

MAJOR & PLANNED GIFTS
AN INTRODUCTION AND OVERVIEW
June 28, 2002

I. INTRODUCTION

What is a Major Gift?

What is it?

A major gift is a contribution that makes a significant impact on your organization. It is up to the organization to determine what dollar amount will constitute a major gift, keeping in mind that the efforts and energies spent obtaining that gift should be paralleled by its importance to the organization.

Why go after it?

Individuals are by far the largest source of private funding for most nonprofit organizations. In 2000, approximately 17% of charitable giving came from foundations and corporations, while 83% came from individual donors, including bequests.*

Where can you get it?

Through prospect research and established relationships, determine who the best prospects are and target those donors.

How does a major gift differ from an annual gift? Or a special events gift?

Annual gifts are made on a regular basis as part of a yearly appeal

Special event contributions are made with respect to a particular occasion or affair. Strictly speaking, they do not qualify as major gifts, but can serve to help identify major gift prospects.

Major gifts are extraordinary gifts; each gift has its own time frame and is based on individualized cultivation and solicitation of the donor.

*Foundation Center: "*Developing a Sustainable Fundraising Plan*," Securing your Organization's Future, Michael Seltzer

II. TYPES OF MAJOR GIFTS

What are the forms that major gifts can come in?

Outright Cash Gift: Check from the donor

Tangible and Intangible Personal Property: A painting, a yacht, real estate, securities, etc.

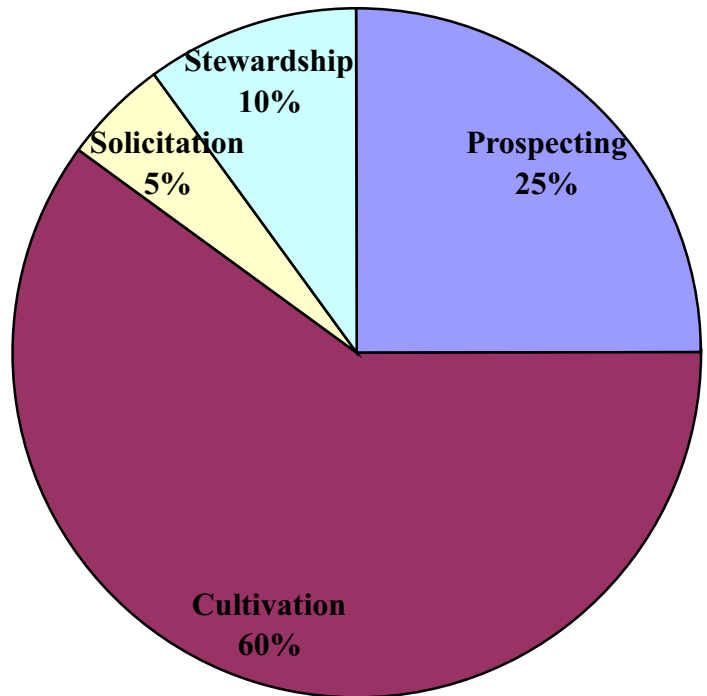
Deferred Gift: Testamentary gifts (bequests, life insurance, bank account trusts, pension plan assets, etc.), life income gifts (charitable remainder trusts, pooled income funds and gift annuities) and other “split-interest” gifts (life tenancies).

III. MAJOR GIFTS IS ALL ABOUT RELATIONSHIPS

Overview

Think of major gift solicitation as developing relationships with others. There are 4 Key Phases:

- **Prospecting: 25%**
- **Cultivation: 60%**
- **Solicitation: 5%**
- **Stewardship: 10%**



Prospecting

Conducting research and actively network to identify individuals with the capacity to give or give more. There are different approaches for individual research and mass marketing.

Research: Getting the Scoop on Prospects

Informational databases: Lexus Nexus, Dun & Bradstreet

Websites: FreeEdgar.com, Forbes.com, New York Public Library.com (must have a member card)

Periodicals: Business and philanthropy magazines; national and local papers

Computer matching techniques: Target America and similar profiling services

Networking: Who Knows Who?

Engage Executive director, board members and/or a development committee to help identify philanthropists, business leaders and community leaders that they know personally or professionally.

Determine who the best person is to make the initial contact.

Research Checklist (Questions to be answered through your research)

- What can the prospect afford to give to your organization?
- What is his/her relationship to your organization?
- What are his/her interests?
- Who is the best contact?

Cultivation

To ultimately secure a major gift, it is critical that time is spent “courting” the prospect. This requires time, patience and perseverance. It is important to really get to know the donor: learn what they care about, what motivates them to give, and what their gift capacity is. Your efforts should at once establish the donor’s trust while deepening the donor’s relationship with the organization through personal attention.

Cultivation Checklist

- Personal notes, visits and phone calls
- Sending them relevant articles of interest
- Inviting them to special events
- Invite them to become involved in a project of interest

Solicitation

The more personal the ask, the greater chance for success. Peers are usually the best solicitors since “People Give to People,” not projects and institutions alone. Volunteer involvement in cultivation and especially solicitations leads to the biggest gifts. It is crucial to have your board or volunteer committee actively working with development staff in prospecting and solicitation.

Why one-to-one solicitation is so important

Personal visits: 70% will give; about 50% of the requested amount

Telephone calls: 25% will give; about 25% of the asked amount

Mailed requests: 2% will give \$10-\$15 gifts**

Solicitation Checklist

- *Preparation:* Know your donor, know if the timing is right, be sure sufficient cultivation occurred to engage prospect, know who the best person is to make the ask
- *Practice:* Rehearse with your solicitation group: especially transitions, ask and close
- *Purpose:* Know your case for giving and how it specifically relates to the donor, be sure solicitation team is prepared to answer the donor’s tough questions.
- *Persuasion:* Emotion (personal rapport, trust) out-weighs intellect; make the case for a good investment where the donor can make a difference; where appropriate, create a sense of urgency

**United Way of Rochester: “Leadership Giving Briefing,” 12/4/2001

Stewardship

After the gift has been made, recognizing donor so that he/she feels special and ultimately will want to give again. It is imperative that you follow-through on any and all obligations to the donor. Retention is key since at least half of prior donors will give again and 15% will increase their gifts when asked. In fact, 80% of total campaign income comes from renewals.**

Checklist: Stewardship

- Personalized thank you letters
- Recognition events
- Personal phone thank-you
- Listing in publications, such as annual reports, newsletters
- Special seating at events
- Donor recognition walls
- Report of the impact of their investment

**United Way of Rochester: “*Leadership Giving Briefing*,” 12/4/2001

IV. IS A NO A NO?

Reasons a Prospect says NO

Insufficient prospecting

- Mismatch of interests
- Failure to ask for enough or for asking too much

Insufficient cultivation

- Inadequate cultivation
- Strategy is fundraising-driven instead of donor-oriented

Poor Solicitation Practices

- Failure to ask for a specific amount
- Wrong solicitor
- Too general; donors today are very sophisticated and not willing to give to general purposes
- Not prepared to answer the donor’s tough questions