STELTER
The Personal Philanthropy Company

2013 Stelter Insight Report

Metrics That Matter
The Links Between Advisors, Donors and Nonprofits

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INTRODUCTION

This study examines the behaviors, attitudes and characteristics of professional advisors who interact with the public and nonprofits on the topics of estate planning and planned giving. Our goal was to better understand the dynamic between advisors, their clients and nonprofits to shed light on ways in which fundraisers can rethink conventional approaches and build stronger relationships.

Our learning objectives included:

+ To provide a baseline description of the professional advisor population upon which further inquiry can build
+ To better understand the relationships between advisors, their clients and nonprofit planned giving professionals
+ To more specifically understand how nonprofits and advisors interact when it comes to charitable decisions
+ To identify barriers to planned giving and opportunities for greater synergy between advisors and nonprofits

This study builds upon previous national surveys The Stelter Company has conducted since 2008, which focused on a consumer audience. Where appropriate, we spotlight how results gleaned from this study align or diverge from previous research.

Summary of Key Findings

- Nearly all of the professional advisors surveyed have experience with planned gifts.
- Most advisors say fewer than 25% of their clients have a planned gift in place.
- Just 7% say planned gifts are only for the very wealthy, which fits with what we discovered in our consumer research: People at all income levels may be interested in making a planned gift.
- Advisors are not just comfortable discussing planned gifts with their clients; a majority say they are the ones who raise the topic at least half the time.
- Advisors are planned givers, too. Almost half (48%) say they already have a planned gift in place in their own estate. Another 23% say they will definitely (10%) or probably (13%) put a gift in place at some point.
- About 2 in 3 would be very or fairly interested in collaborating with planned giving professionals to increase estate planning and planned giving.
- Professional colleagues are the most important source of information on planned giving, and they see one-on-one meetings with planned giving professionals as something that could be a business advantage for them.

CHAPTER ONE

Estate Planner Profile

While professional advisors undoubtedly play a role in facilitating planned gifts, the extent of their influence on the process has been largely undocumented. Nonprofits cultivate and interact with professional advisors to varying degrees, but often without a roadmap defined by data or best practices. This study sought to gather intelligence to help guide development professionals in their interactions with estate planners and to position nonprofits for greater success.

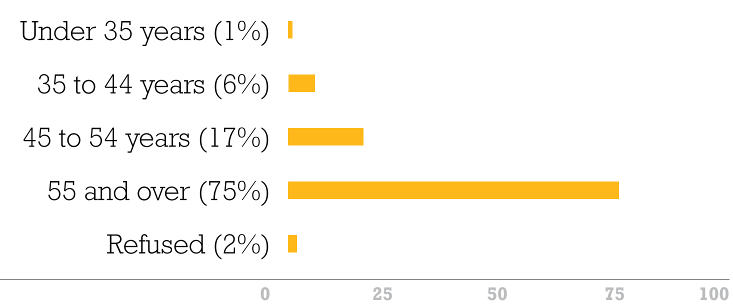
Our first challenge was to draw a representative sample of people nationwide who include estate planning as part of a professional practice. Unfortunately, no such master list of individuals exists. Consequently, The Stelter Company formed a cooperative venture with the National Association of Estate Planners & Councils (NAEPC) and The NAEPC Education Foundation, which provided access to a complete list of approximately 1,700 Accredited Estate Planner (AEP)® designees. These individuals represent a subset of NAEPC members—attorneys, Chartered Life Underwriters®, Certified Public Accountants, Certified Trust and Financial Advisors, Chartered Financial Consultants®, and Certified Financial Planners®—who meet special requirements of education, experience, knowledge, professional reputation and character.

This sample frame is attractive in that it can be thought of as a microcosm of the universe of advisors with which Americans might typically interact. It is our judgment that what we've learned from this elite and broadly focused group likely applies to the larger universe of estate planners, though we are cautious in pushing that judgment too far.

Gender

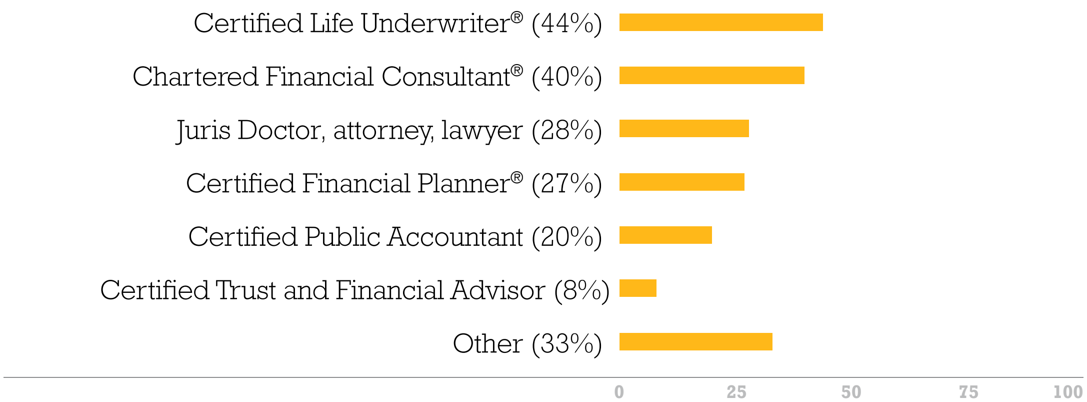
Male: 83%
Female: 16%
Refused: 1%

Age



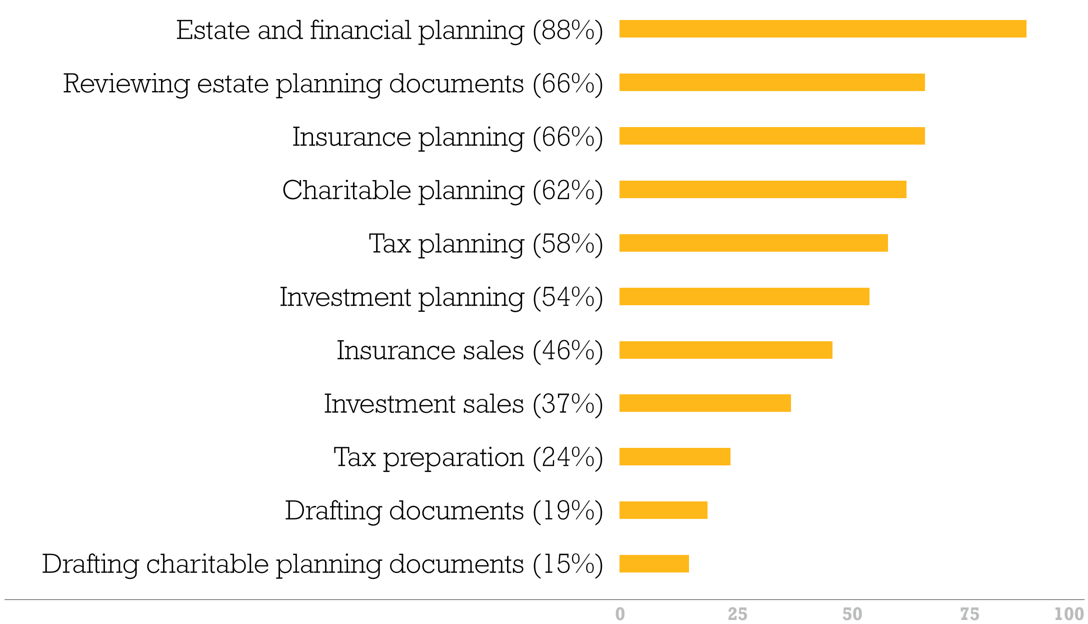
Professional Designations

(multiple responses accepted)

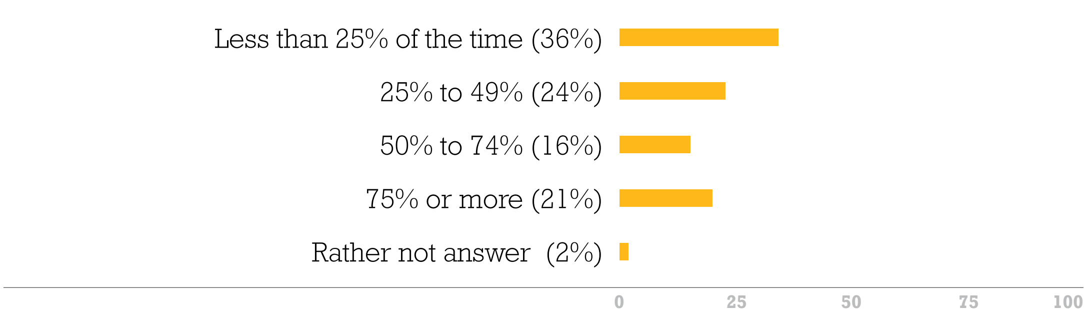


Services Regularly Provided

AEP® designees were surveyed as to the types of services they regularly provide clients. Charitable planning was cited by two-thirds of respondents, although drafting charitable planning documents was a lower-incidence activity.



We were particularly interested in what percentage of an AEP® designee's business involved work with wills, trusts and powers of attorney:



Clients Span a Broad Range of Wealth

Most of the advisors surveyed report working with clients at every level of net worth tested. About 2 in 3 (68%) say they have clients with a net worth of $20 million or more, and 79% have clients in the $10 to $19 million range. Almost all have clients in the $5 to $9 million range (92%), the $1 to $4 million range (97%) and the under $1 million range (89%).

Exposure to Planned Giving Is Nearly Universal

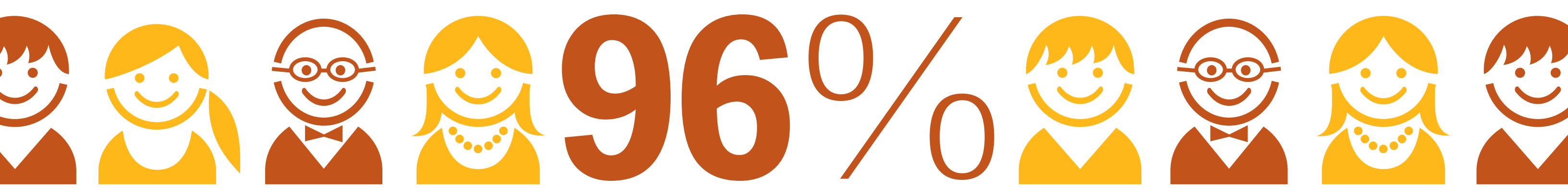
A full 96% of AEP® designees say they have experience with an estate plan that included a planned gift. But the group is divided on whether charitable planning has been a significant element (25% or more) of their practice over the years.

Forty-nine percent (49%) say planned giving has not been a significant part of their practice. The remaining, however, say they've done a meaningful amount of work in planned giving for more than 20 years or more (30%); 11 to 20 years (11%); six to 10 years (6%); two to 5 years (2%) and less than two years (1%).

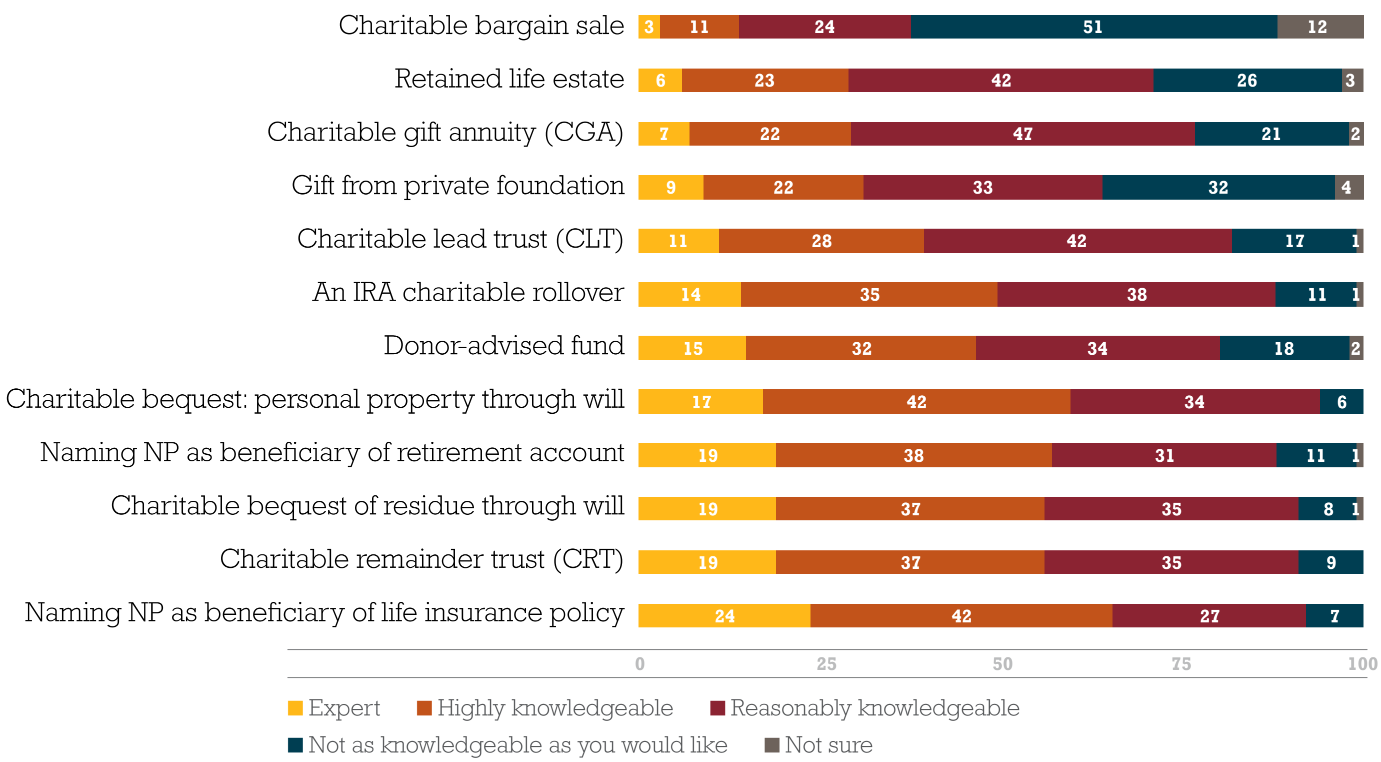
Few Consider Themselves Planned Giving Experts

We tested AEP® designees as to their level of knowledge on specific types of planned gifts. While most say they are knowledgeable about planned giving vehicles, few present themselves as experts. We observe that advisors' familiarity with gift types generally reflects the relative prevalence of each gift vehicles in the marketplace, with the exception of charitable gift annuities.

Of note, however: CGAs are contracts between a nonprofit and its donors, which can be executed without the involvement of professional advisors. Therefore, it's reasonable that CGAs—although popular gift types—would not commonly appear as part of a professional advisor's practice.



Experience with planned giving is nearly universal.



Professional Colleagues Play a Key Role

When estate planners need additional technical information on planned gifts, professional colleagues, who may or may not be employees of nonprofits, are the most valued resource we tested by a wide margin. More than half (58%) of those surveyed cite their professional colleagues as a very valuable source. All other sources tested—including professional publications and websites, government agencies, nonprofit organizations, online/email subscription services and general Internet searches—are endorsed by fewer than 1 in 3.

Advisors Are Planned Givers, Too

Almost half of those surveyed (48%) say they already have a planned gift in place in their own estate. Another 23% say they will definitely (10%) or probably (13%) put a gift in place at some point. Just 7% say they will probably not make a planned gift. At least half of the following groups say they have put a planned gift in place:

+ Those who have worked in estate planning for more than 20 years (60%)
+ Those who say at least 25% of their clients have put a planned gift in place (56%)
+ Those with the most engagement with planned giving professionals (56% of those reporting 10 or more interactions in the past year)
+ Those who devote at least 50% of their practice to estate planning (53%)
+ Those who report an average gift value for their clients' planned gifts of $500,000-$999,999 (53%)
+ Those who tend to initiate conversations about planned giving rather than their clients (53%)

Profile of the "High Producers"

A closer look at the characteristics of professional advisors deemed "high producers"—respondents who say 50% or more of their clients have a planned gift in place—reveals the following distinguishing traits:

They are veteran estate planners. The vast majority (77%) say estate planning has been a significant part of their practice for more than 10 years, including 51% who say they've worked in this area for more than 20 years. This compares to 37% of all others for whom estate planning has been a significant part of their practice for more than 10 years, including 28% who have worked in this area for more than 20 years. A majority (55%) say they devote at least half their time to estate planning, compared to just 36% of all others.

They emphasize estate and charitable planning over insurance or investment work. High producers are more likely to say charitable planning is a regular service (84%, compared to 60% of all others), as is reviewing estate planning documents (77%, compared to 65% of all others). They are less likely to be involved with insurance planning (57% versus 68% of all others), insurance sales (32%, compared to 48% of all others) or investment sales (26%, compared to 39% of all others).

They have experience with a broad range of planned gifts. They are about twice as likely as others to say most types of planned gifts are commonly part of their clients' estate plans.

They serve more clients who have made high-value gifts. Forty-seven percent (47%) say the average gift size is $500,000 or more, compared to 27% of all other respondents.

They are more likely to hold a Certified Financial Planner® designation. Among this high-producing group, 38% are CFPs, compared to 25% of all others. There is no difference in the proportion who are attorneys.

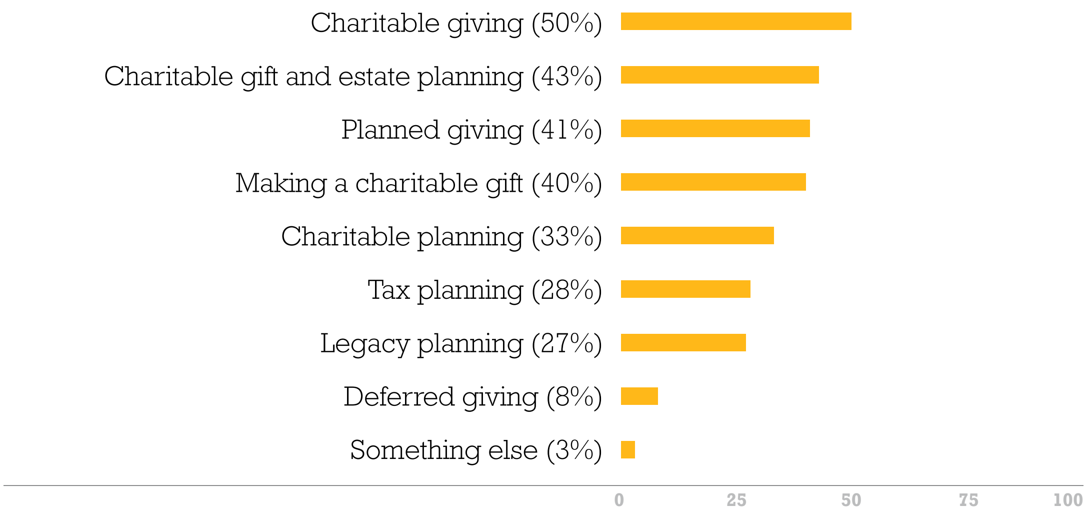
They are planned givers. About 2 in 3 (69%) say they either already have a planned gift in place or will definitely do this, compared to 57% of all others.

CHAPTER TWO

CONVERSATIONS WITH CLIENTS

Common Ways to Describe the Concept

In preparing this survey, we ventured that professional advisors likely use a variety of words to describe what the industry typically refers to as "planned giving". Of the terms tested, half (50%) say "charitable giving" are the words most often used.



Attitudes on Ethics

A key question this survey was designed to answer centered on whether raising the topic of planned giving with a client was perceived as an ethical breach. The answer is clear: Fully 89% say it is appropriate to bring up the subject because the client can easily decline if they want. Another 7% say it is appropriate though sometimes clients are uneasy. Just 2% say it is not appropriate because it could be interpreted as pressure to do something the client is not interested in doing.

96%

Advisors who say it's appropriate to introduce the topic of planned giving to clients.

Advisors Typically Introduce the Topic of Planned Giving

In support of this principle, 4 in 5 (83%) say they are the ones who bring up the topic with a client at least half the time. Just 19% say it is almost always (6%) or mostly (13%) the client who broaches the subject.

Relationships With Nonprofits Spur Gifts

AEP® designees provided insight into what they see as motivators for their clients to make planned gifts. Of the seven reasons tested, five stood out. They include:

+ Clients have a personal connection to specific nonprofits (95%)
+ Clients have no obvious heirs (60%)
+ Clients want to avoid estate taxes (54%)
+ Clients want the income tax deduction (54%)
+ Clients want to leave a legacy for themselves or a loved one (53%)

The other two reasons tested resonated with nearly half:

+ Clients have been asked by a nonprofit to make a planned gift (46%)
+ Clients just think it is the right thing to do (45%)

These findings contrast with the results of our consumer studies in which altruistic motivators rank high (e.g. it's the "right thing to do") and tax advantages rank significantly lower. In this survey, however, we see somewhat the reverse. Our interpretation is that professional advisors may naturally perceive tax and financial motivations as important—after all, this is their business.

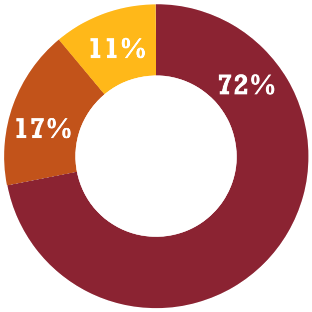
Clients' Personal Ties Deter Giving

Similarly, we polled estate planners on seven reasons clients might choose not to make a planned gift. Only two were endorsed by a majority of those surveyed:

+ Clients prefer to leave money to the people in their lives, not to nonprofits (86%)
+ Clients have no personal connection to specific nonprofits (69%)

Previous research, however, suggests that these objections can be addressed. First, we know from earlier surveys that a majority of Americans who expect to receive an inheritance are quite comfortable sharing a portion of those proceeds with a nonprofit. Arming estate planners with this fact may give them one additional piece of information to relay to their clients. In addition, raising awareness of the benefits of planned giving—both to the donor and the community—may encourage clients who lack nonprofit connections to reconsider their stance.

2012 Study



The vast majority of heirs do not object to a planned gift as part of the estate.

- Gift to a nonprofit is a reasonable choice
- Not Sure
- Wish 100% to go to individuals

CHAPTER THREE

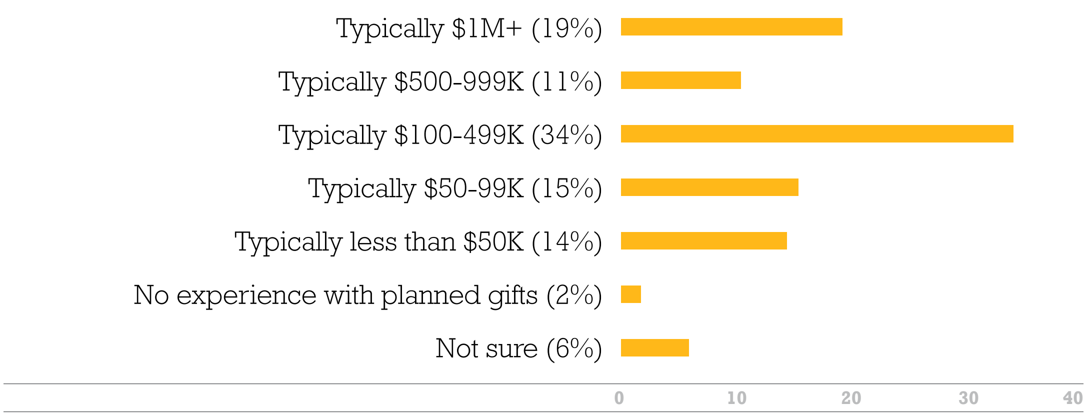
PLANNED GIVING IN PRACTICE

Planned Giving Is Not Common

Planned gifts are not that common among the clientele of AEP® designees. Just 11% say half or more of their clients have included a nonprofit in their estate plan, with a majority (59%) saying planned giving occurs in less than 25% of client estate plans. Still, the vast majority of AEP® designees work with current planned givers—only 3% of those surveyed say none of their clients have a planned gift in place.

Planned Gifts Come in All Sizes

AEP® designees report the typical, average total dollar value of planned gifts in estates they've worked on as follows:



These results confirm what we have seen in consumer surveys: Planned gifts are of interest to individuals from a wide range of financial situations. Nonprofits rightly devote more resources to cultivating relationships with very wealthy donors. However, these donors may well represent the tip of a pyramid whose foundation is populated by people of lesser individual means but greater collective potential.

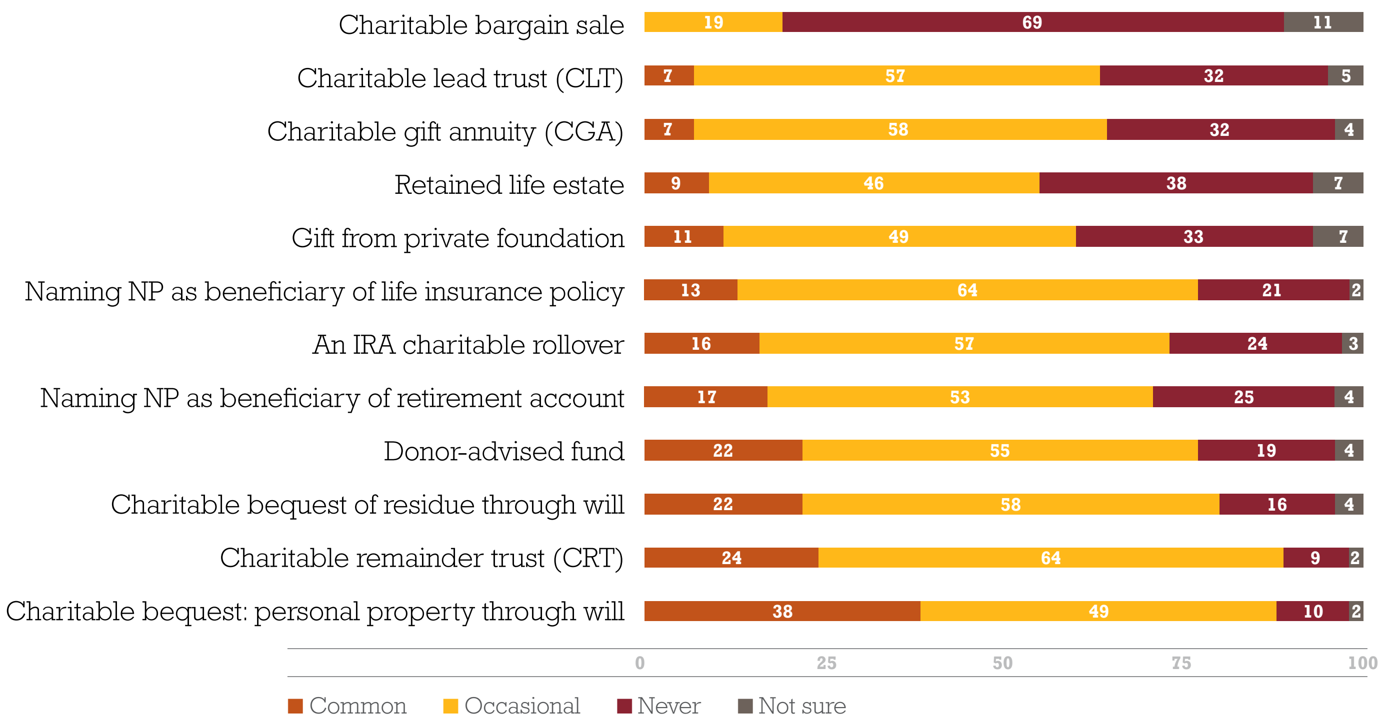
Interest Spans a Broad Range of Wealth

Planned gifts are of interest to people in a wide range of income brackets. Just 7% say only very wealthy clients are interested. About 1 in 3 (31%) say a full spectrum of clients across all income levels are interested. The remainder cite a mix of wealthy and middle-class clients: 49% say mostly very wealthy clients but many middle-class clients are interested, and 11% say mostly middle-class but some wealthy clients are interested.

AEP® designees who say the average value of their clients' planned gifts exceeds $1 million are more likely to say planned giving is of interest to only the very wealthy (14%, compared to 7% overall) or interests mostly very wealthy clients, though it is of interest to some middle-class clients as well (60%, compared to 49% overall).

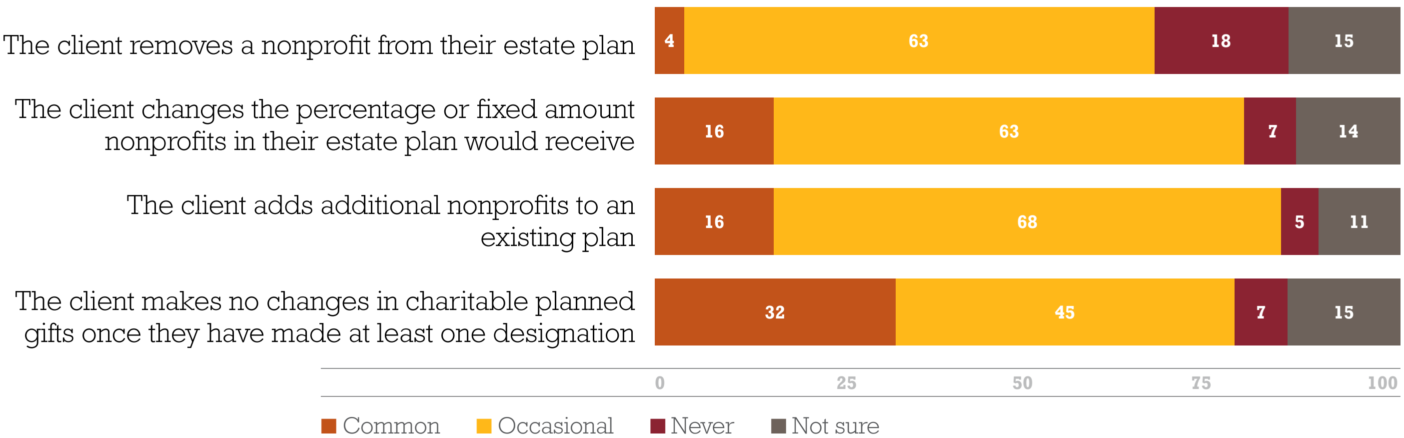
Common Gift Types

Bequests are the most common type of planned gift included in clients' estate plans, but AEP® designees have exposure to most forms of planned gifts.



Changes Made to Charitable Gift Plans

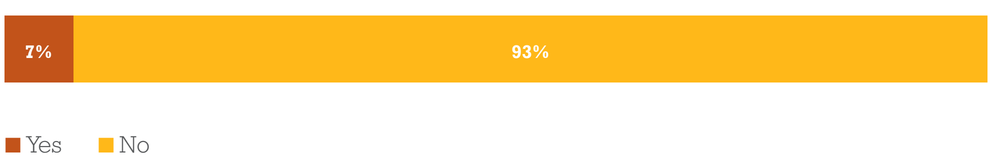
Advisors paint a relatively encouraging picture of the changes clients make to their estate plans once nonprofits have been included, with 32% saying clients commonly leave original plans intact. Only 4% of estate planners say it's common for a client to remove a nonprofit from their estate plan. More likely, clients add additional nonprofits to an existing plan (16%) or change the percentage or fixed amount a nonprofit in their estate is designated to receive (16%).



These findings align with previous surveys of planned givers. Just 7% of those who had a bequest in place at the time of Stelter's February/March 2008 survey say they had removed a nonprofit from their will. A 2012 study revealed that a majority of planned givers (72%) say their first gifts are likely their last, with 22% saying they intend to make additional planned gifts.

2008 Survey

Have you ever removed a nonprofit from your estate plan?
Among people who currently name a nonprofit in their will.



CHAPTER FOUR

RELATIONSHIPS WITH NONPROFITS

Nonprofit Board Involvement Is Common

A full half (53%) of estate planners are currently serving on the board of at least one nonprofit, and another 31% say they have served in the past. Just 6% say they have not served and it is not of interest to them. Women are more likely than men to say they are currently serving (61%, compared to 51% of men).

Relationships With Nonprofits Matter

Most say they consider relationships with nonprofits valuable. That includes 63% who already have existing relationships and 20% who do not have these relationships now but would consider them of value. Those most likely to have and value these relationships include those engaged in estate planning for more than 20 years (79%), women (74%), attorneys (74%) and those who spend 50% or more of their time on planned giving (74%).

2 IN 3

About 2 in 3 advisors say they are open to collaborating with nonprofits.

Exposure to Planned Giving Professionals Is Low

Even though 71% of AEP® designees say their estate planning council has planned giving professionals who work with nonprofits as members, most say they've had fewer than 10 interactions with these professionals in the past year, including 7% who have no interactions; 33% who had between one and four interactions and 23% who had between five and nine. About one in three (35%) say they've had at least 10 interactions with a planned giving professional working for a nonprofit in the past year.

Collaboration Is Welcome

About 2 in 3 respondents say they would be very (31%) or fairly (35%) interested in collaborating with planned giving professionals who work for nonprofits to increase estate planning and planned giving. Those most likely to express the strongest interest include those who already have the most exposure to planned giving professionals (44% of those reporting 10 or more interactions in the past year).

They most commonly see three activities as very valuable:

+ Showing clients they are willing to work as a team to formalize a planned gift (53%)
+ Raising awareness of estate planning (51%)
+ Explaining the tax advantages of planned gifts (47%)

The following interactions were deemed valuable by a minority of those surveyed:

+ Raising awareness of the importance of planned gifts (38%)
+ Receiving technical information on planned gifts (33%)
+ Ongoing assistance in analyzing gift transactions (31%)
+ Assisting the advisor on language to be included in documents (31%)

Why Planned Giving Professionals Are Excluded

While 42% say there are no main reasons why planned giving professionals should be excluded from the gift planning conversation, an almost equal number (39%) say they would be concerned that the nonprofit professional would pressure their clients inappropriately. And, 31% say they would be concerned about client confidentiality, including 47% of those with a J.D. or LL.M (Master of Laws) degrees.

Few show concern that planned giving professionals lack technical expertise (12%) or that working with them would slow the charitable planning process (7%).

50%

Advisors who cite concerns about pressure and confidentiality as a reason to exclude planned giving professionals.

Ways to Create a Business Advantage

A goal of this survey was to identify activities that estate planners and nonprofits would find mutually beneficial. Those who say they are very interested in collaborating with planned giving professionals are much more likely than average to say all activities tested would be a business advantage for them.

+ Working cooperatively with local nonprofits so they are better able to educate their donors on estate planning (71%, including 89% of those very interested in collaboration)
+ Hosting a session on estate planning with a room full of a nonprofit's most valued supporters (58%, including 80% of those very interested in collaboration)
+ One-on-one meetings with planned giving professionals who work with nonprofits (52%, including 75% of those very interested in collaboration)
+ Receiving updates from nonprofits or an association of nonprofits about their planned giving programs (39%, including 54% of those very interested in collaboration)
+ Hosting a session on estate planning with a roomful of planned giving professionals who work for nonprofits (38%, including 66% of those very interested in collaboration)
+ Participating in fundraising activities with nonprofits (34%, including 46% of those very interested in collaboration)

RECOMMENDATIONS

1. **Build relationships with advisors who meet the high-producer profile.** A segment of the advisor population is particularly planned giving friendly. They relate to nonprofits on both a professional and personal level. They are highly experienced and seem to attract or develop clientele who are more open than average to planned giving. These are key relationships that may lead to increased revenue.
    + Emphasize quality of relationships over quantity. Building trust and collaboration is likely best accomplished through one-on-one contact.
        + Consider sending personal letters to advisors who meet the high-producer profile or have demonstrated an affiliation for your mission.
        + Establish a LinkedIn network of professional advisors—an effective tool for maintaining relationships with busy professionals.
    + When working with advisors, focus on your shared interests of educating the public about estate planning. This may drive more people to seek the services of professional advisors who, in turn, will likely raise the topic of planned giving.
    + Facilitate relationships between key advisors in your network and your planned giving prospects.
        + Partner with key advisors to provide informational sessions on estate and financial planning
        + Provide donors with a list of your advisor network

2. **Be more of a philanthropic expert than a technical one.** Based on our findings, nonprofits can expect that advisors in their communities are reasonably knowledgeable about planned giving. If they need more technical information, they value the advice of a professional colleague among all other resources.

    A gap exists, however, in advisors' understanding of the emotional motivators behind why people give—reasons beyond the obvious or practical. Advisors may be similarly unaware of the generational differences in planned giving receptivity, which our research has uncovered.
    + Share research on consumer attitudes and motivations concerning planned giving. What really makes people give? This information can be helpful to advisors as they initiate the topic with clients.
    + Mission awareness can be a supporting driver in building influential relationships with advisors. Help your key advisor network understand and relate to the good that you do.
    + Don't waste time peppering your advisor network with technical information, as it appears they have other valuable sources for this information.

3. **Consider counting revocable planned gifts toward campaign goals.** Changes to planned gifts are not common—a finding confirmed by previous research. This lends support to the idea that planned givers should be recognized as part of a capital campaign.

4. **Establish board-approved policies respecting anonymity and donor confidentiality.** Advisors worry about nonprofits putting undue pressure on clients. They also have a duty to protect client confidentiality. These policies can go a long way toward building trust with donors and advisors alike.

5. **Connect with supporters at all levels of wealth.** Nonprofits rightly devote more resources to cultivating relationships with wealthy donors. This research confirms, however, that people at all levels of wealth are interested and participating in planned giving.

6. **Connect with supporters of all ages.** Our research shows that supporters as young as 40 years old can make excellent planned giving prospects. To the extent that resources allow, cultivating younger donors makes financial sense. Few people make changes to charitable gifts within their estate plans (i.e. Once you're in, you're in) and planned givers make excellent prospects for future outright or life-income gifts.

About This Study

The findings in this report are based on a survey of 657 AEP® (Accredited Estate Planner®) designees conducted by Selzer & Company, Inc. The online version was conducted in three waves (an initial email invitation and two reminder messages) from the 23 of May through the 19 of July, 2013, and yielded 293 completed surveys. Respondents averaged approximately 14 minutes to complete the online survey. A follow-up direct mail survey was launched near the end of July to contact only AEP® designees who had not completed the online version. Those printed surveys were collected through the 19 of Aug., 2013, and yielded 364 returned surveys.

The margin of error for the sample of 657 AEP® designees is plus or minus 3.8 percentage points. This means that if this survey were repeated using the same questions and the same methodology, 19 times out of 20, the findings would not vary from the percentages shown here by more than plus or minus 3.8 percentage points.

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About The Stelter Company

The Stelter Company provides personal philanthropy marketing services to over 2,000 leading nonprofits nationwide, leveraging its understanding of philanthropic behavior to micro-target prospects through direct mail, email, Web and social media solutions. Headquartered in Des Moines, Stelter is recognized for its understanding of donor behavior and how gift planning mechanics, taxes and financial factors affect donors.

About NAEPC and NAEPC Education Foundation

The National Association of Estate Planners & Councils (NAEPC) is a national organization of professional estate planners and affiliated estate planning councils focused on establishing and monitoring the highest professional and educational standards. The NAEPC's particular focus is on:

+ Accounting
+ Insurance
+ Law
+ Trust services
+ Financial planning

NAEPC fosters public awareness of the quality services rendered by professionals who meet these standards. NAEPC builds a team approach involving cross-professional disciplines to better serve the public's need in estate planning. The organization administers the Accredited Estate Planner® (AEP®) and Estate Planning Specialist (EPLS) designations.

About Selzer & Company, Inc.

Selzer & Company, Inc., specializes in strategic public opinion research helping clients connect with their audiences—be they readers, viewers, customers, voters or donors. J. Ann Selzer's work for the prestigious Iowa Poll earned the Gallup Award for Outstanding Poll reporting for The Des Moines Register. She also conducts the Bloomberg Global Poll and the Bloomberg National Poll for Bloomberg News. Her accuracy resulted in her firm named the best of 32 polling firms ranked by the influential polling website, FiveThirtyEight.com. She has conducted strategic research for a wide range of clients in the financial, health, and media industries, as well as dozens of nonprofit groups.