



# Impact of COVID-19 on Gift Planning

November 2020

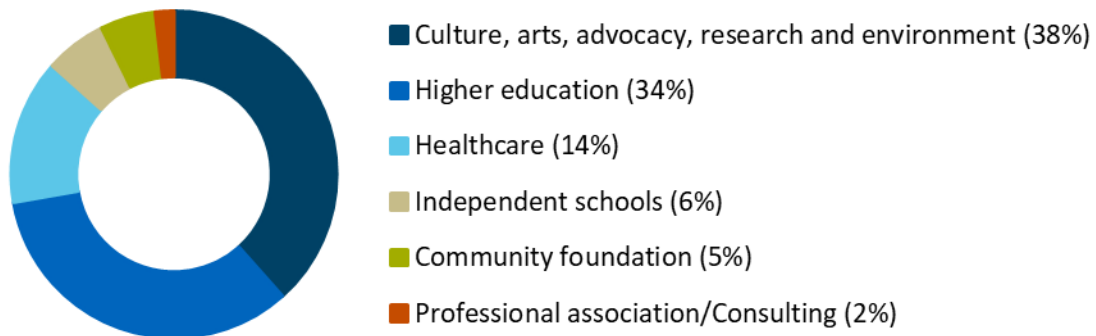
A special thank you to Michael Kenyon, President and Chief Executive Officer of the National Association of Charitable Gift Planners, for the Association's collaboration on this study. Thank you to Sarah Clough, Consultant, and to Meaghan Hogan, Gift Planning Affiliate, of Marts & Lundy for their research, analysis and work on this report.

# A Survey of How Recent Events Have Impacted Gift Planning

Charitable organizations are balancing the documented surge in estate planning interest with concerns about the existential threat of COVID-19. Because gift planning has been absent from many discussions about the potential impact of the global pandemic on fundraising, organizations are seeking input on how planned giving is adapting. Marts & Lundy and the National Association of Charitable Gift Planners developed a brief survey to learn how recent events have impacted gift planning in higher education, independent schools, healthcare, community foundations and culture, arts, advocacy, research and environment (CAARE) organizations. The survey asked participants to categorize how their programs are responding, based on organizational plans as of October 2020.

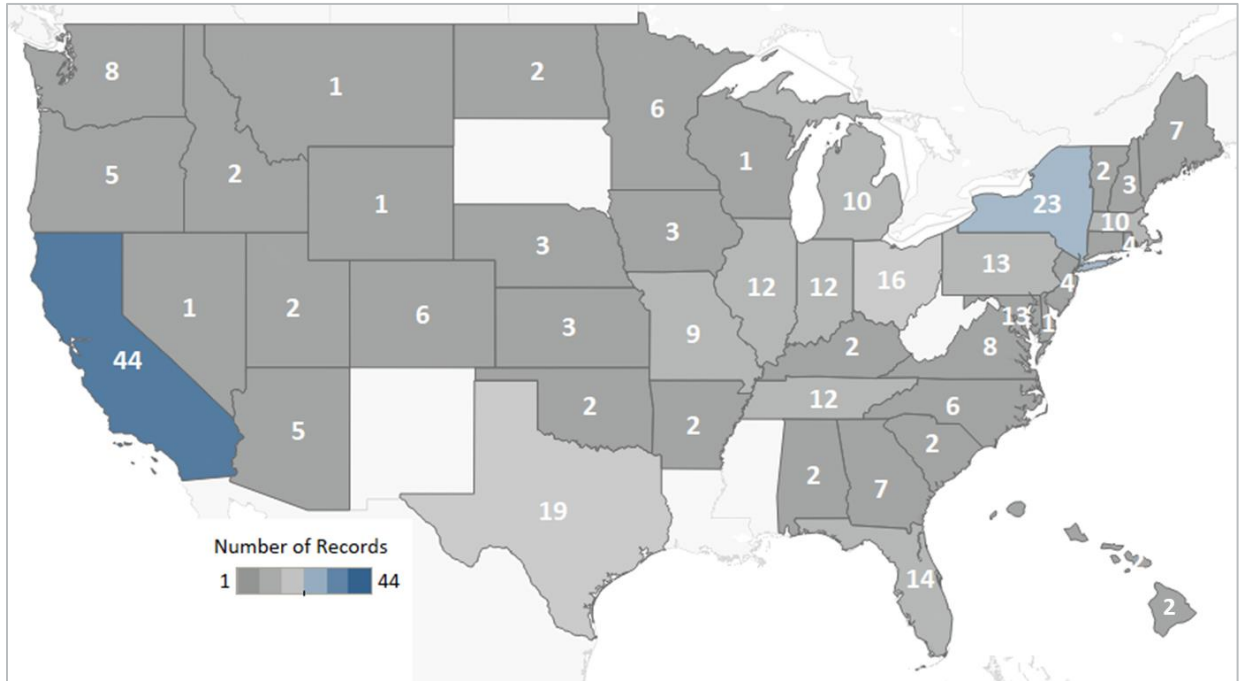
## Respondents by Organization Type and Location

A total of 328 organizations participated in the survey.<sup>1</sup>



<sup>1</sup> Due to the purpose of the study, professional association/consulting respondents (6) have been removed from the remaining survey results.

Forty-five states and Washington, D.C. are represented in the full cohort.



## Summary of Findings

### **Donors are showing increased interest in gift planning.**

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Gift planning programs have seen increased interest in nearly all categories of planned gifts. Interest is highest in charitable bequests, followed by donor advised funds and retirement plan beneficiary designations. Despite the fact that the CARES Act waives required minimum distributions for IRAs and retirement plans in 2020, organizations have seen increased interest in qualified charitable distributions (QCDs). While charitable gift annuities (CGAs) saw a slight increase in interest, some organizations reported marketing to donors the chance to create a new CGA before rates dropped at the beginning of July. Charitable remainder trusts and charitable lead trusts attracted the least amount of new interest.

### **Gift planning donors have stepped up their support, although some donors have withdrawn revocable gifts.**

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Most organization have seen planned gift donors increase gift amounts during the pandemic. Nearly half of respondents have had donors choose to make some or all of their deferred gift outright. Fewer donors are withdrawing revocable gifts, delaying the arrival of deferred gifts or decreasing gift amounts.

### **Gift planning revenues and closure rates have increased or remained stable during the pandemic.**

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Dollars from matured planned gifts and successful solicitations are consistent or better than they were this time last year. Gift planning revenues at most organizations have increased or remained stable, however higher education has seen the least amount of stability in gift planning revenues.

Planned giving gift closure rates have increased or stayed the same compared to last year at this time. Healthcare organizations have been the least stable in their solicitation success rates when compared with other sectors. Some respondents noted that bequests are becoming a greater part of gift officer conversations and that some donors have self-disclosed planned gift intentions.

## **Marketing response rates have increased or remained stable compared to last year at this time.**

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Gift planning marketing response rates have remained strong compared to last year at this time. More than 40% of response rates have increased, while nearly half say that they have remained flat. Less than 10% report a decrease in responses.

## **Most organizations have continued gift planning marketing without interruption since the outset of the pandemic, and those who paused have mostly resumed marketing by now.**

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Most organizations have continued to market gift planning throughout the pandemic and are actively marketing gift planning right now. Half of organizations that are not actively marketing gift planning right now plan to resume this fiscal year.

## **Almost all organizations are marketing charitable bequests, while most are marketing beneficiary designations.**

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Almost all organizations are marketing charitable bequests, followed by retirement plan beneficiary designations and IRA qualified charitable distributions. CARES Act and other planning information are also popular topics, as are making a gift from a donor advised fund and charitable gift annuities.

With respect to how these marketing efforts are different from last year, more than half of organizations report an increased emphasis on charitable bequests, while just over half reporting an increased focus on beneficiary designations. Nearly half of respondents report an increased emphasis on QCD and donor advised fund marketing, while a third increased their CGA marketing. Few organizations decreased their emphases on any of these areas.

Planned gift donor stories, links to estate planning kits and information on making gifts from donor advised funds are popular marketing tools.

## **Gift planning cases for support are highlighting the organization's impact and how it is meeting community needs during the pandemic.**

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Many organizations have made changes to their case for support due to COVID-19. Most gift planning programs are increasing the emphasis of their organization's mission and impact on those served, highlighting how the organization is meeting the needs of the community during the pandemic and/or reminding donors why they might consider naming the organization as a charitable beneficiary.

## **While almost half of organizations paused gift planning solicitations at the start of the pandemic, the majority have resumed solicitation activity.**

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Just less than half of respondents paused gift planning solicitations during the pandemic. While a quarter of those organizations have not yet resumed solicitations, more than half had resumed by July and most had resumed by September.

## **Few organizations have adjusted gift planning officer metrics.**

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Only one-third of respondents have adjusted gift planning officer metrics due to the pandemic. Those making changes have decreased the number of expected solicitations and closures and/or decreased the expectation for dollars raised.

## **The ways in which gift planning officers connect with prospective donors has changed in this new environment.**

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Most organizations are meeting with donors via phone or video, while just under half are meeting with donors in-person while social distancing. Those meeting in-person commented that those instances are rare and take place locally, rather than by air travel. Other means of staying in touch with donors have included emails and text messages. Most gift officers have been in contact with planned giving donors weekly to monthly during the pandemic.

## **Organizations are adapting to steward donors virtually.**

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Most respondents have made changes to their gift planning stewardship programming. While some organizations have chosen to cancel or postpone events, many have developed creative solutions to engage donors in meaningful ways during the pandemic, including virtual events and tours, small group or individual personalized outreach and sending special gifts of thanks.

## **Gift planning programs have faced budget cuts, much like the rest of development.**

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Even with gift planning revenues remaining fairly stable, budgets have been negatively impacted. Nearly half of organizations have reduced the budget of their gift planning program due to recent events. Higher education and independent schools have been more likely to face gift planning budget reductions, compared to other sectors. Budget reductions across all sectors have included cutting program expenses, salary reductions or freezes and/or hiring freezes. However, only a quarter of respondents have had to cut staff as a result of budget reductions.

## **While gift planning and endowment policies have largely remained unchanged, a small percentage report using matured unrestricted charitable bequests for immediate needs instead of adding to the endowment.**

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Few organizations have made changes to their planned giving gift acceptance or endowment policies during the pandemic. Those who are making changes noted that some were in the works pre-pandemic. In addition, a percentage of respondents anecdotally reported a change to their policy surrounding the use of matured unrestricted bequests. Where these gifts were previously added to endowment, they are now being applied to immediate needs.

## **Board engagement in gift planning remains largely unchanged.**

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Board engagement in planned giving has remained unchanged throughout recent events. However, 15% of organizations have seen increased board engagement in planned giving. Comments indicated that board engagement both now and prior to the pandemic has varied widely.



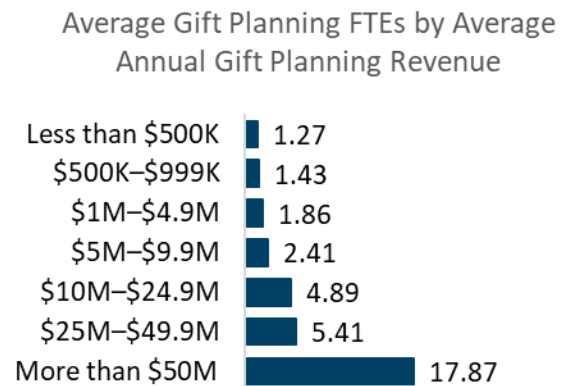
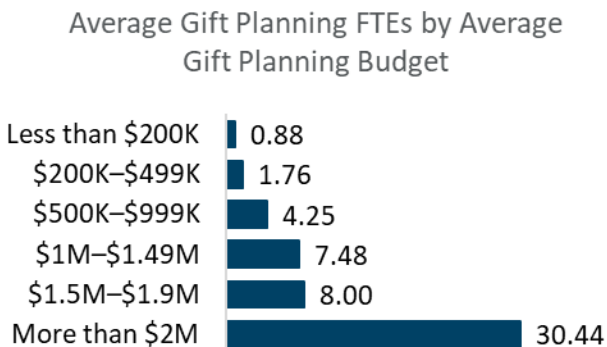
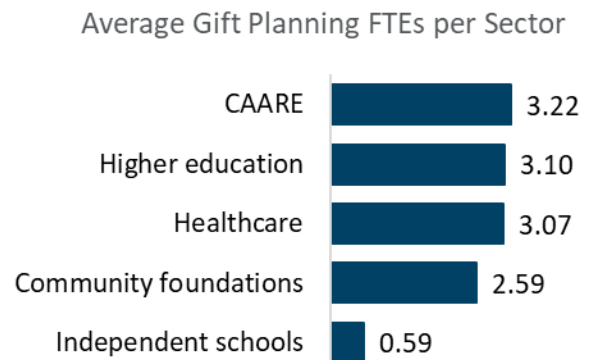
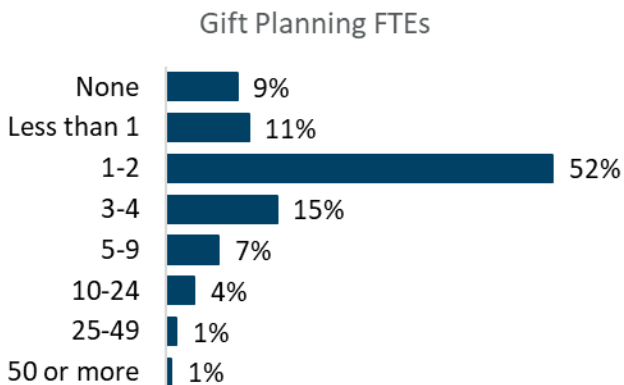
## Detailed Findings and Analysis

All figures are rounded. When an organization did not provide a response to a question, its nonresponse is excluded from the findings. Numbers in parentheses at the end of each survey question indicate the number of respondents included in the following chart(s).

### Respondent Characteristics

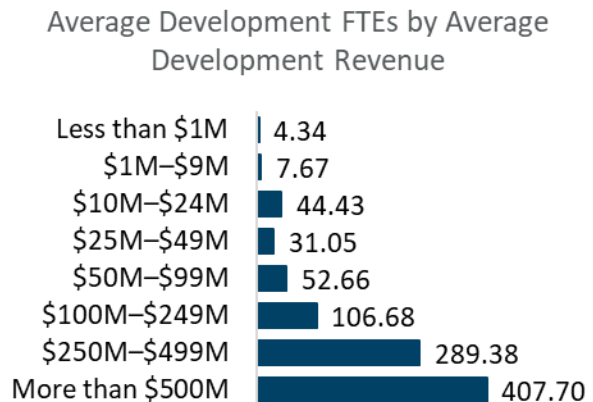
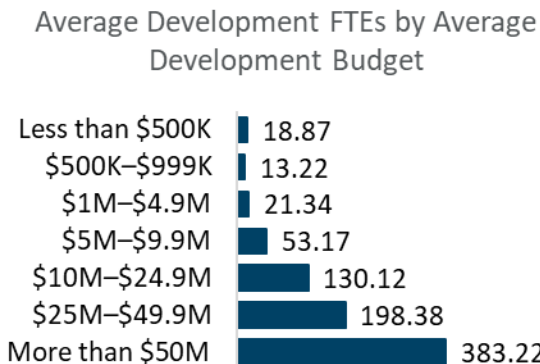
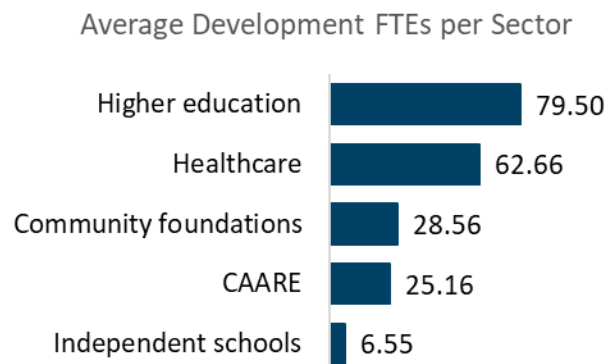
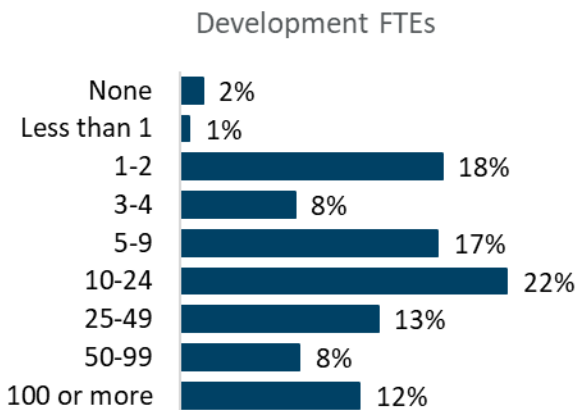
Most respondents (72%) have 1 to 2 full-time equivalents (FTEs) in their gift planning programs. Higher education, healthcare, and CAARE organizations average approximately 3 FTEs, while community foundations average approximately 2.5 FTEs and independent schools less than 1 FTE. Of note is the variety of organizations across the survey cohort (e.g., large national organizations, small community organizations), which may skew some sector averages. For this reason, we have also provided average FTEs per gift planning budget and average annual gift planning revenue.

How many FTEs are in your gift planning program? (316)



More than half of respondents (55%) have development programs with 10 or more FTEs. Higher education averages 80 FTEs, healthcare averages 63 FTEs, community foundations average 29 FTEs, CAARE organizations average 25 FTEs and independent schools average 7 FTEs. Again, we'll note that the variety of organizations across the survey cohort (e.g., large national organizations, small community organizations) may skew some averages. For this reason, we have also provided average FTEs per development operation budget and average annual development revenue.

How many FTEs are in your entire development program? (324)

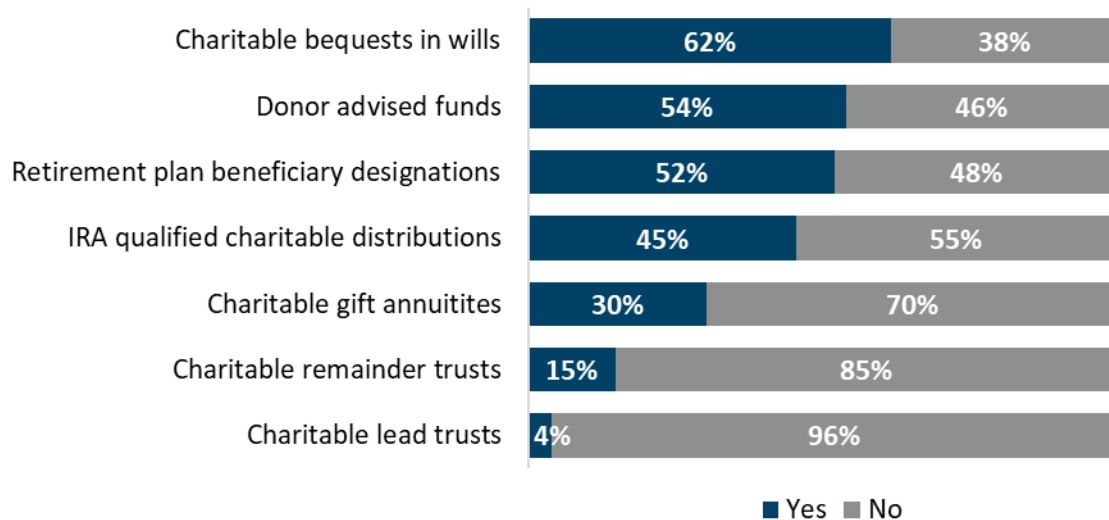


According to these figures, gift planning staff deliver a relatively high return on investment. For example, while approximately 5 gift planning FTEs generate average annual gift planning revenue between \$10M-\$24.9M, approximately 44.5 FTEs from all of development (inclusive of gift planning) generate the same range of total development revenue (\$10M-\$24.9M).

## Donors are showing increased interest in gift planning.

Gift planning programs have seen increased interest in nearly all categories of planned gifts. Interest is highest in charitable bequests (62%), followed by donor advised funds (54%) and retirement plan beneficiary designations (52%). Despite the fact that the CARES Act waives required minimum distributions for IRAs and retirement plans in 2020, organizations have seen increased interest (45%) in QCDs. While CGAs saw a slight increase in interest (30%), some organizations reported marketing to donors the chance to create a new CGA before rates dropped at the beginning of July. Charitable remainder trusts and charitable lead trusts attracted the least amount of new interest (15% and 4% respectively).

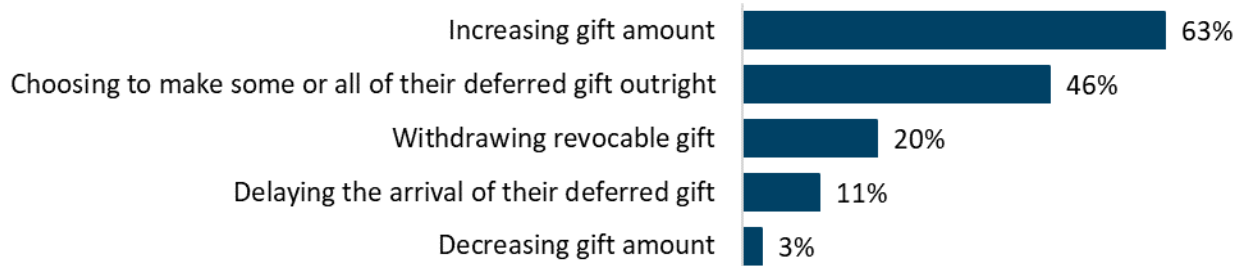
Have you experienced increased interest in any of the following gift planning methods? (80)



## Gift planning donors have stepped up their support, although some donors have withdrawn revocable gifts.

Most organization (63%) have seen planned gift donors increase gift amounts during the pandemic. Nearly half of respondents (46%) have had donors choose to make some or all of their deferred gift outright. Fewer donors are withdrawing revocable gifts (20%), delaying the arrival of deferred gifts (11%) or decreasing gift amounts (3%).

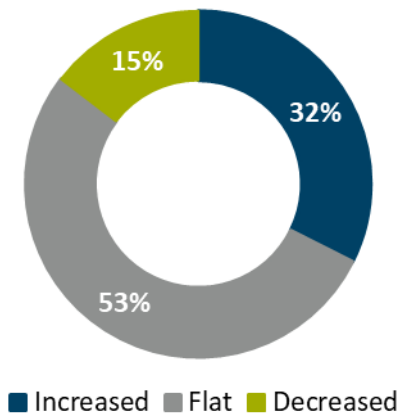
Are you aware of changes planned gift donors have made to their planned gifts? (select all that apply) (36)

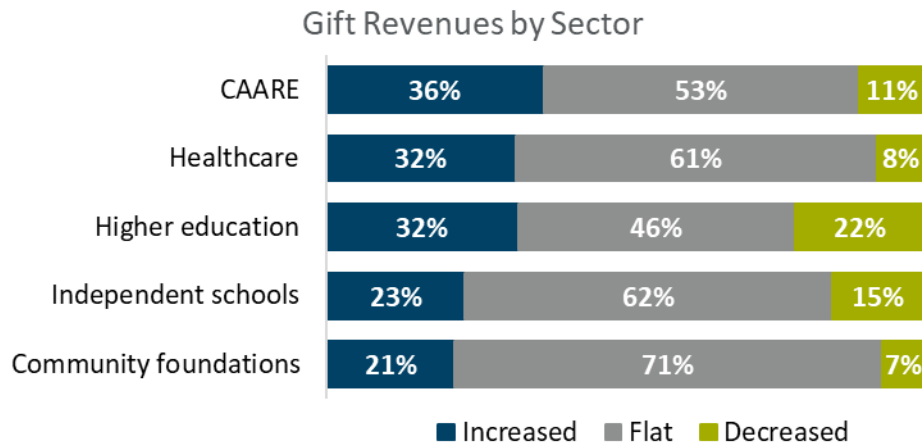


### Gift planning revenues and closure rates have increased or remained stable during the pandemic.

Dollars from matured planned gifts and successful solicitations are consistent or better than they were this time last year. Gift planning revenues at most organizations have increased (32%) or remained stable (53%) Higher education has been the least stable in their gift planning revenues (78% increased or were flat) when compared with other sectors (85%-93%).

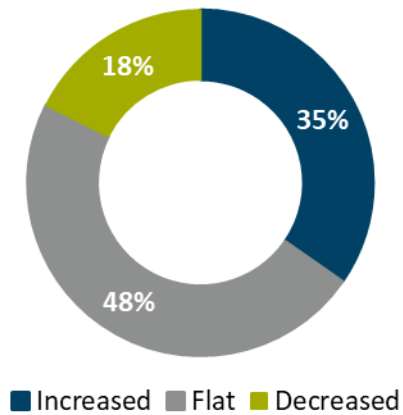
How have gift planning revenues been impacted by recent events? (253)

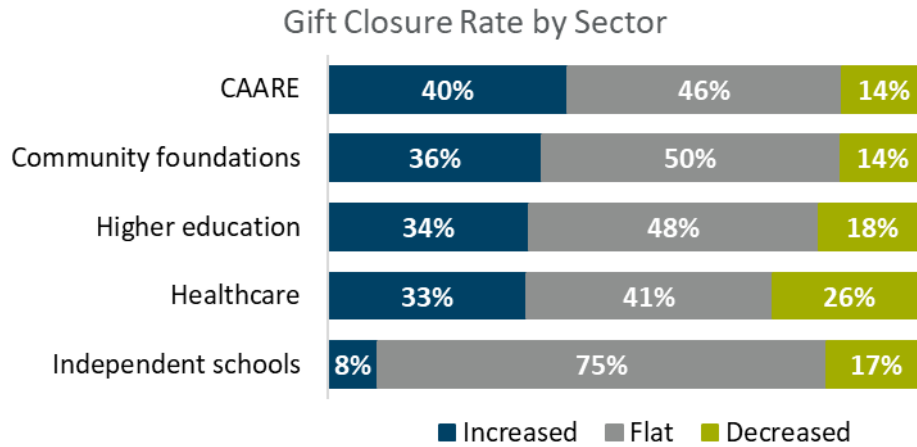




Planned giving gift closure rates have increased (35%) or remained flat (48%), compared to last year at this time. Healthcare organizations have been the least stable in their solicitation success rates (74% increased or were flat) when compared with other sectors (82%-86%). Some respondents noted that bequests are becoming a greater part of gift officer conversations and that some donors have self-disclosed planned gift intentions.

How does your planned giving gift closure rate compare to last year's at this time? (245)

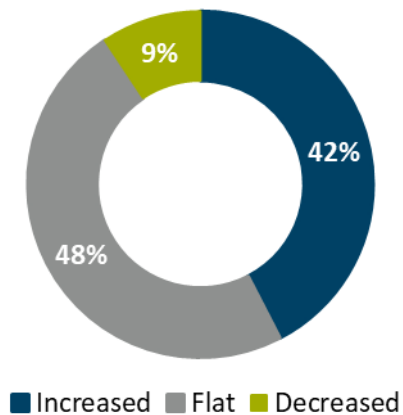




### Marketing response rates have increased or remained stable compared to last year at this time.

Gift planning marketing response rates have remained strong compared to last year at this time. Forty-two percent of respondents report increased response rates, with many noting a modest boost. Nearly half (48%) say they have remained flat. Only 9% report a decrease in responses.

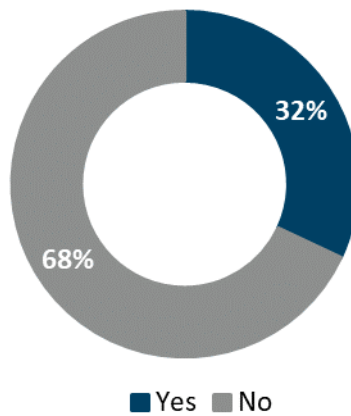
How does your planned giving marketing response rate compare to last year's at this time? (257)



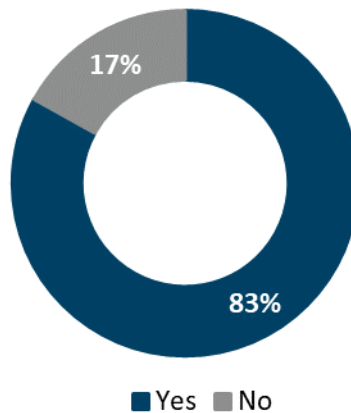
**Most organizations have continued gift planning marketing without interruption since the outset of the pandemic, and those who paused have mostly resumed marketing by now.**

Most organizations (68%) have continued to market gift planning throughout the pandemic and are actively marketing gift planning right now (83%). Half of organizations (50%) that are not actively marketing gift planning right now (17%) plan to resume this fiscal year.

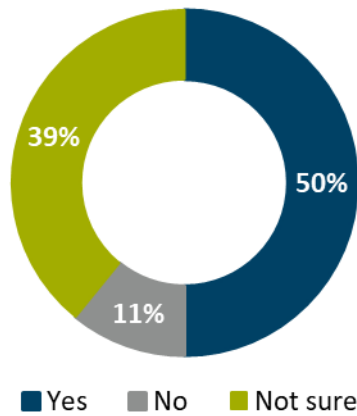
Have you cancelled any gift planning marketing since the pandemic began? (272)



Are you actively marketing gift planning right now? (272)



(If not actively marketing gift planning right now) Do you plan to resume this fiscal year? (46)

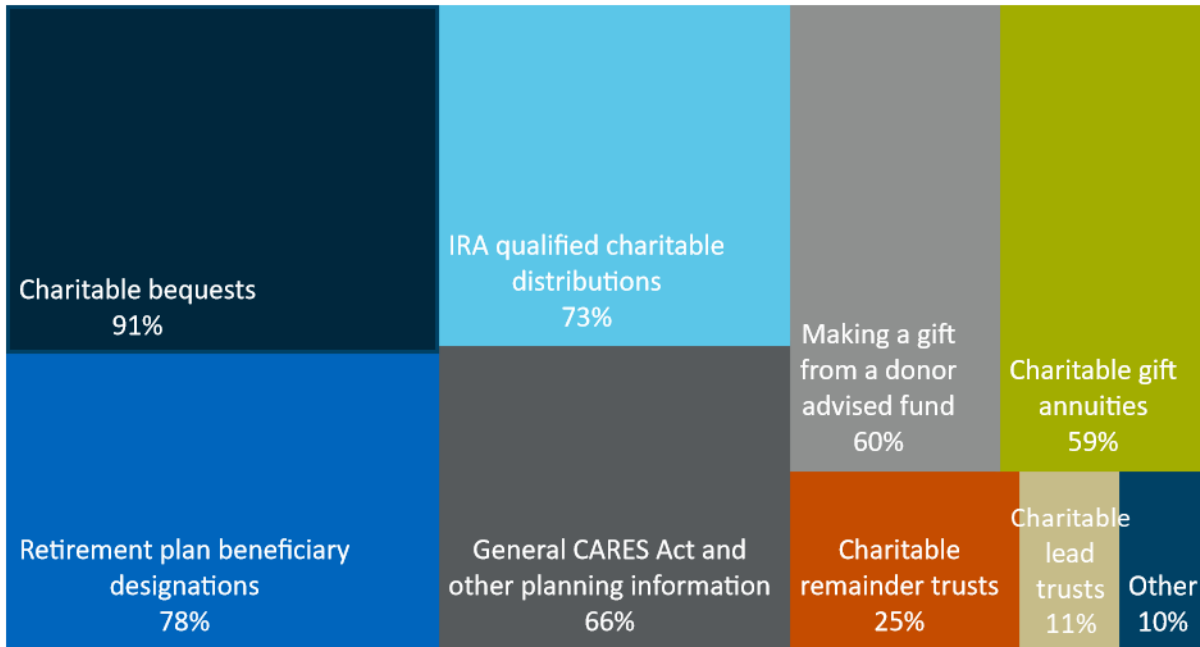


**Almost all organizations are marketing charitable bequests, while most are marketing beneficiary designations.**

Almost all organizations are marketing charitable bequests (91%), followed by retirement plan beneficiary designations (78%) and IRA qualified charitable distributions (73%). CARES Act and other planning information (66%) are also popular topics, as are making a gift from a donor advised fund (60%) and charitable gift annuities (59%).

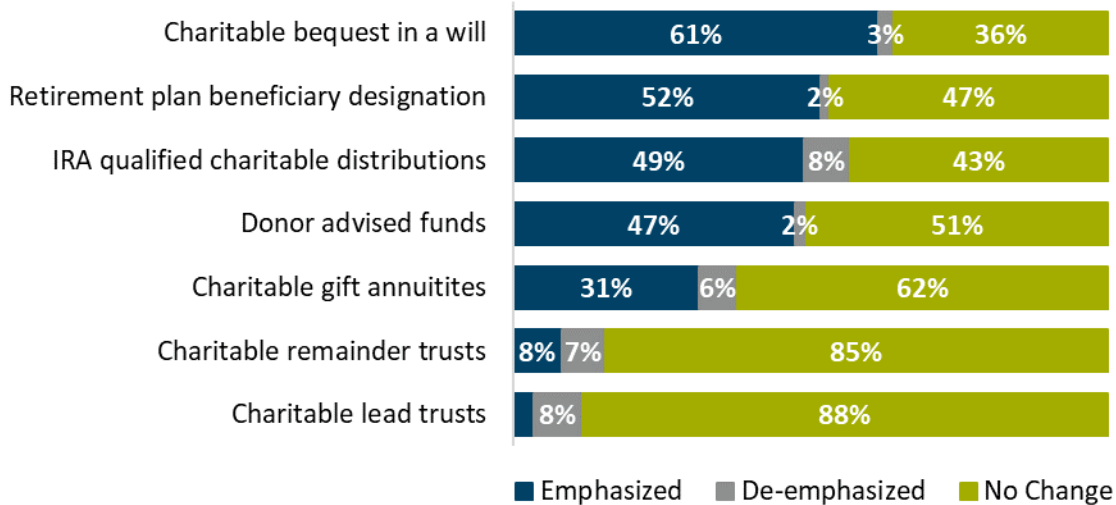


What from the following list are you marketing? (select all that apply) (226)



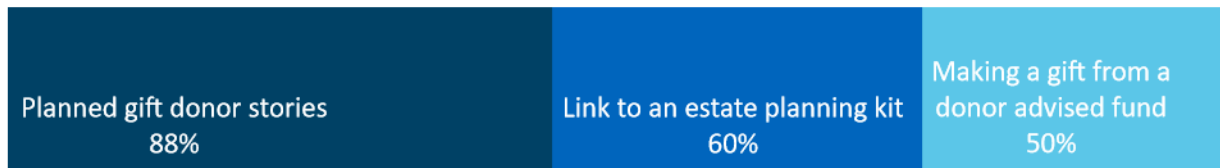
With respect to how these marketing efforts are different from last year, more than half of organizations report an increased emphasis on charitable bequests (61%), with just over half reporting an increased focus on retirement plan beneficiary designations (52%). Nearly half of respondents report an increased emphasis on IRA qualified charitable distributions (49%) and donor advised fund (47%) marketing; nearly one-third (31%) increased their CGA marketing. Few organizations have decreased their emphasis on any of these areas.

Have specific types of planned gifts been emphasized or de-emphasized in your marketing? (266)



Planned gift donor stories (88%), links to estate planning kits (60%) and information on making gifts from donor advised funds (50%) have been popular marketing tools.

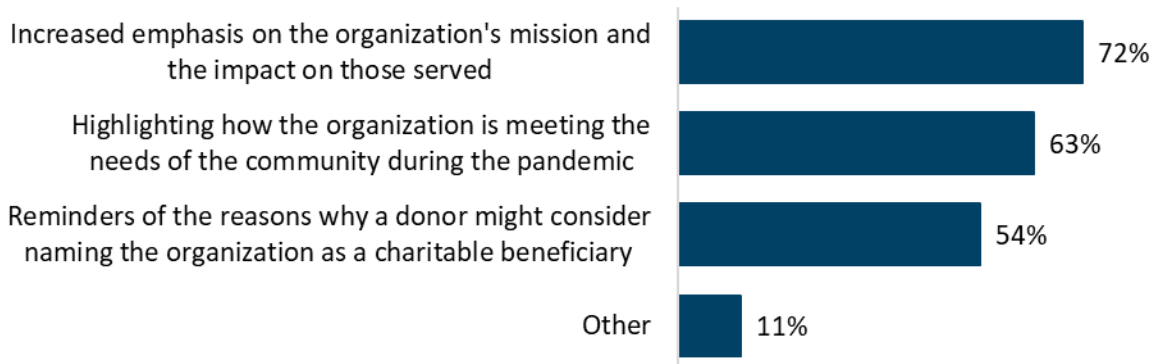
Has your organization included any of the following in gift planning marketing? (select all that apply) (195)



**Gift planning cases for support are highlighting the organization’s impact and how it is meeting community needs during the pandemic.**

Many organizations (85%) have made changes to their case for support due to COVID-19. Most gift planning programs are increasing the emphasis of their organization’s mission and impact on those served (72%), highlighting how the organization is meeting the needs of the community during the pandemic (63%) and/or reminding donors why they might consider naming the organization as a charitable beneficiary (54%).

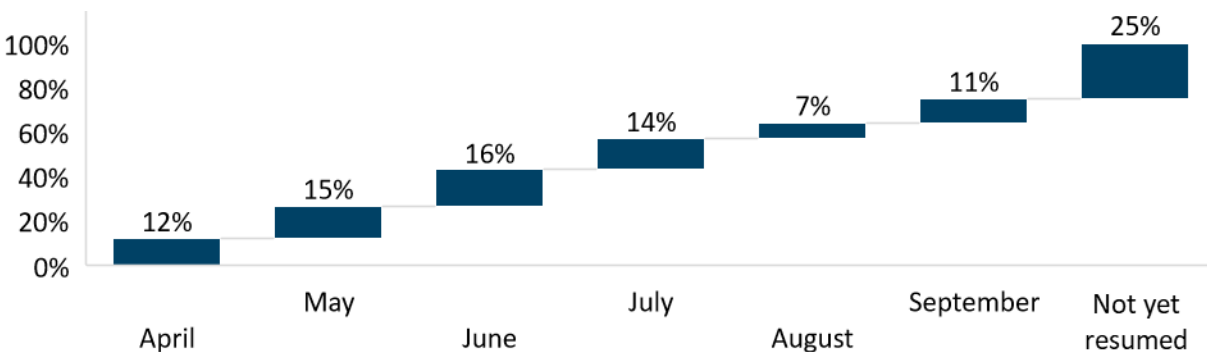
How has your gift planning case for support changed during COVID-19? (select all that apply) (284)



### While almost half of organizations paused gift planning solicitations at the start of the pandemic, the majority have resumed solicitation activity.

Just less than half of respondents (49%) paused gift planning solicitations during the pandemic. While a quarter of those organizations (25%) have not yet resumed solicitations, more than half (57%) had resumed by July and most had resumed by September (75%).

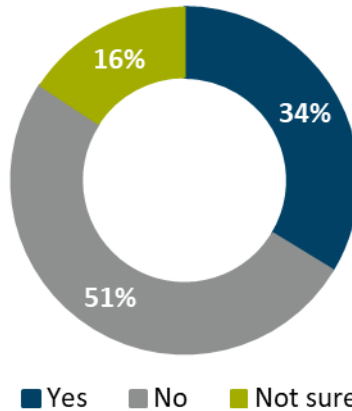
If you paused gift planning solicitations, in what month did you resume? (123; 130 did not pause)



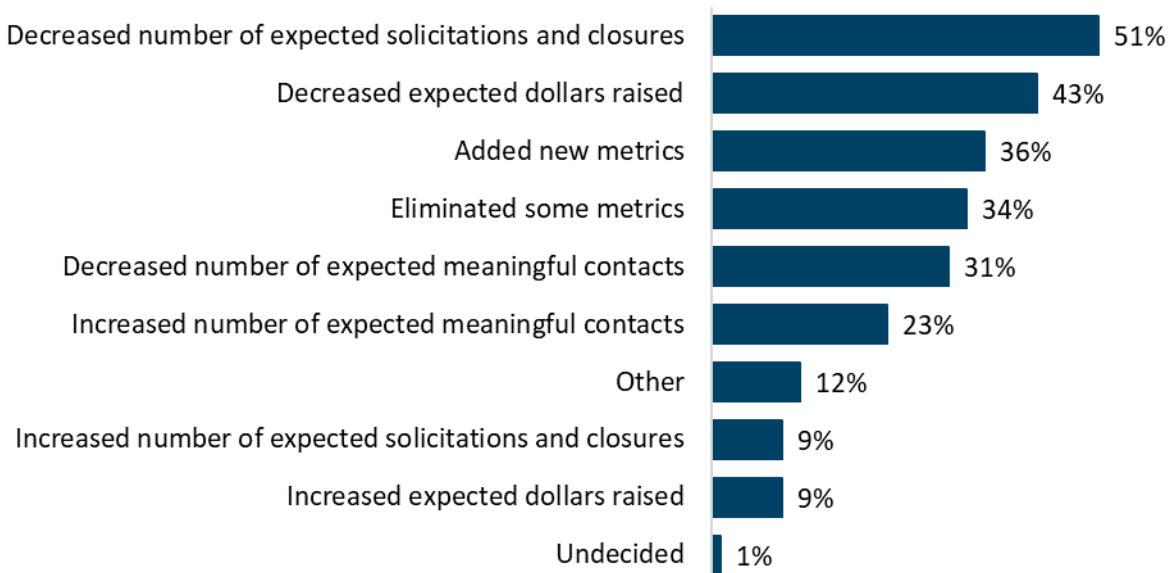
### Few organizations have adjusted gift planning officer metrics.

Only one-third of respondents (34%) have adjusted gift planning officer metrics due to the pandemic. Those making changes have decreased the number of expected solicitations and closures (51%) and/or decreased the expectation for dollars raised (43%).

Have you adjusted gift planning officer metrics given the impact of COVID-19 on your fundraising operation? (261)



How have you adjusted gift planning officer metrics? (select all that apply) (86)

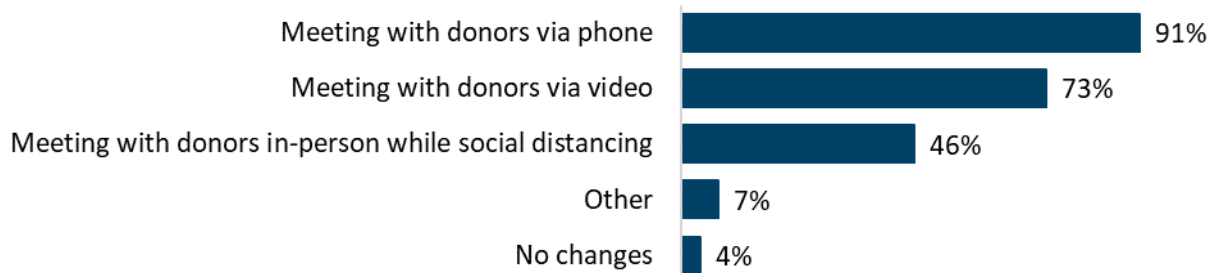


### The ways in which gift planning officers connect with prospective donors has changed in this new environment.

Most organizations are meeting with donors via phone (91%) or video (73%), while just under half are meeting with donors in-person while social distancing (46%). Those meeting in-person commented that those instances are rare and take place locally, rather than by air travel. Other

means of staying in touch with donors have included emails and text messages. Four percent of respondents have not made any changes to the way they meet with prospective donors (11- mostly independent schools and CAARE organizations).

How have gift planning officers changed the way they meet with prospective donors? (select all that apply) (281)



Most gift officers have been in contact with planned giving donors weekly (30%) to monthly (26%) during the pandemic.

How frequently have gift officers been in contact with planned giving donors during the pandemic (e.g., video meetings, phone calls, notes)? (277)



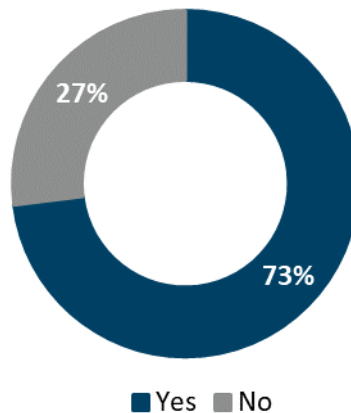
### Organizations are adapting to steward donors virtually.

Most respondents (73%) have made changes to their gift planning stewardship programming. While some organizations have chosen to cancel or postpone events, many have developed creative solutions to engage donors in meaningful ways during the pandemic. These have included:

- Using ThankView for gift planning outreach and stewardship
- Videos of thanks from students and alumni
- Video features of donors sharing why they chose to establish planned gifts
- Virtual tours or special, self-guided access instead of group tours led by staff
- Offering a virtual estate planning series

- Virtual cultivation and stewardship events (e.g., recognition events, happy hours, book clubs, webinars)
- Cross-promotion of planned giving messaging at other organizational events
- Integrating gift planning into other marketing materials
- Launching new gift planning website
- More personal outreach (e.g., small group virtual events, individual conversations)
- Care packages
- Mailed pins/certificates/awards/special gifts typically distributed at events
- Used funds budgeted for annual event to create custom gifts for planned giving donors
- Cancelled or postponed events

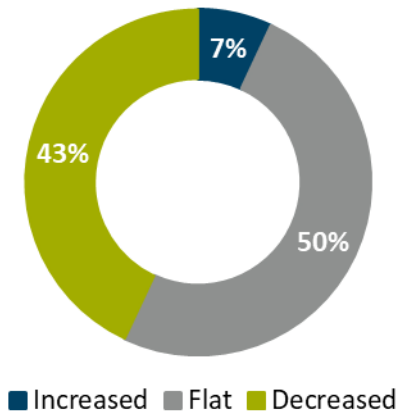
Have you made any changes to gift planning stewardship programming (e.g., annual luncheon)? (282)



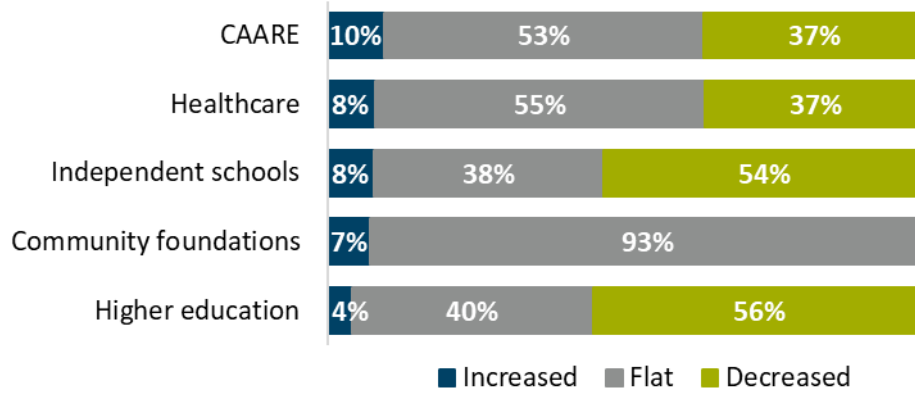
### **Gift planning programs have faced budget cuts, much like the rest of development.**

Even with gift planning revenues remaining fairly stable, budgets have been negatively impacted. Nearly half (43%) of organizations have reduced the budget of their gift planning program due to recent events. Higher education (56%) and independent schools (54%) have been more likely to face gift planning budget reductions, compared to other sectors (0%-37%). All responding community foundations (14) have been able to escape gift planning budget reductions thus far. Budget reductions across all sectors have included cutting program expenses (83%), salary reductions or freezes (39%) and/or hiring freezes (37%). Only 26% of respondents have had to cut staff as a result of budget reductions.

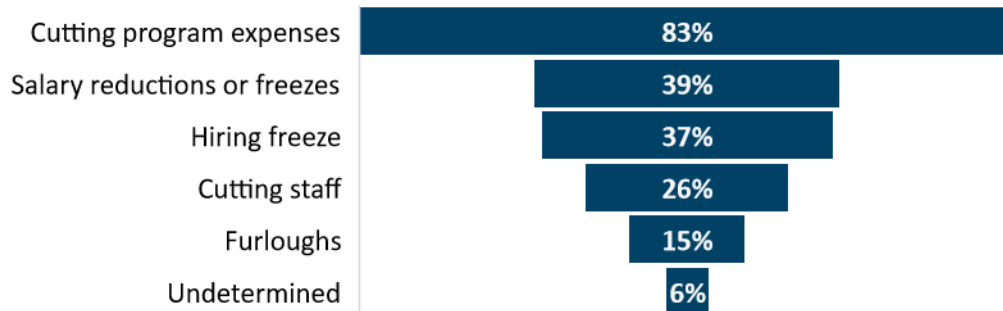
How has the budget of your gift planning program been impacted by recent events? (258)



Budget by Sector



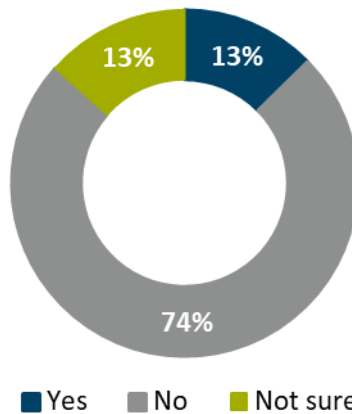
What changes are being made as a result of budget restrictions? (select all that apply) (108)



**While gift planning and endowment policies have largely remained unchanged, a small percentage report using matured unrestricted charitable bequests for immediate needs.**

Few organizations (13%) have made changes to their planned giving gift acceptance or endowment policies. Those who are making changes noted that some were in the works pre-pandemic. In addition, a small percentage of respondents anecdotally reported a change to their policy surrounding the use of matured unrestricted bequests. Where these gifts were previously added to endowment, they are now being applied to immediate needs.

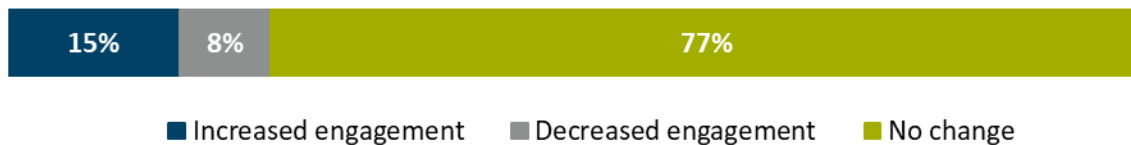
Are you making any changes to your planned giving gift acceptance or endowment policies? (253)



**Board engagement in gift planning remained largely unchanged.**

Board engagement in planned giving has remained unchanged (77%) throughout the pandemic. However, 15% of organizations have seen increased board engagement in planned giving. Comments indicated that board engagement both now and prior to the pandemic has varied widely.

How has board engagement related to planned giving been impacted by recent events? (251)





## Additional Insights

Several organizations offered additional comments about how recent events have impacted gift planning.

Is there anything else you would like to share about how recent events have impacted gift planning at your organization?

### Donor Engagement

- “Donors have a sense of urgency given the unknown, and they have [been given] a gift of time to think and consider what matters to them most.”
- “More attention in recent months by donors taking this time to reflect on long-term plans and wanting to engage in discussions about their estate.”
- “In this strange year we are seeing that donors [with which] we have relationships are giving more, but our number of new donors is down from previous years.”
- “We are well known for [our mission], and the pandemic has compelled many new donors to give.”
- “Virtual events have allowed us to engage and steward legacy society donors and to raise the profile and awareness of this society. More donors are actually answering the phone when I make legacy society stewardship calls.”
- “The inability to meet face-to-face with prospective donors is proving the greatest hinderance to moving forward with conversations. Even people who have indicated a strong interest in an estate commitment are saying they'd rather wait until we can meet.”
- “We believe that the pandemic has increased opportunities to connect with donors around gift planning and to close such gifts, even while our ability to have meaningful engagements with them has been compromised in the immediate term.”
- “We have seen an increase in donor advised funds opening, donors [having] more time to review plans and more board participation at meetings. Effectiveness and outreach has increased due to no travel, live events, etc. This has been a time when our team is working longer, harder and smarter and has produced great results for a small team.”
- “We have seen more people willing to tell us the amount of their future gift intention. And those amounts are significantly higher than we have ever seen before!”
- “We [have seen] excellent traffic from email newsletters, inquiries for more information and requests for personal estate planning kits.”

### Staffing and Budgets

- “COVID has forced us to look at blending our major gifts and planned gifts staff into cross-training everyone into frontline gift officers for outright, deferred and endowment gifts.”

- “In the arts and culture space, the effects of the pandemic have meant all hands on deck and all focus on immediate emergency support. Planned giving at our organization is [down].”
- “We have had a huge decrease in staff due to a reduction in force so are having trouble doing proactive planned giving outreach, but it is obvious that the interest is there.”
- “Higher expectations, lower budget.”

### **Gift Planning Strategy**

- “[We’re] getting ready to launch a bequest campaign in 2021 to ride the anticipated wave of new bequests and IRA bent designations.”
- “It has allowed us to move [leadership] off of the idea that planned giving is only about wills.”
- “With an increased focus on the need to grow our financial aid resources - especially through endowment, our gift planning program is getting more attention from our school leadership and trustees. A welcome change!”
- “The focus on stewardship (i.e., genuine, long-term relationships with donors) is as important as ever.”
- “We are focusing less on vehicles and more on stewardship and impact.”

### **Closing Thoughts**

Similar to other areas of fundraising, the pandemic raised concerns that gift planning interest and impact could decrease. The existential nature of this threat, different from economic downturns alone, made some organizations concerned about soliciting gifts that arrive at the end of life. Donors have responded, however, with increased interest and, in many cases, increased generosity. Many organizations report an increase in gift planning commitments, and this is no doubt a tribute to the relationships these organizations have built with their constituents.

At the same time, gift planning teams, programs and budgets are being cut. About half of respondents reported changes that include program expense cuts, salary freezes or reductions, and hiring freezes. About a quarter have had to reduce staff. In spite of these changes and challenges, gift planning staff members and those whose responsibilities include gift planning are partnering with or supporting other areas, even as they continue to field greater interest in gift planning.

Suggested take-aways and next steps from our findings include:

- **Share with your colleagues the continued and increased appeal of gift planning.** This study shows that gift planning is a durable area of fundraising, even in a pandemic. Share these results with internal partners to demonstrate its value, especially now.
- **Continue marketing.** Despite early concerns that it might be insensitive to market deferred gifts during a pandemic, donors have been receptive. Continue marketing and, if you paused, consider resuming if budgets and staffing allow.
- **Stay alert – gift planning opportunities may change.** With a presidential election and the potential for another pandemic relief bill, it is possible that tax laws and planning opportunities will change. Stay up-to-date and consider communicating any changes to constituents.
- **Review the creative stewardship ideas offered by respondents.** Survey respondents shared a number of ideas that you could adapt at your organization.
- **Collect more donor stories.** Most of you are speaking frequently with gift planning donors. Are you collecting their stories? These can be valuable aids to market and steward planned gifts if donors are willing to share what inspired them to give.

**Marts&Lundy**

