

*Planned Giving
for
Jewish
Organizations*

IN JUDAISM THERE IS NO WORD FOR CHARITY. INSTEAD WE USE THE WORD *TZEDAKAH*, DERIVED FROM THE HEBREW ROOT MEANING RIGHTEOUSNESS, JUSTICE OR FAIRNESS. *TZEDAKAH* IS NOT A MATTER OF CHOICE. IT IS THE PERFORMANCE OF DUTY – AN OBLIGATION – AND THE HIGHEST OF ALL COMMANDMENTS.

BY REINE SHIFFMAN

Conveying the weight placed upon *tzedakah* is a wonderful Midrash that tells the tale of two brothers who shared a field planted with crops divided equally between them. One of the brothers was a bachelor and the other a married man with many children. The bachelor was worried that his brother did not have enough to feed his household, while the married man had concern for his brother's solitude. During the harvest one year, each of them would carry some sheaves of produce to the other's house in the dark of the night. In the morning each would be astonished to discover that their own supplies had not diminished. This went on for several days and nights until the two finally met during one of their nocturnal errands. So important were these acts of *tzedakah*, that a decree from above established this place for G-d's Holy Temple.

Over the ages, *tzedakah* has remained the cornerstone of Judaism and its impact has been vast, especially on the Jewish community. However, a recent analysis of Jewish philanthropy previews a far different outlook for the future. Although this paper is not intended to delve into these issues in great depth, a brief discussion lays the framework for a planned giving response.

Trends Pave the Way for Planned Giving

In the report *The Transition of Communal Values and Behavior in Jewish Philanthropy*, published by the Center on Philanthropy and Public Policy at the University of California in 2000, Gary Tobin identifies several trends of which Jewish fund-raisers should take note.¹ (A full copy of this report can be found at the web site printed in the endnotes.)

The Desire to Give is Strong: The overall giving to Jewish organizations is thriving. Although there has been some decline in the percentage of the total revenue stream represented by the federated annual campaigns, unrestricted endowments, restricted

endowments, philanthropic funds, special campaigns, and capital campaigns have all grown. Furthermore, the number of Jewish organizations raising money is proliferating.

Desire for More Control: Jewish entrepreneurs are creating their own charities, not part of any federation system. Jewish giving has seen a tremendous shift from unrestricted giving to the use of private foundations and donor-advised funds, allowing contributors to recommend where their money should go. Tobin estimates that in 2000 there were 7,000 Jewish foundations.

Giving Extends Beyond the Jewish Community: The proportion of giving to Jewish philanthropies has declined for many major donors, down from 70% for many to 30% or less. This drop is especially prevalent among baby boomers and those who are younger. Naomi Levine, former Executive Director of the American Jewish Conference and a highly regarded fund-raiser, adds her concern about the changing character of the Jewish community. Says Levine, the community is "getting older, smaller and 51% of its young people are intermarrying."²

The Positive in Giving is Motivating: For years Jewish fund-raising has been focused on what Tobin refers to as “crisis philanthropy,” stemming from anti-Semitism and other “hostile external forces” influencing Jews. Tobin adds that today’s Jews want to see the positive in giving—the rewards and the outcomes that their gift bestows.

Jews Give to the Cause, Not Out of Fear: The days of influencing giving by building on fear and anxiety are gone. Jews no longer respond to pressure and coercion. They need to be engaged emotionally and intellectually. Successful organizations produce more dollars by linking specific needs and interests with interested parties.

It’s Not Just About the Big Guy: Jewish organizations traditionally concentrate on major gifts. Although *tzedakah* is viewed as an essential part of Jewish identity and behavior, when it comes to Jewish fund-raising the masses are often ignored.

Accountability is a Major Consideration: There is a growing demand among all donors for greater accountability, and the Jewish community is not exempt. Donors insist on efficiency and want assurance that the monies are being spent for intended programs. They want to hear about outcomes and the results their gift produces.

Gender Equity is Fruitful: More women have significant assets, which allow them to be not just major contributors to the Jewish community but decision-makers as well. Inclusivity is a must, both in terms of leadership and financial support.

Planned Giving and the Jewish Community

Planned giving is becoming one of the most important tools of fund-raising. This is because planned giving focuses on a person’s assets, which typically composes the bulk of a person’s net worth. Despite

this, solicitations by Jewish organizations have long tended to focus on securing income to meet today’s needs. Not surprisingly, secular organizations are more than content to let the Jewish community seek income, leaving them the assets.

The remainder of this document will explore why it’s important for Jewish organizations to recognize planned giving as a critical element of the development process and discuss ways to integrate planned giving into existing development programs.

Let’s start by making sure we’re all on the same page when it comes to the definition of planned giving. Planned giving is *not* a type of gift. Rather, it’s a process that determines which giving technique will provide the greatest charitable potential to both the donor and the charity. Its mission is to allow donors to achieve philanthropic and financial objectives. Best of all, it may even make it possible for donors to make larger gifts than thought possible

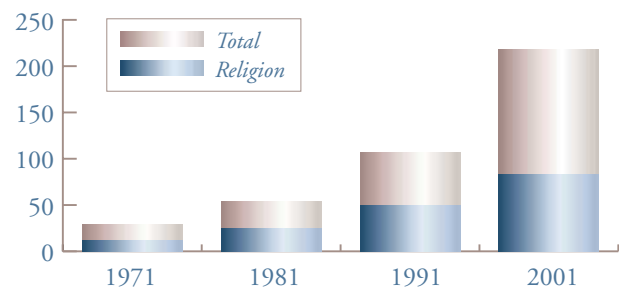
... and that is good for the donor *and* the charity.

In 2001 there were 865,000 nonprofit organizations, a number that does not include most religious organizations or local affiliates of national organizations. These organizations raised more than \$212 billion dollars according to numbers gathered by the AAFRC Trust for Philanthropy and reported in Giving USA.

That’s good news overall. But how does giving to religious organizations fare in all of this? Giving to

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Decline in Giving to Religious Organizations as Percentage of Giving

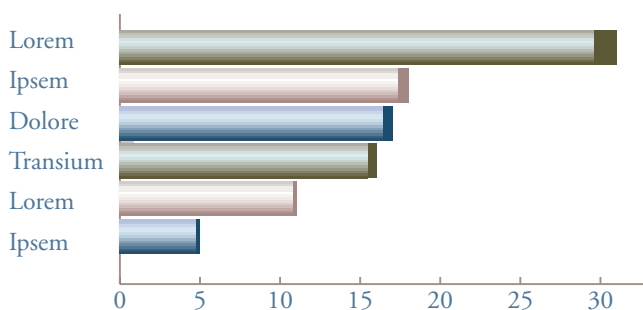


religion organizations totaled \$80.96 billion. This was the largest sub-sector of total giving, a position it has held for years.

However, before we become too assured by the numbers, let's look at some other comparisons. Ten years ago giving to religious organizations represented almost 50% of total giving. However, in recent years the trend has declined to the point where giving it is now just 38% of overall giving.

According to a 1998 survey by the Opinion Research Corporation, 80% of respondents gave to at least one organization other than their church. This is a substantial increase over the 57% who responded as such to a similar survey conducted in 1990. And, according to the Barna Research Group, in 2000

Giving by Bequest in 2000



Americans donated 6% less to churches than in 1999 (down from an average contribution of \$806 to \$649).

Mr. Barna notes two significant challenges. First, he says, is that the baby bust generation barely gives to churches. Secondly, the Baby Boomer generation, while generous, doesn't assume it should give to churches.³ They are value donors, giving to something that provides personal benefits of significance.

In terms of deferred gifts, the good news must again be tempered with the bad. For those who filed estate tax returns in 2000, the number of charitable bequests in the religion sub-sector *exceeded* the number of all other sub-sectors. In fact, 59% of 18,000 estates claiming a charitable deduction in 2000 included a gift to a religious organization. However, the average bequest amount was the lowest of all sub-sectors.

These numbers make it all the more imperative for Jewish organizations to begin planned giving

programs that 1) provide its constituency with a broad array of giving options and 2) focus on the future as well as the present. Consider the benefits of a planned giving program:

- An expanded giving program recognizes the viability of alternatives to outright gifts during uncertain economic times. Donors may consider other opportunities, such as gifts by trust or will.
- It is anticipated that charities will benefit through bequests as a result of the intergenerational transfer of wealth. The estimate is that there will be \$1.7 trillion in charitable bequests in 20 years—at a minimum. Still, studies show that while 70% of households make an annual contribution to charity, only 8% make an estate gift.
- Several professionals suggest that if the estate tax is permanently repealed the impact may positively influence charitable giving. Individuals may opt to give a portion of the dollars earmarked for taxes to charities instead.
- Traditional fundraising methods can be very expensive. A planned giving program can be pursued through low-cost avenues such as newsletters, tag lines, and blurbs in publications and correspondence.
- Planned giving can be geared to a broader audience. Most bequests actually come unexpectedly, often from people who have never given to the charity. By focusing on a wider group of people, the potential to reach more prospects is gained.

Ten Ways to Integrate Planned Giving

A word appears in Exodus, 30:12—V'ntnu (and you will give). If written backwards, it is also *v'ntnu*. According to commentary, whatever a person gives to *tzedakah* will return to him and he will not lack anything because of it. Planned giving allows us to help people reach that goal—it is a two way street that enriches both the organization and the donor.

STEP ONE *Engage the Board of Directors*

For a planned giving program to be successful, an organization must have the backing of its Board of

Directors. At board meetings demonstrate the economics of planned giving. Bring awareness of competition. Invite an expert to demystify planned giving. Include a discussion on planned giving at every board meeting. Make sure the development report includes deferred gifts expected and realized. Bring in outsiders to discuss a particular gift plan. Ask the board to become personally involved.

STEP TWO Set Goals

Set initial goals to which the organization can strive. Although the board may be accustomed to setting dollars goals, it's simply not practical in planned giving. People rarely disclose that they have included an organization in an estate plan and when they do, it's difficult for them to predict the actual amount that the organization will receive. Instead, focus on the number of ways to reach people and the number of calls the organization will make.

STEP THREE Find

Personnel Resources

Not all organizations will have staff comfortable or capable of building a planned giving program. There are alternatives, though. Organizations can turn to a committee

of professional advisors (local attorneys, financial planners, insurance agents, and accountants), a community foundation, local financial institution with a charitable service, or consultants who specialize in planned giving. Note, though, that although there is an abundance of professional advisors within the Jewish community who can volunteer, care should be taken that they understand the need to serve the organization before themselves.

STEP FOUR Develop a Positive Case Statement

Jews are no longer content to blindly give to Jewish organizations because they're "Jewish" or they support Israel. The days of cases built on guilt, obligation and fear are behind us. Judith Nichols, fundraising consultant and demographer, reminds us that "Donors give for their needs, not yours."⁴

More and more Jewish philanthropists are making decisions that link their value system with the organization's mission. Hence, from the donors' perspective the process of planned giving begins not with the gift but rather with questions that ask which organizations will bring life to their values.

This requires Jewish fundraising organizations to redefine themselves in terms of the values for which they are raising money. Focus groups should be initiated to seek input from donors. What does the organization mean to them? How does the organization address Jewish values? What would happen if the organization did not exist? What do donors expect their dollars to do?

Interestingly, Tobin's report indicates that most individuals interviewed in a variety of studies said that they could give two or three times more to Jewish philanthropies *if they felt the need*. Therefore, it is imperative that organizations more convincingly

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define the need for funding and demonstrate that they are worthy of support.

Ultimately, the case for giving should be an optimistic statement, focusing on the good work the organization accomplishes. Statements that

incite enthusiasm for future giving might include "allows us to initiate new and innovative community programs" or "mobilize resources for evolving needs."

STEP FIVE Create an Infrastructure

The planned giving framework cannot be an afterthought. Know ahead of time which gift plans the organization will accept and under what conditions. Will the organization promote charitable trusts and gift annuities? Who will provide fiduciary assistance and guidance? Will the organization outsource investment management?

Who will develop marketing materials and follow-up on leads? Are there volunteers who can write articles for an existing newsletter? Will a vendor be used? What happens when someone responds to a mailing? To whom will they be referred?

STEP SIX *Identify Prospects*

An ideal prospect is frequently someone who blends into the community. There are a few good indicators when it comes to identifying these individuals. Typically they're individuals who seek an increased or supplemental income; are widowed or single and/or have no children; or have highly appreciated assets. Donors who have given the organizations small amounts year after year are excellent candidates. Women are also good prospects, especially those over 60-years old. Individuals who wish to perpetuate a loved one's name should not be overlooked, either. Don't discount past donors and people who have been helped by the organization, too. Also, be sure to include staff in any list.

STEP SEVEN *Connect with Prospects*

Consistent promotion and regular communication is essential. People need to be told that they can include an organization in an estate plan. The most common ways to connect with people is through a planned giving newsletter, planned giving articles in existing publications, postcards, brochures, advertisements, and seminars.

Planned giving should be integrated in all communication. The annual appeal might include a flyer about bequest giving. The pledge card might include a question asking if people want more information about estate giving. Letterhead might include a statement that says, "please consider giving through your will." Certainly, in this age of technology an organization needs to include a "Ways to Give" link on its website.

STEP EIGHT *Generate Leads*

The key to a successful fundraising program is to first recognize that individuals have distinct values and needs and second to create appeals and messages that meet them.

This requires fundraisers to listen to prospects to ascertain their motivations and preferences.

Consider one-on-one meetings, focus groups, and donor roundtables. Surveys and an interactive suggestion box on websites are also helpful. Use questions that provoke a response for continued discussion. Ask: What prompted you to become

involved with us? What is the most memorable experience we have achieved for you? What do you value? How do you like to be recognized? Even ask, what is most irritating about us?

Be sure to use a potpourri of communication methods. Too often individuals working for an organization, either in a volunteer or professional capacity, impose their preferences on others. The organization doesn't produce a newsletter because the president doesn't read them. The development director doesn't like videos so there aren't any. People react to different stimuli. Have in your bag advertisements, press releases, brochures, inserts, videos, newsletters, seminars, articles, events, presentations, certificates, mementos and gift societies.

Finally, stay attuned to generational differences. Baby boomers have different expectations than their parents. They demand accountability and want more control over the distribution of their dollars—hence the increase in donor advised funds and private foundations. Address their needs. Some will have highly appreciated assets; some may need income for retirement or have concerns about funding for college-bound children or for aging parents. Suggest ways that a charitable deduction can offset capital gains; to diversify their portfolios without paying capital gain tax; or provide supplemental funding to meet their financial demands.

STEP NINE *Ask for a Gift*

Keep in mind that people consider giving for different reasons and that tax incentives are not always motivational. According to a recent survey conducted by the National Committee on Planned Giving, most people give because of the cause.⁵ An effective solicitation should focus on what the donor wishes to accomplish, not on what the organization wishes the donor to accomplish.

Begin by discussing the reason the donor will consider a gift. If its value based, focus on ways the organization's mission links to those values and show the results your organization achieves. If it's financial based, focus on ways various gift plans can meet the donor's needs. Create links between the prospects concerns and ways a gift can alleviate them:

“Am I correct in understanding that you want to make a gift to send children to camp but can’t afford it right now. Why not consider a gift annuity, instead.”

“I hear that you want to support the synagogue’s Mitzvah Corp but are concerned about selling your appreciated securities. Why not contribute the stock and avoid the taxes?”

“I can see why you’re concerned about making a gift, given that your appreciated stock is only paying you a 1% dividend. Why not transfer the stock to a charitable remainder trust and start your camp scholarship fund in ten years?”

STEP TEN *Maintain Relationships and Reward Loyalty*
Religious organizations, perhaps more than any other organizations, fail to express genuine appreciation for the gifts they receive. This is a mistake as even Jews want to be acknowledged (at least privately), despite the teaching of tzedakah. In fact, donors who feel that their gift has accomplished something make the best prospects.

Judith Nichols tells us to acknowledge people as individuals “with a name, a life, needs, and concerns.” If a donor likes public acknowledgement, do it. If they want private acknowledgement, don’t let their name show up in a report. Make tokens of appreciation meaningful. Again, the donor may want to attend a recognition dinner even if the board chair doesn’t care for them.

Also be sure to acknowledge those who

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Reine Shiffman is a planned giving consultant based in Minneapolis, Minnesota. She has worked in the non-profit sector for 25 years, serving as executive, gift planning, and marketing expert. Reine is active in the Jewish community and has served on the boards of Temple Israel and the Sholom Foundation, both in Minneapolis. She is a member of the Board of Directors of the National Committee on Planned Giving, serving on its executive committee. She is past member of the Editorial Board of Planned Giving Today and past president of the Minnesota Planned Giving Council. Reine has been published nationally and presented many seminars on the topic of marketing planned gifts and values-based gift planning.

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have made a future commitment to you. Once someone has included an organization in someone’s estate plan, its generally a set provision—unless the organization irritates the donor. Says Roger Parker, “We are our own worst enemy. We blame customers for their lack of loyalty, yet in many cases it’s our own indifference that caused the problem in the first place.”

Conclusion

The new millennium brings with it new attitudes in the way the Jewish community views philanthropy. Today’s philanthropists require acknowledgement that they are individuals with values and concerns. In turn, organizations must define themselves in terms of the values for which they are raising funds. It necessitates that organizations ask what donors need and mandates an attempt to fill any gaps. It calls for organizations to demonstrate their outcomes and to be accountable. In the end, the result will be relationships built on a lasting and positive association.

- ¹ *The Transition of Communal Values and Behavior in Jewish Philanthropy*, The Center on Philanthropy and Public Policy, University of Southern California, <http://www.usc.edu/schools/sppd/philanthropy/research-papers/RP6-tobin.pdf>
- ² Modern Concerns for Jewish Philanthropy By Connette Gayle, on Philanthropy.com, <http://www.onphilanthropy.com/op2002-11-01a.html>
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- ⁴ Judith Nichols, Ph.D., CFRE, Growing from Good to Great, Bonus Books, Inc., 1995
- ⁵ National Committee on Planned Giving Survey, 2000
- ⁶ *ibid*
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