

Leading Tactics for Rural Fund Development

FOCUS B

Working with Individual Donors

TACTIC 2

Start a Legacy Society

What is it?

A Legacy Society is simply an important-sounding name for a program established by a community fund, a community foundation or other nonprofit organization that encourages donors to leave them future gifts. If you set up a Legacy Society, once any donors inform you they have committed to making such a gift, you claim them as part of your Legacy Society.

As you consider this tactic, be aware that *historically, all nonprofit organizations have obtained their largest assets through bequests and planned gifts.* Starting a Legacy Society has the benefit for new or small community funds or foundations of being an easy first step in establishing a comprehensive Planned Giving Program. Even if you have some steps to take before your organization is able to accept every type of planned gift, you and the community can still benefit simply through the Legacy bequests left by donors who name your endowed fund in their wills.

The Legacy Society is one of several names used by community funds or foundations that have such a program. Of course, you can choose your own name, but including the name of your town, county or area is considered a best practice. *Community Legacy for Morrisville, Heritage Club of Laurel, The Centerville Diamond Society,*

Legacy Wilson County, and The Five-River Valley Cornerstone Society are just a few examples of the names others have chosen.

How does it *really* work?

- **Start small and simple.** Starting a Legacy Society is one of the easiest tactics for growing endowment because you may not have to leave the organization's four walls in order to get started. It can begin very simply: Your board members agree to include your organization in *their own* wills or planned gifts. When the first board member agrees to do this, *voila!* Your Legacy Society is established!

Once this happens, even if only a few board members participate at first, you have a wonderful marketing tool that you can use as an entrée with current and prospective donors, professional advisors, and the community. This becomes a “teachable moment” that you can use to open a conversation about how anyone with assets can be a philanthropist and provide for the future benefit of their community.

Typically, at first, Legacy donors simply name your fund or your organization as one beneficiary in their wills. As time goes on, donors may (with your encouragement) make additional planned gifts by naming the endowed fund or organization as a beneficiary in a life insurance policy, a charitable IRA or through various kinds of charitable trusts.

- **Let Legacy members recruit more!** Board members and others who become your first Legacy Society members can encourage family, friends and associates to make a similar commitment. Some board members, especially in the early days of your community foundation, may find it easier to request a Legacy contribution than any other kind. Why? Because Legacy gifts emphasize the long-term commitment of your organization to the future of the community (which is easy to talk about), and do not require them to “make an ask” for cash today or even enquire about the specific amount.

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Giving back to the future

Generations transferring wealth

In 1999, a groundbreaking study projected that our nation is beginning a period of the largest intergenerational transfer of wealth in our history. It forecasts that at least \$41 trillion—yes, that’s trillion, with a “t”—will be transferred between 1998 and 2052.¹ In rural areas, this transfer is expected to take place more rapidly than other areas because a larger proportion of rural population is elderly—or close to it.

In 2001, the Nebraska Community Foundation (NCF) completed an analysis of the intergenerational transfer of wealth likely to occur in each Nebraska county over the next 45 to 50 years. This Nebraska-specific projection was based on a local, less rigorous but solid adaptation of the methodology used in the 1999 national analysis.

The Nebraska data shows that the peak transfer of wealth in many of its rural counties will take place much sooner than the national or state average. According to NCF, this analysis helps them promote a unique and possibly one-time-only opportunity for community leaders to engage charitable giving as a community development and reinvestment strategy. NCF and its community funds emphasize “leaving something for your hometown.” NCF’s efforts are resulting in substantial Legacy gifts in rural areas for the community funds.²

Other states and community foundations have followed suit to produce similar local “transfer of wealth” analyses. Even though you may not have a specific analysis for your area, this general knowledge about transfer of wealth can still provide an impetus and a sense of urgency to seeking Legacy gifts for your fund. *Please see “Tactic A-1: Promote Endowment and Philanthropic Potential” for more on transfer of wealth.*

¹ John J. Havens and Paul G. Schervish. *Millionaires and the Millennium: New Estimates of the Forthcoming Wealth Transfer and the Prospects for a Golden Age of Philanthropy*. Boston: Boston College, Social Welfare Research Institute. October 19, 1999. www.bc.edu/research/swri

² See www.nebcommfound.org/wealthanalyses.htm

- **Recognize and applaud members.** When using this tactic, give special designation and recognition to Legacy donors on a regular basis. This in turn helps build public awareness of your community fund or foundation in the community.

The *action* of including the community fund or foundation in a donor's will is more important than the actual *amount* that each donor designates. This action serves as an example to the entire community.

Donor recognition can take a number of forms, which generally includes a listing in a brochure or annual report *and* a special annual event. A recognition event can be as simple as welcoming new members at a specific board meeting or as elaborate as sponsoring a more formal luncheon or other social

event to honor members. Methods of educating, attracting and recognizing these important donors can increase in sophistication as time goes on.

- **Size doesn't matter.** An additional thing to keep in mind is that you are not asking for a donor's entire estate! A set amount or percentage, or even the remainder of an estate after the donor provides for family, can add up to a lot if many people in the community join the Legacy Society. The amount is up to the donor and his or her advisor.

Remember: The *action* of including the community fund or foundation organization in a donor's will is more important than the actual *amount* that each donor designates. Why? Because this action sets an example for the entire community. You just need them to *tell you* they have done it!

- **It's ripe for rural.** This tactic is especially significant in rural areas where many residents often have assets tied up in land and other non-cash assets. Moreover, it can have great appeal in rural places, where the population often has a larger percentage of older residents than in more urban places. (*See: Giving Back to the Future: Generations Transferring Wealth.*)

Building helpful capacities

Here are some people, ideas and resources that can help you with this tactic. You may not have the people and capacities listed here currently on your board (or

staff, if you have one), but remember that you can involve other volunteers and supporters to help you *build* these capacities! Form a team or task force composed of board and other volunteers to ensure that you can carry out your goals for this tactic. Some parts of the tactic, such as holding an event to recognize members and publicize your Legacy Society, may be aided by a separate team with specific event planning expertise.

- **Attorney.** Have an attorney draft simple language for the inclusion of a bequest to your organization in a will. Include this language in materials you provide to potential Legacy Society members. The attorney can also help advise and assist you in promoting the Legacy Society among other professional advisors.
- **Brochure.** Develop a *simple brochure* detailing the purpose of the Legacy Society, its members, how to join, and information about your organization.
- **Publicity.** Publicize your Legacy Society by writing a news release announcing its creation and purpose, featuring the original donors—and maybe do an annual release on new donors and the Legacy Society’s growth. These activities will help recruit new members.
- **Acknowledgement and thanks.** Always provide a formal acknowledgement to new Society members. This can be a letter expressing gratitude, a document to be framed, or a membership plaque or other gift. Their names can also be included in your newsletter and in your annual report, and you can invite them regularly to all your key events for further public acknowledgement.
- **Recognition event.** Plan a way to recognize the members of your Legacy Society. This can range from a simple but nicely organized luncheon with the board at an annual meeting, all the way to being a key feature in a full-fledged communitywide event. The kind of event you hold, whether large or small, stand-alone or combined with your organization’s annual meeting, depends on what is appropriate and makes sense in your community.

Always provide a formal acknowledgement to new Society members, and plan a way to recognize them.

- **“Expectancies” and planning.** Legacy gifts cannot yet be counted as endowment because they are not yet cash-in-hand. But it helps to be able to know and make public the total amount of future gifts you are expecting through your Legacy Society. Especially when your endowment-in-hand is quite small, the amount of your Legacy “expectancies” lends credibility to your endowment building effort.

Some of your Legacy donors may be willing to share the amount of their anticipated bequests; others may be willing to share the amount if they are sure the information will be kept anonymous. Do let them know how it would help you to know the amount, but make them feel comfortable whether they decide to tell you or not. The primary reasons it helps are:

It helps to make public the total amount of future gifts you are expecting through your Legacy Society.

- Gift numbers and totals—whether anonymous or declared—can be useful in demonstrating the effectiveness and reliability of your plans to your community. Known as *expectancies*, these future gifts show your organization’s success. One way this information is used in marketing materials is phrasing such as: “The Community Fund has a current endowment of \$725,000 and \$500,000 in *known* expectancies.”
- Having this information can be useful for your organization’s internal planning purposes. For example, if you know that a donor has left your community fund an unrestricted gift of a certain size, and your board has been working hard to establish an unrestricted fund, now you can rest assured that it will eventually come to pass. In fact, it might bolster the spirits of your board members sufficiently to redouble their efforts to find additional unrestricted gifts!

In another case, let’s say one of your donors has told you that he has left your community fund a gift in his will specifically to start a program that you and your board have wanted to establish. Knowing this may add weight to any grant application you write for funds to get the program started sooner.

Help from some pros

LEAVE A LEGACY®

Some organizations choose to participate in the national LEAVE A LEGACY® program, a public awareness campaign created by the National Committee on Planned Giving® that helps local organizations work together to promote charitable bequests. Participating in LEAVE A LEGACY® gives a community fund or foundation the opportunity to partner with other local nonprofits and take advantage of already-created Legacy marketing materials with a logo and specific language.

The national Leave a Legacy program does not solicit gifts for any particular organization. Rather, the program is a broad-based community campaign whose message is spread by all types of nonprofit groups participating in your area—including social service and arts organizations, churches, hospitals and educational institutions—and by professionals who assist donors with charitable estate planning. These partners help promote the message that people from all walks of life have the ability to “make a difference in the lives that follow” by leaving a charitable legacy.

Participating in LEAVE A LEGACY® requires a fee, and the size and scope of local programs vary according to the characteristics of each community, available volunteer support and budget. Joining this campaign may be more appropriate for those organizations that already hold endowed funds rather than brand new or small organizations or community funds. Even medium-sized nonprofit organizations and community funds and foundations find that this campaign can be very labor intensive.

Currently, active Leave a Legacy programs operate in 165 communities in the United States and 24 in Canada. All programs are sponsored by local Planned Giving Councils (NCPG chapters). To join this national/local program, your local or state planned giving council must sponsor the program and nonprofit organizations or community funds must sign an agreement to become part of the campaign. For more information on joining, see www.leavealegacy.org/start_program.asp.

(continued on next page)

LEAVE A LEGACY® *(continued from previous page)*

Even without participating, the LEAVE A LEGACY® website offers ideas, and donor and community stories that you might find useful—or inspiring!

See: www.leavealegacy.org/index.asp.

- **Challenges and matching opportunities.** Investigate options for matches and challenges. Have a donor challenge his or her relatives: “I designated 10 percent of my estate to the community fund...do the same with yours!” Or ask service clubs or employers to match gifts, up to a certain amount, when their members or employees join the Legacy Society. This leverages the dollars given and your effort in securing the initial gift.

Legacy Society programs are widespread and popular. Searching the websites of community foundations for information about their Legacy Societies will provide a wealth of ideas and information for your own program. You can also check out the nationwide LEAVE A LEGACY® program sponsored by the National Committee on Planned Giving. *(See: Help from Some Pros: LEAVE A LEGACY® previous page.)*

The usual—and unusual—suspects

Donor targets for your Legacy Society include:

- **Board members.** The most obvious “suspects” for this tactic are your board members. Already committed to you and with a clear understanding of the power of endowments, they are also your best advocates with other community members. As time goes on, make sure your *new* board members are aware that *participation in the Legacy Society is expected of them*, if they have the means, and continue the annual recognition of new and current members.
- **High-wealth donors.** These donors are likely to have more assets to leave to heirs and causes, and they are likely to have a professional advisor and a will.

They often have a history of supporting charitable organizations and causes and understand the various tax advantages of charitable bequests.

- **Older citizens.** For obvious reasons, older citizens are more likely to be thinking about wills and specific bequests. Providing information about the intergenerational transfer of wealth to these donors may spur them to think about the disposition of their assets, much of which may be in land, especially in rural areas. Many are also likely to have a strong attachment to the community and a life-long history of contributing to community projects and nonprofit organizations. Those whose children all now live outside the area may be looking for a way to leave something to the community as well as to their family heirs. Those without children are historically among the most generous in supporting community endowments and nonprofit organizations. Pointing out the importance of leaving a legacy *that can continue to support their charitable interests* is another way to attract the attention of these donors.
- **General population.** While we usually think of bequests or planned gifts as coming from the obviously wealthy, there are definitely less obvious prospects. Many people have life insurance policies, IRAs, 401(k)s or 403(b)s, and wills, all of which allow them to name multiple beneficiaries. Besides, we've all read the stories about the schoolteacher who lived modestly, but who left a surprisingly substantial scholarship to the local high school, or the frugal bachelor farmer who made a major bequest to his local church. *It is important to cast the net wide* for potential members of your Legacy Society. Plus, every \$100, \$1,000 or \$10,000 counts!
- **Community alumni.** They've moved away from town, usually to seek broader opportunities, but they still have family or friends in the area. They may have fond memories of their hometown, of the special character of growing up and going to school in a rural place. They may even plan to retire in the area. Many have "made good" elsewhere, but would like to leave something for their hometown. Start with your board members who may have friends and relatives living elsewhere, and ask if they would be willing to

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Obstacles & challenges

Eliminating the fear factor

Your track record may be slim.

Even though your board members may have made a firm commitment, there may still be a reluctance to entrust funds to you if you are a new, untried organization.

Continue to do good work.

There is no magic cure for this. Continue to do good work and demonstrate, as widely as possible and in as many ways possible, your unique role in the community, your positive results and the support of trusted, influential community leaders as the fund builds over time. And it may help to estimate and publicize the growing amount of your expectancies!

Sometimes people resist making a will.

Some people have an almost superstitious fear that making a will or even discussing death will somehow lead to the event they are dreading.

Be strategic. There is little you can do about this common fear on the part of prospective donors. But you can think carefully about who makes a given “ask.” Often the ask is more effective if two people who know the prospective donor and have made their own wills are involved. In other cases, two people might be intimidating to a prospective donor. In either case, you should build on existing relationships, where possible, and provide solid, simple information. The worst they can do is say, “No, thank you.”

People are sometimes reluctant to tinker with a current will or life insurance policy, or may be concerned about the costs.

Some of the reluctance may have to do with the hassle of making an appointment with an attorney, revisiting the will and making changes. Changing beneficiaries for any policy or legal document does involve some paper work.

Involve professional advisors. You may be wondering how to begin involving professional advisors in your endowment-building work. Well, establishing a Legacy Society provides the perfect way to begin (or continue) your discussion with them. Find out from them *exactly* what is required for a donor to change a will or life insurance beneficiary so that you can explain *exactly how simple it is to do* when you talk with your prospective donors. Be sure to find out the exact costs of these changes, too, so that you are well-armed with information when you speak with donors.

Sometimes people are reluctant to discuss anything financial. Especially in rural areas, people simply do not like to talk about their financial situation. They believe it is no one’s business what assets they hold or what they plan to do with them.

Be subtle. You may be worried about how to approach your potential Legacy Society members, but remember: *You do not need to know the amount included in a bequest.* It is the *action* that is important. Most everyone has an estate, whether modest or substantial, so anyone who has a will or is planning to write one can make a bequest. And remember, a trusted professional advisor or an old friend can talk more openly with the potential donor than you can.

promote the Legacy Society to these prospects. Many community alumni may still combine a visit home with class reunions. Providing information to these school alumni is another way to gain supporters for your community fund and for your Legacy Society.

- **Financial advisors.** Every community has a few key financial advisors—attorneys, planners, bankers, brokers, accountants, funeral home directors and others. These professionals can be your most valuable partners in building a Legacy Society. Sharing with them the key ideas of community philanthropy and essential information about your community fund or foundation will enable them to lead donors your way.

Types of gifts, payoff, payoff horizon

- **Bequests (wills).** This is usually the first (and easiest) type of gift with which to establish your Legacy Society.
- **Life insurance.** This is also a relatively easy type of gift for donors who are new to endowed philanthropy. Naming a nonprofit organization as a beneficiary in an insurance policy or in a will is easily done by anyone with assets.
- **IRA or retirement plan beneficiary designations.** These types of gifts, which may be a bit more complex than bequests or life insurance, have become more popular in recent years.
- **Trusts.** Gifts such as Charitable Lead Trusts or Charitable Remainder Trusts are more complicated gifts to transact, as they require the participation of the donor's financial professional and often are established by donors with greater wealth.

Overall, the payoff is that you are continually welcoming more and more community members into your philanthropic family and involving them in your work of doing good in the community. Legacy gifts usually have long-term payoff horizons.

RFD Tool Box

All the resources that follow relate to starting a Legacy Society. The website listed are active links to the materials that are available online. Where materials are not available online, use the email links provided.

Resources for the field. Key organizations and resources that provide critical tools and information to the entire philanthropy field.

1. LEAVE A LEGACY® Program

Contact: National Committee on Planned Giving, 317-269-6274, ncpg@ncpg.org, www.ncpg.org, www.leavealegacy.org

2. Community Foundation Marketing

These National Marketing Action Team materials include useful language, a brochure, invitations, and more. **Note:** All U.S. community foundations may access the NMAT site, but its free, downloadable resources are available only to community foundations that are members of either the Council on Foundations or Community Foundations of America, and have agreed to comply with National Standards for U.S. Community Foundations. See their website for more information.

Contact: National Marketing Action Team, Council of Foundations/Community Foundations of America, 800-727-2357, support@nmat.org, www.cfmarketplace.org

Helpful examples from your peers.

Leading or representative examples of good practice by colleague community foundations.

1. The Legacy Society

Details: This simple brochure is used by the Nebraska Community Foundation and many of its affiliated community funds. Download the pdf (www.aspcncsg.org/rdp/_documents/tactics/Legacy.pdf) or email the address below for a print copy.

Contact: Nebraska Community Foundation, 402-323-7330, dougfriedli@nebcommfound.org, www.nebcommfound.org

2. Legacy Society: Gifts that Touch Lives, Forever

Details: This brochure text explains to donors the many ways they can make planned gifts to the foundation—and then notify the foundation—so as to join its Legacy Society. Download the pdf (www.aspenccsg.org/rdp/_documents/tactics/EWVCF_Legacy_Society.pdf) or email the address below for a print copy.

Contact: Eastern West Virginia Community Foundation, 304-264-0353, info@ewvcf.org, www.ewvcf.org

3. Local Transfer-of-Wealth Analysis

Details: ■ **Analysis:** To see NCF's county-by-county analysis, visit www.nebcommfound.org/wealthanalyses.htm

■ **Endowment results:** Surf the entire NCF website for newsletters, press releases, and Legacy Legends to see how the analysis has led to endowment building success.

Contact: Nebraska Community Foundation, 402-323-7330, www.nebcommfound.org

How-to's and templates. Generic templates or additional explanations that can help you.

1. Planned Giving in a Nutshell

www.aspenccsg.org/rdp/_documents/tactics/planned_giving.pdf

2. How to Organize a Special Event

www.aspenccsg.org/rdp/_documents/tactics/special_event.pdf

3. How to Write a News Release

www.aspenccsg.org/rdp/_documents/tactics/news_release.pdf

4. How to Develop a Simple Brochure

www.aspenccsg.org/rdp/_documents/tactics/simple_brochure.pdf

5. Sample News Release Announcing the Creation of a Legacy Society

www.aspenccsg.org/rdp/_documents/tactics/legacy_news.pdf

About the publication

Leading Tactics for Rural Fund Development

Raising endowed assets in a rural setting can be very *different* from asset development in urban or metropolitan areas. *Leading Tactics for Rural Fund Development* was written specifically for rural leaders who want to raise endowments in and for their community.

This *Tactic* is one in a series developed specifically to make the job of the rural fund developer easier. The *Leading Tactics* were compiled from on-the-ground experience with rural endowment builders by the Aspen Institute Community Strategies Group with significant assistance from the Southern Rural Development Initiative. Most *Tactics* were then vetted and improved by a dozen rural community fund developers at a Knowledge Lab in early 2005. The Lab was sponsored by New Ventures in Philanthropy, a national initiative of the Forum of Regional Associations of Grantmakers, which also provided follow-up support to help complete the *Tactics*.



www.aspenincsg.org/rdp



www.givingforum.org



www.philanthropyindex.org

Please go to any of our websites to find more than a dozen other *Tactics* in this series in the following four focus categories:

- *Focus A:* Understanding and Leveraging Endowment In and For Your Community
- *Focus B:* Working with Individual Donors
- *Focus C:* Engaging the Entire Community in Building Community Assets
- *Focus D:* Targeting Community Endowment for Community Outcomes