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Advanced Skill Certificate in Donor Relations and Fundraising

## Major Gifts and Planned Giving

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### Annual Giving

Related terms: recurring donations, donor retention

Definition: A fundraising strategy that solicits modest, regular contributions (often monthly or yearly) from a broad donor base to provide reliable operating income. Example: A nonprofit asks supporters to set up a \$50 automatic credit-card payment each year, boosting cash flow for program expenses. Practical

application: Use segmented messaging to highlight the impact of each annual gift and automate reminders through donor management software. Challenges: Maintaining donor enthusiasm over time, preventing “donor fatigue,” and ensuring the administrative cost of processing frequent small gifts does not outweigh revenue.

### Asset-Based Fundraising

Related terms: planned giving, capital campaigns

Definition: Soliciting donations that involve the donor’s assets, such as real estate, securities, or business interests, rather than cash. Example: A philanthropist transfers a rental property to a charity, which then sells it to fund a scholarship program. Practical application: Train development staff to recognize asset-rich prospects and collaborate with financial advisors to structure tax-advantaged gifts. Challenges: Complex valuation, legal compliance, and longer decision cycles compared to cash gifts.

### Bequest

Related terms: legacy gift, estate planning

Definition: A provision in a donor’s will that designates a specific amount or asset to be transferred to a nonprofit upon the donor’s death. Example: A donor leaves \$100,000 to a museum in her will, earmarked for a new wing. Practical application: Incorporate bequest language in donor communications and provide sample will clauses to simplify the donor’s process. Challenges: Uncertainty of timing, probate delays, and the need for accurate tracking of promised future assets.

### Charitable Gift Annuity (CGA)

Related terms: income-producing gifts, annuity contracts

Definition: A contract where a donor transfers cash or securities to a charity in exchange for a fixed annuity payment for life, with the remainder benefiting the organization. Example: A retired couple gives \$250,000 to a university and receives a 5% annuity for life, with the residual supporting scholarships. Practical application: Partner with licensed insurance professionals to structure CGAs and educate donors on the tax benefits. Challenges: Regulatory compliance, actuarial calculations, and ensuring the charity’s financial stability to meet annuity obligations.

### Donor Stewardship

Related terms: relationship management, acknowledgement

Definition: The process of nurturing and maintaining donor relationships through communication, recognition, and reporting on impact. Example: Sending a personalized thank-you video and an annual impact report to a major donor who contributed \$250,000. Practical application: Develop a stewardship calendar that aligns touchpoints with donor preferences and major gift milestones. Challenges: Balancing personalization with scalability, avoiding over-communication, and measuring stewardship effectiveness.

Donor-Advised Fund (DAF)

Related terms: grantmaking, philanthropy vehicle

Definition: A separately managed investment account held by a public charity, where donors receive an immediate tax deduction and can recommend grants over time. Example: A donor contributes \$500,000 to a DAF and later directs grants to three environmental NGOs. Practical application: Offer guidance on grant eligibility and impact reporting to encourage strategic use of DAFs. Challenges: Limited control over how quickly funds are disbursed, potential for "donor fatigue" if DAFs are over-promoted, and regulatory scrutiny.

Estate Gift

Related terms: bequest, charitable remainder trust

Definition: A planned donation made through a donor's estate plan, encompassing bequests, charitable trusts, and other asset transfers upon death. Example: A philanthropist includes a charitable remainder trust in her estate, providing annual income to her family and a remainder to a hospital. Practical application: Conduct estate planning workshops with legal partners to identify opportunities for legacy gifts. Challenges: Complex tax implications, lengthy execution timelines, and the need for precise documentation.

Gift Acceptance Policy

Related terms: risk management, due diligence

Definition: A set of guidelines that outlines the types of gifts an organization will accept, including conditions, restrictions, and procedures for evaluation. Example: A museum's policy excludes gifts that impose political endorsements or compromise curatorial independence. Practical application: Review the policy annually with legal counsel to reflect changes in regulations and organizational capacity. Challenges: Balancing donor generosity with mission integrity and managing potential reputational risks.

Gift Annuity

Related terms: charitable annuity, income stream

Definition: A financial arrangement where a donor receives a fixed annuity payment for life in exchange for a charitable contribution, similar to a CGA but often less regulated. Example: A donor gives \$150,000 to a church and receives a 4% annuity, with the remainder supporting community programs. Practical application: Ensure clear communication of annuity terms and tax benefits to donors. Challenges: Legal compliance varies by jurisdiction, and donor understanding of the product may be limited.

Gift Matching

Related terms: challenge grant, employer match

Definition: A program where an organization or employer matches donor contributions dollar-for-dollar up to a specified limit, amplifying the impact of each gift. Example: A corporation matches employee donations up to \$5,000 per year, doubling the total raised for a literacy campaign. Practical application: Promote matching opportunities in appeals and provide easy tracking tools for donors. Challenges: Coordinating with corporate partners, managing matching caps, and ensuring timely verification of matches.

#### Gift Restriction

Related terms: designated gift, donor intent

Definition: A condition placed by the donor specifying how a gift must be used, such as for a particular program, capital project, or time period. Example: A donor restricts a \$200,000 gift to fund only the construction of a new research lab. Practical application: Record restrictions in the donor database and monitor compliance through regular reporting. Challenges: Balancing restricted and unrestricted funds, and potential constraints on organizational flexibility.

#### Gift Solicitation

Related terms: ask strategy, prospect research

Definition: The act of requesting a donation from a potential or existing donor, tailored to the donor's capacity, interests, and relationship stage. Example: A development officer presents a \$250,000 capital campaign proposal to a foundation after thorough research. Practical application: Use a structured ask framework (e.g., "Ask-Tell-Ask") to guide conversations. Challenges: Timing the ask appropriately, handling donor objections, and aligning the ask with the donor's philanthropic goals.

#### Gift Stewardship

Related terms: donor appreciation, impact reporting

Definition: Ongoing activities that recognize, thank, and keep donors informed about the outcomes of their contributions. Example: Sending a personalized anniversary card to a donor who made a major gift three years ago. Practical application: Integrate stewardship actions into a CRM workflow to ensure timely follow-up. Challenges: Maintaining personalization at scale and measuring the ROI of stewardship efforts.

#### Gift Timing

Related terms: cash flow planning, fiscal year

Definition: The strategic consideration of when to request and receive gifts to align with organizational budgeting, tax cycles, and donor giving patterns. Example: Soliciting major gifts before the end of the donor's fiscal year to maximize tax deductions. Practical application: Map donor giving calendars and coordinate campaign launches accordingly. Challenges: Predicting donor readiness and managing cash-flow volatility.

#### Gift-In-Kind (GIK)

Related terms: non-cash donation, in-kind contribution

Definition: A donation of goods or services rather than cash, such as equipment, real estate, or professional

expertise. Example: A law firm provides pro-bono legal services valued at \$75,000 to a nonprofit. Practical application: Assess the market value of GIKs and document them for tax receipt purposes. Challenges: Valuation difficulties, storage or maintenance costs, and potential liability issues.

### Impact Reporting

Related terms: outcome measurement, donor communication

Definition: The process of communicating the results and societal changes achieved through donor contributions. Example: An annual report showing how a \$1 million endowment funded 50 scholarships over five years. Practical application: Use data visualization tools to present impact metrics clearly to donors. Challenges: Collecting reliable data, attributing outcomes directly to specific gifts, and avoiding “impact fatigue” among donors.

### Incentive Gift

Related terms: recognition, donor honor

Definition: A reward or acknowledgment given to donors (often in the form of naming opportunities or events) to encourage larger or repeat contributions. Example: Naming a lecture hall after a donor who contributes \$500,000. Practical application: Develop tiered incentive structures aligned with fundraising goals. Challenges: Ensuring incentives do not appear transactional and maintaining equity among donors.

### Interest-Bearing Gift

Related terms: endowment, income-producing donation

Definition: A donation placed in an investment vehicle that generates ongoing income for the organization while preserving the principal. Example: A \$2 million endowment yielding 4% annually to fund a research program. Practical application: Establish clear spending policies (e.G., 4-5% Of market value) to sustain the gift. Challenges: Market volatility, inflation erosion, and donor expectations for immediate impact.

### Legacy Society

Related terms: planned giving, donor recognition

Definition: A program that honors donors who have included the organization in their estate plans, often offering special communications and events. Example: A university’s “Friends of the Future” society invites bequest donors to an annual gala. Practical application: Provide legacy societies with exclusive updates on long-term projects. Challenges: Keeping members engaged without direct financial contributions and measuring the program’s influence on actual bequests.

### Matching Gift

Related terms: challenge grant, employer match

Definition: A donation made by a third party (often an employer) that matches the donor’s contribution, effectively doubling the impact. Example: A company matches employee donations to a charity up to \$2,000 per employee per year. Practical application: Offer easy online tools for donors to claim matches. Challenges: Verifying eligibility, managing multiple corporate partners, and handling delayed match processing.

## Major Gift

Related terms: capital campaign, donor cultivation

Definition: A significant donation, typically defined by the organization's fundraising thresholds (often \$10,000 or higher), that can fund programs, capital projects, or endowments. Example: A philanthropist gifts \$1 million to establish a new research institute. Practical application: Assign a dedicated major-gift officer to build deep relationships with high-capacity prospects. Challenges: Long sales cycles, complex negotiations, and donor fatigue among high-net-worth individuals.

## Major-Gift Officer (MGO)

Related terms: relationship manager, prospect research

Definition: A fundraising professional tasked with identifying, cultivating, soliciting, and stewarding major donors. Example: An MGO spends 60% of their time meeting with prospective donors and 30% on proposal development. Practical application: Provide MGOs with robust data analytics and training on donor psychology. Challenges: Balancing a limited portfolio of prospects with ambitious revenue goals and managing high-stakes negotiations.

## Multi-Year Gift

Related terms: installment donation, pledge agreement

Definition: A commitment to give a specified amount over several years, often structured as annual installments. Example: A donor pledges \$250,000 to be paid in equal \$50,000 installments over five years. Practical application: Record each installment as a separate revenue line for accurate budgeting. Challenges: Ensuring donor follow-through, handling changes in donor circumstances, and aligning multi-year cash flow with program timelines.

## Planned Giving

Related terms: legacy, estate planning

Definition: A suite of philanthropic options that allow donors to arrange gifts that will be realized in the future, often through wills, trusts, or retirement assets. Example: A donor designates a portion of their retirement account to a charity via a charitable remainder trust. Practical application: Offer educational seminars on tax-advantaged giving vehicles. Challenges: Long lead times, complex legal structures, and the need for specialized staff expertise.

## Planned Giving Counselor

Related terms: financial advisor, donor education

Definition: A professional who assists donors in structuring future gifts, ensuring alignment with financial goals and charitable intentions. Example: A counselor helps a client set up a charitable lead trust that benefits a university for ten years. Practical application: Build referral networks with estate attorneys and wealth managers. Challenges: Maintaining regulatory compliance, managing conflicts of interest, and communicating long-term benefits to donors.

## Planned Gift

Related terms: charitable trust, bequest

Definition: Any donation arranged to be realized after the donor's death or at a future date, including bequests, charitable remainder trusts, and life-income gifts. Example: A donor creates a charitable remainder annuity trust that provides them income for life, then transfers the remainder to a museum.

Practical application: Provide clear documentation and tax receipt for each planned gift type. Challenges: Complex tax implications, donor uncertainty about future financial circumstances, and the need for long-term organizational capacity.

#### Prospect Research

Related terms: wealth screening, donor intelligence

Definition: The systematic gathering and analysis of information about potential donors to assess capacity, affinity, and likelihood to give. Example: Using a wealth-screening service to identify a local business owner with a \$5 million net worth. Practical application: Integrate research findings into a donor relationship management system for targeted outreach. Challenges: Data accuracy, privacy concerns, and avoiding over-reliance on financial metrics without considering philanthropic motivations.

#### Recognition Society

Related terms: donor honor, naming rights

Definition: An exclusive group that acknowledges donors who have contributed above a certain threshold, often with special benefits and public acknowledgment. Example: A museum's "Patrons Circle" recognizes donors who give \$250,000 or more with a plaque and private tours. Practical application: Create tiered societies that correspond to different gift levels. Challenges: Managing donor expectations for exclusivity and ensuring the society's benefits align with the organization's mission.

#### Restricted Gift

Related terms: designated donation, donor intent

Definition: A contribution that the donor earmarks for a specific purpose, program, or time frame, limiting the organization's discretion on its use. Example: A donor specifies that a \$100,000 gift must fund only the youth outreach program for the next two years. Practical application: Track restricted funds separately in accounting software and report back to donors on usage. Challenges: Balancing restricted and unrestricted cash flow, and potential impact on flexibility for emerging needs.

#### Revenue Forecasting

Related terms: budget planning, cash flow analysis

Definition: The process of projecting future donation income based on historical data, donor pipelines, and economic trends. Example: Using a statistical model to predict a 12% increase in major gifts for the upcoming fiscal year. Practical application: Align fundraising targets with program budgets to ensure financial sustainability. Challenges: Accounting for unpredictable donor behavior, external economic shocks, and changes in tax policy.

#### Risk Management (Fundraising)

Related terms: gift acceptance, compliance

Definition: Identifying, assessing, and mitigating potential threats to the organization's financial health and reputation related to fundraising activities. Example: Conducting due-diligence on a large corporate donation to ensure no conflict of interest. Practical application: Develop a risk-assessment matrix for each major gift prospect. Challenges: Balancing risk aversion with the need for high-value gifts and staying current with evolving regulations.

### Segmented Appeal

Related terms: targeted messaging, donor segmentation

Definition: Tailoring fundraising communications to distinct donor groups based on factors like giving history, capacity, and interests. Example: Sending a personalized letter to mid-level donors highlighting a new program that aligns with their past interests. Practical application: Use CRM analytics to create segments and automate customized outreach. Challenges: Maintaining accurate segmentation data and avoiding over-generalization that dilutes personalization.

### Senior Donor

Related terms: legacy gift, planned giving

Definition: An older individual, typically over 60, who has significant wealth and a heightened interest in estate planning and legacy creation. Example: A retired executive who establishes a charitable remainder trust to support a health clinic. Practical application: Offer one-on-one meetings focused on legacy goals and tax benefits. Challenges: Addressing health-related concerns, ensuring the donor's wishes are respected over time, and navigating inter-generational family dynamics.

### Stewardship Plan

Related terms: donor engagement, impact reporting

Definition: A strategic roadmap outlining how an organization will maintain and deepen relationships with donors after a gift is received. Example: A five-year stewardship plan that includes annual impact reports, site visits, and exclusive events for major donors. Practical application: Assign stewardship responsibilities to specific staff members and monitor adherence. Challenges: Coordinating across departments, measuring intangible benefits, and adapting the plan as donor preferences evolve.

### Strategic Fundraising

Related terms: campaign planning, mission alignment

Definition: An approach that aligns fundraising initiatives with the organization's long-term strategic goals, ensuring resources are directed where they have the greatest impact. Example: Launching a capital campaign to build a new research facility that supports the nonprofit's five-year strategic plan. Practical application: Conduct a SWOT analysis to identify fundraising priorities. Challenges: Balancing short-term cash needs with long-term strategic investments and securing board buy-in.

### Tax-Deductible Gift

Related terms: charitable contribution, IRS regulations

Definition: A donation that qualifies for a deduction on the donor's tax return, subject to IRS rules and contribution limits. Example: A donor claims a \$20,000 cash donation on Schedule A, reducing taxable income. Practical application: Provide donors with accurate receipts that include the organization's EIN and a description of the gift. Challenges: Staying current with changing tax laws and ensuring proper documentation for large gifts.

#### Unrestricted Gift

Related terms: general operating support, flexible funding

Definition: A donation without donor-imposed constraints, allowing the organization to allocate funds where they are most needed. Example: A \$50,000 unrestricted gift used to cover staff salaries and program overhead. Practical application: Highlight the importance of unrestricted gifts in donor communications to emphasize operational stability. Challenges: Convincing donors of the value of unrestricted giving when they prefer visible, program-specific outcomes.

#### Volunteer Gift

Related terms: in-kind donation, service contribution

Definition: The donation of time, expertise, or professional services rather than monetary funds. Example: An accountant provides pro-bono bookkeeping services valued at \$10,000. Practical application: Recognize volunteer gifts with certificates and public acknowledgment. Challenges: Valuing volunteer time accurately and managing liability for professional services.

#### Wealth Screening

Related terms: prospect research, donor capacity

Definition: A process that uses publicly available financial data to estimate a household's giving capacity. Example: Using a wealth-screening tool to identify a potential donor with an estimated net worth of \$8 million. Practical application: Prioritize outreach to high-capacity prospects identified through screening. Challenges: Data privacy concerns, potential inaccuracies, and the risk of focusing solely on wealth without assessing philanthropic interest.

#### Yield (Investment Return)

Related terms: interest-bearing gift, endowment performance

Definition: The annual percentage return generated by an investment, often used to assess the sustainability of endowment or income-producing gifts. Example: An endowment achieving a 5% yield produces \$100,000 in annual operating support. Practical application: Set realistic yield expectations based on asset allocation and market conditions. Challenges: Market volatility, inflation pressure, and donor expectations for stable returns.

#### Zero-Based Budgeting (Fundraising)

Related terms: financial planning, expense analysis

Definition: A budgeting method where each expense must be justified for each new period, starting from a "zero" base rather than building on previous budgets. Example: A development department re-evaluates all

major-gift staff salaries and travel costs before the new fiscal year. Practical application: Use zero-based budgeting to identify inefficiencies and reallocate resources to high-impact activities. Challenges: Time-intensive process and potential resistance from staff accustomed to incremental budgeting.