



Phillips & Associates



“Just a Thought...for our friends engaged in philanthropy by profession or as volunteers.”

Gary Phillips
Chairman

Encouraging Cash Endowment Gifts

Most if not all charitable institutions strive to build-up cash in their endowment in order to establish a reliable source of predictable income. Most, but fortunately not all major donors are increasingly reluctant to donate cash for endowment which will only enable their recipient charity to spend roughly 5% per year, e.g. \$1 million cash gift yielding \$50,000 per year. Often heard from potential donors: *“I’ll keep the principal and donate the interest annually!”*

A key concern is that in order to make financial commitments which affect peoples' lives -- student financial aid recipients, faculty appointees, scientific researchers, youth programs -- a prudent institution needs to have a secure source of reliable income in order to make such term commitments.

Here are some suggestions to help persuade a donor questioning whether or not to keep his/her principle and donate the interest.

Value Added: Donors are often persuaded to make a gift to endowment if the institution can clearly articulate what can be done better, or more of, or eliminate the risk of losing as a result of increased endowment; with emphasis placed on people served and helped.

Identifying End-Use: Donors should be encouraged to give from the sense of urgency identified through the institution’s intended end-use for their endowment gifts as contrasted with simply general, unrestricted use; again with emphasis on people who will benefit and be aided.

Naming Opportunities: In my years in philanthropy I have met very few anonymous donors. Most people like to have their names associated with worthwhile, highly-regarded institutions. Endowed funds named to honor donors should be established based on sound financial policies and practices.

Term Endowment: For a description of this technique to encourage cash gifts to endowment you can view our previous monograph: *“Another Look at Endowment”* at:
<http://www.phillipsontheweb.com/monographs/AnotherLookAtEndowment.html>

How are you marketing your organization’s need for endowment?