



HOW TO COMMUNICATE WITH YOUR AFFLUENT DONORS

The 15 Key Questions To Ask! A Special Report for nonprofit presidents, executive directors, development professionals and board members.

My experiences, both as a Philanthropic Consultant and a Financial Advisor, have provided me with a unique perspective in understanding and appreciating the “philanthropic mind” of affluent donors in Canada. I have been asked many times by charitable professionals how to connect better with donors (especially in the high net worth space), and to offer insight into how these donors make their decisions to support specific organizations.

I have had the pleasure of working with Bruce and Emily Burgetz as their Financial Advisor for over 25 years and am privileged to call them friends. Based in Toronto, Bruce and Emily are in their late 60s. With their permission, I have created this Special Report outlining the key ideas and drivers related to their giving philosophy that I uncovered through a public conversation facilitated by the Toronto Chapter of the Canadian Association of Gift Planners. I hope you will find their comments insightful, inspiring and helpful when considering how to connect and deepen your relationships with your affluent donors.

Question 1: “Bruce and Emily, perhaps we can start off with an introduction. Please share with us a little about your background.”

Emily: “I’ve been involved in a number of volunteer capacities in a variety of ways. I was fortunate to be a stay-at-home mom. At church, I’ve lead worship, sung in groups and choirs, and was chair of the worship committee

for three years and later chair of the interior design committee on the building committee during the expansion of our church building. When our youngest daughter was 12, I took on the part-time position of Volunteer Co-ordinator at St. Clair O’Connor Community, a multi-generational residential and long-term care facility, sponsored by our Mennonite Congregation. I was also the chair and volunteer coordinator for the annual Ten Thousand Villages Harbourfront Christmas sale of fair

trade products for 20 years. Thirty years ago, I helped found a community based oratorio choir, Pax Christi Chorale, in which I sing and to which I have given continual organizational leadership on the Board of Directors as Choir President and Chairperson. I’m now President Emeritus, and remain actively involved on the Board. Bruce and I met during university. We have three daughters, all married, and five grandchildren. This year we will be celebrating 48 years of marriage.”

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THE DONOR
MOTIVATION
PROGRAM®
We Motivate Planned Giving!

A personal message from Keith Thomson:

While concerns abound and uncertainty remains – so does opportunity. Non-profits have an extraordinary opportunity to address the issues facing their organizations and to provide a solution for their donors through a planned giving strategy.

By virtue of the fact that you are reading this Special Report, you are no doubt experiencing the weight of the challenges facing every non-profit . . . and you are looking for insights and answers. We hope to provide both.

Without exception, vibrant giving programs across generations are essential to the viability of non-profits. Similarly, healthy endowments are the foundation for the sustained existence of all non-profits in order to meet their future needs. It will no longer be possible – though we would argue it never truly was – to maintain a vibrant giving or a healthy endowment program without a sustainable, proactive planned giving program. Yet many non-profits are struggling and failing to do just that.

Without question these are uncertain economic times. What this has created, however, is a seismic shift in donor attitudes that will remain in place even after the current climate and uncertainty improves. As non-profit practitioners you must accept that traditional donor models have been changed forever by the impact of today's economic environment. Your future success depends on adapting to this shift and implementing a donor strategy that aligns with these realities, as well as with those of your target donors.

The purpose of this Special Report is to provide guidance to ensure you're equipped to face the future head-on honestly and effectively and to create a win-win for all parties concerned. No one ever said that sustaining a successful non-profit was an easy proposition. Nor could anyone have predicted the pronounced and lasting impact economic factors would have on traditional donor platforms. There is no doubt that the challenges facing the sector today are greater than they have ever been. Regardless, we are convinced that focusing on your strengths as an organization and keeping an open mind about implementing a fresh approach to planned giving will help both your non-profit and your donors succeed.

THE DONOR MOTIVATION PROGRAM®



Keith Thomson,
DMP Director, Canada



Bruce: “I began my career as an IT consultant – spending 24 years with a firm that I owned with 7 others. When we sold the company in 1992, I then became Chief Information Officer at Shoppers Drug Mart for 10 years, at Rogers Wireless for 4 years and then for the final 6 years of my career at Loyalty One Air Miles Reward Program. Retirement included being on the board of a private software company in Dublin Ireland for 3 years.

Those of you familiar with the consulting business know that it doesn't create many direct opportunities for gaining significant capital because you're selling your time and your services. I was very, very fortunate to receive stock options from the 3 public companies for whom I worked. This is what has enabled us to have a portfolio that Keith has managed for our family.”

Question 2: “Emily, you explained your commitment to philanthropy earlier. Bruce, through the course of your career did you give back to your community through volunteerism?”

Bruce: “For 23 years I was Chairperson of the Board of the Mennonite New Life Centre, an immigrant and refugee settlement agency in the east end of Toronto, located in the same building as our church, which is the Toronto United Mennonite Church. At our church, at various times I chaired different committees and also the Church Board. I was also on the board of Ten Thousand Villages Canada (retailer selling fair trade products from developing countries) for 9 years, chairing for 8 of those years. Most recently, I'm on the board of Aurora House, a project that our church started, providing transitional housing for female victims of human trafficking. We're still in the startup phase. As I like to say, it's a startup, and startups, whether they be in business or in non-profit, all have their challenges to get over the hump, and we're at that point right now.”

Question 3: “Who were the key philanthropic role models in your life, as either a child growing up or as an adult?”

Emily: “Well, for me, it would be my parents. I grew up on a peach farm, and we were part of the Mennonite community there, and so I grew up in the church. The church was the centre of social life. My parents were actively involved in the church. We were not wealthy farmers, so life was simple, but it was good, and I grew up knowing that tithing of 10% was simply done. That was a faith-based decision my parents made, and I grew up knowing that, so I'd say they were very definitely my role models.”

KEY INSIGHT

Appreciate that for many Canadian donors (both average and affluent) their faith is a fundamental value and a primary reason to give back to society.

Bruce: “Similarly, I grew up in Stratford in a Mom and Pop grocery store that my parents owned and sold in 1969. But when I looked over their tax returns ... I don't think they ever earned more than \$8,000 a year in that period of time ... and they also gave predominantly to the Mennonite church that we were attending. Maybe not at the same level as Emily's parents. My dad said, ‘Gee, every year I give more, I do better’. Not sure that there's a connection there, but that was sort of in his mindset.”

KEY INSIGHT

Most affluent donors are self-made, having grown up in households of modest means.

Question 4: “We've all heard the phrase ‘shirtsleeves to shirtsleeves in three generations’. I believe the stats show only 3% of Canadian families are able to transfer wealth effectively through those three generations. With many families ‘affluenza’ has become a major challenge. I believe one way we can inoculate affluenza in our children and our grandchildren is to introduce the concept of philanthropy to them. As you mentioned, you have three daughters and five grandchildren. How did you instil philanthropy as a key value with them?”

Bruce: “I was very fortunate in terms of achieving wealth through share options that were cashed. We then started our family foundation with Mennonite Foundation which has since changed its name to Abundance Canada.

KEY INSIGHT

Be aware of triggering events (i.e., sale of business or of options) or catalysts that allow your affluent donors to be in a position to give from assets and not just from income. Not surprisingly, this is when they need to offset the most tax.

We were tithing up until that point, giving to various organizations. We started our fund and then built it up so now when we come together around Christmas we decide, as a family, to whom we wish to donate and how much. We're fortunate enough to have had a decent annual return from which we can donate to a number of different organizations. From the beginning our children were familiar with charitable giving, but having them actively involved in the distribution from our family endowment re-enforces and encourages them. They do their own charitable giving in addition to this."

KEY INSIGHT

Foundations and Donor Advised Funds (DAFs) are ideal inter-generational vehicles for parents to pass on and perpetuate their values around philanthropy.



Bruce, Emily and me at their cottage

Emily: "10 or 12 years ago, we were in a position to sit down with our three daughters. They are now 40, 44, and 46 years old. We spent some time talking about what kinds of organizations were important to us, and each one of them identified organizations that they personally wanted our endowment fund to support. There were others that were really quite easy to identify as all five of us had an equal commitment, such as the Mennonite Central Committee, the Stephen Lewis Foundation and other Mennonite-related charities. We always ask the following questions: 'Do we continue with this? At what level?' It is a decision made among the five of us."

KEY INSIGHT

It is extremely rare for affluent families to support just one charitable organization.

Bruce: "I'd like to add one more thing. The criteria really started to reflect back to the girls' passions. If they had a particular passion we would try to mix local, some of it in Ottawa where two of them live or here in Toronto, as well as global. So trying to balance it, and trying to look at organizations that are smaller so that a small contribution, in our case typically around \$5,000 on an annual basis, will make a real difference to their organization, and that tends to be how we have tried to look at it."

KEY INSIGHT

More often than not, especially when it comes to Donor Advised Funds and private foundations, the entire family is involved in the decision of whom to give to. This is not an autocratic process!

Question 5: "What's the most challenging aspect of making those decisions and who will be the beneficiaries and who will not?"

Bruce: "Well, we want to have enough money available as well for the subsequent year in case results aren't as good (in regard to the Abundance DAF) so that we're not cutting an organization off necessarily if it becomes somewhat dependent on us. But also, it's how do you make the decisions to move on. That's a tough one. In the last couple of years we have stopped donating to the Stephen Lewis Foundation which, while we still think they're doing great stuff, we have substituted it with smaller organizations at this point. Sometimes I think, well, we're just going to do the same thing as last year which we often do, but we may add something or take something away. For both of us it's really important that our daughters are a part of this and are starting to drive it, because we expect it to continue with them, and then with their kids."

KEY INSIGHT

As a charity you must earn, on an on-going basis, the right to be the recipient of your affluent donors' gifts. You must never assume that their funds will flow automatically without thoughtful and continuous stewardship. Even then, your donors' objectives may change.

Question 6: “Many of the people reading this will be working for an organization that has a permanently endowed fund, a Donor Advised Fund or a foundation. By having your family endowed fund, has it changed the way you think about giving, or has it changed the way you give?”

Emily: “Well, it certainly has given us more freedom and opportunity, because it has meant that there’s just that much more available for us to give.”

KEY INSIGHT

Do not delude yourself as a philanthropic organization. Although affluent donors in Canada don’t just give for tax reasons ... those tax reasons are important!

And there’s very little administration from our viewpoint. It’s just another charity that we’re giving to, and our tax receipt now comes from Abundance Canada.”



Photo courtesy of Camilla Pucholt Photography

Three generations of the Burgetz family

Bruce: “Clearly Canadian tax laws have benefitted us in terms of the ability to donate shares with capital gains and receive the double whammy in terms of not paying capital gains tax and also receiving the charitable tax receipt. We use Abundance Canada in two ways. So, yes, the fund generates money that we as a family decide how to distribute but, in addition and on an annual basis, we transfer shares there for our annual giving from the two of us. So it does make a difference.

KEY INSIGHT

The charities that are successful with their affluent donors make it very easy for their donors to give.

Question 7: “Clearly philanthropy is a significant value in your lives. How did you choose a Financial Planner who understood its importance?”

Bruce: “One of the main reasons we decided to choose Keith was based on our philanthropic objectives. He

acknowledged the importance of giving back and, with our history, both Emily and I thought, okay if somebody here is not just trying to get us a good return on our investments, but is also encouraging giving back to the community, maybe that’s the type of person we want to deal with.”

KEY INSIGHT

As a charity, it behoves you to seek out and establish meaningful relationships with those allied professionals who are already engaged in the philanthropic sector, for instance, membership in the Canadian Association of Gift Planners.

Question 8: “We are not going to be here in 100 years. However, your endowed fund will. Are you trying to communicate something through the generations, or is it there just because it’s the right thing to do?”

Bruce: “I don’t think there’s a specific message other than the fact that we hope our family will continue to be able to decide where the dollars will be directed.”

Emily: “I think that’s exactly right. We got into doing this because it just made sense to do so. We trust that in the future our children and grandchildren, once they become involved, will follow the pattern.”

KEY INSIGHT

As a charity, if you have or are thinking of setting up a foundation or Donor Advised Fund, you’d be well advised to make sure that you are able to communicate effectively that the need for your mission will be just as relevant 100 years from now as it is today.

Question 9: “We have done a lot of work on the financial planning side, which drills down on what you have and what you need to live on. Can you talk about that and how that clarity has helped you in giving more to those organizations that are important to you?”

Bruce: “When you know you have enough to live on and enjoy the lifestyle that you want, it certainly helps. And also leave something for your kids, but not leave everything. So therefore, we’re starting to donate more through the foundation and build up the fund now rather than just wait until when it comes through our Wills to do that. So having clarity in terms of our current financial position certainly makes it easier to give more.”

KEY INSIGHT

Until your affluent donors have crystal clear clarity that they have enough to support them for the rest of their lives in the style to which they have become accustomed, and to know how much they will be leaving their families, it will be difficult, if not impossible, to secure sizable legacies today. This also speaks to the need to work with highly competent allied professionals.

Question 10: “We have all heard the phrase ‘chequebook philanthropy’ where the direct mail requests or the phone calls inevitably come in during the middle of dinner. We laugh because we have all experienced this. I think we would agree this is not the most strategic way of giving. What specific advice would you offer to families who wish to be less reactive and more strategic in incorporating giving into a bigger plan?”

Bruce: “We do give small amounts to some of the mail requests that we know about, or when someone comes to the door, or even phone solicitations to known organizations such as the Toronto Symphony Orchestra. However, this whole process through a family



foundation is really cool. It makes it simple. We don’t have to do anything other than go through the process of filling out a couple of forms to transfer shares, and it just all happens. And then it’s sort of, ‘Well now, Bruce and Emily, what do you want to do with this?’”

KEY INSIGHT

Understand and appreciate that giving from your affluent donors transcends an either/or dualism. They engage in both (i.e., strategic and chequebook) types of giving, but their serious money is usually donated through a more strategic process.

Question 11: “What about a family where the mortgage is paid off, the kids are grown up and out of the house ... in other words, many of today’s Baby Boomers? They’re thinking, ‘Well, is this it?’. They are looking for more meaning in their lives and this often results in more engagement in the non-profit sector. Is there any specific advice you would give to any of those types of individuals, such as where to start, or to whom to talk?”

Emily: “Have an interest in, know something about, and have a passion for, is a good place to start.”

KEY INSIGHT

Help connect your affluent donors with those initiatives/projects that are deeply meaningful to them.

Question 12: “How would you like charities to approach you for money, especially those that already have an established connection with you? What would be the most effective way for them to ask you to give again and give more? What would work and, maybe equally important, what would not work?”

Bruce: “Special projects work! We’ve just supported one in Montreal. We lived in Montreal for three years so it is very close to our hearts. There was a special need and so we did what we’ve been doing lately, specifically, offer a challenge in terms of a matching dollar fund and that’s been fun. We’ve done the same thing with the rebuilding of our church and Aurora House that I mentioned earlier.”

KEY INSIGHT

Tangible, specific initiatives coupled with matching dollar offers, are, extremely attractive to your high net worth donors.

Question 13: "Let's explore that a little further. Is it because it's tangible? Is it because it is that specific?"

Bruce: "That helps. I think that helps in terms of, okay, we have a need here. It may not be forever such as an operating fund that needs to exist in perpetuity. However, if there's a special project, that works. And don't flood us with too much material on an annual basis, but if there's a special need or something comes up, then we're certainly open to considering that."

KEY INSIGHT

Measurable outcomes reported on a timely, but not excessive, basis are important to your affluent donors.

Question 14: "Can you can talk more about this matching component which I know has been successful for many of us, and obviously it works for you. Why have you found it to be successful when you have initiated this type of offer?"

Emily: "It engages commitment from others to do something that they probably, in their minds, think is a good idea and are committed to in and of itself. It secures their financial commitment, possibly over and above what they might otherwise have given knowing that there's this target. That I think has really encouraged additional giving by others. We've done it three or four times, and we've always reached the target."

KEY INSIGHT

Most of your affluent donors are goal focused and achievement oriented individuals. More often than not, that's how they became affluent in the first place! Matching dollar initiatives perfectly complement their personalities.

Question 15 : "Circling back to something you said earlier, I know that you've been magnanimous in supporting some causes that are not necessarily close to your heart. Would it be fair to say that even though you might not be directly connected to a specific cause, but because you have a meaningful relationship with an individual connected to that cause, you would be willing to give to it? Is that alone enough reason to give?"

Bruce: "Correct."

Emily: "Sure. Gives authenticity as well to something that we probably would not have heard about and probably wouldn't have investigated even if we had heard about it."

KEY INSIGHT

Sometimes who is doing the 'asking' is as important as the actual cause. Relationships matter!

"Bruce and Emily, on behalf of the Canadian Association of Gift Planners, I want to thank you for sharing your values with us regarding the nonprofit sector. I think we all would be in agreement that Canada is a wonderful country but that, if we had more individuals like you, it would be an even better one!"



What's Next?

How will non-profits fare in the “new” future? Hopefully we have driven home the fact that you can no longer maintain the status quo – things will not return to the way they were. Organizations that fail to adapt and change sooner or later will be left behind.

While your mission and commitment to serve has not changed, your challenge is to embrace new avenues as a means of engaging donors in win-win scenarios. Those organizations at the forefront of this change will flourish; however, those non-profits who remain idle will ultimately fall back.



We Can Help

By addressing the issues outlined in this Special Report, our presentation, **The 10 Critical Planned Giving Challenges and How To Overcome Them**, will help you further explore the benefits for your organization of a planned giving strategy, and it will also show you how to take your planned giving program to the next level.

To make arrangements to book this presentation for your organization, please contact our office at [416-681-7152](tel:416-681-7152).

We take pride in our ability to assist non-profits with their gift planning objectives and look forward to helping your organization develop a win-win solution for you and your donors.

Who We Are

Since 1995, we have used our skills to listen to non-profits – and their donors – taking what we’ve heard to build and perfect a proactive planned giving system that bridges the gap between organizations and their donors. Through The Donor Motivation Program® and The Donor Motivation Professionals of North America, a network of trained advisors, we have helped North American charities – large and small – “motivate planned giving”. More than 20,000 donors have engaged in our Donor Presentation Experience and rated it either “one of the finest” or “absolutely the best” of its kind. Why? Because it “speaks donor”!

Planned giving provides the perfect win-win solution to the challenges that non-profits face – as well as solving the biggest needs of your donors.

“I believe so strongly that after decades – you have found the alchemy to make the ‘Gift Planning Talk’ actually net gifts.”

**- Paul Nazareth, VP, Education & Development,
The Canadian Association of Gift Planners**



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