



**Heart
Foundation**

The Perpetual Pipeline

Strategies and conversations behind
securing a **Residual Bequest**



Agenda



1. Why Residual?
2. Structured for Residual
3. Residual Results
4. Residual Strategy
5. Residual Relationships
6. Residual Data
7. QUESTIONS



Why Residual?

**THE NUMBERS
SPEAK FOR
THEMSELVES.**

1. **Average gift size**
2. **Pecuniaries can devalue**
3. **Residual clauses cover contingencies**
4. **Residuals are simple, remove risk and are popular**
5. **Residual suits family/charity mix**
6. **Residual benefits charity sector**
7. **Residual helps with forecasting/ board buy in**

Why Residual?

The value of a residual (*percentage of an estate*) gift will tend to grow with the same 2% annual inflation rate year after year.

With a modest 2% rate of inflation over the next 20 years, this is how the value of the two different types of gifts may develop:

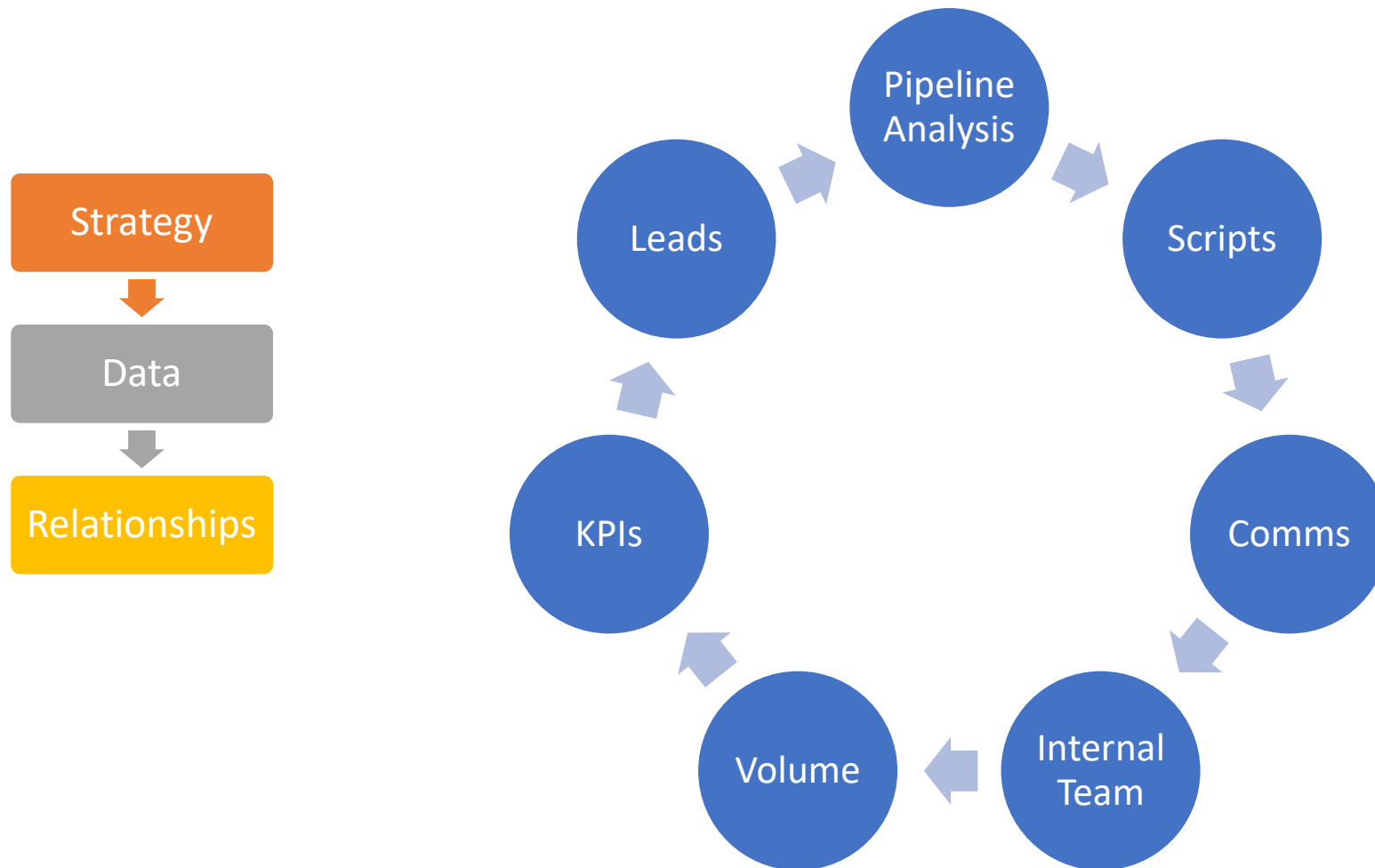


Estimation based on a 2% rate of inflation and a 2% rate of growth per year for the next 20 years

Why Not Residual?

Reason	Objection handled?
More Likely Contested (larger gift = more at stake)	✓
Individual Preference (type of asset/ Estate plan)	✓
Cost of Changing Will	✓
Specific Items in Estate	✓
Bankrupt or depleted Estate (Debts first, then specific, then residual)	✓
Large Pecuniaries	

Program Structured For Residual?





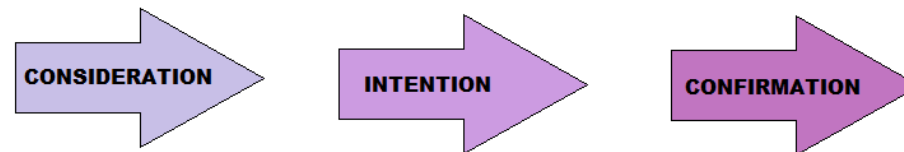
Residual Results

Stretch targets for internal calling:

Results since October 2018	Contacts made*	Moves Up	Conversion Rate	New Confirmed/Intender Residual
Target** per month	450	180	40%	30
Actuals per month	195	139	71%	41

**Contact = Real conversation with the supporter on the impact of including a Residual gift (% or share) versus the Pecuniary (\$)*

***Based on 30% contact rate and 40% conversion rate*



Residual Strategy

1. Social Norm and Nudge (supporter is the hero)
2. Focus On Wills (the importance of having one/ reasons to regularly revise)
3. Volume Contact
4. Layered Pipeline (Creates Opportunity)
5. Nudge Long Term Behaviours

Residual Relationships

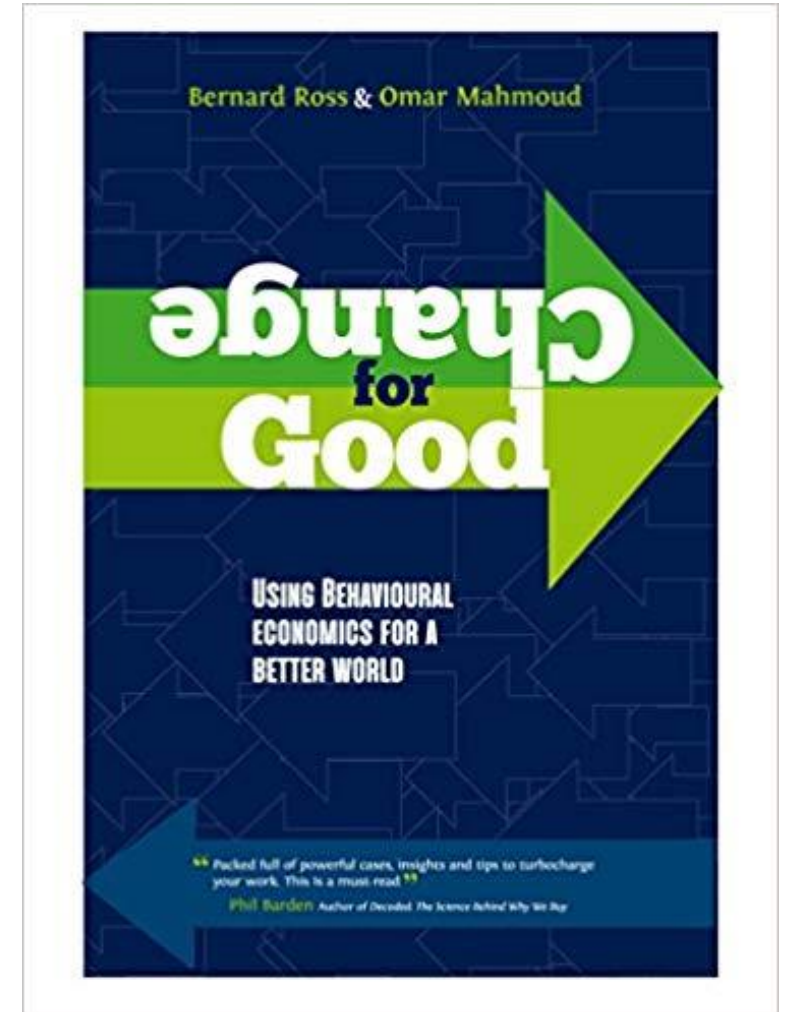


Strategy 1: Social norming and nudge

What is 'behavioural economics'? An area of research combining economics and psychology that suggests human rationality is limited by cognitive and emotional factors, the availability and level of information, and peer and time pressure. Commercial marketers use these limitations to influence a consumer's decision-making and shift them towards a preferred product over another. Bernard Ross argues that the not-for-profit community can learn these lessons and apply them ethically for maximum charitable impact.

What is social norming? The UK Behavioural Insights Team ran a test in which they called individuals about leaving a gift in Will to charity. Each call respondent had the same conversation but they either had 'No ask' for a gift in Will, a 'Plain ask' such as 'would you like to leave money to charity?' Or thirdly a 'Social Norm' ask where a respondent was told that a number of people similar to them had left a gift in Will. 5% of test subjects with 'No ask' consequently said that they would like to include one. When social normed, this increased to 15% of respondents wishing to include a gift to charity.

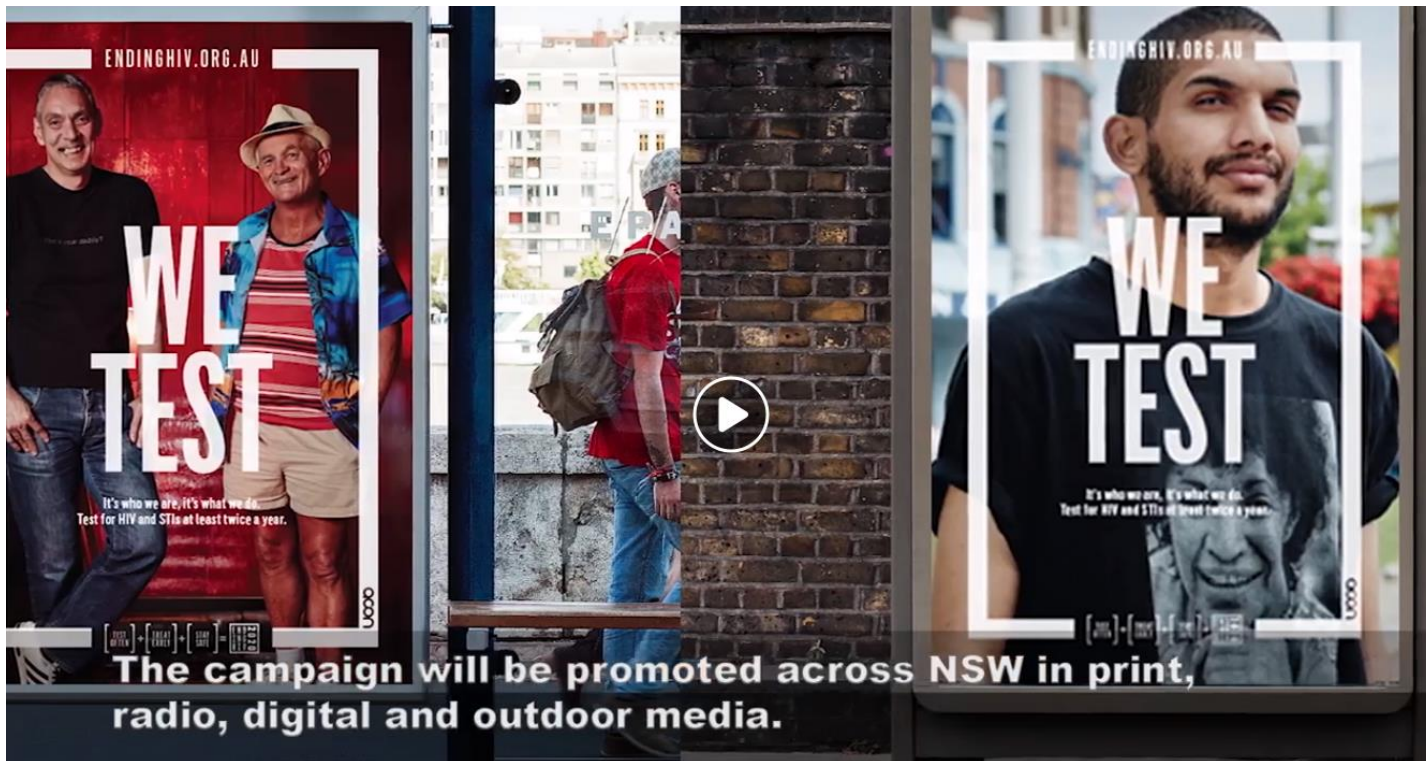
What is an ethical 'nudge' / 'nudging' and 'nudge theory'? A subtle change in a situation or process that influences a person or group's decision making. The subtle change puts the original conversation within another appropriate framework that benefits the individual and others. Nudge theory is the use of positive reinforcement and indirect suggestions to influence behaviour.



Nudges and social norms to make better decisions.



'Don't be a tosser!'



'WE TEST

It's who we are, it's what we do. Test for HIV...'



A Bequest script gives structure, rhythm and intention to each conversation

Reframe your conversation and avoid 'asking' a supporter to include a charity.

1. Include objection handling within your script. Put the donor at ease that you're not calling for money.
2. Reminder of your charity's legacy.
3. A seamless pivot to a gift in Will conversation
4. Emphasise that you're not asking them to decide now.

Four excerpts taken from the Heart Foundation's 'Social norm the Residual gift script'

Social norming the Residual gift as a message to be shared.

"... just over 170 supporters have shared with us an interesting insight that they wish everyone knew... These 170 supporters have told us that after taking care of their family and loved ones, and I agree wholeheartedly that family comes first, these 170 supporters have explained to us that they had decided to include a percentage or a share from whatever's leftover..."

Nudging a supporter towards a Residual gift.

"To put it this way, they said, imagine if you included a specific cash gift... and then lived another 40 years, the value of the amount would devalue..."

Social norming how this message affected other supporters.

"On hearing this message, about 90 more supporters of the Heart Foundation, just like you, have indicated that they would include a percentage gift in their Will to the Heart Foundation rather than a specific cash amount."

Social norming 2.0

Your charity's specific types of donors & positive reinforcement

"Sarah, over 500 Door Knockers around Australia have included or indicated they're strongly considering the inclusion of a gift in their Will... This doesn't surprise me! It takes courage to be a Door Knocker and to approach other members in the local community and ask them to give to charity. Likewise, the decision to leave a gift in Will makes our Door Knockers like you even greater heroes..."

An excerpt taken from the Heart Foundation's 'Nine common Objection Handling responses in bequest conversations.'

Objection Handling script: 'I'm not rich.'

"Sarah, I appreciate that there's a misconception that you must be rich to leave a gift in Will to a charity. But it just isn't true. Imagine if you left 90% of everything you had to your family and loved ones to look after their future.

The remaining 10%, from whatever's leftover once you've taken care of your family... would then represent the values you live by today... still be investing in the lives of your children helping to support the research we fund..."

Strategy 2: Focus On Wills



"Lucy's Waterproof Checklist"

We all experience significant milestones during our lives. In many cases, these life changes may impact the validity of our Wills.

Our wonderful supporter, Lucy, has prepared this free checklist for you, so you can ensure your legacy lives on as you intended.

Change in family circumstances

- ✓ Births, Deaths, Marriages
- ✓ Separation or divorce
- ✓ Starting a de facto relationship
- ✓ Your children remarrying or getting divorced

Change in the Executor or other beneficiaries

- ✓ Is your executor still able to carry out their duties?
- ✓ Have any beneficiaries passed since writing your Will?
- ✓ Have any beneficiaries moved overseas?

Change in financial circumstances

- ✓ Retirement is an ideal time to be proactive in your estate planning and explore tax-effective arrangements through your Will
- ✓ A fixed sum of money in a previous Will may be of less value in 'today's' dollars

Changes in your assets

- ✓ Buying or selling assets such as property, cars, shares
- ✓ Will there be enough funds to cover any specific gifts?

Change of residence

- ✓ Have you moved interstate or overseas?

Charity

- ✓ Does the charity you've included in your Will still exist?
- ✓ Is there a charity you'd like to support in the future?

Access to Will

- ✓ Do you have a copy of the most recent version of your Will? Have you destroyed older copies?

Your pets (your beloved, extended family)

- ✓ Consider ways to care for your dear pet/s who may outlive you.

It's a subtle change in a conversation, but reframing a bequest conversation within the context of a Will and particularly a Check List of those reasons why we must revisit our Will regularly can help, for example, in objection handling the legal cost in revising an existing pecuniary gift to a residual.

A nudge can 'reframe' the conversation or pipeline strategy.



Response form

Please return this form in the reply-paid envelope

1. Tell us anything! We love hearing your stories, feedback and ideas. Please use the space below to jot down any thoughts you wish you share with us:

2. How often do you revisit your Will? Every...

6 months
 12 months
 2 years
 5 years
 Other _____

3. Do any of the significant milestones in Lucy's Waterproof Checklist apply to you?

Your support is making a difference to the lives of thousands of Australians living with heart disease. Your Gift in Will can make a lasting impact, saving Australian hearts for generations to come. Thank you.

A focus on their Will helps you to ascertain how regularly a supporter revisits and revises their last testament, which can help inform your stewardship and timeframes around the pipeline strategy.



Clarify your supporter's type of Will and if conditions exist.

A constituent record on your database has the names of Mr & Mrs Smith. Over the telephone, you confirm an existing Residual gift in Will from Mrs Smith.

By incorporating a conversation about Mrs Smith's type of Will, the supporter mentions that she has a 'mutual' Will or alternatively a 'Mirrored' Will shared with her spouse.

Or Mrs. Smith clarifies that the existing Residual gift in Will is a 'back-up plan' whereby this gift would be conditional on another event happening, such as the death of another beneficiary.

Data tactic

Query your database
and identify your
existing Confirmed-
Residual gifts.



Strategy 3: Volume Contact using external calls

Role	Contact ave. per month	Moves ave. per month	Pipeline focus
Internal Coordinator (1.0 FTE)	75	52	Considerers up
Agency calls	1000	700	Prospect to Considerer
TOTAL:	1075	752	

A tele-fundraising agency calls your Prospects to move them to Consideration of a gift in Will. These agency calls build on the Quantity of new leads along the pipeline. Meanwhile, you focus on Quality and where you will have the greatest impact..



Volume tactic: Donor Visit Register

Focus on your program's efficiency and impact, such as the use of limited time and funds, and establish guidelines in evaluating the suitability of a donor visit, such as at each pipeline status or a supporter's location.

Scorecard on Donor Visits criteria					
Score	1 point	2 points	3 points	4 points	5 points
Age	41-49	50-59	60-69	70-79	80+
Location	3+ hours from the office	2-3 hours from the office	1-2 hours from the office	< 1 hour from City	equal or <30 min drive from the office
Difficulty in moving along the Pipeline via the telephone	Doesn't want to pay legal costs	No reaction at all	Happy with Pecuniary	Cost of living	Don't want to change my will now/ No phone details available
Risk of vulnerable circumstances	Addiction	Family illness	Personal illness	Divorce	Deaf
Opportunity status	Inquirer / Prospect	Considerer	Confirmed-Residual	Intender-Residual	Intender / Confirmed
Case study reason	Opportunity status	Shared Major Gift relationship	Personal heart experience	No family / Family discussion	Cultural background
Giving history	10+ years giving	Shared Major Gift relationship	\$500-\$1,999 total giving	Regular Giver	High Value Donor
Size of existing bequest gift	Small pecuniary/ Unknown	20% residual	50% residual	Large pecuniary amount (\$200K+)	Whole estate

Stewardship: Vulnerable Circumstances Register

Be FIA Code compliant and create an open, collaborative and donor-centric space to learn and implement best practices in the stewardship of relationships where fundraisers have concerns both temporary and permanent.

Date added	Fundraiser name	Supporter ID	Fundraiser's concern	Fundraiser's notes from the donor conversation	Pipeline status (Prospect, Inquirer, Considerer, Intender, Confirmed, Intender-Residual, Confirmed-Residual)	Evaluated by	Decision on the next steps:	Reasoning for the decision	Date by which a Follow Up Contact should be completed (where a supporter has been identified as at risk or in temporary vulnerable circumstances.)	Has Raisers been updated? 'Completed with date XX/XX/XX' or alternatively the date of the next action to be taken.
19/02/2019	Cristina		Memory	The first half of the conversation with Supporter A she appeared to be lucid however struggled with hearing. She answered the questions I asked her and acknowledged and apologized for having hazy memory around certain details. E.g. she was pretty sure we were in her will but had no idea what type/what amount. She recognised she needed to get help for these types of tasks as she was in her mid 90s. Throughout the conversation she repeated a few questions and comments thrice which she acknowledges she may have already said this and apologized once again.		Lenny	Fundraiser is to follow-up with a future call in 3 months and re-qualify her memory and gift type.	It's not uncommon for supporters to be 'pretty sure' a bequest to the HF exists in their Will and fail to remember the specific gift type. But there appears to be mild age-related memory loss and for this reason I would recommend calling the supporter in 3 months to check how she's going given her stated need of more help; consider it a stewardship opportunity, but ultimately, it's to requalify the gift and see if she remembers this most recent call. If the supporter fails to remember this most recent call, we can then decide on placing solicit codes on further calls etc. If she remembers the previous call, but still not remember the gift type in this next call, we should clarify if she has a copy of the Will at hand and/ or suggest following up a week or two later to give her the opportunity to check	End of May, 2019	



The Residual Role Play Roulette

Identify a colleague within your charity that's willing to participate in a one-to-one role play with you on a monthly basis. Along with prepared scripts you will need the following:

A Scenario (giving history, pipeline status, objections handled previously, etc)

An objective (identify where along the pipeline you wish to move the supporter)

Objection(s) to be handled

Residual Data

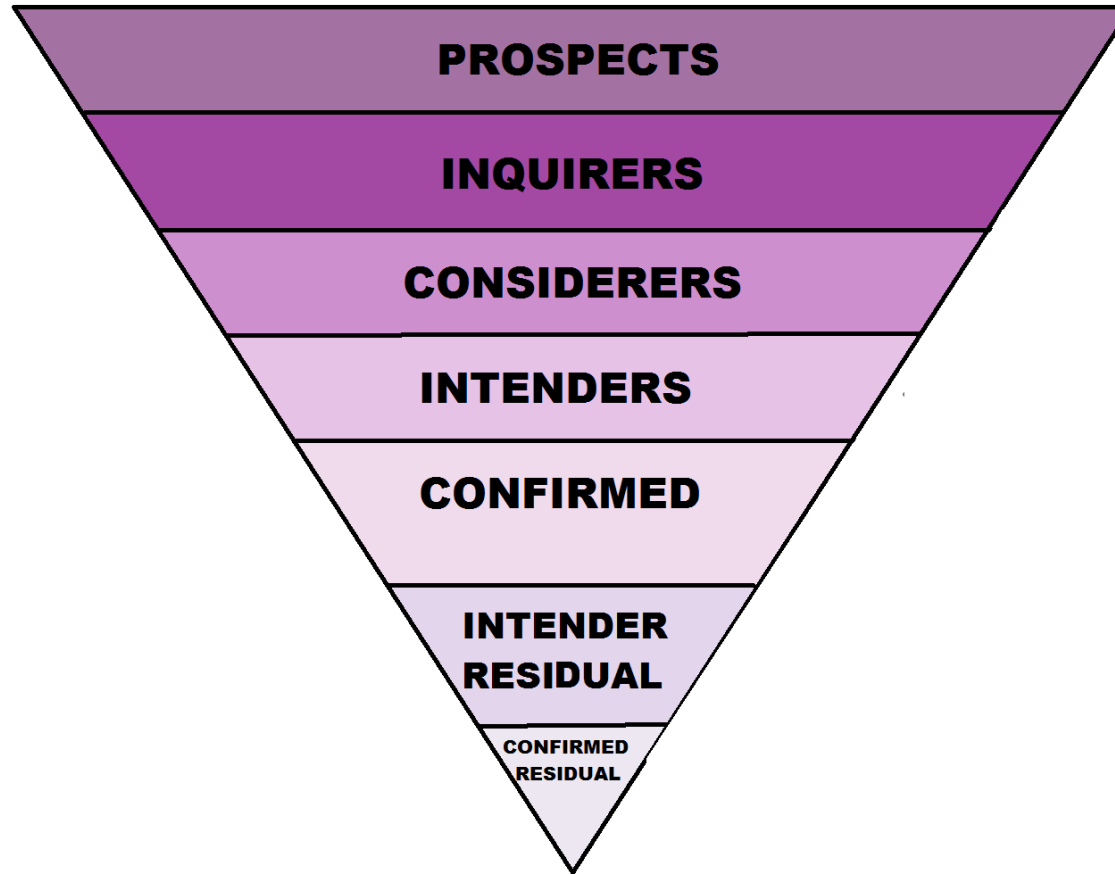


Residual Pipeline Strategy

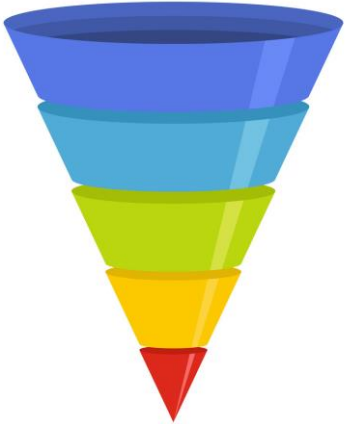
1. Internal lead generation and prospecting
2. Bespoke communications
3. Analysis of realised gifts



Layered Pipeline:



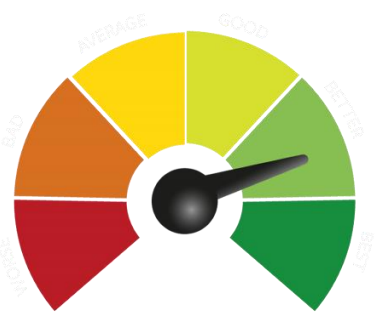
- Incremental moves that mirror the decision process
- Increased opportunities to social norm and nudge the Residual
- Tailored comms that emphasise residual impact at each move



1. Internal lead generation



- Segment internal databases to identify new prospects
- Provide regular call lists (leads) to the relationship team
- Create individual and team KPI's to keep team motivated and accountable for calls



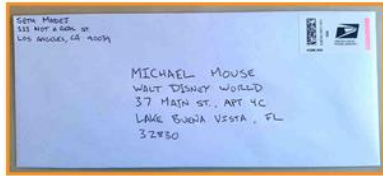
1. Internal lead generation



Create a Prospect 'score'

- Analyse the data from your deceased pipeline AND living confirmed Bequestors
- Find the common qualities *e.g.* giving history, age, marital status, activities taken part in
- Create a matrix using your chosen criteria and overlay your database with a 'score'
- Test on a sample group and broaden/narrow criteria as needed

2. Bespoke Communications



- Mailings that are highly personalised, small volume
- Handwritten notes and envelopes
- Inexpensive but not 'cheap'
- Not tied to a specific campaign
- Response mechanisms that are anecdotal, reflective and about the supporter
- Storytelling opportunities that put 'legacy' at front of mind
- Communicate a residual 'nudge' with supporter segments at different stages of Pipeline. (e.g. a Considerer who is also a member of a walking Group)



What's in a name?

Getting to know our wonderful supporters helps create meaningful connections so we can give you the best experience of the Heart Foundation. We would love to learn some fun facts about you and hear why heart health is important to you. Using the word below, "*Cardiovascular*", write down a word or phrase that describes your connection to the Heart Foundation, or a word or phrase of something that is close to your heart.

C _____
A _____
R _____
D _____
I _____
O _____
V _____
A _____
S _____
C _____
U _____
L _____
A _____
R _____

ID <<First name>> <<Surname>>



Word Wheel Puzzle!

The goal of this puzzle is to create as many words as possible with the letters in the word wheel. **We will send a prize to the first 5 people who can guess 40 words.** You can only use each letter once. See if you can guess the 14 letter word! *Please send your responses in the reply-paid envelope by 09/11/2018.*



1 _____	11 _____	21 _____	31 _____
2 _____	12 _____	22 _____	32 _____
3 _____	13 _____	23 _____	33 _____
4 _____	14 _____	24 _____	34 _____
5 _____	15 _____	25 _____	35 _____
6 _____	16 _____	26 _____	36 _____
7 _____	17 _____	27 _____	37 _____
8 _____	18 _____	28 _____	38 _____
9 _____	19 _____	29 _____	39 _____
10 _____	20 _____	30 _____	40 _____




2. Bespoke Communications :Tick box tactics

- Different wording to nudge each stage of pipeline
- Utilise other channels - surveys and tickboxes included in other DM appeals
- Requalify existing confirmed Bequestors every 12-24 months
- ***You don't need to give an opt-out!***



Be bold – if you don't ask, you may never find out

Thank you for letting us know that you have included the Heart Foundation in your Will. Knowing the type of bequests we might receive in the future can help us plan with confidence and run ambitious campaigns.

- The Heart Foundation will receive a residue of my estate. (Please specify the % if applicable: _____)
 - The Heart Foundation will receive a specific amount or an item from my estate.
(Please list the amount or items if applicable: _____)
 - I would like to speak to with someone from the Heart Foundation to discuss the impact of my Gift in Will.
- 

The Heart Foundation will receive a residue of my estate. (Please specify the % if applicable:
1/5) (*One fifth of residue of estate*)

The Heart Foundation will receive a specific amount or an item from my estate.
(Please list the amount or items if applicable: _____)

I would like to speak with someone from the Heart Foundation to discuss the impact of my Gift in Will.

The Heart Foundation will receive a residue of my estate. (Please specify the % if applicable:
_____)

The Heart Foundation will receive a specific amount ~~or an item~~ from my estate.
(Please list the amount ~~or items~~ if applicable: \$2,500.00)

I would like to speak with someone from the Heart Foundation to discuss the impact of my Gift in Will.

For almost 60 years, the Heart Foundation has been at the forefront of amazing breakthroughs in the prevention and treatment of heart disease.

These breakthroughs would not have been possible without the generosity of everyday Australians who continue to support our work in the fight against heart disease. As we reflect on the last 6 decades, we ask you to imagine the milestones in your life mapped alongside the pivotal moments of the Heart Foundation.

2. Where were you when...

1962 – Dr Graeme Sloman helped implant the first permanent pacemaker in Australia. Over the years, pacemakers have given thousands of heart patients the chance to enjoy a better lifestyle.

Early 1970's - After years of negotiation, we persuaded Telecom Australia (now Telstra) to make Triple Zero (000) a free call for emergencies.

1983 - We launched our Jump Rope for Heart school skipping program.

1989 - We launched the Heart Foundation Tick to help people choose healthier food options in the supermarket.

2011- We achieved world-first legislation for tobacco packaging, ending the industry's ability to use cigarette packs for advertising.

3. Your legacy and the Heart Foundation:

What are your hopes, wishes, or aspirations for the future of heart health in Australia?

What do you hope to leave as a legacy for future generations?

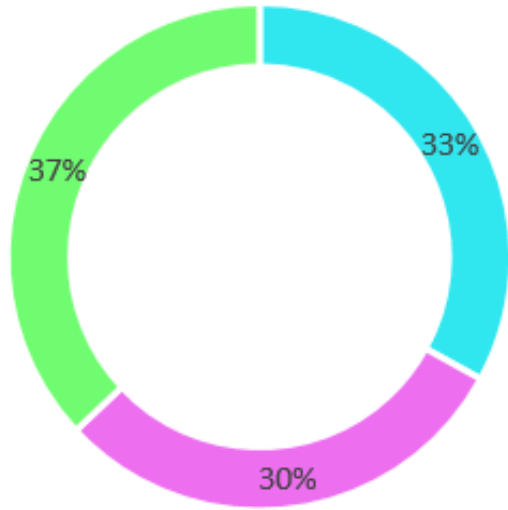


4. Please tick all that apply to you:

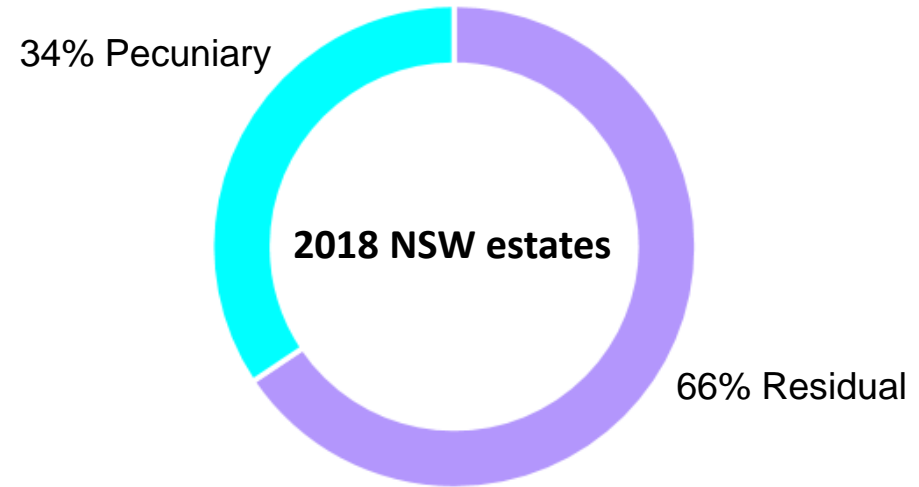
- I believe that Gifts in Wills are a meaningful way to support causes that have been important throughout our lives
- I have already included the Heart Foundation in my Will
- I intend to include the Heart Foundation in my Will
- I might consider including the Heart Foundation in my Will
- I would like to speak with someone about the impact of Gifts in Wills. The best number to reach me on is: _____



3. Realised Bequest Analysis



- Unknown, not on pipeline
- Known supporter, on pipeline
- Known supporter, not on Pipeline





3. Realised Bequest Analysis:



Area of focus: Known to your charity but not on pipeline [AKA: *the low-hanging fruit*]

There may be a number of reasons you were not aware of their Bequest before you received it.

Work backwards by looking at the realised gifts from this group and come up with a list of questions that may help solve their unexpected gift.

Reducing the number of 'unknown' gifts will show your leadership team the value of deliberate nudging and social norming, thus overcoming the assumption that bequests 'just come in'.



3. Realised Bequest Analysis: Determine a pipeline value

The Maths:

Average Bequest Gift **X** *No. of confirmed Gifts in Pipeline* (**÷** *Conversion rate*) e.g:

- Your average bequest gift is **\$80,000***
- You have 1000 confirmed Bequestors
- Roughly **50% of confirmed Bequestors will leave a gift** (*this increases with qualifications*). Therefore, each confirmed Bequestor has an average value of **\$40,000**
- Therefore, your living pipeline value is: **1000 x 80,000 (÷2) = \$40m**

*To take it one step further, use a model based on the average gift for the **gift type**:

E.g: If you have 300 **Confirmed-Residual** Bequestors in your Pipeline with an average **residual** gift of \$150k, this small group of supporters has a value of \$22m!



Measuring success



Living Pipeline	Realised Bequests
Cumulative \$ value of pipeline	% of Gifts from known Pipeline
No. of new confirmed and confirmed-residual in pipeline	% of Residual Bequest Gifts
Total movement up pipeline (YOY)	Average Bequest Gift
Data quality – Requalifications	

Nudging Long-term Behaviours



Twin Opportunity:

a. Focus on LOYAL supporters First (loyalty measured by activity, financial and cause related)

AND

b. Nudge for LOYALTY (attempt to move prospects and considerers into IG, RG and core charity programs. And track pipeline movement over 12-24 months)

Top Five Take-Aways



- 1. Social norm the residual from the outset**
- 2. Focus on Wills (Mirrored), and reasons to write/revisit Wills**
- 3. Script Your Bequest conversations (esp. the objection handling)**
- 4. Analyse your realised Bequest gifts and work backwards**
- 5. Reverse engineer behaviours that mirror the pipeline**

Thank you.

Any questions?

