

## Resource Guide:

### Annuity Gift Revenue Potential Worksheet\*

This Resource Guide provides a simplified calculator to help you better understand the value of the charitable gift annuity potential that exists in your constituent relationship management database (CRM). Using your Target Analytics project results for Annuity Likelihood you can calculate that potential.

Annuity Likelihood scores (AL) can be interpreted as a propensity - or interest – in charitable gift annuity agreements (CGA) that benefit your organization. It doesn't include an individual's capacity for the gift. Each individual submitted for analysis received a score for their likelihood to make an annuity gift ranging from 0-1000. Simply stated, ***the higher the score the more likely the person is sign a CGA agreement.***

Your project results were returned in flat-file format for import back into your constituent relationship management (CRM) database. If you're a ResearchPoint client, we imported your modeling results into ResearchPoint on your behalf.

We recommended that you utilize these scores in buckets - or ranges - as reflected in this chart:

Score Description	Minimum	Maximum
Excellent	901	1000
Very Good	801	900
Good	701	800
Average	501	700
Lower Scoring	0	500

Generally speaking, an individual with a score of 901 or higher is an **Excellent** prospect for a CGA - 801-900 represents **Very Good** prospects - 701-800 represents **Good** prospects - and 501-700 represents **Average** prospects. Generally, we don't recommend prioritizing prospects with scores 500 or lower. It's our recommendation that you begin your CGA efforts with prospects that have AL scores of 701-1000. This may account for around 8-15% of your database on average.

### Finding Your Best CGA Prospects in Your CRM and ResearchPoint

Once your returned results have been uploaded to your CRM, you can use the query function to group records with the highest likelihood scores – alternately you can query in ResearchPoint on the same criteria if you have a subscription to that software. ***Create this query to determine the number of records considered your best prospects for CGAs: Annuity Likelihood is between 701 and 1000***

You have now obtained the number of CGA prospects you will use to determine **CGA gift potential** in the worksheet on the next page. ***This worksheet requires that you open the embedded spreadsheet and enter the number you've discovered above.*** The CGA revenue potential you have in your database will then self-calculate!

## Charitable Gift Annuity Revenue Potential Worksheet & Explanations

Line	Item	Result
1	# of Identified Prospects w/ scores AL 701-1000	5,752
2	# of Current Potential Annuity Gift Donors	575
3	Assumed Average Charitable Gift Annuity Amount	\$ 10,000
4	Potential CGA Gift Commitments	\$ 5,752,000
5	Assumed Residuum Percentage Received by Organization	81%
6	Potential CGA Revenue from Current Prospect Pool	\$ 4,889,200
7	1% of Potential CGA Gift Commitments	\$ 57,520
8	3% of Potential CGA Gift Commitments	\$ 172,560

**Line 1:** Right-click on the Yellow Cell in the Above Chart and Enter the total number of records with AL scores between 701-1000 from your Target Analytics project. (Note: some computers have a lag-time from double-clicking the cell until it opens). Your entire database was screened for each individual's likelihood to give a gift through a CGA. **You must enter this starting number into the Worksheet.** (Note: all other lines will auto-calculate.)

**Line 2: # of Current Potential Annuity Gift Donors.** It's estimated that around 8.3% of adults in the U.S. age 65+ have a CGA. Other research indicates that > 50% of charities that offer gift annuities allow people age 60+ to contract for a CGA. This line assumes that 10% of your identified prospects will ultimately benefit your organization through a CGA. (Line 1 x 10% = # of Current Potential Annuity Gift Donors)

**NOTE on Line 2:** If you track ages in your CRM you might choose to replace Line 2 with the actual number of Current Potential Annuity Gift Donors that have been identified by your Target Analytics project. Use this query to find that number: *Annuity Likelihood is between 701 and 1000 AND Age is greater than 59.*

**Lines 3 & 4: Assumed Average Charitable Gift Annuity Amount and Potential CGA Gift Commitments** Two out of three organizations say they offer gift annuities at a required minimum of \$10,000. This line assumes that all CGAs will be \$10,000. The result is the gross potential charitable gift annuity face-value commitment amount at the low-end. Of course, this does not consider the growth of your donor base with CGA gift commitments over time. Nor does it consider that your average CGA amount may be higher than \$10,000. (Line 2 x \$10,000 = Potential CGA Gift Commitments)

**NOTE on Line 3:** If your minimum CGA contract amount is higher or lower than the Assumed Average Charitable Gift Annuity Amount of \$10,000, you may choose to replace Line 3 with your custom amount.

**Lines 5 & 6: Assumed Residuum Percentage Received by Organization and Potential CGA Revenue from Current Prospect Pool.** American Council of Gift Annuity suggested rates are designed to result in a residuum of at least 50% at the termination of the CGA contract. According to their survey, the average (mean) residuum realized by charities is near 81% of the original contribution. (Line 4 x 81% = Potential CGA Revenue from Current Prospect Pool)

**NOTE on Line 5:** If you know your organization's average residuum percentage calculated over the past 3-5 years, you may choose to replace Line 5 with your custom percentage.

**Lines 7 & 8: Create a Work-plan that Seeks to Garner 1-3% of Potential CGA Commitments Annually.** *While this worksheet does not guarantee CGA commitments to your organization, it provides an indication of potential face-value commitments and potential CGA revenue through an active, consistent and increasingly sophisticated fundraising effort focused on deferred gifts.* A reasonable annual goal might be to work toward closing new CGA gift commitments that represent 1-3% of potential CGA gift commitments. (Line 4 x 1% = 1% of Low-end Potential CGA Commitments / Line 4 x 3% = 3% of Low-end Potential CGA Commitments)

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\*This worksheet was adapted from a formula originally developed by Michael J. Rosen, CFRE, in his book, *Donor-Centered Planned Gift Marketing*.