



# The State of Planned Giving in Fundraising

LEGACY GIVING AS THE FUTURE CASH OPPORTUNITY

AUGUST 2023

# ABOUT CCS FUNDRAISING

## GLOBAL LEADER IN NONPROFIT CONSULTING

For more than 75 years, CCS has empowered many of the world's greatest nonprofit organizations to advance some of the most important causes in history. As leading consulting experts in campaign and development strategy, we plan and optimize fundraising initiatives to help organizations make a bigger impact – locally, nationally, and globally. Members of the CCS team are highly experienced and knowledgeable across sectors, disciplines, emerging services, and regions.

Our unique, customized approach provides each nonprofit partner with dedicated professionals who help mission-driven organizations meet their most pressing challenges and achieve their most ambitious goals. While the results of our work are immediate, our impact is enduring. CCS works with approximately 700 clients in more than 350 cities across 18 countries around the world, with more than \$15 billion in cumulative campaign goals per year.

*We partner with nonprofits for transformational change.*



# FOREWORD

## PLANNED GIVING IS ESSENTIAL FOR MODERN FUNDRAISING

Planned giving is a dynamic and lucrative opportunity for nonprofits to place an equally important focus on what they can ask *from* donors and what they can do *for* their donors. Modern fundraising programs that incorporate planned giving dramatically increase revenue for the organization, help donors build and protect multigenerational wealth, and potentially catalyze giving on an unprecedented scale.

## NONPROFIT LEADERS POSITIONED FOR SUCCESS

### KNOW THE LATEST IN GIVING TRENDS

We face the prospect of a major gifts cliff as more wealth concentrates in a smaller percentage of the U.S. population and nonprofits hyper-focus on major donors at the expense of modest-dollar donors. To be prepared, nonprofits need to expand and diversify their donor base.

Legacy giving, which has steadily increased from \$15.8 billion to \$45.6 billion in inflation-adjusted dollars over the past 40 years, offers the clearest path for growth.<sup>1</sup> Yet, most nonprofits approach legacy giving with hesitation and uncertainty.

The Great Wealth Transfer, led by the boomer generation, which holds half of all U.S. wealth, is the real-time conveyance of an estimated \$45 trillion to its heirs and charities.<sup>2</sup>

Whether nonprofits maximize their benefit from this seismic wealth shift is up to their leadership. Nonprofits must commit to deepening their gift planning culture and building active, strategic planned giving programs.

While this report focuses on legacy giving, we would be remiss not to mention major gifts of assets as a complement to legacy giving and a necessary component of a well-rounded planned giving program.

## CCS IS COMMITTED TO LEADING THE INDUSTRY IN PLANNED GIVING STRATEGY

CCS is fortunate to partner with more than 700 nonprofit organizations annually, experiencing first-hand the challenges and opportunities faced in philanthropy today. We have experienced the impact of strong planned giving programs and supported others as they sought to build new approaches. We invested in this research because we know the extraordinary potential planned giving offers donors and the nonprofits they support.

We hope this report encourages nonprofit leaders and fundraisers who have held planned giving and legacy gifts at a distance to embrace a modern planned giving strategy – and to take action.

Sincerely,



Thomas Kissane, Vice Chairman



M. Angel Flores, Senior Vice President

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# Planned Giving is Growing

# REPORT ORIGINATION AND METHODOLOGY

## GUIDING QUESTIONS

This report grew out of a desire and need to answer questions from our nonprofit partners about legacy giving.

1. What is the average legacy to annual gift ratio?
2. How much larger are legacy gifts than annual gifts?
3. What percentage of a campaign comes from legacy gifts? What percentage should come from these gifts?
4. What volume and dollar amount of legacy gifts do nonprofits receive that are known/documented vs. unknown/undocumented?
5. Is there a relationship between legacy gift revenue and endowment?
6. Is an active legacy society necessary to drive these gifts?
7. What level of staffing is necessary to maximize legacy giving?
8. Is a network of professional advisors necessary to increase legacy giving to nonprofits?

The following research compiles multiple projects conducted by CCS Fundraising's Gift Planning Practice Group and draws on key research from Giving USA, Dr. Russell James, and other sources (see page 36).

Our process for data collection and review:

1. *Determine the research questions*
2. *Develop a survey instrument*
3. *Identify a sample of nonprofits*
4. *Administer the surveys*
5. *Analyze the data*

By conducting two surveys of 600 nonprofits about legacy giving, we provide valuable insights into the prevalence and effectiveness of these programs. A structured research process ensures that the survey results are reliable and informative.





# DEFINITION OF CONCEPTS & KEY TERMS

**“The things you do for yourself  
are gone when you are gone,  
but the things you do for  
others remain as your legacy.”**

**-Kalu Ndukwe Kalu,**

Distinguished Research Professor of Political  
Science and National Security Policy

## GIFT PLANNING

A culture defined by an organization’s institutional commitment to donor-centric fundraising with an expanded focus on noncash assets. Gift planning culture is achieved by implementing processes that help both donors and charitable organizations jointly determine which giving techniques provide the greatest charitable impact.

## PLANNED GIVING

A program within a fundraising office, and as a distinct fundraising strategy for an individual donor or group of donors, that includes noncash or asset-based giving. Planned gifts can produce immediate income or income over time to a charity or defer a gift for a period.

## DEFERRED GIFT

A strategy used to provide the organization with cash in the future, including at a donor’s passing. Deferred gifts may confer benefits of income, tax savings, or both to the donor. In this report, we use the term "legacy gift(s)" to refer to revocable deferred gifts most often made as a bequest through a will or trust.

# WHAT INDUSTRY RESEARCH TELLS US

## PLANNED GIVING DONORS GIVE THROUGH VARIOUS MEANS, ALL OF WHICH ARE INCREASING IN POPULARITY

Planned giving refers to charitable donations made as part of an individual's overall financial and estate planning. These donations can take many forms, including bequests or legacy gifts through a will or trust, charitable gift annuities, charitable remainder trusts, and charitable lead trusts.

Overall, donors want more personalized, flexible, and creative planned giving options that allow them to make a meaningful impact on the causes they care about while also meeting their own financial and philanthropic goals. Several trends have emerged in recent years:



Increased use of bequests through wills and trusts, which allow donors to make charitable gifts as part of their overall estate planning.



Increased use of charitable gift annuities, which provide donors with fixed payments for life in exchange for a charitable gift.



Increased use of charitable remainder trusts, which allow donors to make a gift while also receiving income from the trust during their lifetime.



Growth of charitable lead trusts, which provide income to charities for a set period, after which the remaining assets return to the donor or their designated beneficiaries.



Increased popularity of donor-advised funds (DAFs), which allow donors to make charitable contributions, receive an immediate tax deduction, and later recommend grants to charities.



# PLANNED GIVING THEMES



**Overall Trend:** Planned giving is rising in popularity. Bequests, gifts through a will or trust, accounted for 9% of total charitable giving in the U.S. in 2022.<sup>1</sup> This 2.3% increase in current dollars over 2021 highlights bequests as a steady revenue source for nonprofits seeking and securing these gifts.<sup>1</sup>



**Demographic Trends:** Older individuals are more likely to plan gifts. However, younger donors are becoming interested in charitable giving. Millennials, in their prime estate plan creation years, are being influenced by inflation pressure, economic uncertainty, and a desire for multigenerational wealth.



**Types of Planned Gifts:** There are many planned gift types, including bequests from wills and trusts, charitable gift annuities, and charitable trusts. Nonprofits must know the various options and provide information to donors wanting to make a planned gift.



**Impact of Economic Factors:** Economic conditions impact planned giving. During economic uncertainty, donors may be less inclined to make financial commitments that affect their cash and disposable income, so legacy gifts and major gifts of assets become more attractive. On the other hand, a strong economy can increase charitable giving overall, including planned gifts, so nonprofits should be prepared with all possible giving options for their donors.



**Technology's Role:** Technology is significant to the growth of planned giving. Many donors now prefer to give online, and digital tools and artificial intelligence (AI) can help reach potential donors and provide information about planned giving options. However, traditional fundraising methods, such as direct mail and individual outreach, are still important and effective, and should not be ignored.



# Key Gift Planning Takeaways

# EXECUTIVE SUMMARY



## LEGACY GIFTS COMPRISED MORE THAN 16% OF OVERALL FUNDRAISING AND 11% OF CAMPAIGNS

The fundraising impact of legacy giving is significant, yet only .12% of annual and .2% of campaign donors engaged in legacy giving. Annual donors are typically the best legacy giving prospects, but only three subsectors\* engaged more than .2% of their annual donors for legacy giving.<sup>1</sup>



## THE AVERAGE LEGACY GIFT IS SIGNIFICANTLY MORE THAN THE AVERAGE ANNUAL GIFT

Legacy gifts are 252x larger than the average annual gift.<sup>2</sup> Donors often increase annual giving by 75% on average after committing to a legacy gift; nonprofits that do not ask for legacy gifts lose out on significant immediate annual fundraising revenue.<sup>3</sup>



## UNKNOWN LEGACY GIFTS ARE LIKELY OF CONSIDERABLE VALUE

Nonprofits received more funding from known and documented legacy gifts (\$82 million) than unknown legacy gifts (\$55.2 million). A much more modest amount (\$6.1 million) came from expected but not formally documented legacy gifts.<sup>1</sup>



## NO CLEAR RELATIONSHIP EXISTS BETWEEN LEGACY GIFT REVENUE AND ENDOWMENT SIZE

Though endowment and legacy giving are often linked in theory and practice, and rightly so, there is no clear tie between legacy gift revenue and endowment size. The ratio of endowment size to legacy gifts is just under 20:1 across all subsectors.<sup>2</sup>



## LEGACY SOCIETIES ARE UNDERUTILIZED AS A POWERFUL DONOR ACQUISITION AND RETENTION TOOL

Reimagining legacy societies may spur the giving that nonprofits need to see consistent and sustainable revenue growth. One-third of donors desire membership in a giving society, yet only 10% receive that recognition.<sup>4</sup>

# EXECUTIVE SUMMARY



## DEDICATED STAFFING POSITIVELY IMPACTS LEGACY GIFT REVENUE

Nonprofits that employ at least one person focused on planned giving experienced a 293% increase in legacy gift revenue over nonprofits with part-time staff. Nonprofits with more than two full-time staff secured nearly double the legacy gifts as nonprofits with only one.<sup>1</sup>



## PROFESSIONAL ADVISORS DO NOT INCREASE LEGACY GIFT REVENUE

One-third of nonprofits enlist professional advisors for guidance.<sup>1</sup> One idea to increase legacy gift revenue is to leverage advisors' expertise to encourage estate planning: nearly half of donors first learned about legacy giving from a nonprofit,<sup>4</sup> yet only one-third of U.S. adults have a will.<sup>5</sup>



## A MAJORITY OF NONPROFITS HAVE OUTDATED GIFT ACCEPTANCE POLICIES

Most nonprofits have not updated their gift acceptance policies in the last five years or are unsure when their policies were last revised. By comparison, more than one-third of nonprofits have updated their policies since 2020, including guidance for legacy gifts and other planned gifts.<sup>1</sup>



## COUNTING LEGACY GIFTS AND OTHER REVOCABLE DEFERRED GIFTS IS ESSENTIAL

Nearly one-half of nonprofits count revocable deferred gifts.<sup>1</sup> From an increased revenue standpoint, legacy gift donors are more likely to increase their annual giving and make a major gift following their legacy gift commitment.<sup>3</sup>



## ONLY HALF OF NONPROFITS CONSISTENTLY TRACK DONOR AGES OR BIRTHDATES

During the Great Wealth Transfer, tracking donor ages or birthdates is critical, as these are key data points for donor segmentation and tailored engagement strategies. Most nonprofits use a customer relationship management system (CRM), but only half record this data consistently.<sup>1</sup>



# Legacy Giving in the Philanthropic Landscape

# LEGACY GIFTS COMPRISED MORE THAN 16% OF OVERALL FUNDRAISING



## FINDINGS

While **only one-tenth of 1% of all donors were legacy gift donors**, revenue from these gifts represented 16.7% of total fundraising revenue. Health, Arts, Education, and Environmental and Animal Welfare nonprofits received the greatest revenue boost from legacy gifts.<sup>1</sup>



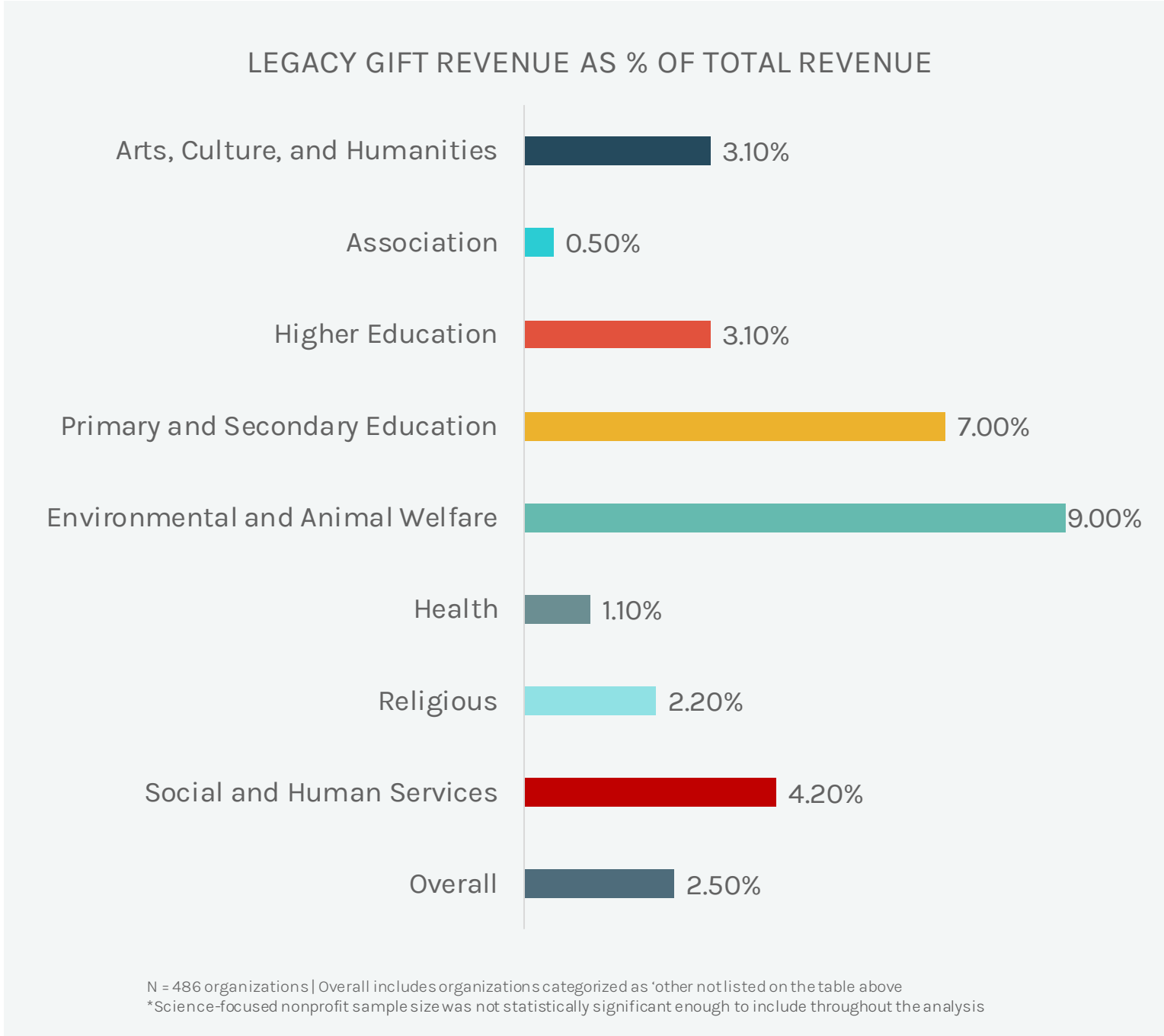
## INSIGHTS

Because bequests are the most popular vehicle for planned giving, nonprofits should see the value in investing in staffing, relationship building, and technologies that aid in securing these types of gifts. Focusing on long-time annual donors will allow nonprofits to increase legacy giving immediately and create a sustainable source of future cash.

SECTOR	PERCENT OF TOTAL ANNUAL DONORS WHO ARE LEGACY DONORS	PERCENT OF FUNDRAISING REVENUE FROM LEGACY GIFTS
Arts, Culture, and Humanities	0.05%	9.7%
Association	0.03%	0.7%
Higher Education	0.27%	16.3%
Primary and Secondary Education	0.19%	18.0%
Environmental and Animal Welfare	0.02%	16.5%
Health	0.35%	15.9%
Religious	0.07%	9.6%
Social and Human Services	0.24%	16.8%
<b>Overall</b>	<b>0.12%</b>	<b>16.7%</b>

N = 486 organizations | Overall includes organizations categorized as 'other not listed on the table above'  
 \*Science-focused nonprofit sample size was not statistically significant enough to include throughout the analysis

# ENVIRONMENTAL AND ANIMAL WELFARE NONPROFITS SAW THE MOST LEGACY GIVING



## FINDINGS

**Legacy gift revenue was distributed unevenly across subsectors**, with Education and Environmental and Animal Welfare causes seeing 3.6x the average. Earned revenue in Health, Arts, and Education drove down the percentage of legacy gift contributions, resulting in a smaller percentage of overall revenue.<sup>1</sup>



## INSIGHTS

The rise in giving to Environmental causes, specifically, is likely in response to climate change. 61% of U.S. adults state that global climate change affects their lives. Adults 18-49 and those in the U.S. Pacific region are especially motivated by climate change action and are likely to consider this issue [a central focus of their current and future philanthropy.](#)<sup>2</sup>

# LEGACY GIFT DONORS CONTRIBUTE AN OUTSIZED AMOUNT TO CAMPAIGNS



## FINDINGS

Of the nonprofits that shared recent campaign data, the total goal of these campaigns is \$6.1 billion, with individual campaign goals ranging from \$6,000 to \$3.2 billion and an average campaign goal of \$185 million. The campaign start dates range from 2009 to 2022, and over one-third (38%) of these campaigns are ongoing.<sup>1</sup>

Total legacy gift dollars range from \$50 to over \$400 million, with an average of \$32 million per campaign. **The average legacy gift per donor in a campaign is just over \$680,000, significantly higher than the average legacy gift across all nonprofits**, indicating that campaigns can help drive larger legacy commitments.<sup>1</sup>



## INSIGHTS

As the wealth transfer continues and nonprofits look to balance the financial need to achieve their missions while also reducing donor fatigue, the increased presence of legacy giving in campaigns seems inevitable. To fundraise in a truly donor-centric manner, fundraisers should consider standardizing blended proposals in which the request encompasses annual giving, major gifts of assets, and legacy giving, as appropriate for each donor.



# THE AVERAGE LEGACY GIFT IS SIGNIFICANTLY LARGER THAN THE AVERAGE ANNUAL GIFT



## FINDINGS

Across all subsectors, we observed a ratio of 252:1 for legacy gifts to annual gifts, with an average legacy gift value of \$122,540.

Environmental and Animal Welfare, and Arts, Culture, and Humanities nonprofits saw the greatest disparity between average annual and legacy gifts.<sup>1</sup>



## INSIGHTS

Knowing that a donor's largest gift is most likely given as a legacy gift and that a donor's annual and major giving increases after making an estate gift, nonprofits that do not ask for these gifts limit their future cash opportunities and short-term revenue potential.<sup>3</sup>

Nonprofits should revise their Gift Acceptance Policies to include a windfall policy, which gives nonprofits guidance on unexpected unrestricted gifts, such as legacy gifts, for use in predetermined strategic initiatives rather than immediate needs.<sup>4</sup>

N = 3,782 Donors | Overall includes organizations categorized as 'other not listed on the table above'

\*Science-focused nonprofit sample size was not statistically significant enough to include throughout the analysis

SECTOR	AVERAGE SIZE OF A LEGACY GIFT	LEGACY TO ANNUAL GIFT AVERAGE
Arts, Culture, and Humanities	\$ 241,288	293:1
Association	\$ 9,650	46:1
Higher Education	\$ 252,546	114:1
Primary and Secondary Education	\$ 458,547	138:1
Environmental and Animal Welfare	\$ 77,527	1084:1
Health	\$ 213,170	96:1
Religious	\$ 50,776	166:1
Science and Technology*	\$ 618,784	54:1
Social and Human Services	\$ 51,242	114:1
<b>Overall</b>	<b>\$ 122,540</b>	<b>252:1</b>

# UNDOCUMENTED LEGACY GIFTS ARE MISSED OPPORTUNITIES



## FINDINGS

Nonprofits received one-third more funding (32.7%) from documented legacy gifts (\$82 million; 143 donors) than unknown legacy gifts (\$55.2 million; 2,296 donors). A modest amount (\$6.1 million; 9,465 donors) came from legacy gifts that nonprofits expected but did not formally document. The documented gift average was significantly higher (over \$570,000) than unknown legacy gifts (around \$24,000) and expected undocumented legacy gifts (around \$650). This group of nonprofits confirmed they have documented \$25.5 million in future cash legacy gifts.<sup>1</sup>



## INSIGHTS

Discussions with donors about their legacy giving plans can clarify the donor's intention for their gift and potentially increase the gift amount. Nonprofits that regularly receive unexpected legacy gifts should proactively address legacy giving with their donors. Otherwise, they risk missing an opportunity to connect more deeply with donors and increase their giving. Often, nonprofits that lack gift documentation also need updated gift acceptance policies to accept various planned gifts.

## WANT TO TAKE DOCUMENTATION A STEP FURTHER?

An increasing number of nonprofits are utilizing Artificial Intelligence (AI) applications to help with donor segmentation and to predict the likelihood of giving. [Learn more about how this technology may benefit your nonprofit mission.](#)



CASE STUDY:

# THE UNREALIZED POTENTIAL OF UNDOCUMENTED LEGACY GIFTS

## THE ARCHDIOCESE OF KANSAS CITY IN KANSAS

Our partnership with the Archdiocese of Kansas City in Kansas and the Catholic Foundation of Northeast Kansas focused on identifying donors with legacy gift potential. Through individual conversations, CCS identified \$26.8 million in potential legacy and other planned gifts, including three gifts of \$5+ million. **We estimate that 50% of these gifts have already been committed, but only recently communicated to the Foundation, and therefore, still need to be documented.** We conducted an e-survey of a larger cohort of parishioners and identified an additional \$16-\$65 million in potential legacy gifts from 175 donors. Following the conclusion of our assessment, our recommendations included steps to ensure that the Foundation secures the \$42-\$91 million in existing and potential legacy and planned gifts, setting up the Archdiocese with a robust source of future cash.

*The Cathedral of Saint Peter, Kansas City; photo credit is courtesy of the Archdiocese of Kansas City in Kansas*

# NO CLEAR RELATIONSHIP EXISTS BETWEEN LEGACY GIFT REVENUE AND ENDOWMENT SIZE

RATIO OF LEGACY GIVING ANNUAL TOTAL TO ENDOWMENT SIZE



Arts, Culture, and Humanities



Higher Education



Primary and Secondary Education



Environmental and Animal Welfare



Health



Religious



Science and Technology



Social and Human Services



OVERALL

N = 486 organizations | Overall includes organizations categorized as 'other not listed on the table above'



## FINDINGS

Though endowment and legacy giving are often linked in theory and practice through campaign initiatives, **there is no clear correlation between legacy gift revenue and endowment size.** Nonprofit endowment size to legacy gift ratio is just under 20:1 across all subsectors, with considerable variance, leading to inconsistent data. Social and Human Service nonprofits, less likely to have an endowment than nonprofits in other subsectors, saw the lowest multiple.<sup>1</sup>



## INSIGHTS

Social and Human Service nonprofits are uniquely challenged to develop endowments due to donors' wishes to allocate their money immediately into programs to help people in need.

A strong case for support focused on long-term strategic planning and program innovation and risk can be a way to [message the importance of an endowment](#) for nonprofits that face similar challenges.

# LEGACY SOCIETIES ARE UNDERUTILIZED AS A POWERFUL DONOR ACQUISITION AND RETENTION TOOL



## FINDINGS

Three-quarters (75%) of survey respondents have established, are establishing, or are considering establishing a legacy donor recognition society.<sup>1</sup> As donor acquisition and retention is the top challenge nonprofits face, how they manage their giving society directly impacts donors' feelings of appreciation and future giving behavior.<sup>5</sup> According to Giving USA, one-third of donors (36.5%) desire membership in a legacy giving society, yet only 10% of donors received this desired recognition.<sup>6</sup>



## INSIGHTS

Legacy societies can be a powerful tool for improving donor recognition and stewardship. The Giving USA Special Report, *Leave A Legacy*, underscores the importance of providing donor stewardship opportunities over the donor's lifetime involvement with the nonprofits they support and also reveals that other more public forms of recognition are less desired by donors.

## WANT TO LEVERAGE YOUR GIVING SOCIETY TO MEET DIVERSITY AND INCREASED REVENUE GOALS?

*Reimagining legacy societies can encourage the giving nonprofits need for consistent and sustainable revenue growth. For nonprofits with diversity, equity, and inclusion (DEI) goals, broadening giving society entry criteria to include more donors can build community among a more diverse donor coalition.*

*Consider expanding your organization's legacy society beyond legacy and other deferred gifts. Include donors who give major gifts of assets and bring them together annually. Older donors will enjoy meeting the next generation, and younger donors will gain invaluable perspective from long-time donors.*

CASE STUDY:

# A MODERN GIVING SOCIETY UNITING EVERY DONOR

## ORCHESTRA LUMOS

On the heels of a successful rebranding and campaign start, Orchestra Lumos was looking to refresh its planned giving program. A key element of the program was its legacy giving society. In support of the Orchestra's strategic goal of expanding its impact in and out of the concert hall, **CCS collaborated to create the Lumos Circle – a community of donors who have left gifts to the Orchestra in their wills, as well as donors who make gifts of noncash assets.** As a result, the Orchestra can ensure that society membership will grow every year and that new and legacy donors will have an opportunity to meet, connect, and celebrate together the power of music and education in their community.

*Music Director Michael Stern with Project Music students; photo credit is courtesy of Orchestra Lumos.*



# NONPROFIT STAFFING IMPACTS LEGACY GIFT REVENUE



## FINDINGS

CCS found that over one-third (37%) of nonprofits have only part-time staff and a combined total of \$7.4M in confirmed legacy gift revenue. **By contrast, the nearly one-half of nonprofits (42%) that have one or two full-time staff report a cumulative legacy gift revenue of \$29.1M, 293% more than nonprofits with only part-time staff.** Only 2% of nonprofits surveyed, all in the Higher Education and Health sectors, have more than two full-time staff and are responsible for securing \$52.1M in legacy gift revenue.<sup>1</sup>

When considering an investment in staffing to secure legacy gift dollars, keep in mind it takes anywhere from less than \$0.01 to \$.57 to raise a legacy gift dollar, significantly less than the cost to raise a major or cash gift. The revenue comparison is stark: \$57-\$100 return per dollar spent for legacy gifts, \$33 return per dollar spent for major gifts, and about \$8 return per dollar spent for cash gifts.<sup>7</sup>



## INSIGHTS

The best time to [invest in a planned giving program](#) was ten years ago. The second-best time is today.

The increase in legacy gift revenue can be tremendous when a nonprofit commits resources to its planned giving program. CCS attributes this considerable potential growth to three primary factors nonprofits should know: 1) the donors most likely to give a legacy gift are not asked often enough; 2) donors today include fewer organizations (3-5) in their estate plans, so the average gift likely increases; 3) the boomer generation owns half of all wealth in the U.S. and are ideal candidates for legacy giving conversations.<sup>8</sup>

CASE STUDY:

# NO STAFF? DON'T DESPAIR.

## CHURCH OF THE HOLY COMMUNION

This year, CCS partnered with the Church of the Holy Communion in Memphis, Tennessee, to help revitalize their legacy society and embark on an endowment campaign for their 75th anniversary, which will be celebrated in 2025. With no staff member dedicated to planned giving, CCS engaged a committee of volunteer leaders to meet their objective.

After segmenting their prospect list, we identified members of the congregation who had included Holy Communion in their will but had yet to inform the church, along with those congregants who were interested in learning more about their planned giving options. After a series of educational events with a local financial planner, outreach began to secure blended gifts and fortify the church's multiple revenue sources.

Photo from <https://www.episcopalassetmap.org/dioceses/diocese-west-tennessee/list/church-holy-communion>





# MORE POTENTIAL TO LEVERAGE FINANCIAL EXPERTS TO FILL DONOR SUPPORT GAPS



## FINDINGS

One-third of organizations (31%) engage professional advisors or estate and financial planning experts to support planned giving efforts, with an average of four advisors per nonprofit. Third-party vendors, such as Pentera, PG Calc, and Charitable Solutions, are also utilized as resources.<sup>1</sup>

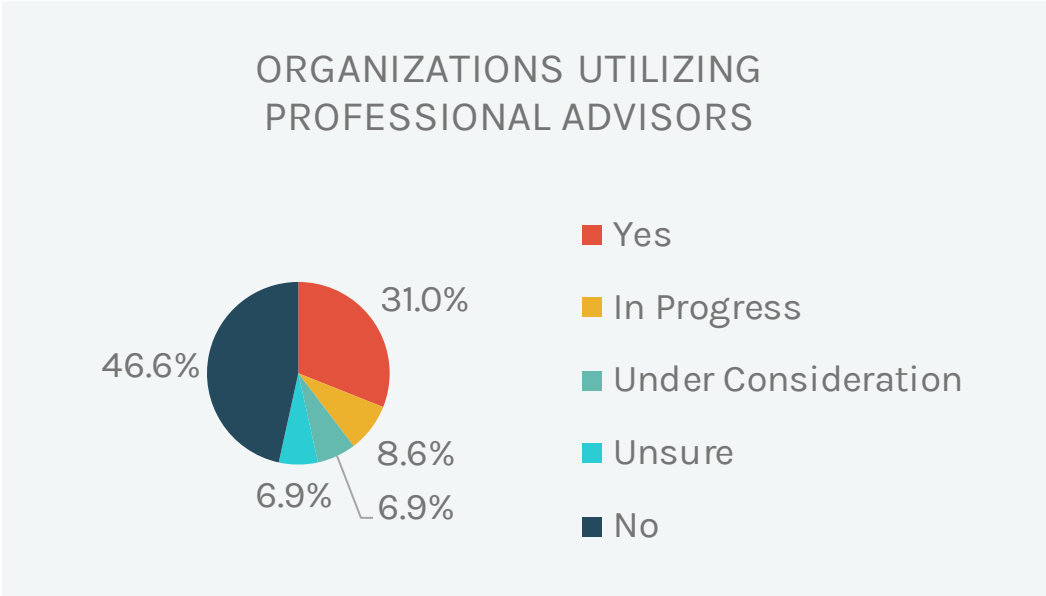
**The data did not show a significant difference in legacy gift revenue for nonprofits with advisors versus those without, even when controlling for staffing variances.** The data does not take into account each nonprofit's gift planning culture, which could provide more insight into how external experts are engaged and leveraged for planned giving programs.



## INSIGHTS

Only one-third of the U.S. adult population has created a will or estate plan, leaving more than one-half without a way to protect themselves, their family, or their assets.<sup>9</sup> Nonprofits should proactively offer to connect donors who need to create or update a will with local professional advisors.<sup>9</sup>

Nonprofits lacking the internal capacity or staff experience to fully staff and manage a planned giving program can look to professional advisors to fill short-term gaps to support donors and advance fundraising efforts. As with donors, professional advisors require consistent and personal relationship building.



ORGANIZATION UTILIZING PROFESSIONAL ADVISORS	TOTAL LEGACY GIFT REVENUE
Yes	\$24.7M
In Progress	\$5.6M
Under Consideration	\$8.0M
Unsure	\$27.8M
No	\$22.6M

N = 58 organizations



# Foundational Elements and Infrastructure

# A MAJORITY OF NONPROFITS HAVE OUTDATED GIFT ACCEPTANCE POLICIES

*Organizational planned giving results vary widely, primarily due to variances in how these programs are invested in and staffed, as well as which resources are available to fundraisers.*



## FINDINGS

CCS's nonprofit partners frequently ask for support and guidance on how to update their gift acceptance policies for the various giving vehicles and for information on counting and crediting standards.

This most common issue is underscored by the **52% of nonprofits that have not updated their gift acceptance policies in the last five years or do not know when they were last updated.**

Slightly fewer nonprofits (41%) have updated their gift acceptance policies since 2020 and have included guidance for bequests and other deferred and noncash asset gifts.<sup>1</sup>



## INSIGHTS

CCS recommends that organizations review their gift acceptance policies at least every five years to ensure policies align with organization fundraising best practices, and consider including a windfall policy as described on page 17.

CASE STUDY:

# A FOUNDATION READY TO RECEIVE

## SAN DIEGO FOUNDATION

Early this year, the San Diego Foundation received a \$100 million bequest from Jay Kahn, a local entrepreneur unknown to the Foundation when his gift was received. As the largest unrestricted gift to a San Diego nonprofit and the third largest gift of its kind to a U.S. community foundation, this transformational gift represented Jay's significant love of his community and his confidence that the Foundation was best positioned to receive and allocate his gift. **Jay's story is not unusual. An average of only 10% of estate donors notify charities of their gift intentions.** Through CCS's partnership with the Foundation, we came to know about the bequest. This gift confirmed for us the importance of all nonprofits including a windfall policy in their gift acceptance policies to ensure that each organization is prepared to accept and allocate large, unexpected gifts in the years to come.

Photo credit: San Diego Foundation (SDF).  
SDF Scholarship Awardees



# COUNTING LEGACY AND OTHER REVOCABLE DEFERRED GIFTS IS ESSENTIAL



## FINDINGS

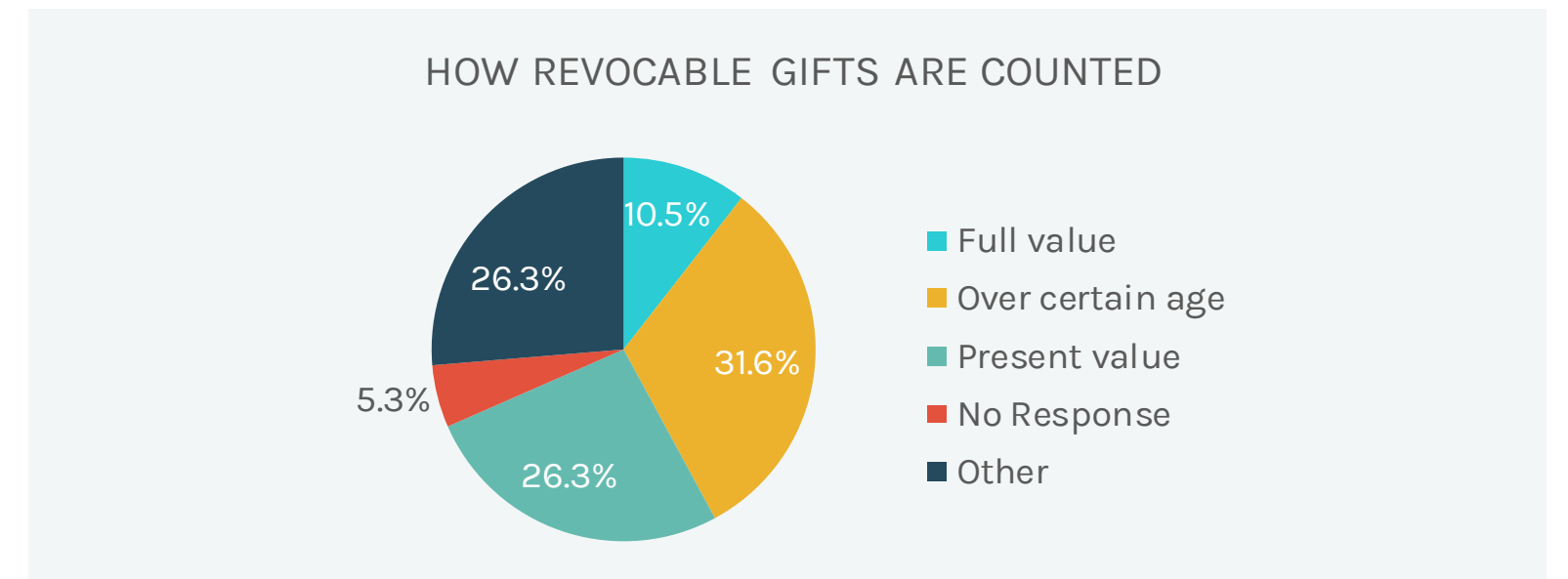
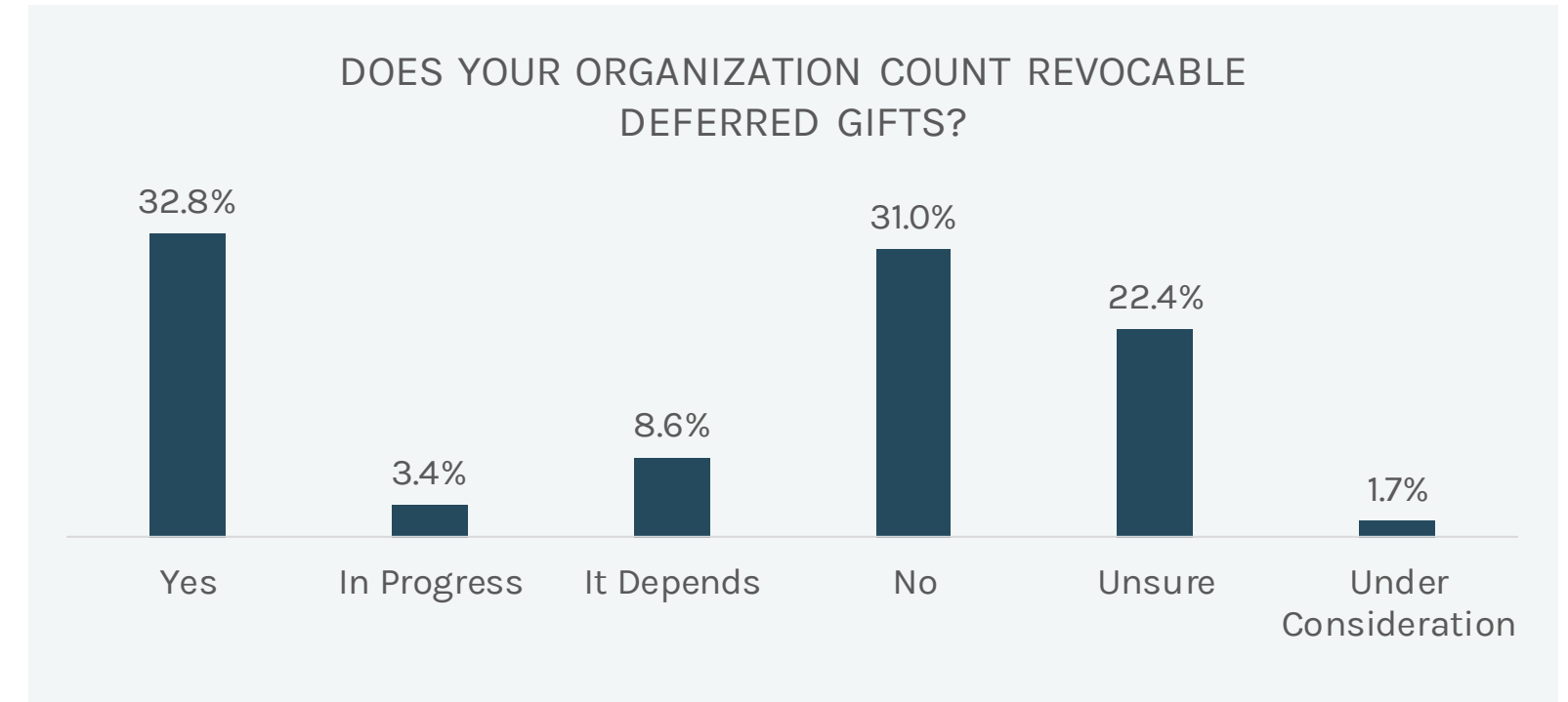
Nearly one-half of nonprofits (45%) count revocable deferred gifts, with the most popular options for counting criteria being "over a certain age," present value calculation, or situation-dependent criteria.<sup>1</sup>

A common misperception is that a legacy gift is a donor's final gift — that thinking is not borne out by the data. Donors increase their annual giving by 75%, on average, following their legacy commitment and are 17% more likely to make a major gift in the two years following their commitment.<sup>2</sup>



## INSIGHTS

Every nonprofit must determine its comfort with counting revocable deferred gifts. Honoring long-time donors and increasing immediate and future cash revenue are at stake. From a stewardship perspective, counting revocable deferred gifts, even from donors as young as 40, tells the donor you value their gift because of the gift's intent, as well as its future cash value.<sup>3</sup>



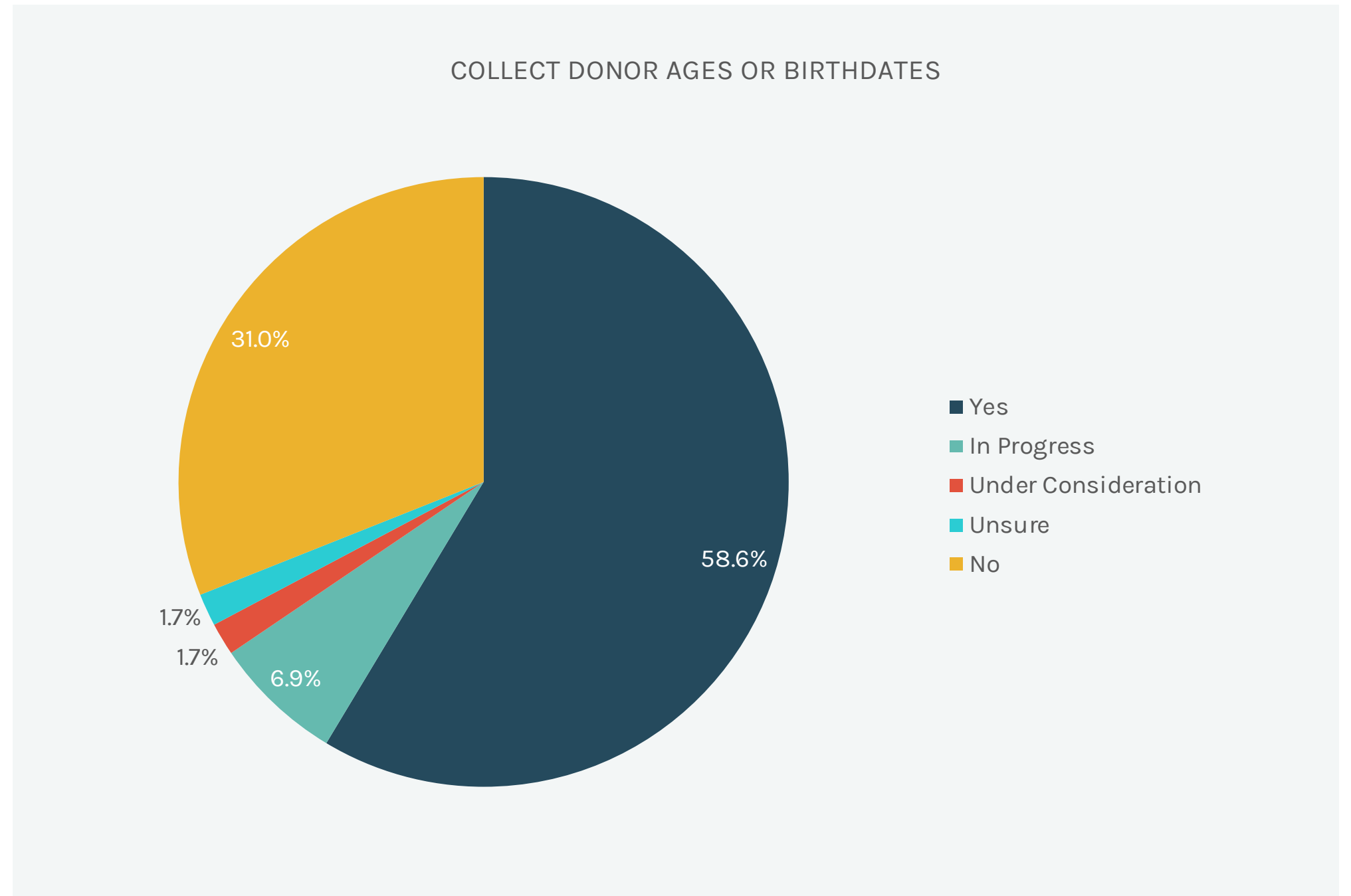
# JUST OVER ONE-HALF OF NONPROFITS CONSISTENTLY TRACK DEMOGRAPHIC DATA



## FINDINGS

Collecting donor ages is not standard across nonprofits, overlooking a significant data point critical to creating targeted and relevant donor engagement strategies. Just over one-half of nonprofits (58%) record ages and birthdates; of those, only 55% have age or birthdate data for at least 50% of their donors. Only 19% of nonprofits that track ages have defined age limitations for counting bequests.<sup>1</sup>

Despite the challenges with consistent data collection, most nonprofits (80%) have a dedicated database or CRM or are in the process of setting one up.<sup>1</sup>



# CONSISTENTLY TRACKING THE MOST USEFUL DONOR DATA



## INSIGHTS

Tracking ages can support long-term financial planning, particularly regarding deferred gifts. Nonprofits can also use ages to support stewardship touch points (e.g., birthday cards where culturally appropriate) and segment donors for specific types of outreach (e.g., qualified charitable distributions [QCDs] from IRAs).

Fundraising strategy will be tied ever more closely to each generation's philanthropic needs and goals, and they increasingly differ from one another. Collecting demographic information, such as age, marital status, family makeup, and heir status, helps fundraisers better understand their donors and how best to engage and steward them.

Nonprofits that currently collect this data inconsistently and nonprofits that aspire to collect this information for their donors may consider the benefits of a systems change management review. By understanding your 'data in practice,' you can improve how information is gathered, managed, and used to drive your nonprofit's strategic fundraising activity.

## WANT TO CHANGE YOUR DATABASE OR CRM AND IMPROVE YOUR DATA MANAGEMENT?

*Deciding on the right CRM for your nonprofit is a critically important decision. Ask key staff the following questions to guide your process and final CRM decision.*

- *Are there sector-specific CRMs that you should consider?*
- *How many constituent records do you have and manage?*
- *What about your current CRM is not working for you?*
- *What functionality do you need the CRM to have (e.g., what ability to record deferred gifts and noncash assets)?*
- *What other tools does your nonprofit use (e.g., finance system, marketing software, etc.)?*

*For more insights, check out these [considerations for choosing a CRM](#).*



# Set Up Your Nonprofit for Planned Giving Success



# THE FUTURE OF PLANNED GIVING

## NONPROFITS MUST PRIORITIZE SECURING LEGACY GIFTS AS FUTURE CASH OPPORTUNITIES

There is no timeline for when or if the major gifts cliff will occur, but traditional fundraising programs are proving to be unsustainable. All signs point to prioritizing legacy giving to offset potential decreases in major giving. Consider the following:

- Gifts of \$500 million or more accounted for 5% of all giving from individuals in 2022.
- Of 2022's total charitable giving, 3% or \$13.96 billion, came from just six individuals and couples.
- Some preliminary signs for the year ahead suggest foundations and big donors are slowing their giving.
- According to an analysis of contributions of \$1 million or more made in the first five months of 2023, nonprofits received 213 gifts worth \$5.2 billion. By comparison, at the same time, in 2022, nonprofits received 261 gifts worth \$7.4 billion, a decrease of 48 gifts (-22.5%), totaling \$2.2 billion (-42.3%).
- An early estimate from Candid, which studies foundation data, suggests significant belt-tightening at foundations, whose assets have been affected by the bumpy stock market.
- Cathleen Clerkin, senior director of insights at Candid, says early results of a 2023 survey suggest that 27% of foundations plan to decrease their giving. Last year, 44% planned to increase giving, while only 9% expected decreases.
- As for donor-advised funds (DAFs), signs suggest donors invest little new money. Donations made to funds at Fidelity Charitable were flat last year, and Vanguard Charitable donors contributed \$1.2 billion less to their funds last year, a drop of 29%.<sup>1</sup>

# THE FUTURE OF PLANNED GIVING

## GIFT PLANNING CULTURE DIVERSIFIES AND DEMOCRATIZES PHILANTHROPY

The results are clear – legacy donors give more annually and are likelier to make a major gift.<sup>2</sup> Expanding the conversation beyond cash donations will help nonprofits grow their future cash potential and open opportunities to accept major gifts of assets that can be leveraged for additional (i.e., emergency) financing, leading to greater organizational sustainability and financial resilience.

Fundraisers must recognize the potential of legacy giving and act accordingly. The wealth transfer is ongoing, and most nonprofits are unequipped to have legacy conversations with donors or accept these gifts easily.

**By offering more creative giving options to more donors, nonprofits can broaden their community of donors and allow more people to participate in philanthropy.** Legacy gifts will remain a significant giving tool, and nonprofits must intentionally offer legacy giving information to more donors with the appropriate resources and support. Moreover, nonprofits must ensure their donors have the resources and professional support necessary to create an estate plan from which donors can establish legacy gifts, and then be sure to invite these donors to consider such a commitment.

The ability of fundraisers and planned giving professionals to help donors create estate plans will directly and positively affect the diversity of planned giving donors.<sup>3</sup> While modest-dollar donors are the most likely and overlooked prospects for legacy gifts, high net worth (HNW) and ultrahigh net worth (UHNW) donors of color make more planned gifts than their white counterparts.<sup>4,5</sup> Planned giving as a means to increase estate planning is especially important for communities of color, which historically have not been encouraged or supported to protect their wealth and assets. As a result, they suffer from a lack of intergenerational wealth. Nonprofits with a stated interest in diversity, equity, and inclusion (DEI) efforts can help support these donors and their communities by providing resources, guidance, and information and ensuring their employees understand cultural competencies when working with donors outside of their own cultural backgrounds.

# CCS FUNDRAISING'S RECOMMENDED ACTION STEPS

WE ENCOURAGE ALL NONPROFITS TO TAKE THE FOLLOWING STEPS TO BUILD THEIR LEGACY GIVING PROGRAM TODAY

## CULTURE:

- Invest in initiating or deepening your gift planning culture to support establishing or growing a strong, modern planned giving program.
- Educate organizational and volunteer leadership about the importance of a robust legacy gift strategy within a modern planned giving program.
- Invest in professional development for all fundraisers, and encourage a culture of collaboration and learning about planned giving strategy.
- Set realistic benchmarks and goals for your legacy gift fundraising efforts and be generous with credit for fundraisers who collaborate and work together to achieve their goals.

## DATA, TECHNOLOGY, AND POLICIES:

- Regularly review and update your Gift Acceptance Policies and procedures. Include a windfall policy (see page 17) so your nonprofit can say “yes” to any gift a donor offers.
- Ensure your CRM works effectively for your nonprofit to support your data tracking and reporting needs.
- Track key donor demographics like age or birthdate, gender, marital status, and heir status, and ensure data integrity.
- Regularly review your donor community and segment donors based on their likelihood of committing a legacy gift.

## COMMUNICATION AND DONOR STEWARDSHIP

- Enhance language around endowment impact and needs to highlight how a donor can have both an immediate and a longer-term impact by giving in a mutually beneficial way.
- Create a list of local professional advisors – estate planning attorneys, tax planners, wealth managers, and financial advisors – to share with donors interested in giving a legacy gift but lacking an estate plan.
- Consistently communicate why creating an estate plan and will is important for donor well-being and offer opportunities for donors to learn how to protect their families and assets.
- Normalize and standardize blended gift requests that combine multiple asks in one conversation or proposal, with the option to make a legacy gift, a major gift of assets, or both.
- Speak to donors about their gift/legacy/impact intentions and document all gifts in writing.
- Count revocable deferred gifts as part of your nonprofit's success metrics, and report on the impact of their commitment on a regular basis.
- Consider establishing a more inclusive giving society as a donor stewardship and engagement tool to honor legacy giving and major gifts of assets.

# ACKNOWLEDGEMENTS

## ■ FOREWORD

<sup>1</sup> Giving USA Foundation, *[Giving USA: The Annual Report on Philanthropy for the Year 2022](#)* (2023).

<sup>2</sup> The New York Times, *[“The Greatest Wealth Transfer in History Is Here, With Familiar \(Rich\) Winners”](#)* (2023).

## ■ PLANNED GIVING IS GROWING

<sup>1</sup> Giving USA Foundation, *[Giving USA: The Annual Report on Philanthropy for the Year 2022](#)* (2023).

## ■ KEY GIFT PLANNING TAKEAWAYS

<sup>1</sup> CCS Fundraising Gift Planning Practice Group, Gift Planning Survey (2023).

<sup>2</sup> Christianna Luy, MA, CFRE, CSPG and Dominic Pepper, MEd, CSPG, *[CSPG Practicum \(2022\)](#)*."

<sup>3</sup> Giving USA Special Report, *[Leaving a Legacy: A New Look at Today's Planned Giving Donors](#)* (2019).

<sup>4</sup> Russell N. James, III, *[The Emerging Potential of Longitudinal Empirical Research in Estate Planning: Examples from Charitable Bequests](#)* (2020).

<sup>5</sup> The New York Times, *[“The Greatest Wealth Transfer in History Is Here, With Familiar \(Rich\) Winners”](#)* (2023).

## ■ LEGACY GIVING IN THE PHILANTHROPIC LANDSCAPE

<sup>1</sup> CCS Fundraising Gift Planning Practice Group, Gift Planning Survey (2023).

<sup>2</sup> Pew Research Center, *[“What the data says about Americans’ views of climate change”](#)* (2023).

<sup>3</sup> Northern Trust, *[“How to Successfully Manage a Windfall Gift”](#)* (2021).

<sup>4</sup> Russell N. James, III, *[The Emerging Potential of Longitudinal Empirical Research in Estate Planning: Examples from Charitable Bequests](#)* (2020).

<sup>5</sup> CCS Fundraising, *[CCS Philanthropy Pulse](#)* (2023).

<sup>6</sup> Giving USA Special Report, *[Leaving a Legacy: A New Look at Today's Planned Giving Donors](#)* (2019).

<sup>7</sup> FreeWill, *[“How to convince your organization to invest in planned giving.”](#)* (2023).

<sup>8</sup> The New York Times, *[“The Greatest Wealth Transfer in History Is Here, With Familiar \(Rich\) Winners”](#)* (2023).

<sup>9</sup> LegalZoom, *[“Estate planning statistics to read before writing your will”](#)* (2023).

# ACKNOWLEDGEMENTS

## ■ FOUNDATIONAL ELEMENTS AND INFRASTRUCTURE AFFECT LEGACY GIVING

<sup>1</sup> CCS Fundraising Gift Planning Practice Group, Gift Planning Survey (2023).

<sup>2</sup> Russell N. James, III, *The Emerging Potential of Longitudinal Empirical Research in Estate Planning: Examples from Charitable Bequests* (2020).

<sup>3</sup> Giving USA Special Report, *Leaving a Legacy: A New Look at Today's Planned Giving Donors* (2019).

## ■ SET UP YOUR NONPROFIT FOR PLANNED GIVING SUCCESS

<sup>1</sup> The Chronicle of Philanthropy, *"Drop in Giving From 2021 to '22 Was Among the Steepest Ever, 'Giving USA' Found,"* (2023).

<sup>2</sup> Russell N. James, III, *The Emerging Potential of Longitudinal Empirical Research in Estate Planning: Examples from Charitable Bequests* (2020).

<sup>3</sup> The Giving Docs, *DEI in Planned Giving Research Series, Part 3 - High Net Worth Donors of Color & Ways to Create a More Inclusive Planned Giving Program.*

<sup>4</sup> Donors of Color Network. *Philanthropy always sounds like someone else: A Portrait of high net worth donors of color* (2022).

<sup>5</sup> Bank of America. *2021 Bank of America Study of Philanthropy: Charitable Giving by Affluent Households* (2022).

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