a \$50,000 Endowment Now with a Gift Commitment of \$10,000/year Over 5 Years

# Mary: Take 2

- 75 Years old
- Widow
- No Children
- \$2 Million Estate
- Leaving Entire Estate for an Endowment
- \$1,000 Annual Donor

## Potential Blended Gift

- What Additional Facts Would You Want to Know?
  - When Did She Plan the Bequest
  - When Did She Inform You of the Bequest?
  - What Are Her Assets and Financial Plans?
- Propose Establishing a **VIRTUAL Endowment** Now with a Gift Commitment of \$2,500/year



# Mary



## Potential Blended Gift

- Sooo, How Will You Approach This Consideration With Mary?
- The “We Would Like to See You Enjoy This Gift While You are Alive,” Approach
- Propose Establishing Endowment Now with a Gift Commitment of \$10,000/year Over 5 Years, OR Virtual Endowment With \$2,500/year

# Mary



## Potential Blended Gift

- Sooo, How Will You Approach This Consideration With Mary?
- The “Would YOU Like to Enjoy This Gift While You are Alive,” Approach
- Permission Based Marketing
- Propose Establishing Endowment Now with a Gift Commitment of \$10,000/year Over 5 Years, OR Virtual Endowment With \$2,500/year



# Bob

- 68 Years Old
- Married, 3 Children
- *Wealthy*
- Longtime Annual Fund Donor
- Making First Major Gift
  - \$50,000 Endowment
  - Paid \$30,000 Over 3 Years
- Spouse Supports Other Charities



# Bob

- 68 Years Old; Retired
- Married, 3 Children
- *Wealthy*
- Longtime Annual Fund Donor
- Making First Major Gift
  - \$50,000 Endowment
  - Paid \$30,000 Over 3 Years
- Spouse Supports Other Charities

## Potential Blended Gift

- **What Additional Facts Would You Want to Know?**
  - How Is He Finding Retirement?
  - What Are Her Assets and Financial Plans?
- **Propose a CRT To Augment His Retirement Income and Further Fund His Endowment**

# Ruth and Jim

- 60 Years Old
- Married 38 Years
- Children and Grandchildren
- Longtime Annual Fund Donors
- Current Giving:  
\$1,000/year, Annual Donors  
for 27 years



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## Potential Blended Gift

- **What Additional Facts Would You Want to Know?**
  - What Are Their Assets and Financial Plans?
  - What Are Their Long-term Plans for Supporting the Charity?
- **Propose “A Bequest” most Likely By Will**

## **Know When To Make the Blended Ask...**

- So When Is It Right, or a “Good Time” to Make the Dual Ask for a Blended Gift?
- Two Rules of Thumb:
  - 1) It USUALLY Works Best Sequentially
    - Most of the Best Prospects for Blended Gifts Already Have One or the Other: A Major Outright Gift or a Planned Gift
    - The Former, Donors With Major Gift Histories May Even Have a Planned Gift and Either Simply Have Never Informed the Charity, Never Been Asked, or It Hasn’t Been Discussed Recently

## **Know When To Make the Blended Ask...**

- So When Is It Right, or a “Good Time” to Make the Dual Ask for a Blended Gift
- Two Rules of Thumb:
  - 2) If It Is an Uncomfortable or Contrived Conversation for YOU, Then It is Likely Not Going to Be Comfortable For The Donor
    - Try To Put Yourself in Their Lives and Brains: How Would YOU Want To Be Approached?

## **Where to Begin?**

- Where Do We Begin Most New Fundraising Initiatives?
- Review Your Portfolio for Prospects for Blended Gifts
  - Its Good to Be Highly Selective at First
  - Give Yourself the Best Chance for Success as You Learn
  - To Start, Look For At Most 5-7 Potential Prospects

## **Where to Begin? Planned Gift Portfolios**

- Review Your Portfolio for Prospects for Blended Gifts
  - Review for Capacity to Make a Major Gift Commitment
  - Review for History of Major Gift Commitments
  - Look for Those That Have a Planned Gift Commitment in Place for a Longer Time
  - Look for Those with a Passion for a Current Major Gift Priority

## **Where to Begin? Major Gift Portfolios**

- Review Your Portfolio for Prospects for Blended Gifts
  - Review for Indicators of Planned Gift Propensity
    - Legacy Society Members (The Best, Most Obvious Place to Look First)
    - Loyalty
    - Long History of Gifts, Most Likely Starting with Annual Fund Gifts
    - High Asset Wealth (Not Just High Income)
    - In the Planned Gift Life-Cycle Stage (55-65+)
    - Past Responders to Planned Gift Marketing

## **Where to Begin? Next Step: Internal**

- Assemble your team (gift planner, major gift officer, institutional leaders, development leaders, finance)
- Determine institutional needs
- Decide what you are willing to fund with a deferred gift component
- Prepare for gift negotiation
- Be sure the proposal reflects gift planning's capabilities to help

## **SOLO VS. JOINT VISITS**

- Blended Gifts Almost Always Require Collaboration Between Major and Planned Gifts Staff
- Should this Collaboration Always Mean Joint Visits?
- Different dynamics
  - One-one versus two-on-one
  - Listening versus informing/updating
  - Sharing confidential information
- Trust: Remember?

## **Follow Up Collaboration:**

- PAPERWORK RESPONSIBILITIES
- Follow-up, Shared correspondence
- Elements of the Proposal
  - Major Gifts: The Program
  - Planned Gifts: The Gift Plans and Funding
- Elements of the Gift Agreement and Statement of Intent
  - Major Gifts: The Gift Designation and Use, Current and Deferred
  - The Funding Plans

## Blended Gifts: Full Disclosure

- Most Blended Gifts Include a Planned Gift Element
- Most of These Planned Gift Elements are “Deferred Gift” Commitments; Most Typically a Simple Estate Commitment
- Designing the Gift Agreement for the Major Outright Gift Element
  - Use Current Endowment Minimums
  - Typically a Term of 5 Years
  - Purview of Major Gift Officer
  - Needs to Be Designed in Collaboration with Planned Gift Officer to Ensure Coordination with Planned Gift Element

## Blended Gifts: Full Disclosure

- Designing the Statement of Intent for the Planned Gift Element
  - Endowment Minimums Are Likely to Rise
  - Cascading Provisions
  - Cy Pres language
- Collaborating on “The Paperwork”: Proposals and Gift Agreements
  - MGO Oversees Programmatic Use Language
  - PGO Oversees Funding Language

## Takeaways

- Blended Gifts Represent a Big Opportunity for Incremental Fundraising Growth With a Highly Selective Prospect Base
  - Prospects Should Be Assessed on a Case-by-Case Basis
  - Collaboration is Key Between Planned and Major Gifts
  - Elements of Shared Credit and Planned Gift Counting are Critical
- Blended Gift Donors Will be Among the Most Fulfilled and Happy Donors to Your Institution

## Takeaways

- Make an Action Plan
- Start With Your Portfolio
- Collaborate on Strategy and Plan Formation with a Planned or Major Gift Colleague
- Identify Institutional Priorities that “Fit” for Blended Gifts
- Set Reasonable Goals
- Get to Work!!!



## Where to Begin



Joint pipeline meetings



Structure planned giving with an eye towards integration



Encourage collaboration on ALL proposals for donors over a certain age



Train around the negotiation of blended gifts



Blended gifts are a team effort

## Blended Gifts: In a Nutshell...

- It's About Ensuring Our Donors Know About All the Many Ways They May Make a Gift or Gift Commitment and Then Helping Them Make Those They Choose
- It's About Maximizing Our Donors' Philanthropic Interests and the Impact They Can Have on Our Organizations

