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Keep Asking: Fundraising Tips for Nonprofits in an Economic Downturn

Pentera interviewed Davida G. Isaacson, planned-giving consultant, Myerberg Shain & Associates

With record numbers at food distribution centers, shelters, and other service facilities, the services of nonprofit organizations are needed as much as ever in this tough economy.

But how does a nonprofit itself get through this difficult economic climate? asked Claudine A. Donikian, JD, MBA, vice president of marketing, Pentera, Inc., a leading planned giving marketing communications and publishing company. Communicate with your donors, according to Davida G. Isaacson of Myerberg Shain & Associates, planned-giving, endowment, and fundraising consultants in New York City.

“In this kind of economy, the most common mistake that nonprofits make is ignoring their major donors,” Ms. Isaacson said. “Donors want to know that your organization is doing OK; they don’t give money to organizations that aren’t. Conversely, you need to send a message of compassion and hope to your donors by asking if *they’re* OK.”

Instead of cutting back on marketing efforts to save money, she recommends maintaining the same level but tweaking the message to reflect current realities. In this economic downturn, it’s more important than ever for nonprofits to make wise use of their limited resources.

Given the stock market turbulence and layoffs in the headlines, many organizations are reluctant to ask for money—another mistake.

“For most of your major donors, the current economic woes are a blip on the radar,” Ms. Isaacson noted. “They still have funds. They may not be able to give at the same level, but they will give—if you ask. Never apologize for asking.”

She also recommends promoting alternate gift plans such as planned giving because they utilize long-term assets rather than current income.

“If they’re reluctant to write a check now, it’s a perfect time to talk about a gift by bequest or through a trust,” Ms. Isaacson pointed out. “A healthy endowment can help your organization weather times like these, and those are best built with planned gifts.”

In addition, prospects nervous about their financial health are more open to planned gifts that provide guaranteed income. Some organizations, however, are reluctant to market charitable gift annuities in this economy because of concerns about depleting their reserves.

“If your organization has a solid investment policy and follows state regulations, I would say it is a

good time to market gift annuities,” Ms. Isaacson said. “The gift vehicle is really attractive to donors, especially elderly donors, because of the cash flow it creates.

“Another good planned-giving vehicle for certain donors in these times is the charitable lead trust,” she continued. A donor transfers property to the lead trust, which pays a percentage of the value of the trust assets, usually for a term of years, to the nonprofit. At the end of the trust term, the remaining assets in the trust and any growth it has realized are passed to the donor’s heirs.

“A lead trust can prove special for some donors because the discount rate is so low,” Ms. Isaacson said. “But it only applies to a small group of donors—typically those with a moderate to large estate and assets with growth potential.”

While cash may be in shorter supply these days, Ms. Isaacson predicted that another resource—one that costs nonprofits nothing—could easily increase: volunteers.

“In the recent presidential campaigns, segments of the population were energized like never before, and they were rallying around the ideas of hope and helping other people,” she noted. “If nonprofits can recruit some of those people and translate that same energy to volunteer activities, they could make their limited resources go much, much further.”

The Takeaway

According to planned-giving consultant Davida G. Isaacson, nonprofits can survive tough economic times by

- *Continuing their marketing efforts,*
- *Communicating with their donors,*
- *Promoting planned gifts, and*
- *Continuing to ask for donations.*

Pentera, Inc., is a leading full-service planned giving marketing communications firm and has provided comprehensive programs, including print and Web marketing solutions, to thousands of charities, hospitals, and educational institutions throughout the United States for nearly 35 years.

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Davida G. Isaacson is a principal and senior consultant with Myerberg Shain & Associates. Formerly she served as executive director of the Jewish Community Foundation of MetroWest and is the former director of endowment and planned gifts for WNET/New York. She is a nationally recognized lecturer on major-gift and planned-gift topics and is an adjunct professor at the George H. Heyman, Jr., Center for Philanthropy and Fundraising at New York University. Ms. Isaacson has served on the Board of the National Committee for Planned Giving (now the Partnership for Philanthropic Planning) and headed the Research Committee that conducted a premier study of the motivations of planned-gift donors.