The Investment in Fundraising
2019 IACCA Conference

Rev. Wayne Racz

Total charitable giving rose 0.7% measured in current dollars over the revised total of $424.74 billion contributed in 2017. Adjusted for inflation, total giving declined 1.7%.

The Numbers for 2018 Charitable Giving by Source:

- **Giving by individuals** totaled an estimated $292.09 billion, declining 1.1% in 2018 (a decrease of 3.4%, adjusted for inflation). [69%]
- **Giving by foundations** increased by an estimated 7.3%, to $75.86 billion in 2018 (an increase of 4.7%, adjusted for inflation). Data on foundation giving are provided by Candid (formerly known as the Foundation Center). [18%]
- **Giving by bequest** totaled an estimated $39.71 billion in 2018, remaining flat with a 0.0% increase from 2017 (a 2.3% decline, adjusted for inflation). [9%]
The Numbers for 2018 Charitable Giving to Recipients:

- **Giving to religion** is estimated to have declined by 1.5% (a decrease of 3.9% adjusted for inflation), receiving $124.52 billion in contributions. [29%; down from 53% in 1985]

- “The range of results in giving to charitable organizations reflects a blend of factors that are specific to 2018 and factors that are longer-term trends. For instance, giving to religion, which is comprised largely of donations by individuals, declined in 2018. That decline follows trends in individual giving, but the decline is likely aided by a number of other factors, such as the growing number of Americans who are not affiliated with a religious group,” said Patrick M. Rooney, Ph.D., executive associate dean for academic programs at the Lilly Family School of Philanthropy.
The Game has Changed

- Churches no longer enjoy special status
- Donors view giving as “social investment”
  - Which organizations give highest return on my investment (gift)
- Competitive environment
- How would the world be different if my church ceased to exist? Would anyone even notice?
- Church still operates on mid-20th century model
Why Do People Give?

- Belief in the Mission
  - Change Lives
  - Make a Difference
  - Tell Stories
Why Do People Give?

- Leadership
  - People give to people – relationships matter
  - Confidence in CEO/Executive Director/Pastor
  - Fundraising Skill/Results
Why Do People Give?

- Financial Stability/Accountability
  - People Give to “Winners” not “Sinking Ships”
  - Results
Generational Differences

- WW II generation (pre - 1925)
- Silent Generation (1926 – 1945)
- Baby Boom (1946 – 1964)
  - Baby Boom 1 (1946-1955)
  - Baby Boom 2 (1956 -1964)
- Generation X (1965 – 1982)
- ??? (2003 - )
WWII/Silent Generation

- Shaped by Great Depression & WWII
- Pull together
- Community, belonging
- Church & institutions solve problems
- From Social Security to Great Society
- “Prayers, presence, gifts and service”
Baby Boomers

- Motivated by causes
- Shaped by institutional failures
- Institutions are the problem, not the solution
  - Change happens one person at a time
- Results-oriented
- Creative vs. Institutional solutions
Generation X

- Share many boomer traits
- Motivated by overall fulfillment
- Demand more accountability
- Give generously when believe in project
- Neo-traditionalists
- Likely to give time to short-term projects with endpoint
Millenials

- Children of Boomers and Gen X
- “Do what you love, love what you do”
- Shaped by celebrity, media, open-minded
- Technology savvy, connected
- 1st generation expected to do “worse” than parents
- Challenge for “mainline”
- Indebtedness => Stewardship
Generations: Media - how do we receive information?

- Print: Newspapers, Magazines, Church bulletins, newsletters
- Radio: Terrestrial and Satellite
- Television
  - “old media” (network news) vs. “new media” (The Daily Show)
- Internet
  - “old media” (news sites), email vs. blogosphere, YouTube, Facebook, Twitter
General Principles

• Money follows mission

• Tell stories

• Speakers should be involved in ministry (testimonies)

• StoryBrand concept
The “3-Legged Stool of Fundraising”

- Institutional Perspective
  - Annual Fund
  - Capital Campaign
  - Planned Giving/Endowment Programs

- Donor Perspective
  - Regular Gifts
  - Special Gifts
  - Ultimate Gifts
Source of Gifts: Income or Assets

- Income
  - Wages and salaries
  - Investment income
  - Retirement benefits
  - Anything that contributes to household cash flow

- Assets
  - Savings
  - Real estate
  - Securities
  - Collections
  - Any assets we have accumulated
Regular Gifts

- Relatively small
- Repetition anticipated
- Mass-oriented methodology, impersonal
- Example – Donor gives $100 per year to organization, expect occasional increases from year to year
- Gift made by check, unrestricted
- Source: Income
Special Gifts

- Larger than regular gifts
- Repetition anticipated, but less frequently
- Typically given in response to specific goal, more likely to be restricted
- Often in context of campaign or other high-profile approach
- Example: Donor gives $10,000 over three years to help build new camp dining hall
- Source: Income and Assets, mix varies
Uniqueness of Capital Campaigns

- Permanent Properties
- Urgent nature
- Larger Amounts of money
- Payments over a Longer Period of time
- Planned, Sacrificial, and Inspirational effort, and often involves giving of properties, securities or other tangible assets.
Key Indicators of a Successful Capital Campaign

1. Clear and unifying vision that supports the mission and long-range plan
2. Compelling case for the project that relates directly to the vision
3. Positive and prayerful attitude
4. Bold but achievable goals
5. Strong executive leadership
6. Dedicated volunteer leadership
Key Indicators of a Successful Capital Campaign

7. Skilled campaign counsel
8. Thorough planning study
9. Strong lead donors
10. History of successful annual campaigns
11. Past success in capital campaigns
Why conduct a debt reduction campaign?

➢ Educates the supporters about the financial status of the organization
➢ Pays down or eliminates the loan
➢ Reduces/eliminates interest expenses
➢ More money in the operating budget for ministry
➢ Revitalizes the organization’s commitment to ministry
Ultimate Gifts

- Largest gift one is capable of forming the donative intent to make
- “Once in a Lifetime” Decision
- Evolve over time, long term relationship and personal cultivation
- For most people, magnitude of gift means can only be given through estate
- Example: Donor gives $250,000 to endow a program of special interest
- Source: Assets

The Sharpe Group
1. **Trillions to Change Hands:** Over the next 50 years, between $41 trillion and $136 trillion will pass from older Americans to younger generations, suggesting that roughly $1 trillion to $3 trillion in wealth will change hands every year.

2. **Posthumous Giving:** Nearly 60% of Americans do not have a will. And only 8 percent of American wills contain any charitable giving whatsoever. Result: only 3.2% leave any charitable legacy.

3. **Doomed Transfers:** Seventy percent of all wealth transfers in America are doomed to failure in that the heirs involuntarily will lose control of the inheritance left them.

   • **Generational Wealth:** Only 30 percent of affluent families survive into the second generation, and only 10 percent into the third.
Please remember Epworth By The Sea in your will or estate plan
Cultivating Donor Relationships

• All about relationship
• Connecting them with their passion for your ministry
• Tell stories about how their generosity made a significant difference
• StoryBrand concept: Open a story loop; start with a problem; position donor as hero and your ministry as a guide to overcoming the problem
Cultivating Donor Relationships

• High capacity donors need special attention
• Reconsider monthly newsletter
• Acknowledge every gift with receipt letter that tells a success story
• Foundations want to see sustainability and outcomes
• Provide periodic reports to foundations even when not asking for a grant
Cultivating Donor Relationships

• End of year is especially important time to solicit major gifts, especially gifts of appreciated property and qualified retirement distributions
• Personal contact with top 100 donors
• Naming opportunities
• Establish an endowment fund for perpetual support
Thanking

Thank you  THANK YOU  Thank you  Thank you  Thank you
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QUESTIONS????????

AND

COMMENTS!!!!!!!!
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