

## **How Much Could Your Planned Giving Program be Worth?**

If your organization already has a gift planning program, is it worth investing more money to promote it?

If your organization is contemplating starting a gift planning program, will it really be worthwhile to do?

In the book *Donor-Centered Planned Gift Marketing*, Michael J. Rosen, CFRE wanted to help development professionals answer those questions. So, he developed a worksheet that looks at the most common planned gift instrument: charitable bequests (gifts in a will). Of course, bequests are just one facet of a planned giving program. Charitable gift annuities, trusts and, some would even say, gifts of stock can also be part of a robust planned giving program. However, since most planned gifts will be in the form of bequests this worksheet looks more closely at what your organization's potential is for this type of gift.

To truly project how much a planned giving program can produce, you must understand as many of the variables as possible including the nature of the prospect pool, the wealth of prospects, the passion of prospects, the history of the organization, past service performance, the purpose of the fundraising effort, the nature of the cause, the community, past philanthropic performance, the marketing effort, and so on. Collectively, this makes it difficult to forecast planned giving results. However, one can fairly easily gauge an organization's potential given a mythical, ideal set of circumstances. The following worksheet is meant to provide you with an understanding of the broad potential impact of planned giving for your organization.

While this is not a scientific forecasting tool and while the worksheet only addresses one type of gift, it can still help with forecasting by outlining aspirational targets. This worksheet looks at the most common, easy-to-market type of planned gift.

### **Bequest Potential Worksheet:**

**Step 1: Size of database = \_\_\_\_\_ Records**

Since the core prospect market for a bequest program is frequent annual donors, you should count the number of donors to your organization. However, depending on your organization, you might want to include other loyal supporters such as volunteers.

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**Step 2: Number of records x 5.3% = \_\_\_\_\_, Low-end number of potential donors**

Take the number of records you have and multiply that figure by 5.3 percent, which is the percentage of Americans over the age of 50 that have made a bequest commitment. If your donor file skews younger, you might want to back off that number a bit.

**Step 3: Number of records x 33% = \_\_\_\_\_, High-end number of potential donors**

Take the original number of prospect records you recorded in Step 1 and multiply that figure by 33 percent, which is the percentage of Americans that are willing to consider a bequest gift.

**Step 4: Low-end number of potential donors/3 = \_\_\_\_\_ the revised low-end number of potential donors**

Unfortunately, not every potential bequest donor will choose to support your organization. Some donors will support other organizations. Some who will be willing to consider a commitment will ultimately decide not to do so. The formula assumes that your organization can secure bequest gifts from one-third of its potential market. If you are feeling conservative, increase the denominator. If you are more ambitious, lower it. The outcome will be the estimated low-end number of potential donors that you can secure over time with an effective marketing effort.

**Step 5: High-end number of potential donors/3 = \_\_\_\_\_ the revised high-end number of potential donors**

This follows the same process as Step 4 except it is applied to the high-end number of potential donors. Unfortunately, not every potential bequest donor will choose to support your organization. Some donors will support other organizations. Some who may be willing to consider a commitment will ultimately decide not to do so. The formula assumes that your organization can secure bequest gifts from one-third of its potential market. If you are feeling conservative, increase the denominator. If you are more ambitious, lower it. The outcome will be the estimated high-end number of potential donors that you can secure over time with an effective marketing effort.

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**Step 6: Estimated number of low-end potential donors x \$\_\_\_\_\_ = \$\_\_\_\_\_, potential dollars**

Take the estimated number of low-end potential donors (Step 4) and multiply by \$35,000, which is what some believe to be at or near the average bequest value in the United States. Alternatively, you can multiply the number of potential donors by your organization's average bequest gift value, being sure to deduct any unusually large gifts when calculating the average. The result is the gross potential dollars that could come from future bequest gifts at the low-end. Of course, this does not take into account the growth of the donor base (Step 1) over time.

**Step 7: Estimated number of high-end potential donors x \$\_\_\_\_\_ = \$\_\_\_\_\_, potential dollars**

This step follows the same process as Step 6 except it is applied to the high-end number of potential donors. Take the estimated number of high-end potential donors (Step 5) and multiply by \$35,000, which is what some believe to be at or near the average bequest value in the United States. Alternatively, you can multiply the number of potential donors by your organization's average bequest gift value, being sure to deduct any unusually large gifts when calculating the average. The result is the gross potential dollars that could come from future bequest gifts at the high-end. Of course, this does not take into account the growth of the donor base (Step 1) over time.

**Step 8: Summary**

**Low-end potential donors (Step 4): \_\_\_\_\_**

**Low-end potential dollars (Step 6): \$\_\_\_\_\_**

**High-end potential donors (Step 5): \_\_\_\_\_**

**High-end potential dollars (Step 7): \$\_\_\_\_\_**

After completing all eight steps, you will have a low-end to high-end gauge of your organization's potential for bequest giving over time. While this is not a forecast, it does provide some indication of the potential results for your organization. How does your organization's current bequest marketing performance compare? Should your organization invest more in planned gift marketing?