



Launching Your Endowment Effort

The Prizmah National Conference: Dare to Dream

Monday, March 11, 2019: 9:00 am - 10:15 am Salon 7

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Session Goals

Explore endowment readiness and examine how L & E fits into your program

Define the case for endowment and identify the benefits to the school

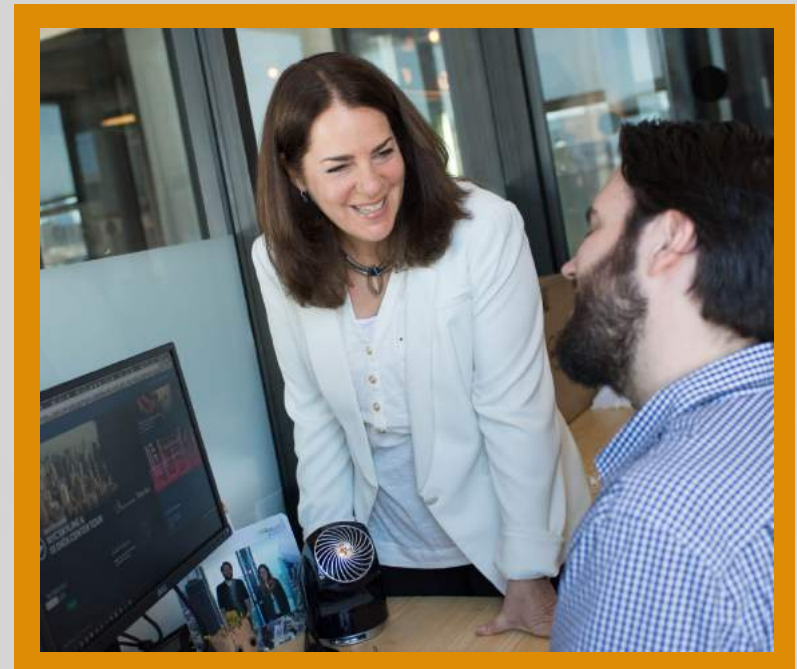
Identify the key characteristics of a strong philanthropic culture

Master the approach to an integrated ask

Prepare your leadership with goals, tools and resources

Why Endowment?

- Annual campaign limitations; current/future tuition support
- Shrinking donor base
- Parent support (ends at graduation)
- Lack of institutional funding
- Board's role: prepare for the long-term
- From “embarrassment of riches” to fiscal necessity
- **Everyone** can give!



Why Endowment: Part II

- Essential funds during times when fundraising fluctuates
- Revenue to start new programs; address emerging program needs
- Resources to take advantage of opportunities
- Permanent resources to ensure **affordability** and quality
- Unrestricted funds to address greatest needs



Opportunities in Endowment Building

- Maximize donor relationships
- Engage generations of donors
- Gain a long-term planning perspective
- Focus the school, board, donors on need for long-term sustainability
- Increase donor options with current and deferred gift menu
- Conversations strengthen and reinforce donor relationships.





**Donor
Engagement
Pyramid**

Legacy/Endowment Donor

Major Donor

Committed Donor

Occasional Donor

First-Time Donor

Prospective Donor



Defining Endowment

What is endowment?

- Pool of funds permanently set aside
- Corpus is invested
- The revenue/income (interest) is used to advance the school's mission
- Not an operating reserve
- A dedicated long-term resource

Readiness Factors: Culture of Philanthropy

- Strong annual campaign
- Major gift program
- Engaged board; prioritizes philanthropy
- Culture of asking
- Development staffing
- Reserve
- Federation support and/or investment and vehicle resources
- Good data!



Setting the Stage:

- Define your school's need for endowment; draft the case
- Determine goals and projections
- Select the most effective model (cash / planned giving / hybrid)
- Chairs + committee
- Rollout (quiet vs. community phase)
- Discuss naming opportunities and recognition



Developing Your Case

Builds on case for operating but looks forward

Clear, compelling, urgent
Outlines school's greatest opportunities over next 5-10 years

Focused on the donor

And the results the donor wants to achieve (not the school's wants)

Position the donor as partner

in the school's future
"Would you consider partnering with us to address those challenges?"

External vs. internal case

Subject to economic cycles
Increasing operating costs
Need to supplement revenue
Programs we'd like to operate

Don't assume

People understand endowment
People have made estate plans
People know what you need/do
People won't give

Do

Tell stories – make it real
Make it urgent (86% of top 3% households by wealth give to meet critical needs)





Endowment Goal Setting

For a fund to generate at least \$100,000 per year in annual income, the school needs an endowment of at least \$2-million, based on a 5% payout.

It is often recommended that the endowment be at least three times the size of your annual budget.

Goal Setting Tools: The Purpose of the Feasibility Study

Set a Campaign Goal

Based on identified potential gifts

Determine Messaging

What is important to communicate?

Develop a Campaign Plan

Identify Volunteers

To solicit, connect and serve as campaign ambassadors

Consider Campaign Timing

What time of year? Over what time period?

Develop Campaign Materials





Rules of engagement

Establishing restrictions of use

- Investment + gift acceptance policies
- Guidelines for how much income may be used (spending policy)
- Rules re invading the corpus
- Naming the endowment – separate vs. pooled funds
- Donor recognition

Comprehensive Campaign

- May include annual, capital, endowed and/or deferred gifts
- Helps to communicate total need to donors
- Provides options to donors
- Difficulties: counsel, balance, valuation, counting

Planned/Deferred Giving Options

- Bequests under will
- Bequests through revocable trusts
- Beneficiary designations of life insurance
- Beneficiary designations or retirement plans and IRS, pay on death accounts
- Accelerate gifts from testamentary to lifetime: charitable gift annuities, real estate, insurance

Deferred/Endowed Giving Challenges

- Need to commit is not as urgent or compelling
- Donors have difficult time envisioning impact
- May want to see “action” –spending, rather than saving
- Adopt resolution to commit planned gifts to endowment

The Integrated Ask

Benefits to the **School**:


- * Efficient + saves time + prioritize
- * Compelling case for today and tomorrow
- * Tie impact of current giving to endowment
- * Builds stronger, more committed donors
- * Helps make the cultural turn to relationships
- * Long-term commitment anchors current giving

Benefits to the **Donor**:

- * Promotes stewardship
- * Communicates vision
- * Introduces options to achieve their goals
- * Prompts engagement in estate planning
- * Prompts thoughtful review of charitable priorities

Benefits to the **Annual Campaign**:

- * Strengthens commitment
- * Strengthens giving
- * Those with a bequest to a charity in their will:
Average annual \$\$ to charity (Yes: \$4,489; No: \$2,043)



Building Your Team: The Endowment Committee

Act as school ambassador

Identify prospects

Cultivate relationships

Solicit and steward

Approve plan and strategies

Make a meaningful gift



Next Steps

Define the need; draft the case

Set goals and benchmarks

Design the model

Recruit chairs + committee

Rollout quiet phase

Determine naming opportunities and recognition



Thank you!

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