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# Shallow Review of Legacy Fundraising

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## Overview

Legacy fundraising (LF) is encouraging donors to put your charity in their wills. In practice this can be:

- ❖ Having a will-writing guide that you can send to people on request
- ❖ Asking people to give in a newsletter
- ❖ Having “give in your will” as one of the donation options.

It has the highest fundraising ratios in the field, 22:1, but also takes the longest to succeed at. You have to have a committed donor base that has known and trusted you for many years. Asking somebody to put you in their will when they’ve only donate a couple times is like

asking somebody to marry you on the second date. On top of that, it takes a long time between when somebody puts a charity in their will and when the will is enacted.

## Terms

LF is riddled with legalese. I have mostly translated this to English, but there are a few words I could not avoid. Here are their quick definitions.

### **PECUNIARY VS RESIDUARY**

Pecuniary means “I leave \_\_\_\_ (blank) amount to the charity”. Residuary means “After I give out \_\_\_\_ (blank) amount to my friends and relatives, the rest will be given to the charity.”

The average pecuniary gift is \$5,000. The average residuary gift is \$100,000. Pecuniary gifts are more common, but clearly residuary gifts help a lot more people.

### **CODICIL**

The codicil is a short, simple legal document which can be added to the end of a will which can easily change an existing will to add a donation.

### **BEQUEST**

A donation made in a will.

## Research

Based on our previous research into fundraising ratios, LF has a ratio ranging between 22 and 24:1. This is outstanding. For reference, the leading contender for the highest ratio is grant writing, with an average of 8:1.

In practice, the biggest part of LF is not asking people to put your charity in their will, but to make it as easy as possible for people to do. Most people put off their will until a few years before their death, and some never write one, because the paperwork is intimidating and the topic is a sensitive one. Some ways to make it exceptionally easy are:

- ❖ Making template wills
- ❖ Making ready-made codicils that people can tack onto existing wills
- ❖ Providing a lawyer who will help walk them through the will-writing process

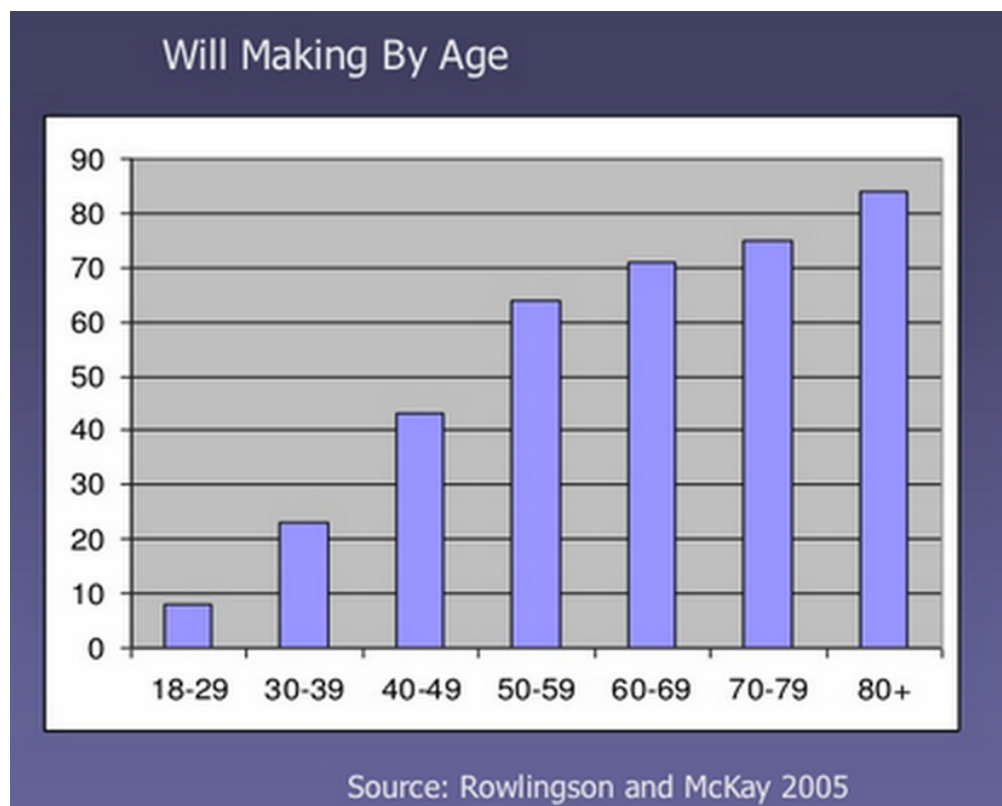
The average amount donated depends on country, sort of bequest, and the source. I have found figures saying that the average pecuniary gift is \$5,000 and the average residuary gift

is \$100,000. Another source found that the average bequest, including both residuary and pecuniary gifts, was \$35,000.

Success rates were impossible to find. I did find some related numbers though. For example, 33% of people who put charities in their wills said it was due to the charity asking them to. This was the biggest category, aside from “other” which accounted for 58%.

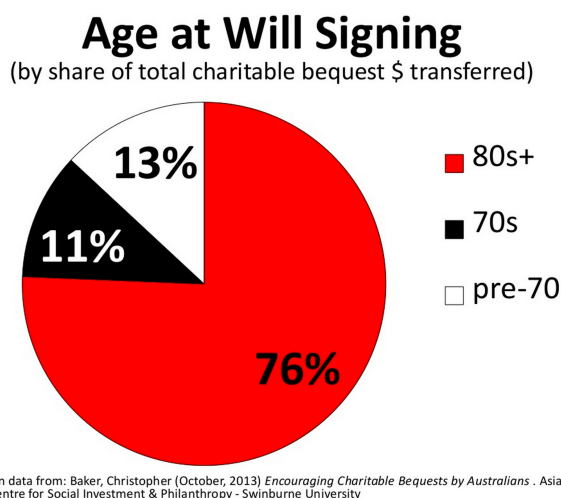
A common number floating around the movement is that once put in their will, 90% of people keep it there. However, this number is misleading. This was from a survey where people were asked “Have you changed your donation plans?” and only 10% of people had said they’d lowered them. However, when a ten year study was run where people were asked whether a charity was in their will, then ten years later asked again. In this study 50% of people had removed that charity from their will over the span of 10 years.

Another interesting thing is when most people write wills and how much money comes from the different ages that the will was written. In Australia 60% of wills are written within 5 years of passing away. Below is another source showing the percentage of people who have written a will by what age.



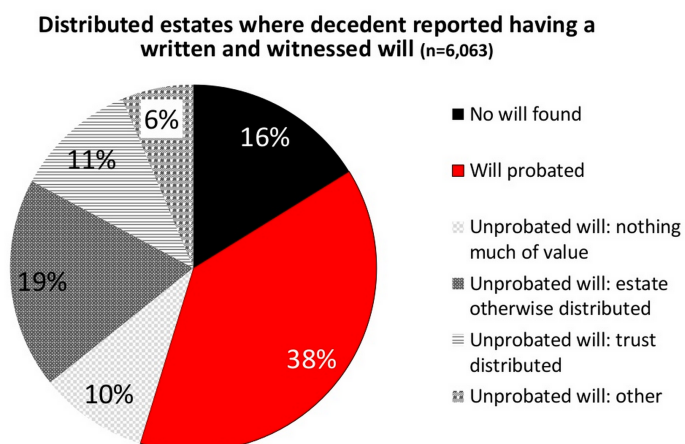
A different study found that 76% of the money from bequests came from wills written by people in their 80s. 87% came from people who wrote their wills in the 70s and 80s. This is not how much money came from people who passed away in their 70s and 80s, but rather the age they wrote the will, which removes the bias that most people pass away in their 80s.

It is no doubt partially explained by the fact that a large proportion of people write their wills very close to the time they're going to pass away. However, this doesn't explain the whole trend because according to the figure above, about 70% of people have written a will before the age of 70, whereas the chart below says that only 13% of money comes from wills written by people younger than 70.



Some other important information is that only 38% of wills are acted upon. It turns out that a lot of wills were not correctly written and thus are not legally binding. This is another point at which LF can fail.

## Reported wills are often unused



## **What are some relevant comparisons to similar fundraising approaches? How do they work?**

### **WILL WRITING GUIDE**

One of our staff wrote up will-writing guide which was not promoted that much. It had a few positive comments, but we don't know whether anybody implemented it. If we were to pursue this further, we would try to promote it on GiveWell's website, as well as direct charities and Life You Can Save, all of which have much higher traffic.

### **SAVE MORE TOMORROW**

Save for Tomorrow, Tomorrow is a program where people sign up to commit a percentage of their future raises to savings, which will be automatically deducted. Of those asked there was a 10-50% sign up rate. Another piece of data is that the dropout rate for Save More Tomorrow was around 10% over four years.

It is similar to writing a will because it involves some intimidating paperwork and is committing to do something more difficult in the future. A big difference between it and putting a charity in your will is that it is self-interested rather than altruistic. This probably makes a difference in interest levels. It is not perfectly analogous, but it still narrows down my confidence range, especially given that we wouldn't be cold-asking, but asking people who've been giving regularly for a long period already.

## **What types/sizes of organizations is this toe of fundraising best for?**

This is best suited for charities who have been around for a long time and have a substantial donor base who have been giving regularly over a long period of time. As I have mentioned earlier, asking somebody to donate in their will when they haven't developed a trusting and long-term relationship with you would be like asking somebody to marry you on the second date. It's a sensitive issue and should not be pushed upon people. This would not fit for Charity Science's current donor base, but it could fit for the EA movement, GiveWell supporters, LYCS supporters, and direct charities.

## How common is this type of fundraising, in nonprofits generally and in similar nonprofits (global health)?

LF is incredibly common. Depending on the source, people have said up to 30% of donations among private individuals come from wills. It is also something that can be done with relatively little set up cost, and very low maintenance costs, so it is particularly high value per time invested.

## How one would run a minimum cost experiment in this area?

There are two general areas of approach. There is how we make putting a charity in people's wills easier, then there's how we go about promoting it.

### **MAKING IT EASIER - APPROACH #1 - PDF**

Use the will-writing guide already written. This has the advantage of being the lowest cost approach. It has the disadvantage of being less easy and being more intimidating than alternatives.

### **MAKING IT EASIER - APPROACH #2 - INTERACTIVE GUIDE**

One approach I have seen done well is by PETA. You can see their system [here](#). They ask you a question per page, with minimal text, clear language, and once you select a response, it takes you to the next question. At the end of the session they tell you exactly what to do. This seems very non-intimidating, paperwork-wise, as there is only a single paragraph or two on each page, rather than pages and pages of text. It also seems very easy to integrate with websites.

### **MAKING IT EASIER - APPROACH #3 - LAWYER**

One strategy to make writing a will easier that charities use is hiring a lawyer or getting a lawyer to volunteer, who, upon request, comes to donors houses and helps them write their will. Unfortunately, our supporters are not location dependent, so unlike charities serving a local community supported by locals, this strategy would be very difficult to implement. It is also much more expensive to hire a lawyer, or resource intensive to find lawyers willing to volunteer their time. On top of that, this seems like the most intrusive sort of LF, which could make a lot of people uncomfortable, which we do not want.

### **PROMOTION - APPROACH #1 -EA FOCUS**

We could promote it through the usual EA channels - the forum, Facebook group, LessWrong, etc. This has the benefit of being easy and free. It is less promising because most of the EA

movement is in their 20s, so it would take about 60 years for this strategy to show any returns. It would be rather unfortunate to not know whether this project has worked until 2075. In that time, many EAs will value drift and we could possibly not value the charities that they committed to in 60 years ourselves. A lot can change in 60 years.

## **PROMOTION - APPROACH #2 -BIG CHARITIES**

We could ask GiveWell, the Life You Can Save, and the direct charities to put our will-writing guide on their donation pages or somewhere on their website. Most large charities have this on their donation page, and it is one of the least pushy ways of getting the message out to many people, while it still being very low cost. It is in the benefit of these charities because we would do all of the work and set it up so that it defaults to the charities of their choice.

One of the advantages of this approach is that these charities have much bigger followings (tens of millions of dollars move through them each year), they have older demographics, and they have long-term supporters. In 2012 GiveWell had around 3,800 supporters, 2% of them over 70 years old.

One disadvantage is that these charities might not want to use our service. One way we could overcome this disadvantage is to send a poll around the EA movement asking, "If you were to set up a really easy 'put us in your will' thing on your donate page, we'd sign up.". If we sent this poll to them it would bolster our case that it would be used and appreciated.

## **Best suggested way to run an experiment**

If we want our experiment to have a decent likelihood of success, we should set up the interactive will writing guide, send around a poll to the EA movement getting some convincing numbers that people would use it, then ask the big charities whether they would like to use our easy system on their website, ideally on their donate page.

## **Estimated potential for interactive will writing guide**

### **COST ESTIMATES**

- ❖ **Research.** Optimistic: 5 hours. Pessimistic: 80 hours Best guess: 40 hours. (We could get lawyer friends to volunteer and one of our staff previously did research on it.)
- ❖ **Make interactive guide (technical side and writing).** Optimistic: 2 hours. Pessimistic: 50 hours. Best guess 10 hours.
- ❖ **Correspondence with LYCS and GW.** Optimistic: 5 hours. Pessimistic: 50 hours. Best guess: 10 hours.

- ❖ \$0 in monetary costs
- ❖ Staff paid on average \$12/hour
- ❖ **Best guess total** =  $(40+10+10)*12 = \$720$
- ❖ **Optimistic total** =  $(5+2+5)*12 = \$144$
- ❖ **Pessimistic total** =  $(80+50+50)*12 = \$2,160$

## BENEFIT ESTIMATES

- ❖ **Percentage of donors over 70.** Optimistic: 5%. Pessimistic: 1%. Best guess: 3%
- ❖ **Percentage of donors over 70 who see that you can donate in your will.** Optimistic: 20%. Pessimistic: 0.1%. Best guess: 8%
- ❖ **Percentage of donors over 70 who implement putting a charity in their will.** Optimistic: 10%. Pessimistic: 0.05%. Best guess: 0.1%
- ❖ **Percentage of donors 70+ who keep GW on will until they pass away.** Optimistic: 90%. Pessimistic: 30%. Best guess: 60%.
- ❖ **Percentage of donors 70+ whose wills are followed (ie. Probated).** Optimistic: 70%. Pessimistic: 30%. Best guess: 38%
- ❖ **Percentage of donors under 70.** Optimistic: 95%. Pessimistic: 99%. Best guess: 97%.
- ❖ **Number of donors under 70 who see that you can donate your will.** Optimistic: 20%. Pessimistic: 0.1%. Best guess: 10%
- ❖ **Percentage of donors under 70 who implement.** Optimistic: 10%. Pessimistic: 0.05%. Best guess: 0.1%
- ❖ **Percentage of donors <70 who keep GW on will until they pass away.** Optimistic: 90%. Pessimistic: 10%. Best guess: 50%
- ❖ **Percentage of donors <70 whose wills are followed (ie. Probated).** Optimistic: 70%. Pessimistic: 30%. Best guess: 38%
- ❖ **Average amount donated.** Optimistic: \$60,000. Pessimistic: \$30,000. Best guess: \$35,000
- ❖ **Percentage of people who see that you can give your will.** Optimistic: 10%. Pessimistic: 0.1%. Best guess: 3%
- ❖ **How many people the message will be sent out to.** Optimistic: GW+LYCS full people + new people who've joined -  $3,800*2+20,000 = 27,600$ . Pessimistic: Just LYCS and it has way smaller list than expected = 5,000. Best guess: LYCS 20,000

## Calculation written form

### TOTAL

- ❖ Key: the asterisk (\*) means “multiplied by” or “times”
- ❖  $[(\text{number of 70+ who implement}) + (\text{number of <70 who implement})] * (\text{average amount people donate})$



- ❖ Number of 70+ who implement
  - ❖ (total number of people sent)\*(percentage of people sent who are 70+ year olds)\*(% 70+year olds see)\*(% of 70+year olds implement)\*(% of donors 70+ who keep GW on will until they pass away)\*(% of donors 70+ whose wills are followed)
- ❖ Number of <70 who implement
  - ❖ (total number of people sent)\*(% of people sent who are <70 year olds)\*(% <70 olds see)\*( <70 year olds implement)\*(% of donors <70 who keep GW on will until they pass away)\* (% of donors <70 whose wills are followed)

### **OPTIMISTIC**

$((27,600*0.05*0.2*0.1*0.9*0.7)+(27,600*0.95*0.2*0.1*0.9*0.7))*60,000 = \$20,865,600$ . That's 496 people follow through at an average of \$60,000 per donation.

### **PESSIMISTIC**

$((5,000*0.01*0.001*0.0005*0.3*0.3)+(5,000*0.99*0.001*0.0005*0.1*0.3))*30,000 = \$2.30$ . That's 0 people follow through at an average of \$30,000 per donation.

### **BEST GUESS**

$((20,000*0.03*0.08*0.001*0.6*0.38)+(20,000*0.97*0.1*0.001*0.5*0.38))*35,000 = \$13,284$ . That's 0.37 people following through at an average of \$35,000 per donation.

## **Net raised**

**Pessimistic:**  $2.30-2160 = -\$2,157.70$

**Optimistic:**  $20,865,600-144 = \$20,865,456$

**Best guess:**  $13,284-720 = \$12,564$

## **Fundraising ratio**

**Pessimistic:**  $2.30/2160 = 0.001:1$

**Optimistic:**  $20,865,600/144 = 144,900:1$

**Best guess:**  $13,284/720 = 18:1$

## **General Lesson - Small probabilities don't mean small expected value**

At the beginning of this calculation, I wasn't even sure if I should include younger people in the calculations. After all, there would be a huge dropoff rate over the decades. However, when I did add them, I was surprised to find that, even after a lot of discounting, due to their enormous numbers they dominated the equations. There are just so many of them and the amounts given in LF are so huge, that even if a very small proportion of them follow through, it will be a significant amount. This also happened with my calculations about donor stewardship.

The general lesson to draw from this is that if we are making a big decision about what to do and there is a consideration where the majority of people wouldn't do anything, we should still do a quick calculation to see if the small number of people who follow through add up to something significant.

## **What further research should be done if we were going to run this approach?**

### **WHAT DO WE NOT KNOW**

We do not know whether the big charities will want to give their donors the option to really easily put them in their will.

We do not know many of the legal details on setting up a will. Our staff member who already wrote the guide before knows though. We also have a few friends who are lawyers who could help us substantially.

### **HOW MUCH MORE RESEARCH IT MIGHT TAKE (IF ANY) TO FEEL CONFIDENT?**

Between 5 hours and 80, depending on how much our staff member and lawyer friends already know.

## **Subjective sense**

### **WHAT ARE THE PREDOMINANT CONSIDERATIONS AGAINST DOING THIS SORT OF EXPERIMENT?**

**Long uncertain feedback loops.** It will take a long time to get feedback about whether it works or not. In fact, since wills are written offline for the most part, there will be no way to know if people put us in their wills until the money is given to the charity, or if they tell the charity that they did so. It is not even guaranteed when the person passes away that the

money will be marked as coming from a bequest, so we could never know whether it's working, period.

## **WHAT ARE THE PREDOMINANT CONSIDERATIONS FOR DOING THIS SORT OF EXPERIMENT?**

**Huge Returns for Low Investment.** The amount of money raised by legacies is very high given the amount of investment. On top of this, it is an experiment with a one off cost that would continuously and passively inspire people to put charities in their will, so the costs are low. The more I have learned the less I've been surprised about how it gets such high ratios.

## **HOW DOES IT SEEM FROM THE READING YOU HAVE DONE, PAST EXPERIENCE AND PEOPLE YOU HAVE TALKED TO?**

It seems exceptionally promising, despite slow feedback loops. All of the evidence points to it having a high expected value.

## **References**

1. Best research found on legacy fundraising: <http://www.minimatters.com/planned-giving-marketing-research-words-that-work/>
2. Summary of research showing who to target: <http://www.institute-of-fundraising.org.uk/events-and-training/iofevents/conferences/legacy-fundraising-2012/>
3. More research, predominantly on how to do it as opposed to whether it works or not: <http://sofi.org/article/just-the-facts-on-legacy-giving>
4. Slideshare with lots of statistics and research on legacies: <http://www.minimatters.com/planned-giving-marketing-research-words-that-work/>
5. Links to AFP reports: <http://www.afpnet.org/Audiences/ReportsResearchList.cfm>
6. Study: [http://www.afpnet.org/files/contentdocuments/sargeant\\_final\\_report.pdf](http://www.afpnet.org/files/contentdocuments/sargeant_final_report.pdf)
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