During the 30+ years that I have offered nonprofit fundraising counsel, I have bumped into donors who are confused as to what the difference is between Planned Giving and Legacy Giving. I offer the following in hopes of making an appropriate distinction.

The best definition that I’ve heard for Planned Giving is this: Planned Giving is a vehicle, i.e., a tax-wise means of transferring financial support from a donor to a nonprofit that generally requires a third person to consummate the transaction – a lawyer, broker, life insurance agent or accountant, as examples. A planned gift generally requires the donor to sign a legal instrument (such as a Last Will and Testament, a trust, or a contract) to effectuate the gift. Simply put – a planned gift is a tax-wise financial vehicle.

So what is Legacy Giving?

Within a nonprofit’s strategic plan, annual giving is a fundraising strategy that helps an organization achieve its short-term (one year) goal – like funding a budget. Capital giving is a fundraising strategy that helps an organization achieve its intermediate-term goal (two to five years) – like constructing a building. And legacy giving is a fundraising strategy that helps an organization achieve its long-term goal (five-plus years) – like funding an endowment. Understood this way, annual giving helps nonprofit organizations Go, and capital giving helps them Grow, and Legacy giving helps nonprofits Stay (or Grounds the organization, to carry out the alliteration). Legacy giving, used to help to create endowments, can “institutionalize” programs and offices, and strengthen the underpinnings of the organization to help ensure its future viability.

The same holds true for local churches, large and small. Although planned giving vehicles support annual giving efforts and capital campaigns, it is the most effective means for funding Legacy programs. Why? Because almost 90% of planned gifts come in the form of death-time transfers via Wills and life insurance payouts.

So, the short answer clarification is – Planned giving is a tax-wise vehicle (e.g., a Will, life insurance policy, appreciated stock, real estate, etc.) that supports a charity. And Legacy giving is a fundraising strategy that helps a nonprofit achieve its long-term goals.

In my next few articles, I’ll explain the most popular planned giving vehicles that are used by sophisticated (i.e., tax-wise) donors in hopes that you too will be able to give “More, for Less” – more dollars to a charity, like ECF and your parish, for less cost to you, the donor.

Robert B. Townes IV (he/him) is a past member of the ECF Board of Directors and a communicant of St. Bede's Episcopal Church in Atlanta. He is married to the Rev. Lynnsay Buehler. Rob is the Executive Vice President of Sinclair, Townes & Company, a fundraising consulting firm in Atlanta. Rob has over 35 years of experience in nonprofit service and has provided annual, capital, and legacy giving counsel for numerous philanthropic organizations, including over 50 churches and church-based ministries.

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