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Development Directions

A free resource for pastors, principals, development directors, volunteers and anyone engaged in the ministry of Catholic development.

"Setting Up A Planned Giving Component For Your Parish And/Or Catholic School"

Since January 1, 2007 ISPD has conducted nine Financial Feasibility Studies throughout the country. Some have been for Catholic high schools; some for parish and elementary schools, and some just for parishes with no schools. In these Studies, one of the questions that we ask is this: "Mr. and Mrs. Johnson, have you ever considered a planned gift for XYZ Parish or School - where you could include the parish in your will or take out a life insurance policy with the parish as the benefactor? Or, set up a charitable remainder trust? Or anything like that?"

Usually, the answer is "No, we have not." We follow that question with another one: "If no, then would you be receptive to speaking with Father (or Sister, or a Board member, or the Development Officer) about this at some time in the future?"

What surprises a lot of Catholic leaders is that 40% of those we ask that question to say "YES" they would be receptive to having a conversation about a future planned gift. They have not done so in the past because no one has invited them.

Doing some quick math, and realizing that ISPD usually interviews at least 70 families and/or individuals with every Feasibility Study, it's a very good estimate that since January 1st over 250 families/individuals have expressed an interest in a planned gift for a Catholic institution! The key will be to follow-up in the future.

Usually planned gifts "fuel" endowment funds which provide the resources which enable institutions to thrive during periods of economic fluctuation and to adapt to external challenges which cannot be met by prudent management alone. In the next 20-30 years, some \$7-\$10 trillion in wealth will be passed from one generation to the next. If Catholic schools and parishes don't encourage planned giving, up to 55% of this money could go to Uncle Sam in the form of estate taxes.

Catholic financial leaders generally embrace the idea of leaving part of their legacy because they like the idea that the funds will always be there to help a cause in which they believed. With an endowment fund set up from a planned gift, only the interest is spent. The original gift is held in perpetuity. Donors are often very pleased to learn

that there are definite tax advantages to making gifts to their parish and/or school from wills, trusts, stocks, insurance policies, IRA's, or real estate.

Over the years, ISPD has developed a process that has been used quite successfully by both parishes and schools. You may not have the need to apply all 16 steps, but hopefully, you will find the process helpful.

ISPD Planned Giving Process - 16 Steps

1. **Establish the Planned Giving Council.**

When a parish/school makes the decision to move into planned giving, it will need a group of people to "get the ball rolling." What you need here are leaders, communicators, and individuals who are not afraid of visiting people and offering opportunities. Members of this Council should come from the Board, parents, parish leaders, alumni leaders, and past parents. ISPD likes to see this group number between 8-12 persons, not including development personnel. This group should not be the "experts."

2. **Set up the Planned Giving "Office" and "Officer."**

It will be important to establish a physical location in the parish/school where Planned Giving records are kept, literature is displayed, a phone rings, a fax is received, and prospective donors and members of the Planned Giving Council have a person with whom they can speak. It will also be important to have one person designated as the "Planned Giving Officer." This person will be responsible for the process and its implementation.

3. **Secure a Tax Attorney.**

One of the main reasons Catholic parishes/schools do not pursue Planned Giving is because they are intimidated by it. That is natural. However, as a recent article headlines, "In Planned Giving, Don't Cook the Meal, Just Serve It." Offering opportunities is what the Council and the president, pastor, and principal should do. Let the tax attorneys work out the details. Many parishes/schools have found tax attorneys who were willing to donate their time and expertise to set up various Planned Giving vehicles - pending requests from the donor. Oftentimes, the parish/school's tax attorney and the donor's tax attorney can work out the details without the parish/school being involved at all. ISPD recommends that a tax attorney **not** be a member of the Planned Giving Council; however, this person should serve in an advisory role to the effort. In addition, some dioceses do have this type of service and expertise.

4. **Invite a CPA to Serve in an Advisory Capacity.**

Please refer to Step Three for rationale.

5. **Establish the Philosophy and Rationale of Planned Giving.**

One of the first tasks the Planned Giving Council should take on is to establish the philosophy and rationale on why the parish/school is setting up the Planned Giving effort. A strong case must be made on why this is important, and how this differs from other forms of giving, such as Annual Giving, Capital Giving, and/or special event fund-raisers.

6. **Establish the Mission Statement.**

The Planned Giving Council should create a Mission Statement explaining the purpose of the planned giving effort. This, obviously, will draw from the Philosophy and Rationale of that Catholic institution. 1-2 sentences is all that

is needed here for the mission.

7. **Establish Goals and Strategies.**

It will be important to establish first year goals and objectives. Look at it this way - goals should be viewed as giving "direction" while strategies should be viewed as the action plan that will allow the goals to be accomplished. For example:

- o **Direction:** To determine donor attitudes on Planned Giving
- o **Strategy:** Conduct a "Feasibility Study" in which the top 20 donor prospects are visited in order to determine their attitudes, wishes, and interest.

8. **Create the Investment Policies and Guidelines.**

Each Planned Giving effort has its own policies and guidelines. Sometimes these are established by the diocese, the parish/school or the religious community. It will be important to establish these policies and guidelines from the very beginning. These should be created by the Planned Giving Council and approved by the "CEO" of the parish/school.

9. **Identify the Top 50-100 Prospects.**

The identification and cultivation of donors is an on-going process and should be one of the main functions of the Planned Giving Council. Council members, along with the development officers, need to be trained in donor research and identification. Although it may be difficult to identify 50-100 people right away, the Council and the officers should begin with some "raw" list based upon past giving history. At least 10-20 families should be identified. Many of these will come from the donor lists of a capital campaign, the annual fund, the foundation, etc.

10. **Begin the Donor Cultivation Process.**

Working with donors who may make a planned gift is a long process. This is not an overnight activity. It will be very important, with the initial donor identification, for the Council and development officers to begin an organized engagement process. Both need to be trained in cultivation; constant education and building personal relationships will be the key.

11. **Have Council and Officers Receive Necessary Training.**

It will be important to establish an on-going training and educational component of the Planned Giving process. Parishes and schools that succeed in all of this will be the ones who treat their staff and volunteers with the utmost respect and offer the best in training. It cannot be assumed that everyone on a Planned Giving Council would know how to visit and invite.

12. **"Test the Waters."**

Oftentimes, one of the first things a parish/school will do is create literature without first asking "What does the customer need?" ISPD strongly recommends that the Planned Giving Council, after the establishment of the first eleven steps, conduct one-on-one visits with the top 20 prospects. The purpose of the visit is threefold:

- o Establish the beginning of a relationship
- o Find out how the donor feels about the parish/school
- o Explain that the parish/school is starting a Planned Giving Process and one of the main purposes of the visit is to "ask the customer" what his/her/their needs are.

13. **Decide on the Planned Giving Opportunities to Offer.**

After these conversations, the Planned Giving Council should decide on the key opportunities that they would like to concentrate on. These will be the main items that will be featured in the literature. With so many different kinds of Planned Giving "vehicles," it is easy to get confused and have the donor not even know what to look for. The Feasibility Study should provide some excellent information:

- o What kind of opportunities are most popular
- o Attitudes on the parish/school
- o Possible identification of other Planned Giving prospects, as the visitor asks one of the final questions, "Bob, is there anyone you may know that you would feel we need to get their input and ideas on this whole Planned Giving Process?"

14. **Create the Literature and Public Relations Pieces.**

Now that the Council knows what the customer needs, it will be important to create the necessary literature. Two types of pieces should be considered:

- o A "stand alone" brochure that can be used all the time
- o A regular mailing (possibly newsletters) that can be used on a consistent basis - each with different messages

The key pieces we see as being effective are:

- o Planned Giving brochure
- o Planned Giving newsletter (4x's per year)
- o Planned Giving video

15. **Invite People onto Your Campus.**

It will be important to invite people to come to the campus for some kind of event. Possibly, the Council can sponsor a Wills Seminar free of charge, or do some educational workshop on Charitable Remainder Trusts, or some kind of presentation on new tax laws - federal and state and how they impact inheritance. This will produce a pool of "prospects." It will also be important in the "Test the Waters" interviews to see what kind of presentations, seminars, or workshops people would like to attend.

16. **Continue the On-going Research and Nurturing.**

True Catholic development is all about people - not just dollars. It is imperative for the Council and the development officers to continue to research and visit people - all the time. This is not a one time effort. It will not be enough to see a key donor once every two years. An on-going relationship must be established.

In Conclusion

Planned Giving is important to the future of funding Catholic institutions. However, it is not a quick fix. A donor must feel good about the parish/school and its mission and leadership. It will be important for the development officers and the Council to concentrate on the people component, and let the tax experts handle the details. Relationships will be the key to success - you will need to take the time to build these. It all goes back to our theme that we have used for 18 years: Invite, involve, engage people into the life of your Catholic institution.

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