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Japan Earthquake Relief Fund

Building a Fundraising Program

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Building a Fundraising Program

1. Fundraising 101
2. Major Gifts from Individuals
3. Supporter Centric Paradigm
4. Relationship Fundraising
5. Role of Volunteers
6. Making the Case
7. Planned Giving
8. Timely Opportunities
9. Fundraising Scenarios



Fundraising 101

1. Special Events

2. Grants

Government

Corporation

Foundation

3. Direct Mail

➤ Acquisition

➤ Renewal

4. Giving Clubs

5. Major Giving

6. Planned Giving

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Major Gifts from Individuals

“Because that’s where
the money is.”

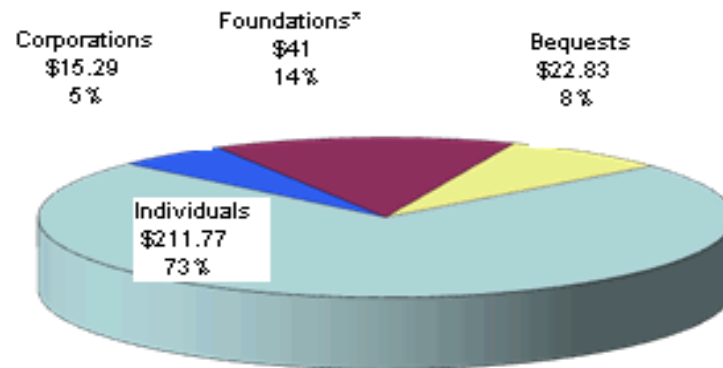
Willie Sutton

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Foremost Fact # 1

Giving USA 2011: The Annual Report on Philanthropy for the Year 2010

2010 CONTRIBUTIONS: \$290.89 BILLION BY SOURCE OF CONTRIBUTIONS (\$ in billions - All figures are rounded)



81% From Individual Donors
(88% with private foundations)

Foremost Fact # 2

80:20 Rule?

Donors

10%

90%

Gifts

90%

10%



Foremost Fact #3

ROI: Cost to Raise a Dollar

<u>Fundraising Activity/Method</u>	<u>Cost to Raise \$1.00</u>
Direct Mail Acquisition	\$1.00 to \$1.25
Direct Mail Renewal	\$0.20
Benefit Events	\$0.50
Capital Campaign/Major Gifts	\$0.05 to \$0.10
Planned Gifts	\$0.25
Corporation and Foundation Grants	\$0.20

Greenfield, James; *Fund-Raising: Evaluating and Managing the Fund Development Process* (1999)



Supporter Centric Paradigm

It's not

all about me.

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Supporter Centric Paradigm

- Understanding the Donor
 - Values
 - Convergence with Mission
 - Capacity to Give
 - Strength of Commitment
 - Readiness (vs. other commitments, etc.)



Supporter Centric Paradigm

Donor Motivations

- Self-Affirmation
- Personal Satisfaction
 - Altruism
 - Creativity
- Paying Back
- Association with Peers
- Association with Cause
- Recognition



Supporter Centric Paradigm

Short Gains/Long Losers

- Cold Calling
- Strong-Arm Pressure
- Guilt
- Quid Pro Quo Appeal
- Agnostic Goals

*"Winning's not the most important thing.
It's the only thing."*

Vince Lombardi



Relationship Fundraising

It's not about winning.

It's about building relationships.

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Relationship Fundraising

It's about . . .

- Developing Relationships
- Creating Community

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Relationship Fundraising

Why Community?

- Donors should see themselves as **responsible members** of a caring community.

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Relationship Fundraising

Developing Relationships

- Understand Values Convergence
- Speak to Donor's Interests
- Provide Meaningful Engagement
- Explore Shared Interests
- **Partnership Not Charity**

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Role of Volunteers

*People give to people,
not to causes.*

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Role of Volunteers

- Volunteer Value Added
 - Furnish Credibility
 - Expand Human Resources
 - Extend Reach
 - Provide Intelligence
 - Catalyze Relationships



Role of Volunteers

AAA Participation Options

1. Ambassador
 - Introduce and Invite (and/or)
2. Advocate
 - Cultivate and Steward (and/or)
3. Asker
 - Propose and Solicit

Asking for the gift is the last thing you do.



Role of Volunteers

Be Professional

- Communicate Expectations Up Front
- Provide Clear Direction
- Respect Their Time
- Furnish Tactical Support

*Do unto others as you would
have them do unto you.*



Making the Case

Why should anyone
support your cause?

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Making the Case

Case Elements

1. Mission
2. Vision
3. Value

*It's not what you do . . .
It's the value you create*



Making the Case

Tough Case Questions

1. Why do you exist?
2. How will you make a difference?
3. Why should I care?

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Making the Case

Case Messages

- Goal Supporting
- Focused on Impact, not Activity
 - Values-Based ROI
- Consistent
 - Through Time
 - Across Organization
- Simple & Direct
 - Sound Bites
 - Stories



Making the Case

Case vs. Case Statement

The Case

- The Reasons You Deserve Support
- Justifications and Evidence

Case Library

- Case Messages
- Case Photos & Visuals
- Case Stories & Documentation

Case Vehicles

- Publications, etc.



Planned Giving Simplified

Avoiding PG Phobia

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Planned Giving Simplified

Common Planned Giving Options

- I. Bequests
- II. Beneficiary Designations
- III. Property (Securities, LI & RE)
- IV. Life Income Gifts

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Planned Giving Simplified

I. Bequests

- Provide sample bequest language
- Refer Donor to Attorney

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Planned Giving Simplified

II. Beneficiary Designations

(all or percentage)

- Life Insurance
- Financial Accounts
- Retirement Plan Assets

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Planned Giving Simplified

III. Property (Securities, LI & RE) Securities

- Donor can avoid Capital Gains Tax
- Accountant computes deduction
- Charity only needs brokerage account

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Planned Giving Simplified

III. Property (Securities, LI & RE) Life Insurance

- Charity can own (Accept cash value only)
 - Paid up policy
 - By regular payments

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Planned Giving Simplified

III. Property (Securities, LI & RE)

Real Estate (residence, vacation, farm)

- Donor can retain right to reside
- Refer Donor to Attorney & Tax Accountant
- Conduct due diligence

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Planned Giving Simplified

IV. Life Income Gifts

- Provide donor lifetime income—often at higher rate
- Charitable gift deduction
- Remainder to charity

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Planned Giving Simplified

IV. Life Income Gifts

1. Charitable Gift Annuities
2. Charitable Remainder Trusts
3. Charitable Remainder Accounts

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Planned Giving Simplified

1. Charitable Gift Annuities

Most popular option for older Donors

- Rates to 9.5%
- American Council on Gift Annuities

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Planned Giving Simplified

1. Charitable Gift Annuities

What is it?

- Contract with donor
- Provides donor guaranteed income stream
- Charitable tax deduction
- Remainder to charity (approximately 50%)

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Planned Giving Simplified

1. Charitable Gift Annuities

How do they work?

- Pay donor fixed amount for life
- Organization invests assets & manages *or*
- Outsource *or*
- Charitable Gift Annuity Reinsurance

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Planned Giving Simplified

1. Charitable Gift Annuities

Charitable Gift Annuity Reinsurance

- Transfer longevity risk
- Transfer investment risk
- Transfer administrative burden
- Can enhance cash flow

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Planned Giving Simplified

CGA Reinsurance \$20,000 Gift

Enhance Cash Flow

- \$14,820 premium for male 70
- \$5,180 remainder available immediately

Reinvest at 20 yr Average Market Return

- \$5,180 @ 10.2% for 16.6 yrs = \$25,974.32



Planned Giving Simplified

2. Charitable Remainder Trusts

- Lifetime income
- Charitable deduction
- Remainder to charity

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Planned Giving Simplified

2. Charitable Remainder Trusts

A. Annuity Trust (fixed income)

B. Unitrust (variable income)

*Leave the rest to donor's attorney
and financial advisor.*



Planned Giving Simplified

3. Charitable Remainder Accounts

- A. Fidelity Pooled Income Fund
- B. US Charitable Gift Trust
(Eaton Vance)

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Planned Giving Simplified

3. Charitable Remainder Account

What is it?

- Like Charitable Remainder Trust—without setup costs and complications

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Planned Giving Simplified

3. Charitable Remainder Account

How does it work?

- Donor deposits assets through Advisor
- Donor names charitable beneficiary
- Investment company manages account
- Remainder passes to your organization

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Planned Giving Simplified

3. Charitable Remainder Account

What do you need to do?

- Acquaint yourself with product basics
- Refer donor to US Charitable Gift Trust or Fidelity website
- Suggest that donor talk to Financial Advisor

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Planned Giving Simplified

3. Charitable Remainder Account Benefits to Organization

- Low entry threshold (\$20K vs. \$150K+)
- No technical expertise required
- No administrative responsibilities

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Timely Opportunities

What's hot and
what's not?

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Donor Advised Fund

What is it?

- Giving management tool
- Like Private Foundation—without setup costs, restrictions or government reporting
- Commercial account (Eaton Vance, Fidelity, Vanguard, Charles Schwab, etc., etc.)
- Immediate charitable deduction
- Retain influence & defer decisions
- Can grow without Capital Gains Tax



Donor Advised Fund

How does it work?

- Deposit assets through advisor (\$10,000+)
- Investment company manages account
- Donor selects asset allocation to meet investment goals
- Donor *recommends* distributions via Internet



Donor Advised Fund

Benefits to NPO

- Puts philanthropy on the table
- Low entry threshold (\$10,000)
- No technical expertise required
- No administrative responsibilities
- No overhead cost

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Timely Opportunities

Gifts of Stock

- Convert highly appreciated, low dividend stocks
- Increase return (CRT, CRA or CGA)
- Avoid Capital Gains Tax
- Earn charitable deduction

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Timely Opportunities

Charitable Gift Annuities

- Convert CDs or highly appreciated, low dividend stocks.
- Older donors increase return substantially (8% at 83)
- Provide tax benefits

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Timely Opportunities

Gifts of IRAs

- Donor avoids mandatory distribution
- Donor at least 70 1/2
- Donor avoids income tax (no charitable deduction)
- Must transfer directly from IRA trustee to charity
- \$100,000 per year limit
- Through end of 2011 only



Timely Opportunities

Giving Circles

- Like an Investment Club but for giving
- Learn about causes and giving strategies
- Facilitate group philanthropy
- Pool funds to impact shared causes

Giving Circles Network

<http://www.givingcircles.org/>



Fundraising Scenarios

Where do I start?

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Fundraising Scenario #1

1. Develop Case for Support

- Clarify Mission, Vision & Value
- Articulate Themes & Messages
- Determine communications vehicles
- Devise communications plan

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Fundraising Scenario #1

2. Initiate mail/email solicitation

- Generate cash flow
- Build a donor base

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Fundraising Scenario #1

3. Form Chapter Major Giving Committees

- Screen membership databases
 1. Financial ability
 2. Strong interest
 3. Connections
- Cultivate and solicit



Fundraising Scenario #2

4. Establish National Planned Giving Capability

- Develop planned giving knowledge
- Develop planned giving promotional copy
 - Bequests
 - Life Income Gifts (CRTs, CGAs, CRAs)
 - Life Insurance

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Fundraising Scenario #2

5. Promote Planned Giving

- National communications vehicles
- Chapter-level activities
 - Newsletter articles
 - Legacy societies

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Fundraising Scenario #3

Establish Chapter Giving Circles

- Invite all alumni to join
- Determine group funding priorities
- Establish policies (giving level, decision making process, etc.)
- Open Donor Advised Funds



Japan Earthquake Relief Fund: Building a Fundraising Program

Q & A

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Planned Giving Simplified

II. Beneficiary Designations

IRA Charitable Rollover (2011)

- Subject to Required Minimum Distribution
- Direct transfer to charity
- Maximum \$100,000 per individual
- Need not itemize
- 70 ½ years old