

Planned Giving Determinants

Characteristics of Individuals Most Likely to Create a Planned Gift

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Primary Criteria

The 'typical' planned giving donor is someone who lives below their means, is a hard worker and prodigious saver and seems to embody the motto of, "Earn all you can, save all you can, give all you can". The major caveat though, is that they are averse to making large gifts of capital during their lifetime and will show up on donor records as someone who has been giving modestly over a long period of time. Their largest gift will be their ultimate gift.

They spend their lifetimes accumulating capital and can easily be the 'millionaire next door' who plans to give away their wealth to the individuals or causes they love the most, but only upon their death. They 'fly under the radar' and are not the conspicuous consumers who covet large houses and flashy cars or take expensive vacations, so wealth measurements are not always a reliable tool in identifying these individuals in donor databases.

Above all, they are very much values-driven and regard loyalty very highly, which is why they have been giving to not-for-profits over a long period of time. They sustain other long-term relationships such as their places of employment, their places of worship, membership in organizations, family traditions - even the house they live in. Therefore, some very good external indicators are the length of time they have worked for a particular company, lived in the same house, been a member of a place of worship and/or a civic organization, belonged to and voted for a particular political party, had membership in a club, or even subscribed to certain publications.

As part of their values-based outlook, they regard the institutions they support as agents of change in society, but also as maintainers of tradition, so it is important that we address this when making our case. It is more important to talk about how your organization will create a better world than to stress the organization's financial needs. They know from experience that charities always need money- they're more interested in knowing what the organization plans to accomplish in society. They regard planned giving primarily as the means to making a substantial major gift to the causes they love, while the tax benefits of their gifts act more as a multiplier than a motivator.

Donors also consider the permanence of institutions very carefully, so they are not likely to create planned gifts to organizations that are very new or have an uncertain future, and the larger the gift, the more likely they are to endow it.

They have probably begun thinking about a planned gift in mid-life, but it is important to keep the planned giving message in front of them as much as possible, because it is difficult to determine when they will move to create a planned gift. Once they have the information they need about how to create a bequest or other planned gift they are not usually responsive to the prospect of personal visits, although it does not hurt to keep in touch regarding their intentions.

Secondary Criteria

Here are some characteristics of the 'typical' planned giving donor that will help you identify them in your donor database, arranged in order of importance:

1. Loyal/ repeat donor, usually over decades and usually at a modest level
2. Age, typically between 45 and 75 years old
3. Gender. Women generally make up 2/3 of planned giving donors across institutions, largely because they tend to outlive men, but also because older women with capital tend to guard it carefully and will only make large gifts through bequests
4. Have no children or grandchildren, whether single or married
5. Have benefitted from the services of your organization
6. Are/were a long-term employee of your organization, or the surviving spouse of one
7. Are a regular attendee at events
8. Live in proximity to your organization
9. Has a history of active engagement with your organization, such as volunteering in service-delivery, governance, sales, fundraising
10. Their neighbourhood- although not necessarily the wealthiest neighbourhood- more likely in an area that began as a middle-class enclave, such as the 'inner suburbs' or an

established older neighbourhood where they have since lived for many years- even decades

11. Use the honorific 'Miss' and are over 50 years old, which has been noted as a tool in filtering a database, not necessarily a reason in itself for that person to create a planned gift

Other Considerations

Planned giving donors tend to give differently across organizations, as they have price-points in mind for their giving. For instance, they might give gifts in the millions of dollars to a hospital or university, but not necessarily to a place of worship or a social services agency. Likewise, they may attribute a higher value to an organization where they perceive the benefit to society to be greater.

They tend to favour programs and people over building or capital needs, as they seem more focused the direct benefits the organization is providing to society and not in maintaining buildings or creating large reserve funds.

Gift-in-kind bequests are common, but the donor should always be encouraged to speak directly with the organization before arranging such a gift to determine if the item has value.

Making the Decision

While the decision on 'who gets what' upon their death is very much a personal, values-based decision, the decision to write or rewrite a will is usually prompted by specific life-changing events when they suddenly decide to 'get their things in order'. The most common reasons that a person writes or rewrites a will are:

1. Change in marital status- married, divorced, death of spouse or remarried (marriage in some jurisdictions nullifies existing wills so new ones need to be written)
2. Change in family status- having children, children 'leaving the nest', arrival of grandchildren, or the death of close relatives later in life
3. Change in financial status- have gained or lost a substantial sum, such as through the sale of property or a business or through an inheritance

4. Change in health status- have suffered a significant health setback or health improvement which has reminded them of their mortality
5. Change in job status- which usually means retirement, although they may have stopped working for other reasons- or getting a promotion- or moving to a new job

Our Gift Planning Office has also noted a number of instances where donors are making estate arrangements, which include bequests to the university, in advance of major trips abroad (where charities are often named in disaster clauses). We have also noticed this trend in relation to moving homes, especially where the person is moving from a home they have lived in for many years, probably because they are dealing with their lawyer at the time and take advantage of the opportunity to make a new will. Although anecdotal, it is significant enough to note.

Finally, a factor affecting most Canadians is turning age 71, at which point everyone with Registered Retirement Savings Plans (RRSP's) must convert them into retirement income funds (RRIF's), life annuities or a lump-sum payment before the end of that calendar year. This is an ideal opportunity to encourage donors to name the university as a beneficiary of their RRIF.

Questions?

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