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Help the work live on.

PRESERVING THE FUTURE VALUE OF GIFTS IN WILLS

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Preserving the Future Value of Gifts in Wills

The Issue:

Understanding “apparently lost gifts” by confirmed donors whose estates ended up making no gift.



The Value:

Estimated lost value from nine organisations over four years:

\$34,000,000

Retention is critical

Retention has become understood as critical to effectiveness in

- cash appeals,
- regular giving, and
- total fundraising

Now it's the turn for gifts in wills



**“Retention is
the new acquisition.
Customer service is
the new marketing”**

- Joe Connelly

Study Participants:

1. Australia for UNHCR
2. Baker Heart and Diabetes Institute
3. Cancer Council Victoria
4. Cancer Council NSW
5. Cerebral Palsy Alliance
6. Oxfam Australia
7. University of Melbourne
8. Wesley Mission
9. Unidentified national organisation
10. Unidentified national organisation

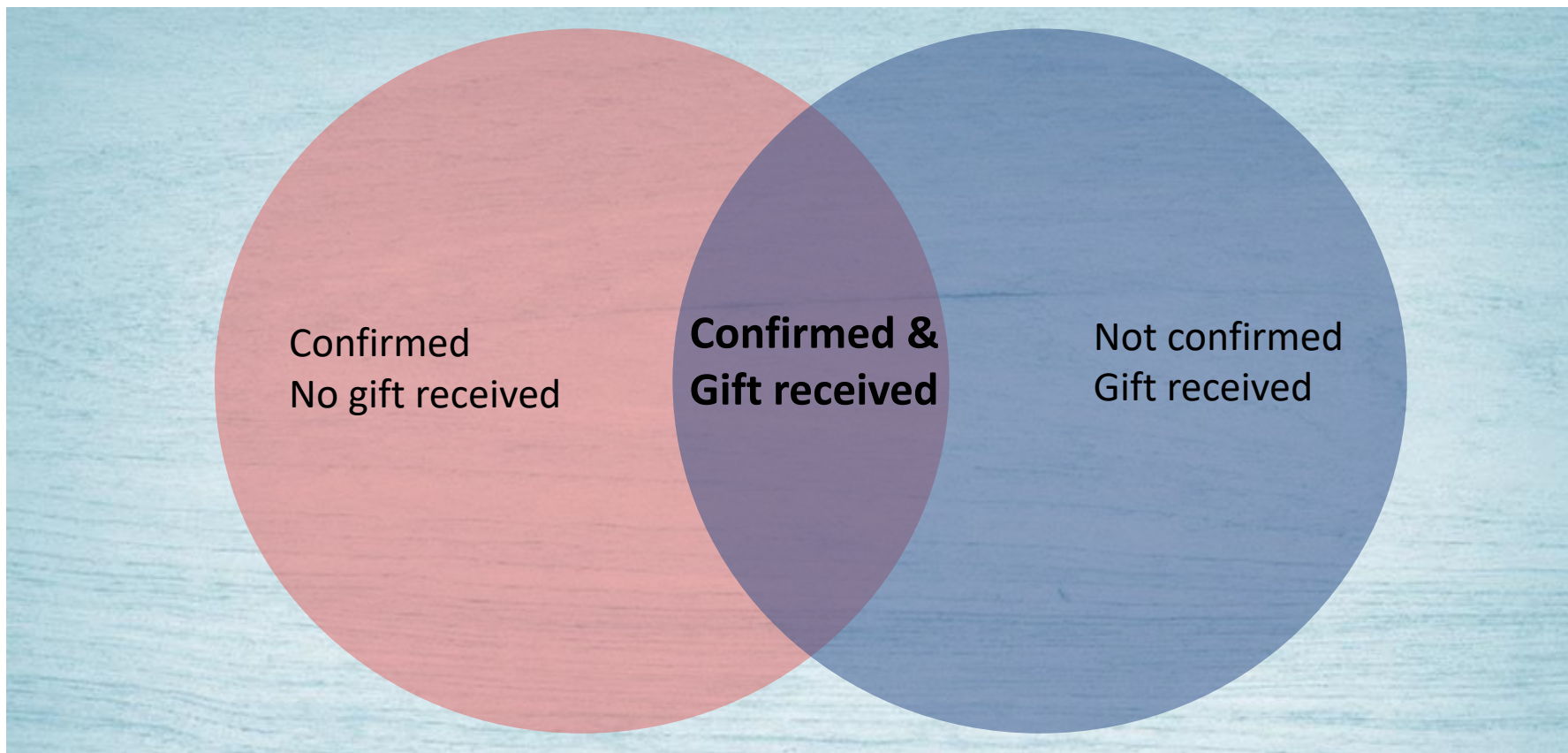
Today's Aim:

- A method to estimate apparently lost gifts from “confirmed” GIW donors
- Possible causes
- Reducing losses

And, How about the Rest?

People earlier in the conversion pipeline (enquiry, considering, intending) – what did we learn about them?

“Gifts unknown in lifetime” – what did we learn about them?



Method

- People recorded with a bequest status during lifetime
- Who were deceased 2014 to 2017 inclusive
- Compare their lifetime status, with actual estate



How many Confirmed During Lifetime Did Not Give?

Count of Nil Gift received	Count of Gift in will Received /Pending	Total
244	456	700

Estimate of Total Lost Value

- 244 apparently lost gifts from nine organisations
- Multiplied by actual average estate value for each organisation = \$34,700,000
- One organisation with insufficient data; if average loss % used and number extrapolated from donor sub-group, a further \$15,000,000 apparent loss

How many Confirmed During Lifetime Did Not Give?

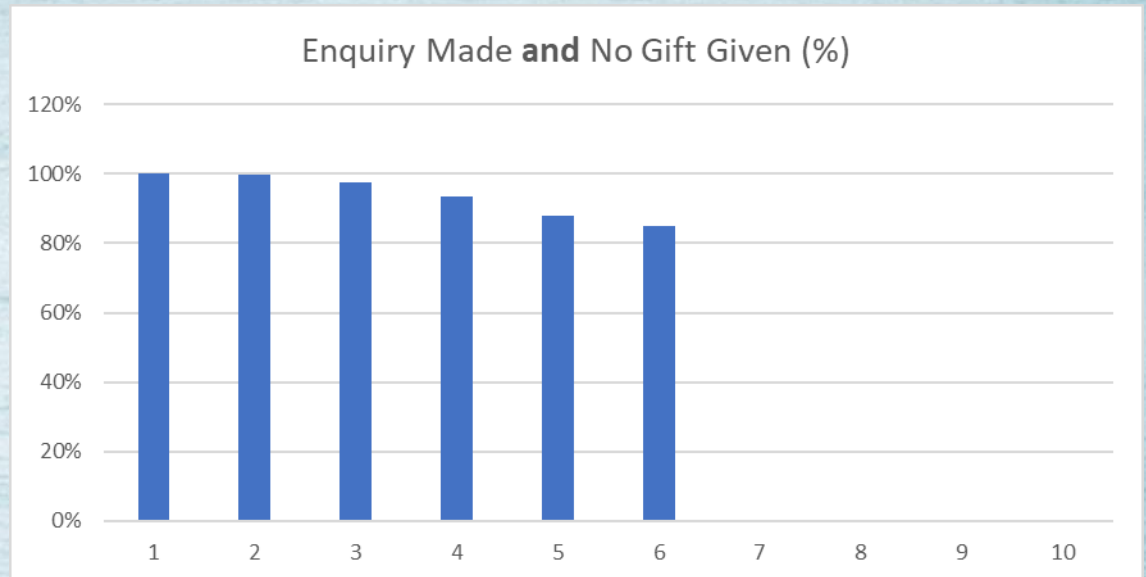
Nil Gift received	Gift in will Received /Pending
35%	65%

[Range: 17% to 60%, SD 14.8%]

How many “Enquiry” During Lifetime Did Not Give?

Across six organisations
N = 507 total “enquiry”

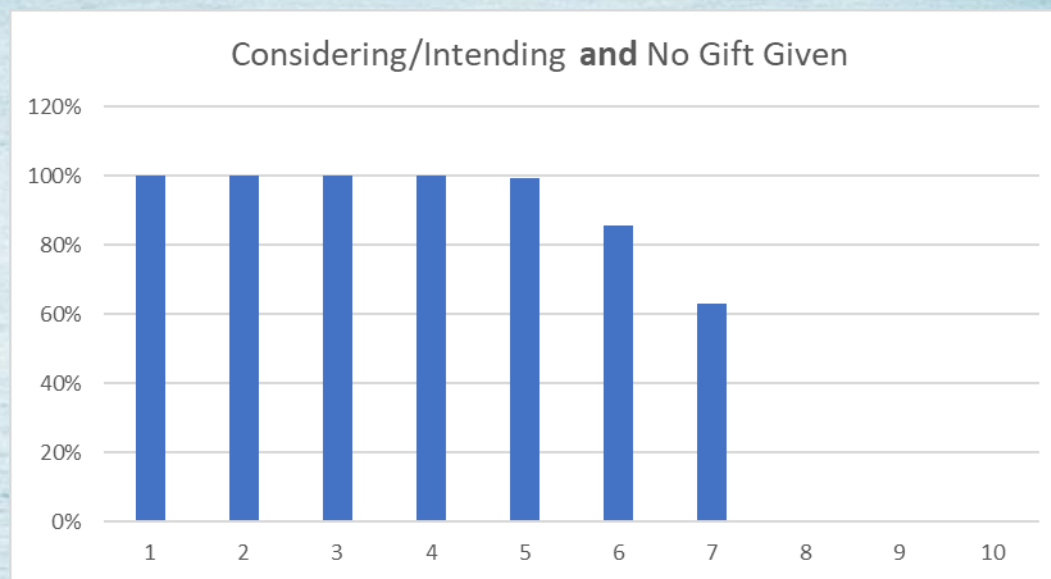
95% of “enquiry during
lifetime” did **not** give [SD
5.7%]



How many “Considering/Intending” During Lifetime Did Not Give?

Across seven organisations
N = 264

89% of
“considering/intending
during lifetime” did **not** give
[SD 13.0%]



Conclusion on the Pipeline Approach:

The big majority of donors in pipeline stages before “confirmed” do **not** go beyond the stage they self-nominate.

Possible causes I. – No Will

Donor was intestate (never made a will, or will was invalid)

Recommendation A: repeat the message that a will is best made with expert advice from a lawyer or trustee company/state trustee

Possible causes II. – Surviving Spouse

Donor pre-deceased a spouse, who received the estate

(“I leave my estate to my wife if she survives me by 30 days”)



Possible causes II. – Surviving Spouse

Christopher Baker (2014) actual estates (5% sample)

First estates - charitable gift 3.8%

Final estates (no surviving spouse) – charitable gift 7.6%

AND

Final estates represent 97% by value

Possible Supporting Evidence from Confirmed GIW (Deceased)

	Count of Nil Gift received	Count of Gift in will Received /Pending
Appeared to Have a Spouse or Partner	43%	57%
Appeared Not to Have a Spouse or Partner	22%	78%

N=165

Caution: no data = 325, so no test of significance applicable

Possible Remedies – Connect with Spouses, Encourage Mirror Wills

Recommendation B: Find tactful means to discover whether there is a spouse who is also interested in the cause

Possible causes III. – Invalid Original Confirmations

“The trouble with market research is that people ... don’t say what they think and they don’t do what they say.”

David Ogilvy



Possible causes III. – Invalid Original Confirmations

- Ambiguous responses (“I will be leaving a gift in my will”)
- “Best intentions” responses
- Social norm biased responses
- Mistaken responses

Recommendation C: document clear definitions for “confirmed” status for pipeline

Possible causes III.– “Tick box” Phenomenon?

Hypothesis: greater use of direct marketing confirmation devices causes more invalid confirmations

No conclusion possible: frequency of use of direct marketing methods was not measured.



Possible causes III. – “Tick box” Phenomenon?

But: the four organisations with below-median “lost gift” %, have all used direct marketing methods

Recommendation D: Aim for at least one re-validation of confirmed gifts in wills (e.g. face to face, use of “society membership as validation”, tailored survey wording)

Possible Causes IV. - Lapsed Gifts

Estate order of distribution

- First – liabilities

- Second – specific gifts of identified assets

(“...my house to the Cats Home”)

Possible Causes IV. - Lapsed Gifts

- Third – general gifts of monetary sums

(“... the sum of \$50,000 to the Salvation Army”)

- Fourth – residual estate

(“... the residue of my estate in equal parts to my son John and the Perth Children’s Hospital”)

Possible Causes IV. – Lapsed Gifts

Specific gifts fail if asset already sold

Example: sale of house and investments to enter aged care

2016/17 Entry to Aged Care

- Permanent 73,000
- Respite 75,000
- Home 42,000
- Transition 24,000



Possible Causes IV. – Lapsed Gifts

Specific gifts fail if the asset was jointly owned.

Jennifer and Tony own their house as joint tenants. If Jennifer dies, Tony becomes the sole owner by survivorship – a gift of the house in Jennifer's will has no effect.

Recommendation E: remove specific asset gifts from suggested will gift wording and GIW booklets, online etc.

Possible Causes IV. – Lapsed Gifts

Wills do not control disposition of superannuation assets (and linked insurance).

Donors may wrongly assume that superannuation assets form a large residue available for charitable gifts (and note: this asset continues well after retirement if converted to pension phase)

Possible Causes V. - Made, but Later Changed

The “radio silence” hypothesis – Prof Russell James III

The life periods when favourable factors (donating, volunteering) for making a charitable will gift are declining, are the same periods of the greatest probability of adding or deleting a charitable gift.

USA 1995-2006 Health and Retirement Study

Longitudinal panel **study of will-making behaviour during life, compared with actual estates**

Highest single conditional probability factor for deleting a charitable gift is **“Decline in self-reported health”**

Second is **“last survey response before death”**

Being quite **close to death** is associated with a fresh planning decision.



USA 1995-2006 Health and Retirement Study

Mortality- and age-linked factors are 6 of the next 8 highest factors

Becoming a widow/widower

Divorce

Diagnosed with cancer

Diagnosed with heart problems

Diagnosed with a stroke

First grandchild

First child

Exiting home ownership



Possible Causes V. – Made, Then Later Changed

Method to Test “Radio Silence”: categorise all deceased “confirmed in lifetime” donors, based on whether written or personal communication is recorded during two years prior to death

- Six of ten participants with data available
- Only counts comms recorded via supporter CRM i.e. direct marketing

Possible Causes V. – Made, Then Later Changed

	Count of Nil Gift received	Count of Gift Received /Pending
Yes, Comms Two Years Prior to Death	122	383
No Recorded Comms	73	80

Conclusion:

Association between communication prior to death, and GIW received/pending is significant [p<.01]

Possible Causes V. – Made, Then Changed

Recommendation F: put attention to continued communication to supporters, even when they are no longer donors or volunteers

But with:

- great care not to solicit donations from **people in vulnerable circumstances (FIA Code 4.7 & Practice Note)**, and
- knowledge and if necessary **consent of family for comms**

Gifts by People Whose GIW Was Unknown in Lifetime - How Many?

	Known	Unknown
Count	456	2,682
Percentage	14.5%	85.5%

N=3,138

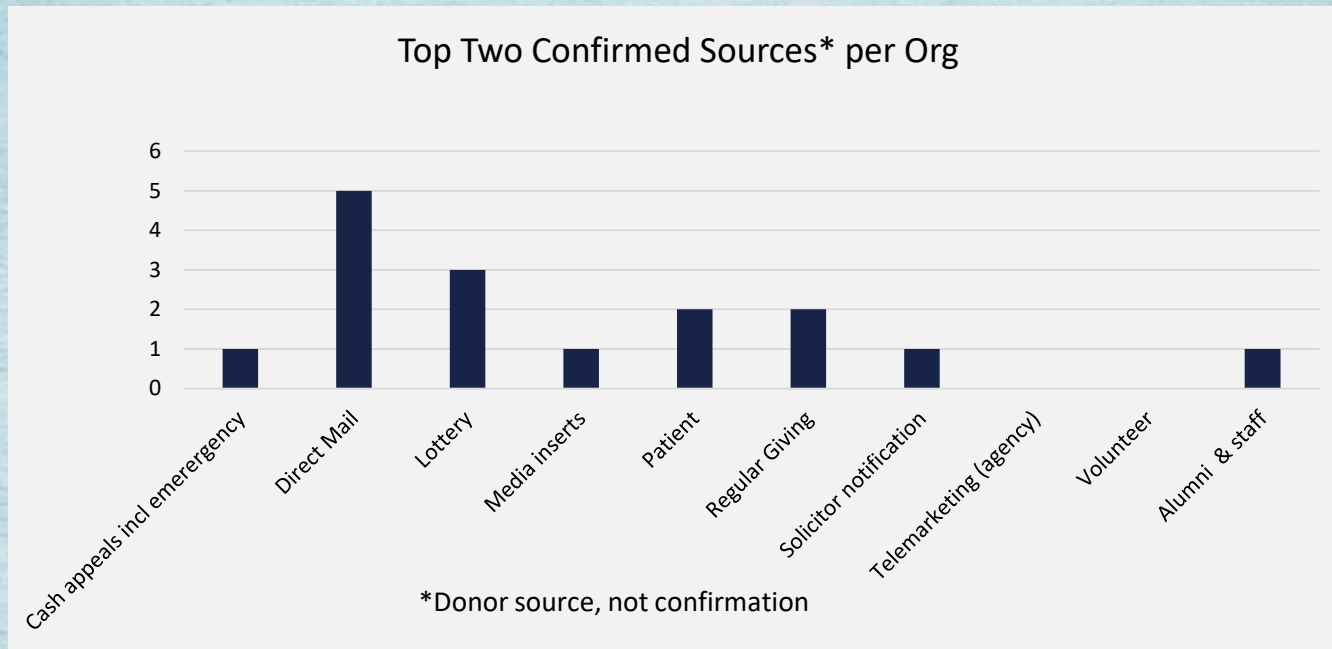
Gifts by People Whose GIW Was Unknown in Lifetime - Status?

	Donors	"Windfall" (Not Donors)*
Count	1123	1559
Percentage	42%	58%

N= 2682

*Unknown entirely or recorded as non-donor

Unknown in Lifetime- Most Frequent Original Sources



Recap of Recommendations

Recommendation A: repeat the message that a will is best made with expert advice from a lawyer or trustee company/state trustee

Recommendation B: Find tactful means to discover whether there is a spouse who is also interested in the cause

Recommendation C: document clear definitions for “confirmed” status for pipeline

Recap of Recommendations

Recommendation D: Aim for at least one re-validation of confirmed gifts in wills (e.g. face to face, use of “society membership as validation”, tailored survey wording)

Recommendation E: remove specific asset gifts from suggested will gift wording and GIW booklets, online etc.

Recommendation F: put attention to continued communication to supporters, even when they are no longer donors or volunteers

but: with great care not to solicit donations from people in vulnerable circumstances, and with knowledge and if necessary consent of family for comms

Thanks: Russell James, Cornucopia

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@Roewen Wishart



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