

Gifts in Wills Fundraising

An analysis of recent gifts in wills trends and programs amongst Australian charitable organisations and suggested elements required for the acceleration and implementation of a best practice gifts in wills program.

Background

Many Australian charitable organisations incorporate gifts in wills (bequest) fundraising into their medium and long-term outcome planning. Gifts in wills are integral in raising funds for projects and programs operated by these organisations.

While the number of gifts in wills received by many Australian organisations has shown an overall positive trend over the last 10 years, the erratic and unpredictable nature of such gifts has called for an investigation into the reasons behind these trends, and highlighted the need for a more specialised strategy for gifts in wills fundraising.

This paper provides an overview of the gifts in wills fundraising strategies, make recommendations about how we can accelerate growth in the income that organisations receive from these gifts in the future and outlines the resource requirements necessary to achieve this growth.

Gifts in wills fundraising has a lag time of approximately 5 years. Organisations can and must act now to invest in creating the most effective bequest fundraising programs possible and take full advantage of the effects of an ageing Australian population, a large and elderly pool of supporters and the largest intergenerational transfer of wealth the world has even seen that is anticipated to occur over the next 25 years.

Existing Gifts in Wills Programs

Many organisations have developed highly personalized relationship-based models of gifts in wills fundraising. This has proven effective with existing supporters of the organisation to convert them to people who advised the organization of their gifts (confirmed gifts in wills). These highly personalized relationships are maintained by individual managers (gifts in wills officers) who develop close relationships with the confirmed gifts in wills donors.

Gifts in Wills Programs are often supported by a range of marketing strategies to existing supporters.

These include:

- Gifts in wills focused articles featured in supporter newsletters;
- Tick boxes on cash appeal response mechanism;
- Gift in wills response flyers inserted into cash appeal donation receipt letters;
- Supporter survey which includes a question which specifically asks supporters about their attitude towards gifts in wills;
- Appeal-style letter which asks supporters to consider including a gift to the organisation in their Will
- Mentioning the impact of gifts in wills at events;
- Gifts in wills information on the organisation's website in an accessible section.

Charity benchmarks for gifts in wills performance

Unfortunately there is currently no comprehensive data about charitable gifts in wills income and many charities report fundraising income without explicitly identifying gifts in wills income. The list below contains information gathered from various Annual Reviews and Financial Reports. It illustrates the income from gifts in wills in 2010/11 and 2011/12 for some Australian charities:

Health-related charities	2011/12	2010/11
<i>Cancer Council (Total)</i>	<i>\$41.120m</i>	<i>\$35.354m</i>
<i>Vision Australia</i>	<i>\$37.091m</i>	<i>\$29.819m</i>
<i>National Heart Foundation</i>	<i>\$26.177m</i>	<i>\$20.401m</i>
<i>Garvan Institute</i>	<i>\$ 6.356m</i>	<i>\$ 2.981m</i>
<i>Diabetes Australia (Total)</i>	<i>\$ 3.703m</i>	<i>\$ 2.526m</i>
<i>Alzheimer's Australia (Total)</i>	<i>\$ 2.968m</i>	<i>\$ 1.362m</i>
<i>Cerebral Palsy Alliance</i>	<i>\$ 2.298m</i>	<i>\$ 7.900m</i>
<i>Multiple Sclerosis</i>	<i>\$ 1.386m</i>	<i>\$ 1.503m</i>
<i>Baker IDI</i>	<i>\$ 1.380m</i>	<i>\$ 1.260m</i>
<i>Kidney Health</i>	<i>\$ 0.973m</i>	<i>\$ 0.641m</i>
<i>National Stroke Foundation</i>	<i>\$ 0.971m</i>	<i>\$ 0.695m</i>
<i>Heart Research Australia</i>	<i>\$ 0.543m</i>	<i>\$ 0.818m</i>
'Best in class' charities	2011/12	2010/11
<i>RSPCA (excl. QLD)</i>	<i>\$30.154m</i>	<i>\$34.274m</i>
<i>The Salvation Army</i>	<i>\$13.712m</i>	<i>\$22.824m</i>
<i>Red Cross Australia</i>	<i>\$12.309m</i>	<i>\$10.093m</i>
<i>Children's Hospital Westmead</i>	<i>\$10.531m</i>	<i>\$ 5.492m</i>
<i>Fred Hollows</i>	<i>\$10.053m</i>	<i>\$ 8.703m</i>
<i>Mission Australia</i>	<i>\$ 5.089m</i>	<i>\$ 4.659m</i>
<i>The Smith Family</i>	<i>\$ 3.983m</i>	<i>\$ 4.201m</i>

<i>Lost Dogs Home</i>	\$ 2.666m	\$ 3.056m
<i>Médecins Sans Frontières</i>	\$ 2.147m	\$ 3.270m

Gifts in Wills Performance Measures

Another measure of success for gifts in wills fundraising programs outside of income received is the analysis of the proportion of current cash supporters (Active Donors) who have also confirmed that they have included a gift in their Will. This measurement is referred to as the Gifts in Wills Penetration in Pareto Fundraising’s benchmarking. Below is a chart that highlights the differences between some of the charities that have participated in the 2012 benchmarking research.

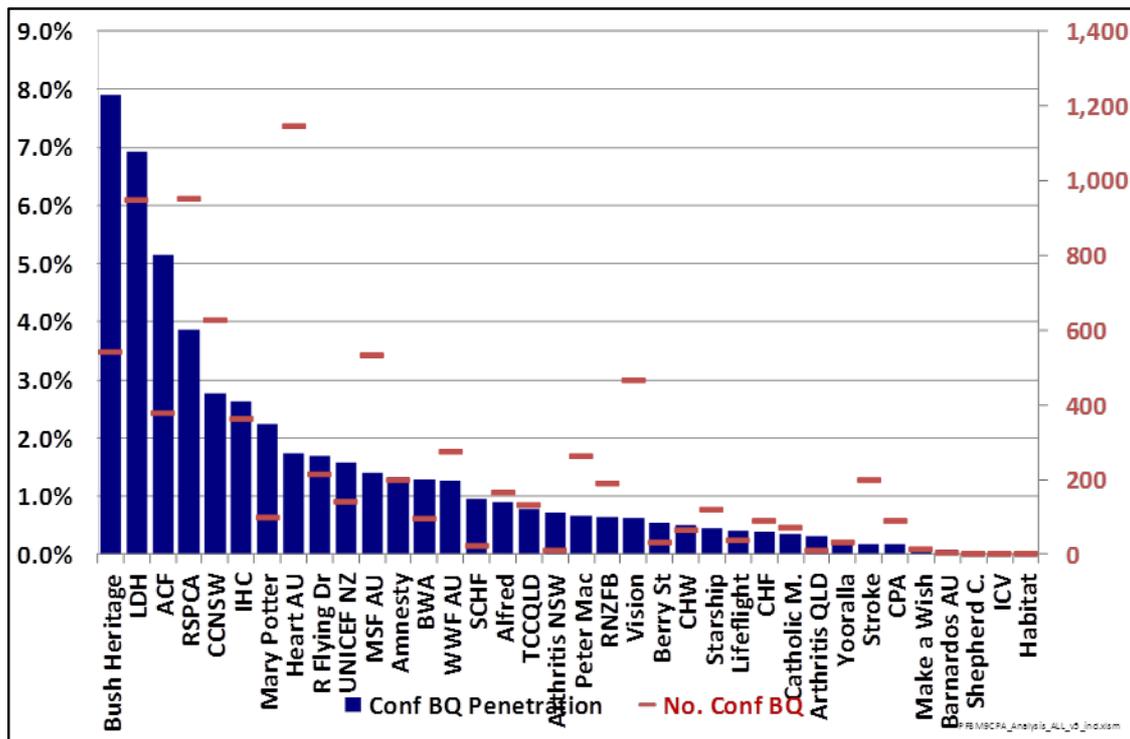


Figure 6 Bequest pledge rate of active cash donors

The average bequest pledge rate for charities participating in the benchmarking research was 1%. The highest performing charity (Bush Heritage) had a pledge rate of 7.9%. If you look at the top 5 charities in the bequest pledge rankings (Bush Heritage, Lost Dogs Home, Australian Conservation Foundation, RSPCA, Cancer Council NSW,) they use a blend of telephone marketing / direct mail marketing / in-house relationship management to deliver their bequest programs.

To achieve these higher levels of bequest pledge penetration rates most of the charities have invested significant resources into actively marketing and promoting bequests to their supporters through multiple channels, increasingly through direct marketing and digital channels. Alongside developing enhanced marketing capabilities, other charities have developed sophisticated systems to administer the legal and financial processes associated with bequests. This is especially important in the face of increased

levels of challenges and family provision claims that many charities are experiencing.

It is vital for organisations to first **protect**, and then **grow** their market share of the bequests.

Critical analysis of existing gift in wills programs

While many organisations have demonstrated noticeable successes in gifts in wills fundraising in the past decade, more recent trends have shown a plateau in the numbers of confirmed gifts in wills. With an absence of large-scale campaigns promoting gifts in wills and an ageing profile of existing supporters, there is a real risk that organisations will miss the window of opportunity to inspire their supporters to include gifts in wills before they lose their capacity to do so.

A critical analysis of existing models of gifts in wills programs active in many organisations has highlighted a number of significant areas of concern that may affect the future performance and have constrained these programs from reaching their full potential and fulfilling the organisation's ambitions to increase future bequest income.

These include:

- Static model of delivery of the program despite organisational and environmental changes;
- Over-reliance on highly personalised relationships with individual supporters which are primarily focused on confirmed gifts in wills;
- Absence of wide reaching direct marketing methods used by other charities to significantly increase the scale and reach of their bequest marketing and increase the bequest penetration rate amongst their existing supporter base;
- Continued use of an out-dated gift in will society model

Elements required for an accelerated gift in will program

Broadening the exposure of inspirational gift in will messages amongst existing supporters (warm) and to a wider public audience (cold) is essential to accelerate the growth of bequest income left to organisations. To achieve this we will recommend the following elements for gift in will programs.

Step 1 - Combining the best elements of relationship management and direct marketing

Embracing innovation and implementing an integrated direct marketing / relationship management approach to bequest fundraising is imperative if the organisation is to successfully and consistently grow income from gifts in wills in the future. The hybrid approach adopted should remove the reliance on

building personal relationships with individuals which has significantly constrained progress in many organisations.

The expansion of an in-house team of relationship officers is essential to ensure that systematic conversion conversations occur to inspire supporters into action. The team would also maintain appropriate levels of personalisation and ensure the organisation's responsiveness to individual supporter needs whilst maintaining the quality control required for qualifying and assessing new leads generated through the direct marketing activities.

Step 2 - Acquiring new gift in will supporters

A more cost effective method for reaching out to new audiences and inspiring interest in gifts in wills for organisations would be to undertake systematic new supporter acquisition activities that target specific segments of the public. This will ensure that we are building a pipeline of supporters from which organisations can anticipate high levels of bequest income in the future.

Step 3 - Modifying the tone and language we use to convey our gifts in wills messages

Contemporary thinking in the sector about the personality and language that charities should adopt when inspiring supporters to include gifts in wills points to organisations using a warm, friendly and trustworthy tone of voice.

Organisations should be very careful to avoid unnecessary legal, corporate or clinical phrases and tones in communicating with the vast majority of bequest supporters. For example, the underlying rationale for using the phrase '**a gift in a Will**' rather than the word '**bequest**' or '**legacy**' is that it:

- Is far more accessible to a lay audience and needs little or no explanation
- Creates a sense of generosity and compassion and is less intimidating
- Helps to immediately break down many of the psychological perception barriers that individuals have about the achievability of leaving a bequest.

Step 4 - Recognising the current reality of existing supporters

Adopting a supporter-centric approach to our gift in will marketing and communications will yield better results. For example, when connecting with existing supporters, it is highly unlikely to be precisely the right time for them to update or revise their Will. A gift in will program should inspire increased levels of emotional commitment from supporters to including a gift in their Wills. A practical commitment will follow when the time is right for them. It is important that the organisation remains in the front of mind until there is a practical trigger for them to update or revise their existing Will.

Step 5 - Reinforcing cross-organisational support for gifts in wills

Radically growing the gift in will income requires strong cross-organisational cooperation and a range of complementary strategies. An effective gift in will program will require the key gift in will messages to permeate across the organisation so that it becomes a natural part of the dialogue and the offerings the organisation has with supporters, ambassadors, campaigners and the wider public who are interested in current programs and projects.

Step 6 - Contributing towards growing the gift in will market in Australia

Include a Charity is a not-for-profit consortium of 145 of Australia most innovative and successful bequest fundraising charities (including the Heart Foundation, Cancer Council, The Salvation Army, Red Cross, RSPCA, Guide Dogs and Bush Heritage). Within the next 10 years it aims to increase the proportion of Australians who have included a charitable gift in their Will from 7.5 % to 12%. Organisations that actively participate in this social-change campaign will gain considerably from the overall increase in the bequest marketplace that will result from the success of this initiative.

Step 7 - Promoting the organisation and gifts in wills to a cold audience

One of the critical success factors for the most effective gifts in will program is the organisation's ability to increase its visibility and relevance to a wider public audience. Gift in will research indicates effective organisational marketing to support bequest programs includes **inspiring factors** (having a clear vision, demonstrating significant progress towards their stated goals, illustrating the need for the charity and its importance to the community) and **reassurance factors** (having a good reputation within the community, a sense of being well-established with a demonstrable track record of achievements over time).

These factors need to be captured in marketing and could be enhanced by increasing public awareness of the programs that already form part of the core activities of the organisation. To be clear, this is not about specifically marketing or promoting gifts in wills to the organisation, but rather increasing the general awareness and building confidence in the organisation as a trustworthy charity that is making a difference to something that is important to an individual.

Step 8 - Financial management of gifts in wills and minimising legal challenges

An integral part of any effective gifts in wills programs is effective and timely estate administration processes supported by appropriate legal advice. Charities with significant bequest programs (e.g. Cancer Council, Guide Dogs, Vision Australia, RSPCA, Peter Mac, the Heart Foundation) have specialist staff resources dedicated to overseeing the ongoing estate administration process and financial management issues connected with complex bequest gifts. As your organisation's gift in wills program grows it would be advisable to consider this.

Step 9 – Inspiring gifts in will stories

Organisations must reinforce their ability to report on the impact that gifts in wills have on advancing their mission and vision. Clear policies and procedures for making decisions about how and when gifts in wills are spent will strengthen the organisation's ability to accurately convey the impact that gifts in wills have in progressing the organisation's mission and provide an inspiring case for support for our existing supporters to include gifts in their wills in the future.

Implementing best practice gifts in wills programs

There are a number of specific steps to implementing a best practice gifts in wills program in order to reach bequest targets including strategies for

- conversion of existing supporters,
- acquisition of new supporters,
- stewardship of confirmed gift in will donors and
- management of gifts in wills.

There is a need for organisations to reach out to a large audience relatively quickly. Many organisations often face capacity limitations on existing internal resources, requiring external support from a fundraising agency with a track record in delivering large-scale bequest campaigns.

Once the most effective program is in place the organisation can seek to build internal capacity and replace external support from an agency for activities delivered in house.

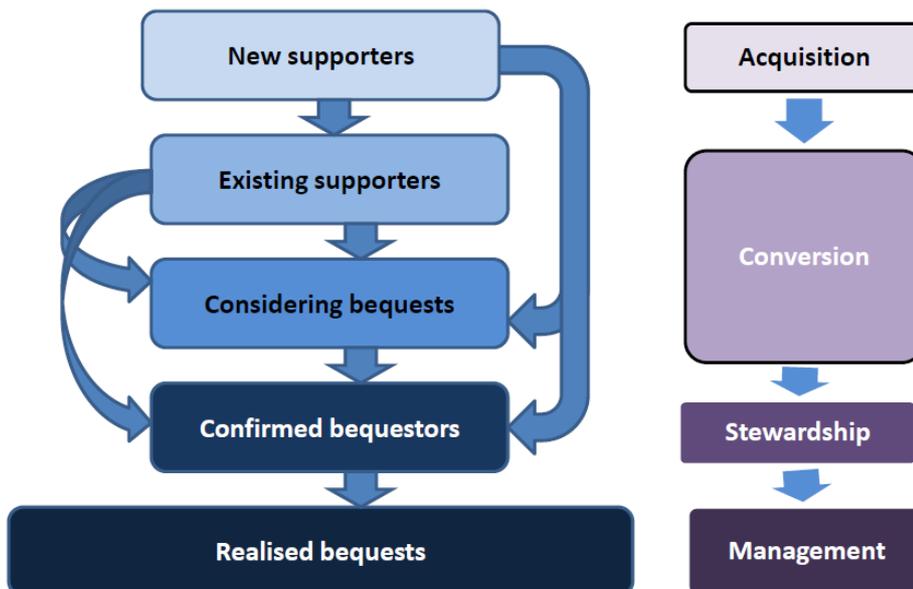


Figure 7. Building the Gifts in Wills pipeline

Conversion of existing supporters (best prospects)

Pareto Fundraising or another similar fundraising consultancy identifies potential supporters of gifts in wills amongst the existing supporters. Our plan would be to approach this segment of our existing supporters as follows:

- Write to them
- Follow-up via phone
- Respond to supporters accordingly

Conversion of existing supporters (other prospects)

In addition to targeting the best prospects for bequests, organisations need strategies for an on-going rolling program of lead generation and conversion activities amongst the remainder of our active supporter base. It is recommended to do this via an **annual direct mail supporter survey and a phone follow-up campaign**.

The direct mail supporter survey and the phone follow-up campaign should be staggered to allow for effective workflow management and prioritised on the age of supporters.

This activity will become part of the annual rolling program to assist the bequest team to identify new leads and nurture existing relationships to help increase conversion rates for new confirmed gift in will donors.

Acquiring new gift in will prospects

It is recommended that this be based on using a direct mail survey campaign targeting individuals who have higher propensity to be charitable bequest supporters than average. This will be a new execution of the supporter survey approach rather than an adaption of the supporter survey used for existing supporters. The organisation would build testing into this campaign in order to identify the best performing bequest proposition with a cold audience and in order to maximise the response rate.

Ensuring clear promotion of gifts in wills to both warm and cold audiences

In addition to these direct marketing activities to the gift in will audience, additional marketing and promotional materials will need to be considered.

These include:

Website – enhancing and building the bequest content for the organisation's website. The content can be developed as part of the direct mailing campaign to ensure an integrated look and feel alongside utilising digital / multi-media content.

Supporter Newsletters – ensuring that gift in will messages are strongly conveyed in the organisation's supporter care communications and inspiring stories about gifts in wills and the impact they have on the organisation's programs and projects are embedded at every available opportunity.

Specific communication – develop supporter care material that is targeted at gift in will supporter audiences

Promotional advertising – selected advertising in specialist press, legal publications and material that is read by the target population of the organisation.

Focus groups – hold small scale events and invite confirmed gift in will donors, considerers and intenders to share views, thank them for their support and investigate how we can make improvements to how we market and promote gifts in wills to other supporters.

Suite of direct mail bequest materials – this will be required to fulfil the direct marketing activities for both our warm and cold audiences.