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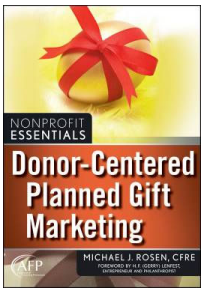

What Motivates Planned Gift Donors?

The following material is drawn from the new book *Donor-Centered Planned Gift Marketing* by Michael J. Rosen, CFRE with Foreword by Gerry Lenfest. For information about the book, visit www.mlinnovations.com/books.

"Motivation is the art of getting people to do what you want them to do because they want to do it." — Dwight D. Eisenhower

To inspire a prospective donor to make a planned gift contribution, development professionals must understand what motivates donors in general as well as what drives specific individuals. Furthermore, development professionals must understand what demotivates people so that those stimuli can be avoided. Donor-centered planned gift marketing involves showing prospective donors how their wishes and aspirations can be fulfilled through the philanthropic support of an organization they care about.

What People Want

To understand what people want is to begin to understand what motivates them.With this knowledge, development professionals can more effectively inspire prospects to give and give more than they otherwise would. Jay Conrad Levinson, author of *Guerrilla Marketing Excellence*, developed a list for the business world of what customers really want from those with whom they do business. Much of that list, in no particular order, can easily be adapted to the nonprofit sector where it is extremely relevant and helpful in understanding the motivations that impact giving:

Donors give if the organization is credible and will not give if it is not. Annual fund donors can evaluate trustworthiness, both the development professional's and the organization's, on an annual basis. Bequest donors, for example, do not have that luxury at the point the gift is realized. Those who make a substantial irrevocable, life-income gift cannot change their minds if the organization disappoints them down the road. Before a prospect makes a long-term investment in an organization, they will need to trust it and its representatives. Donors give because of the promises the development professional makes. One should always under-promise and over-deliver. Donors and prospects are listening. One should never make promises lightly. Donors will hold development professionals to their promises and make them pay dearly if they break them.

Donors give to the development professional, her colleagues, employees, and stewardship team. Organizations are nothing more than an assembly of people. People give to people. If they like and respect the staff and volunteers they encounter, they will be more likely to give, keep giving, and give more. This means that everyone in the organization is part of the development effort. For example, an organization's receptionist is often the first personal contact a donor or prospect will have with the organization. If the receptionist actually answers the call, responds professionally and courteously, and effectively assists the caller, that person will have a positive impression of the organization. If the caller has a terrible experience, the actual development professional will have quite a hole to dig out of.

Donors give to neatness. If the development professional or his offices are messy, prospects will fear that the organization is unstable or unprofessional. Sloppiness erodes trust. Neatness counts.

Donors give to honesty. Lie once to a donor or prospect and the relationship is destroyed. Honesty is the cornerstone of trustworthiness. Relationships cannot develop and flourish without it. If a certain gift vehicle is not right for the prospect, the planned giving professional should tell her and suggest a more appropriate option even if it means securing a smaller gift. It should be considered an investment in the relationship and one's reputation.

Donors give to success and security. If one begs for money to keep the lights on, prospects will likely think the organization does not have much of a future. People do not want to throw money into a black hole. People give to successful organizations that can effectively fulfill their missions. Planned giving donors want to know that the organization will be able to fulfill its obligations regarding the gift and that the gift will be well invested and utilized in the future.

Donors give because of one's guarantees, one's reputation, and the organization's good name. This is related to, but goes beyond, trustworthiness and keeping promises. Prospects will consider their own direct experience with the development professional and the organization. An organization's reputation must be carefully cultivated through professional behavior and appropriate assurances. Prospects will also consider what others say about the organization. A good reputation must be carefully developed and fiercely defended. In the Information Age, reputations are made over time but can be destroyed quickly.

Donors give when they see others accepting and giving to an organization. Most donors do not want to feel they are blazing a new trail. If others are seen giving to an organization, thereby endorsing it, prospects will be more likely to jump on the bandwagon.

Donors give for the tangible and intangible benefits they receive. A planned gift donor cares much less about the features associated with giving and much more about the benefits they or their loved ones will receive. For example, someone who gives a charitable gift annuity (CGA) is less concerned about the technical and legal particulars of the gift vehicle and are much more interested in the income this will provide in order to meet retirement needs. Sometimes, the primary benefit a donor will care about will simply be the good feeling she will receive by being able to make a major gift commitment that would not otherwise have been possible with current dollars.

Donors give when the risk is minimal or nonexistent. Prospects hate risk. During the great recession of 2009-10, people have seen some of the world's largest, most solid companies and financial institutions collapse. It is well known that many nonprofit organizations were invested heavily in what turned out to be risky investments, and that they incurred great losses during this time. Some institutions even entrusted and lost virtually all their investments with a shady investment manager whose multibillion dollar empire of lies came crashing down very publicly. This served to erode the public's confidence in institutions. If someone is being asked to make a life-income gift, the organization will have to provide the prospect with evidence of the organization's sound fiscal management and ability to deliver on its commitments. Individuals do not want to risk their own financial futures, or those of their loved ones, nor see their philanthropic goals subverted when they make a donation.

Donors give because the development professional offers solutions to their problems. Solve a prospect's problem, and they will be much more willing to help solve the organization's problem. If a donor holds appreciated stock and faces a significant capital gains tax burden, one can show the donor how making a gift of appreciated stock instead of a cash gift can avoid the tax expense. The donor can then make a larger gift that ''costs'' the same as the smaller cash gift or make a stock gift at a lower cost than a cash donation. Donors give to create hope for themselves and their loved ones. People want to help secure a better future for themselves and those they love. Show people how their gift can help achieve a brighter future.

Donors give based on the organization's marketing. Prospects will not give unless they understand what the organization does, who it serves, and how well it delivers its services. Prospects also need to know that the planned giving professional can help them with their gift planning, and they need to understand how a planned gift can help them and their loved ones. Marketing is the way organizations deliver those messages. It is the way organizations educate, cultivate, ask for support, and steward supporters.

Donors give to an organization's identity as conveyed by its marketing. An organization is its marketing. Perception is reality. Use marketing to educate prospects. Work with colleagues throughout the organization to make sure that the organization's overall marketing message is effective and that the development messages are consistent with the overall marketing impression.

Donors give to brand name organizations over unknown groups. When it comes to planned giving, people will certainly be more willing to support a solid, brand name organization rather than a new, nearly unheard of charity. This links back to trustworthiness. Planned gift donors are long-term supporters. They give to organizations they trust.

Donors give to believable claims, not just honest ones. It is essential for organizations to be honest. But, honesty is not enough. An organization's claims must be believable. For example, in its marketing, a hospital might rightfully claim to have the region's greatest recovery rate for stroke cases. However, prospects may or may not actually believe the extreme claim. If the hospital quotes from an independent rating service as part of its claim or includes individual testimonials, the claim will be more believable.

Donors give when it is convenient for them to do so. People enjoy convenience in all aspects of their lives. Show prospects respect by making it easy for them to support the organization. If someone is interested in learning more about planned giving, how many buttons do they need to click from the organization's home page before he finds the gift planning page? If they do not feel like reading, can they easily find a telephone number to call for more information? Is the telephone number for an office or a person? Think of all the possible obstacles to giving and then work systematically to get rid of those in your power to eliminate.

Donors give to clarity. Keep all messages clear and simple. Prospects who are confused will seldom take the time to do the research for answers. Instead, their attention will be captured by another organization. The average newspaper is written on a sixth-grade reading level. It is not that the average newspaper reader has poor reading skills. Instead, newspapers make it easy for readers to quickly and easily get information with minimal effort. Do not make prospects work hard to figure out what the organization is trying to communicate. If one does make it difficult, prospects will either not take the time to figure it out, will not figure it out, or will be unfairly made to feel unintelligent.

Donors give to the consistency they have seen the organization exhibit. Consistency is a key element of trust. If an organization keeps changing its mission, communicates sporadically, is friendly then cold, a prospect's confidence in the organization will be shaken. If an organization is seen to be consistent over time, donors will develop the belief that this behavior will continue into the future after they are no longer able to monitor the organization. Consistency leads to predictability which leads to trust.

Donors give to certainty. Like consistency, donors seek certainty. They do not like wishy-washy, noncommittal responses to inquiries. They do not like vagueness. They want to know what they can expect today and tomorrow.

Donors give when their own ideas, personality, and values are respected. Never argue with a donor. Even if the development professional proves he is in the right, the donor will feel challenged and diminished. One does not always need to agree with donors and prospects, but one must show them respect. If you are open to them, they will reciprocate and be open to you and the organization's ideas.

Donors give to what enables their own lifestyle. Be a lifestyle enabler and people will be more likely to support the organization. For example, if a prospect feels uncomfortable giving because she is financially uncertain about her upcoming retirement years, a life-income gift could enable her to have a more comfortable, secure retirement while having the satisfaction of giving now. Show prospects how they can enhance their lives by giving. Many middle class annual donors would very much like to see themselves as major gift donors but know they cannot part with the funds necessary to achieve such status. Through careful gift planning, you may be able to show these individuals a pathway to become the supporter they have dreamt of becoming.

Donors give to what fits within their comfort zone. Some donors like complex gift vehicles. Such vehicles make some people feel smart and creative and like they are successfully beating the system. For others, complex giving vehicles simply cause confusion, distrust, and anxiety. When helping a prospect with his gift planning, it is important to learn what makes him comfortable and uncomfortable. Endeavor to stay in his comfort zone.

Donors give to good taste. Prospects know the difference between good and bad taste. When the American Cancer Society produced its famous antismoking television commercial in 1985, it did not show images of an emaciated, sickly Yul Brynner hooked up to tubes and wires as he wasted away from lung cancer. Instead, the commercial opened with a simple black screen with the famous actor's name, date of birth, and date of death. This gave way to a filmed image of Brynner, looking reasonably healthy, gazing into the camera urging people not to smoke. Tasteful does not necessarily mean low impact. More than 25 years later, the commercial is still having an impact with over 408,507 views on YouTube.com alone.

Assuming that an organization has been completely sensitive to all of the previously listed wants that prospects and donors have, there is still another important want. **Prospects and donors want to associate with organizations that care.** They want to know that the organization and everyone who works there cares about those served and cares about them. Also, donors want to be recognized for caring and not just for giving.

Prospects and donors also want organizations to address what is of interest to them. People are most interested in:

- Themselves.
- How an organization benefits them, their loved ones, and the community (both tangibly and intangibly).
- The importance of those benefits to them.
- Not being cheated.
- Why they should act now.

By focusing on what a prospect or donor wants and by communicating with them about what is of most interest to them, organizations will be more likely to capture their focus and interest. It is always easier to secure a gift if one has the prospect's attention and the prospect has an interest in what the development professional has to say.

General Individual Motives

While understanding the overall motivations for philanthropy in general can be useful, it is also important for one to understand what motivates donors to make a planned gift, particularly

bequest commitments since they are such a popular vehicle for planned giving. Adrian Sargeant and Jen Shang of the Center on Philanthropy found three broad motivational categories for bequest giving in their report to the Association of Fundraising Professionals titled "Identification, Death and Bequest Giving":

- General Individual Motives.
- Organizational Factors.
- Bequest-specific Motives.

General individual motives are the motives that have to do with the individuals themselves and their personal philanthropic beliefs in general. These are motives that can impact both current and planned giving behavior. For example, in its 2000 survey of planned gift donors, the Partnership for Philanthropic Planning found that "a desire to support the charity" was the leading reason cited by planned gift donors for making a commitment. The second most cited reason was "the ultimate use of the gift by the charity."

Reasons Donors Make Planned Gifts:

Reason	Percentage Responding
Desire to support the charity	97%
Ultimate use of the gift by the charity	82%
Desire to reduce taxes	35%
Long-range estate and financial planning issues	35%
Create a lasting memorial for self or loved one(s)	33%
Relationship with representative of a charity	21%
Encouragement of family and friends	13%
Encouragement of legal or financial advisors	12%

Source: National Committee on Planned Giving (now Partnership for Philanthropic Planning. Planned) *Giving in the United States 2000: A Survey of Donors* (Indianapolis: 2001).

Sargeant and Shang found that two generic giving motives stood out as bequest motives as well. The most common motivator is the notion of reciprocity, or giving back for the services or benefits one received themselves or someone close received. Many donors express an interest in giving back to a nonprofit organization for benefits they received from the organization or for benefits they received from a prior generation of donors. For example, a donor might want to "give back" to a college because of a scholarship she received from a fund established with alumni contributions.

Prestige is also an important motivator. An organization that structures a gift agreement in a way that allows the donor to see the impact of his or her gift and receive recognition while he or she is still alive might be more likely to receive a gift. A donor who desires to have the prestige

associated with being a major donor, but who cannot afford to become one with a current gift, might become a planned gift donor if status is conferred or perceived.

Organizational Factors

Organizational factors are the unique characteristics or behaviors of an organization that, when handled well, can inspire donors or, when handled poorly, can lead them to give elsewhere or not at all. Not surprisingly, donors have concerns about the performance of the organizations they support. Bequest donors want to know that an organization is efficiently run and that it effectively achieves its mission. Both organizational efficiency and effectiveness are key issues for donors because they want to know that their support will make a difference. This concern is greater among bequest donors than annual fund donors. This could be because annual fund donors can evaluate the organization each year to determine if it is worthy of continued support. However, a bequest donor will not have that luxury at the point the gift is realized and, therefore, they require a greater level of confidence in the organization before they will support it for the long term. The same would hold true for someone making a substantial irrevocable gift commitment.

One way that organizations can build a strong relationship with prospective planned gift donors is to exhibit a high degree of professionalism and responsiveness. This means adhering to the highest ethical standards, providing exemplary service, and dealing with prospective planned gift donors in a professional fashion. Prospects and donors alike know that a planned gift is a significant, special gift. They want to be assured that the organizations they give to recognize this fact as well. How responsive an organization is says a great deal about how efficient they are, how much they care, and how professional they are. For example, if a prospect requests sample language for his or her will, staff should provide that information immediately and in a way most useful to the prospect. A long delay or a hard-to-read fax will send the message that the organization does not care.

Donors are also concerned about the quality of service provided by the organization to them. While this certainly ties into how efficiently and effectively the organization fulfills its mission in a general sense, it also refers to the quality of service received directly by the donor and his or her loved ones.

Bequest-specific Motives

Bequest-specific motives are those that move individuals to include a charitable bequest provision in their will. While these motives are specific to bequest behavior, they may also have an influence on other planned giving behaviors as well.

One of the key issues for prospective donors identified by Sargeant and Shang, and other researchers, is the perception of the need of loved ones, both family and close friends. Many people believe in the old aphorism, “Charity begins at home.” People will only consider a

charitable bequest if they feel that their loved ones have either been sufficiently provided for already, if a gift can actually help their loved ones, or if their loved ones do not have a need. The charity sector in the United Kingdom has launched a series of television commercials that encourages people to draft a will to take care of their loved ones and then "remember a charity." By recognizing this dynamic, the charity sector in the U.K. has seen significant growth in the number of charitable bequests since the campaign began.

Tax consequences, specifically the desire to reduce the amount of money that goes to the government, influences many people to engage in estate planning including the use of a variety of planned gift mechanisms. However, while a desire to minimize taxes drives many individuals to engage in estate planning that includes charitable giving, it does not necessarily lead them to make a planned gift to a particular organization. The reason for this is quite simple. Donors can receive the same tax benefits regardless of which specific nonprofit organization they give to.

Some donors are motivated by a need for immortality. They believe that they can live on through their bequest gift. For some, the desire to live on is grounded in their own ego and the need to leave something of themselves behind.

Demotivating Factors

While it is important to understand what motivates people to donate money and, more specifically, to make planned gifts, it is also necessary to recognize how individuals can become demotivated. While an organization's being self-centered and running afoul of the factors that motivate people will certainly demotivate prospective donors, there are two particular factors that are noteworthy.

One of the biggest deterrents to making bequest commitments is the universally held belief that family comes first, before any nonprofit organization. The priority for individuals is to take care of their families. This often means keeping wealth within the family. To overcome this concern, organizations need to show prospects how a meaningful gift can be made, at a minimum, without asking loved ones to suffer. When possible, prospects should be shown how a planned gift can actually benefit loved ones.

The other major demotivator is the mistaken belief that bequests involve very large financial commitments from those who are very wealthy. Three problems arise. First, prospects believe that bequest giving is simply not for them, but rather the wealthy—many who are truly wealthy do not perceive themselves as such and, instead think of themselves as merely "comfortable." Second, while some prospects might be willing to give through a bequest, they might not actually do so because they feel their gift would be too insignificant to matter. Third, some prospects express embarrassment over the notion of giving a modest bequest gift while the perceived norm is much larger.

The "Remember a Charity" campaign in the U.K. found that there are many prospects that either did not know what the term "legacy" means or thought it something that only wealthy people and celebrities do. To overcome this demotivator, organizations must speak the prospect's language.

In the U.K. campaign, prospects are not asked to make a bequest commitment or leave a legacy. Instead, they are simply asked to remember a charity in their will. By using less formal language and by educating prospects about the importance of all planned gifts, organizations can help prospects feel more comfortable with the idea of gift planning and recognize its appropriateness for them.

Summary

Ethical nonprofit organizations avoid any attempt to manipulate prospective donors into giving. Even for a good cause, the ends do not justify the means thereby making manipulation out of the question. Donors come to the table with their own set of personal motives. By understanding what motivates donors in general, and the individual prospect specifically, the development professional will be better positioned to inspire the prospect to take action.

Most planned gift donors will be primarily motivated by a sense of reciprocity, or desire to give back. They will want their gift to make a difference. Others are also motivated by the sense of prestige, either conferred or perceived, that can come from making a major gift, even in the form of a planned gift.

Because donors have choices when making philanthropic commitments, many consider an organization's efficiency, professionalism, frequency and quality of communications, and responsiveness when deciding which organization they will support. Others will be motivated to support those organizations that provide them or their loved ones with quality service and, sometimes, even financial security. Still others are concerned about their ability to, in effect, live on forever. In nearly all cases, there will be more than one motivator in play.

While tax avoidance might lead some to consider a planned gift in general, it is not a particularly powerful motivator when a prospect considers which specific charity to contribute to. The reason is simple. A donor can receive the same tax benefits regardless of which nonprofit organization he supports, provided that organization is equipped to handle a planned gift.

While understanding donor motivation is important, it is also essential to understand why prospects do not take philanthropic action. Most donor prospects will want to ensure that their families are well taken care of before they consider a charitable gift. If a planned gift can be shown to have little negative impact on the donor's family or, better yet, can have a positive impact on their financial position, the prospect will be more likely to give. Prospects also need to understand that whatever they are able to do will be valued and appreciated. A great variety of planned gift options are open to everyone, not just the wealthy or celebrities. By focusing on the prospective donor's needs and interests, the development professional will be able to better satisfy those needs and match those interests with the organization's own programmatic needs. When this happens, a gift can be closed.

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