

Professor Russell James  
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How to have wealth  
conversations that inspire major  
gifts of assets

The science,  
the sentences  
and the story



# The Secret to Fundraising Math

Gifts of Wealth Not Disposable Income

Professor Russell James  
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The secret  
Major gifts are  
gifts of wealth,  
not disposable  
income





Wealth is  
not income

- Wealth doesn't come from a paycheck
- Wealth comes from owning assets that go up in value

# Wealth is appreciated assets

Buy assets with inheritance, borrowings, or savings from income

1. Pick the right assets (risk)
2. Use personal effort to increase asset value (work)





# Gates, Buffet, and your neighbor

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Wealth comes from owning  
assets that go up in value

- Pick the right assets (risk)
- Use personal effort to  
increase asset value (work)



# Guess the answer!

**According to Census data, what percentage of financial assets (not real estate) are held in cash, checking accounts, money market accounts and similar accounts?**

**A) 3%**

**B) 10%**

**C) 15%**

**D) 25%**

**E) 33%**

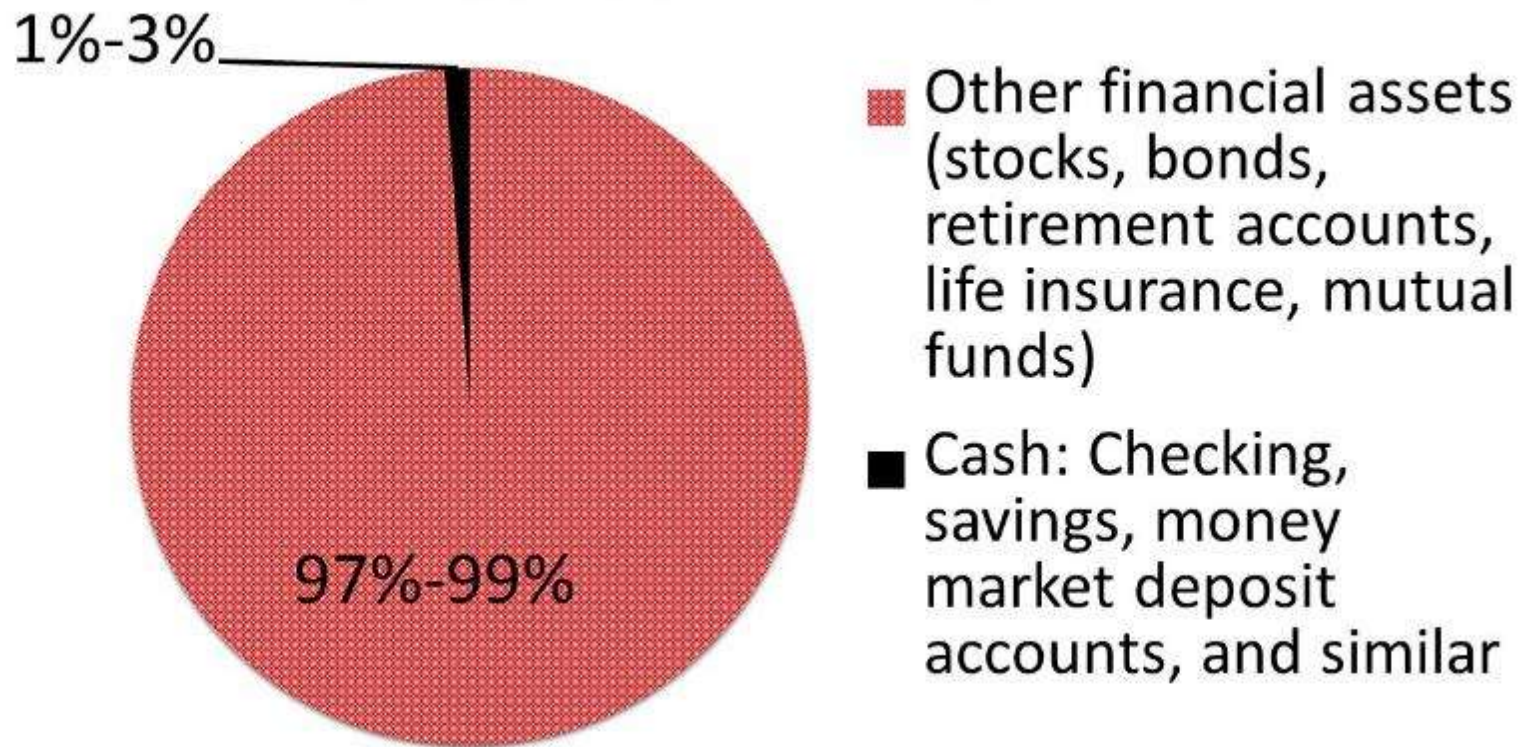




# Wealth is a different money category

## Financial assets held by families (U.S. Census 2017)

<https://www2.census.gov/programs-surveys/demo/tables/wealth/2013/wealth-asset-ownership/wealth-tables-2013.xlsx>



- The story of wealth is the story of appreciated assets
- Less than 3% of household wealth is held in cash or checking accounts



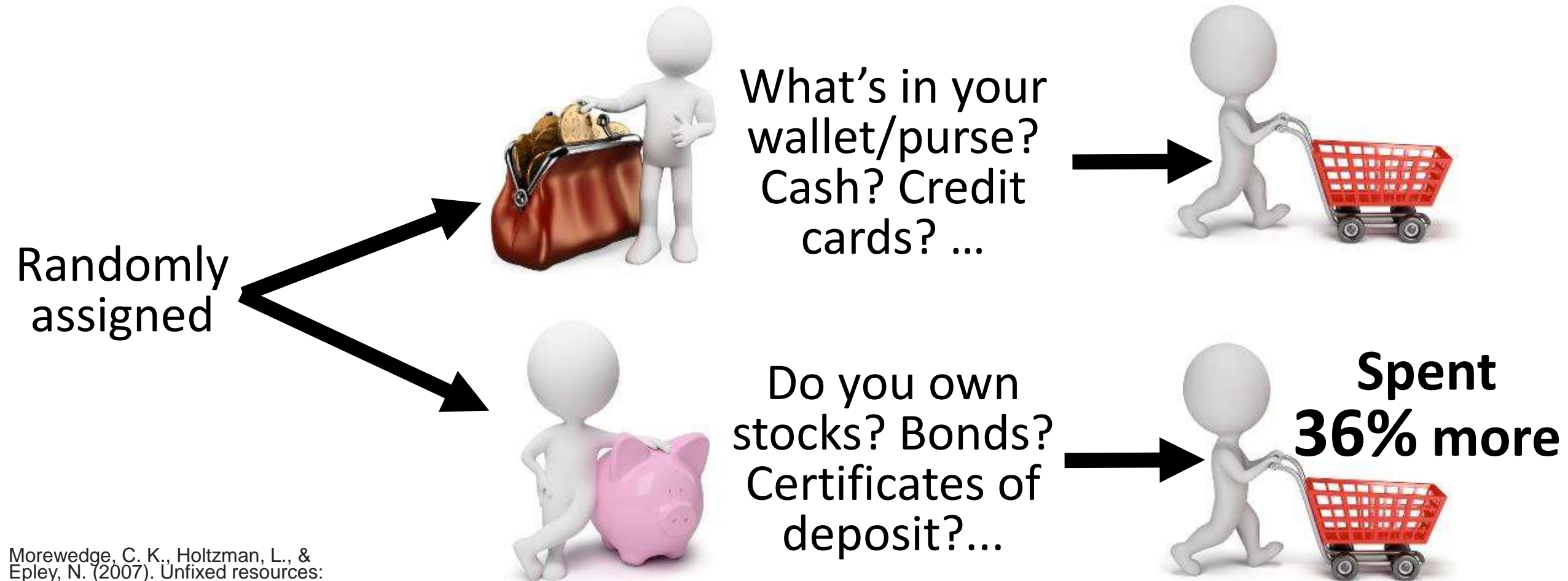


Gift size is  
relative to the  
money category

- Asking for cash is asking from the small bucket
- Asking for appreciated assets is asking from the big bucket
- Large gifts are made possible by large reference points

# Money categories change behavior

Shoppers entering Broadway Market in Cambridge, MA





# Money categories change current donations

- A small ask from a small category works
- A big ask from a small category does not work
- A big ask from a big category works



# Big gifts need big reference points

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Using \$1/\$4/\$7 a day vs.  
\$350/\$1,400/\$2,500 a year

- For the smallest ask, the daily amount worked better
- But for anything over \$1,000, the result reversed
- The “pennies a day” story worked, but only for pennies





## A small reference point makes future gifts small

- People had a gift made on their behalf either as a single lump sum or broken into small daily amounts
- Later, people with prior gifting broken into small amounts gave a third less





## Reframing to a BIG reference point

- People with prior gifts on their behalf broken into small amounts then gave a third less
- Why? The reference point felt smaller
- Solution: Showing the total of prior gifts before making the ask increased donations almost 50%

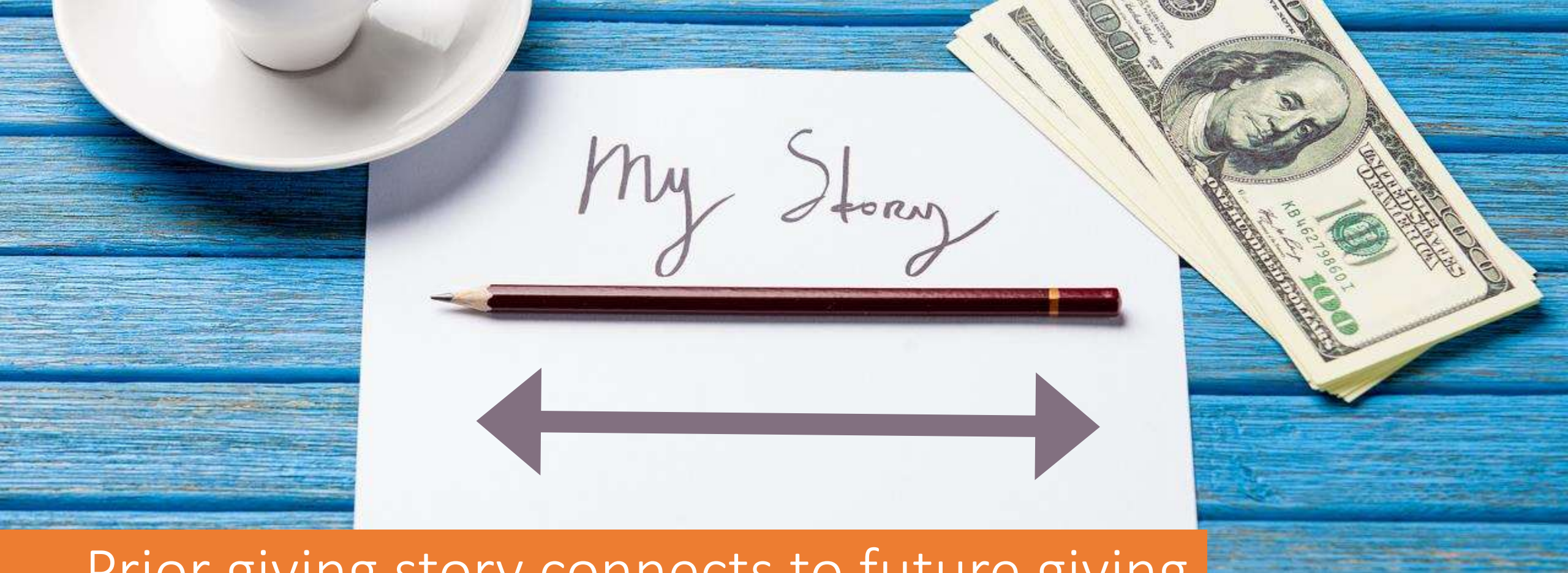


## Another experiment: Same result

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- When their prior gifts were described in total terms, people gave more
- If described in monthly terms, they gave less





## Prior giving story connects to future giving

- Describing past giving as several small gifts is one story
- Describing it as a single large total is a different story
- Changing the story changes the reference point and the behavior



# Best performing headline

[6 mailings, 50,000 people]

“CAMPAIGN DONOR FOR  
\_\_\_\_ YEARS

Your most generous gift  
was \$\_\_\_\_. Thank you.”

Emphasizes

- Largest gift
- Long relationship



# Which gift is more valuable?

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A \$10,000 check vs.  
\$10,000 of stock shares

One gift is more hassle for the nonprofit, but it costs the donor less (avoiding capital gains taxes)





# A money category answer

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A \$10,000 check vs.

\$10,000 of stock shares

If gifting comes from the tiny category, future gifting stays tiny

- A checking account is where disposable income lives
- Appreciated assets is where wealth lives



# “Mental accounting”

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- In math, a dollar is a dollar
- In story, people put labels on money and then treat the dollars differently based on those labels
- When a new category of money becomes donation relevant, giving increases



Thaler, R. (1985). Mental accounting and consumer choice. *Marketing Science*, 4(3), 199–214; LaBarge, M. C., & Stinson, J. L. (2014). The role of mental budgeting in philanthropic decision-making. *Nonprofit and Voluntary Sector Quarterly*, 43(6), 993–1013.



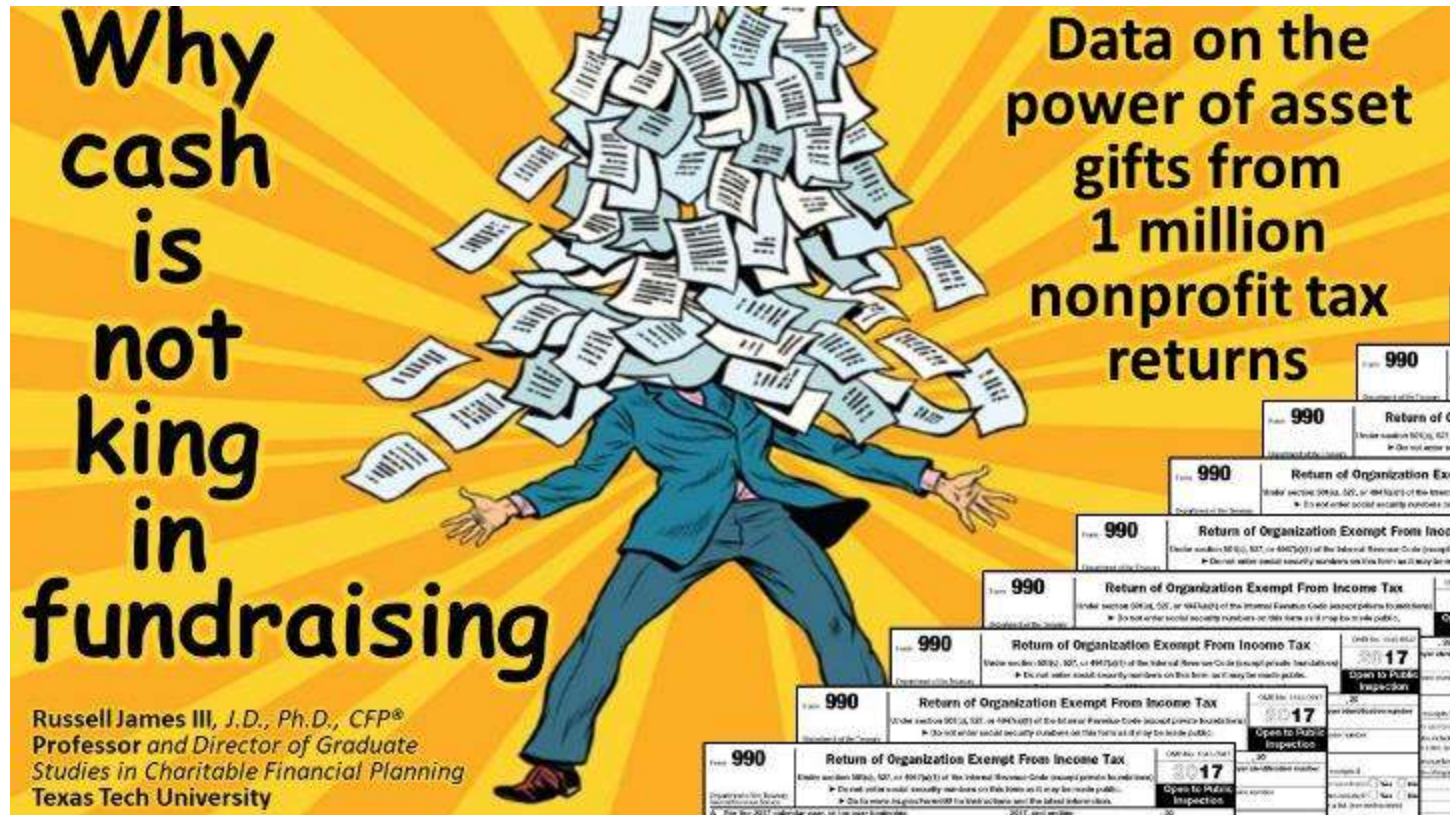
# Making the category donation-relevant

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After a first gift of furniture or clothes **[or stock]**, the category becomes donation relevant

Whenever redecorating or moving **[or an asset sale]**, is contemplated, charity comes to mind





James III, R. N. (2018). Cash is not king for fundraising: Gifts of noncash assets predict current and future contributions growth. *Nonprofit Management & Leadership*. 29(2), 159-179.

Real world: Money categories and fundraising success

Over a million nonprofit tax returns showed the answer: Raising money from noncash assets predicts current and future fundraising success



# Comparison example

- Suppose similar charities raising the same total contributions. One had raised gifts only from cash. The other had raised gifts from both cash and stocks.
- Five years later, on average, contributions will have grown **2X** as fast at the second organization.
- If both continued to raise gifts including stocks or of “cash only” this growth difference increases to **6X**.



**2X**

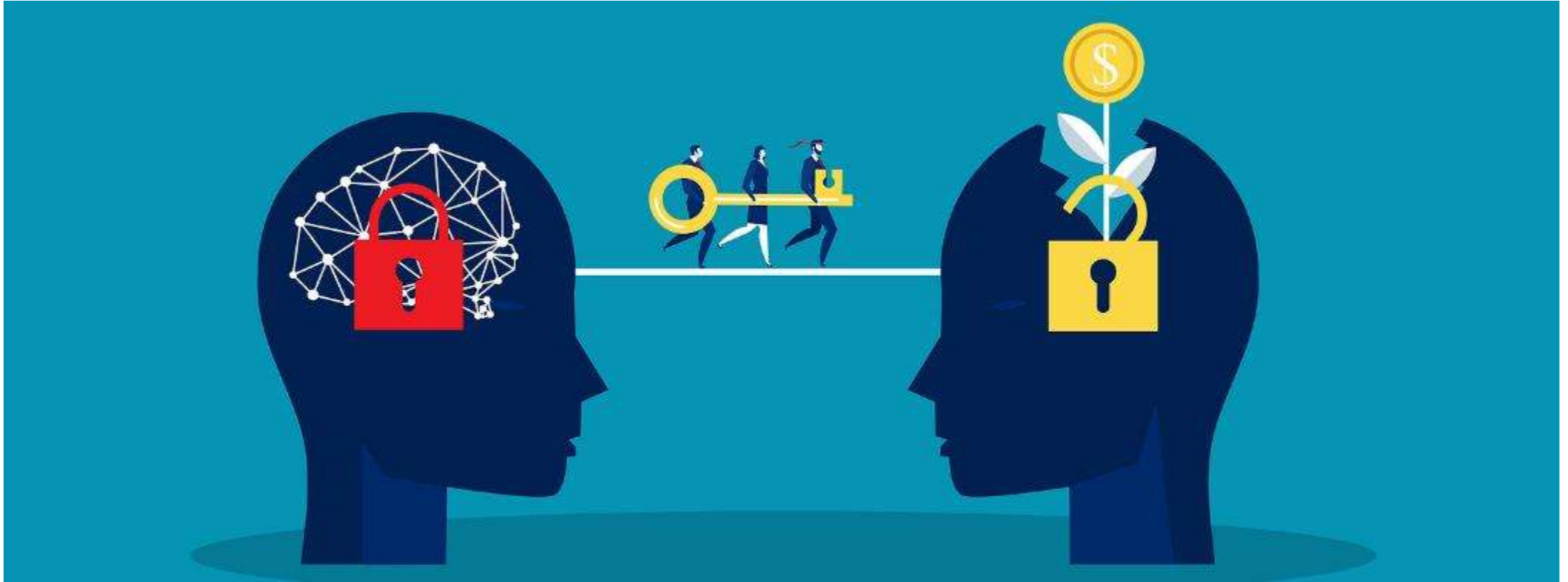
Minimum



## How to start

- Listen: An upcoming sale, retirement, inheritance are all times for charitable planning.
- Be a resource: I help our donors give smarter. How? Share a story.
- Share stories: Donor stories can include stocks, bonds, real estate, or businesses.





Mindset  
matters

- Gifts from disposable income stay small.
- Once a donor begins to think of donations as something that comes from wealth, things change!

Do wealthier donors tend to make a larger share of their total charitable gifts as estate gifts (rather than lifetime gifts)?

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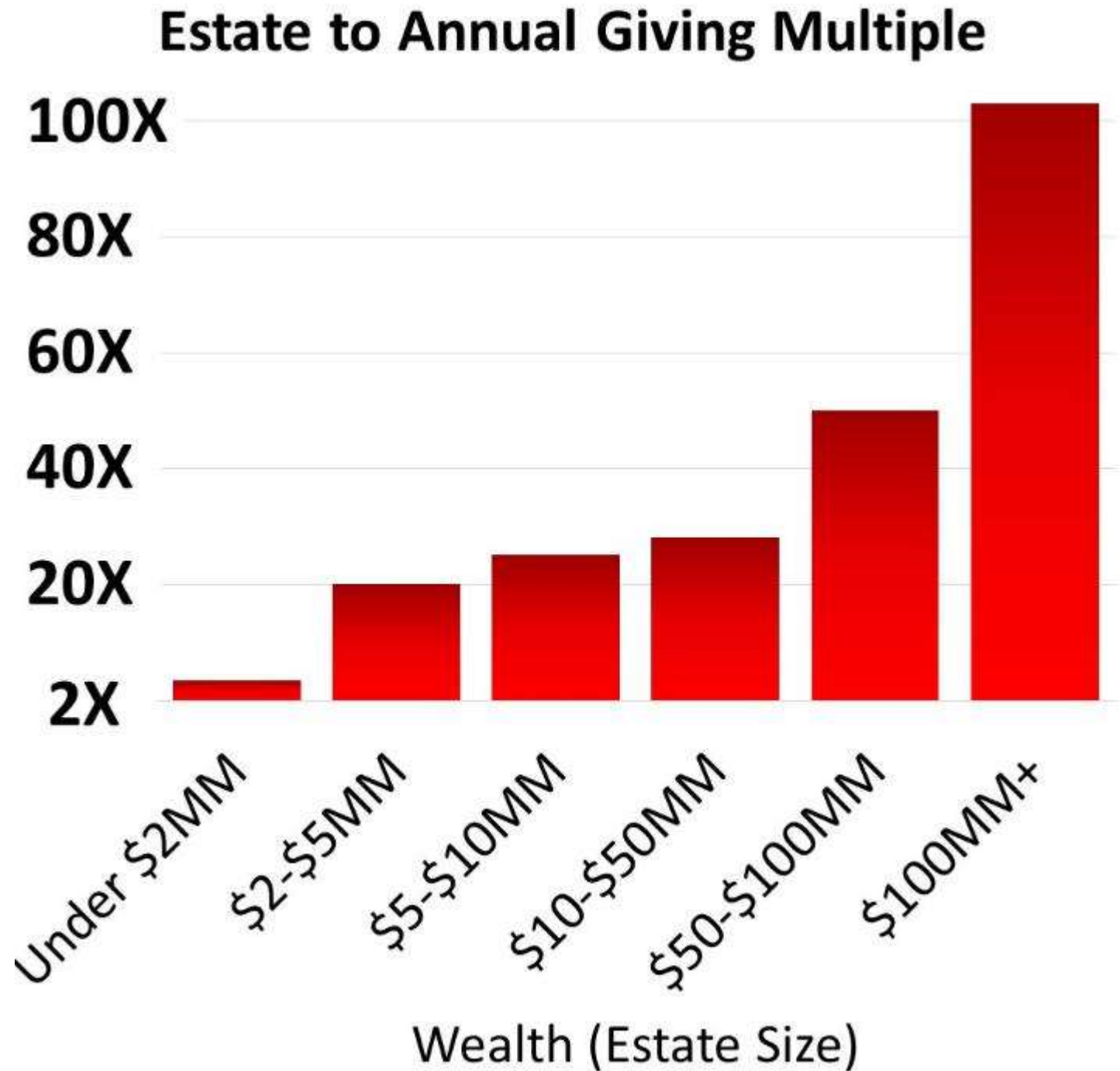
- A. They give less in this way
- B. It's about the same for both
- C. They give about 2X as much this way
- D. They give about 10X as much this way
- E. They give about 50X as much this way.





# Legacy gifts can be transformational for the organization

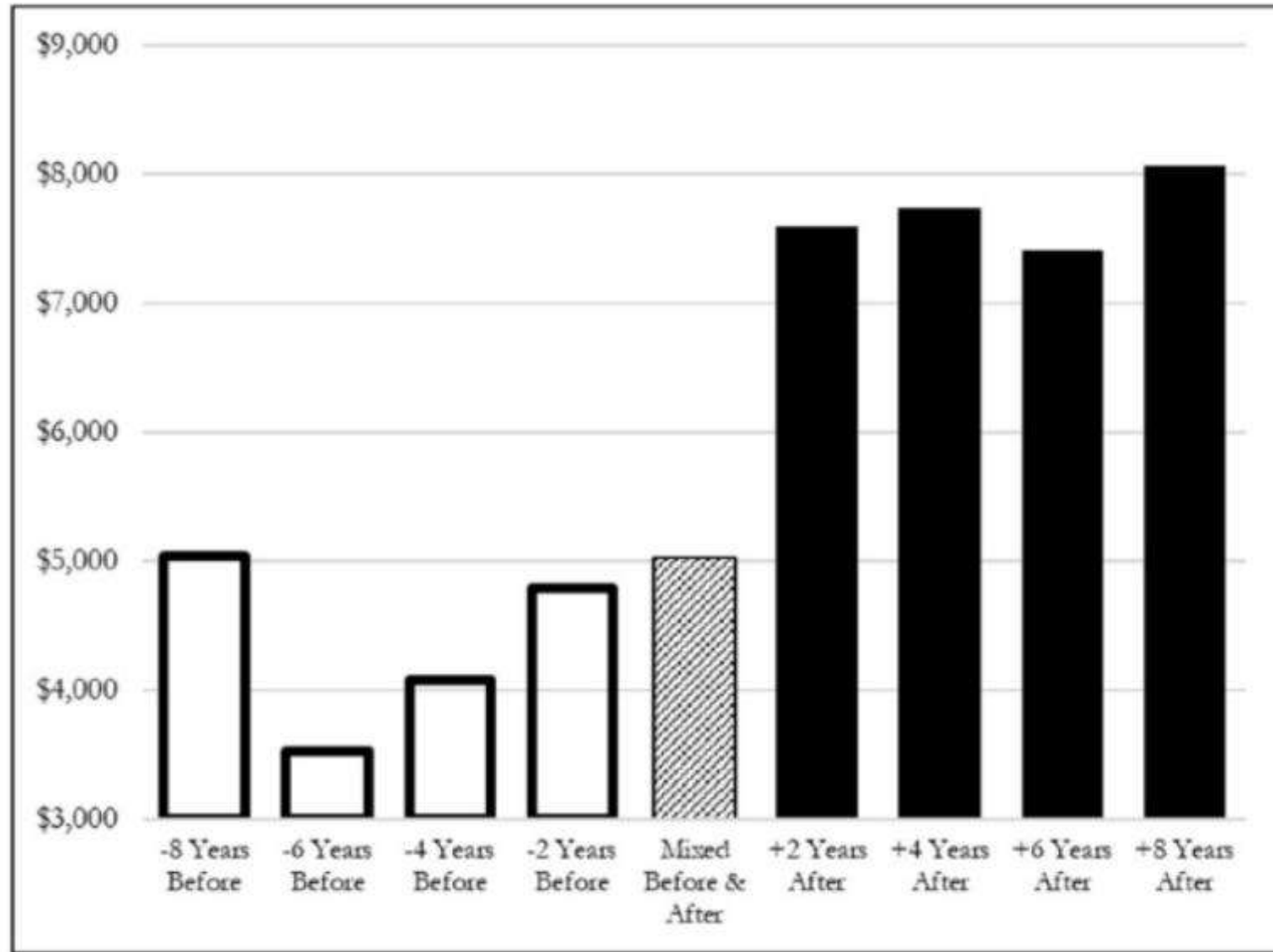
- Estate gifts from the wealthy can be enormous



# Legacy gifts can be transformational for the donor

- Current giving increases dramatically after adding charity to an estate plan
- Annual donations are consistently about 75% higher

Figure 1. Average Annual Charitable Donations Before and After Adding Charity to an Estate Plan



James, R. N. III. (2020). The emerging potential of longitudinal empirical research in estate planning: Examples from charitable bequests. *UC Davis Law Review*, 53, 2397-2431 at p. 2422.





Now, let's switch from  
math and statistics to story

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# Socratic Fundraising Setting

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Is This the Land of  
Wealth Sharing?





The “one big thing” in fundraising

- Advance the donor’s hero story
- The universal hero’s journey story, called the monomyth, includes specific steps





“Advance the donor’s  
hero story”

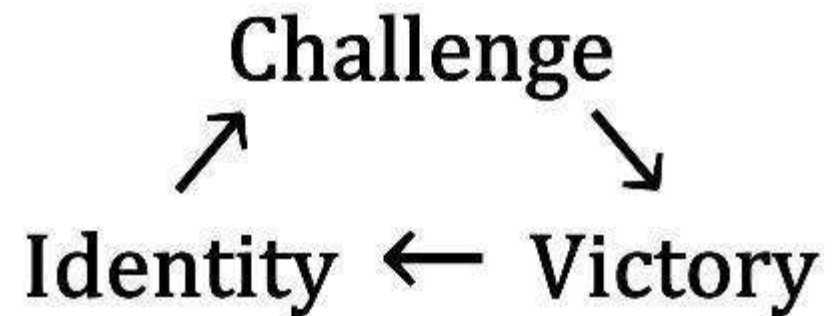
- That’s the right story
- But for major gifts, we also  
need the right setting

# Fundraising hero's journey story steps



- Backstory connects the donor's **original identity** (people, values, life story) with the cause, org, beneficiaries, or project.
- Setting makes the **challenge** appropriate through social norms ("people like me do things like this") and reference points ("this is the land of wealth sharing").
- Inciting incident presents the **challenge** with a promise of **victory**. Climax delivers the promised **victory**. Resolution confirms the donor's **enhanced identity** from the **victory**.

- Backstory
- Setting
- Inciting incident
- Climax
- Resolution





# Major gift setting: Is this the land of wealth sharing?

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- In story, setting matters. It creates expectations. It defines appropriate behaviors.
- Are we in a fantasy realm? Then we're open to fantasy events. Are we in the Old West? Then we expect Old West things.



# Major gift setting: Is this the land of wealth sharing?

In fundraising, setting matters

- Typical gifts are gifts of disposable income
- Major gifts are gifts of wealth



# Establish the setting

Getting donors to talk about their wealth - their business or investments

- Can encourage generosity
- Can reveal capacity (assets)
- Can reveal plans to buy or sell, acquire, or retire, which create opportunities for creative solutions





# The “fundraiser” archetype in epic story

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In the universal hero story,  
a guiding sage helps the  
hero

The guiding sage:

- Gives advice, planning,  
and guidance
- Introduces the hero to  
friends and allies
- Provides a magical  
instrument or weapon



# The fundraiser archetype in the donor's hero story



The effective fundraiser can be the guiding sage for the donor's hero story

- Gives advice, planning, and guidance
- Introduces the hero to friends and allies (technical experts, past donors)
- Provides a magical instrument or weapon (gift instruments and agreements)



# Fundraising as asking questions

- Socratic inquiry reveals what fits each hero's specific journey
- For major gifts, the guiding-sage fundraiser should ask about assets





But it's  
uncomfortable!

These conversations require  
talking about wealth

Think of the goal as social,  
not financial

- It's what the other person  
cares about
- Building and managing  
wealth is a big part of  
their lives

# The right destination: Share valuable options at the NEXT meeting

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Fundraisers may fear  
financial conversations

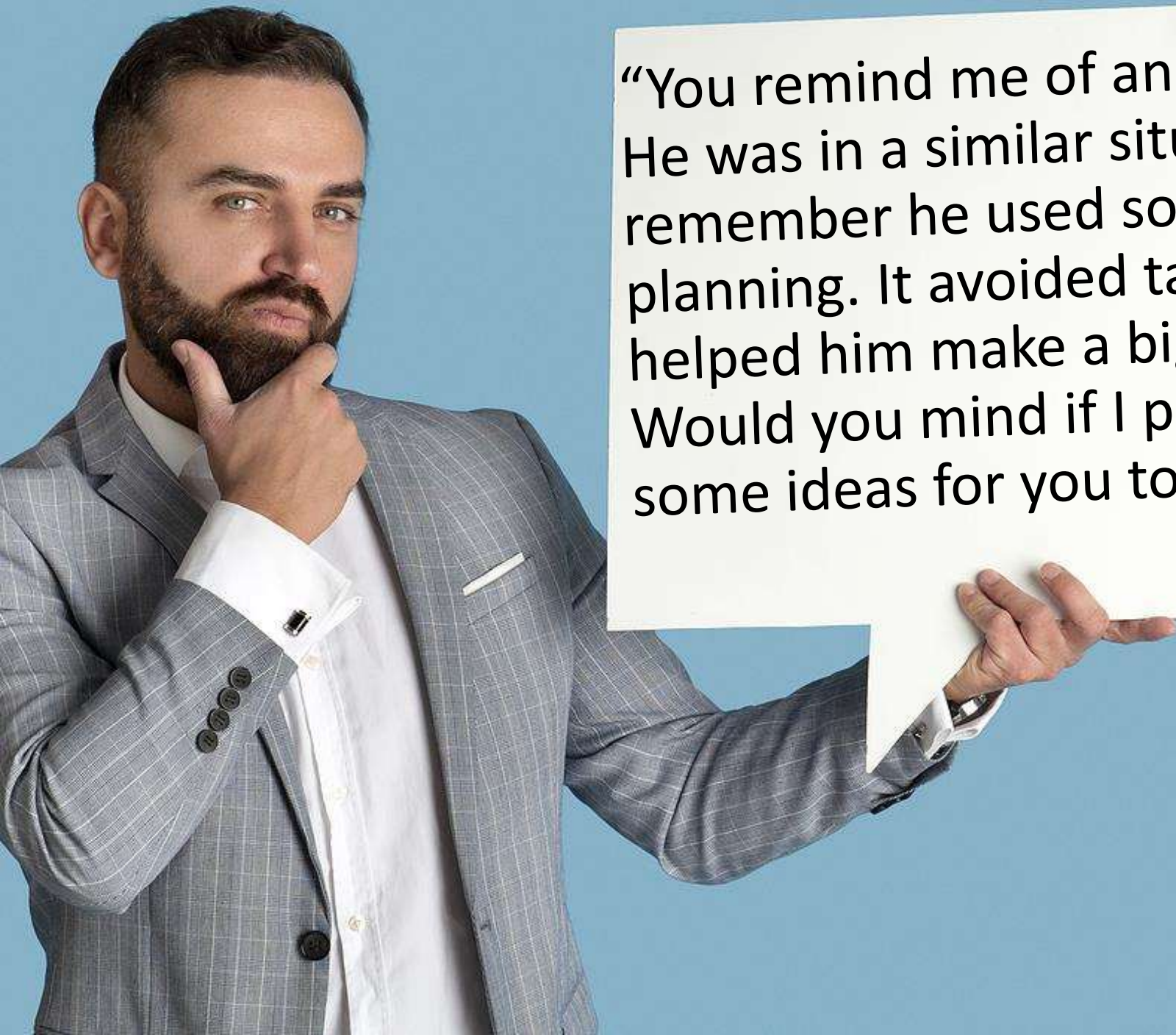
- These worries can come from having the wrong destination in mind

The goal is NOT to quickly  
give the right answer

- The goal is to get permission to share valuable options at the next meeting

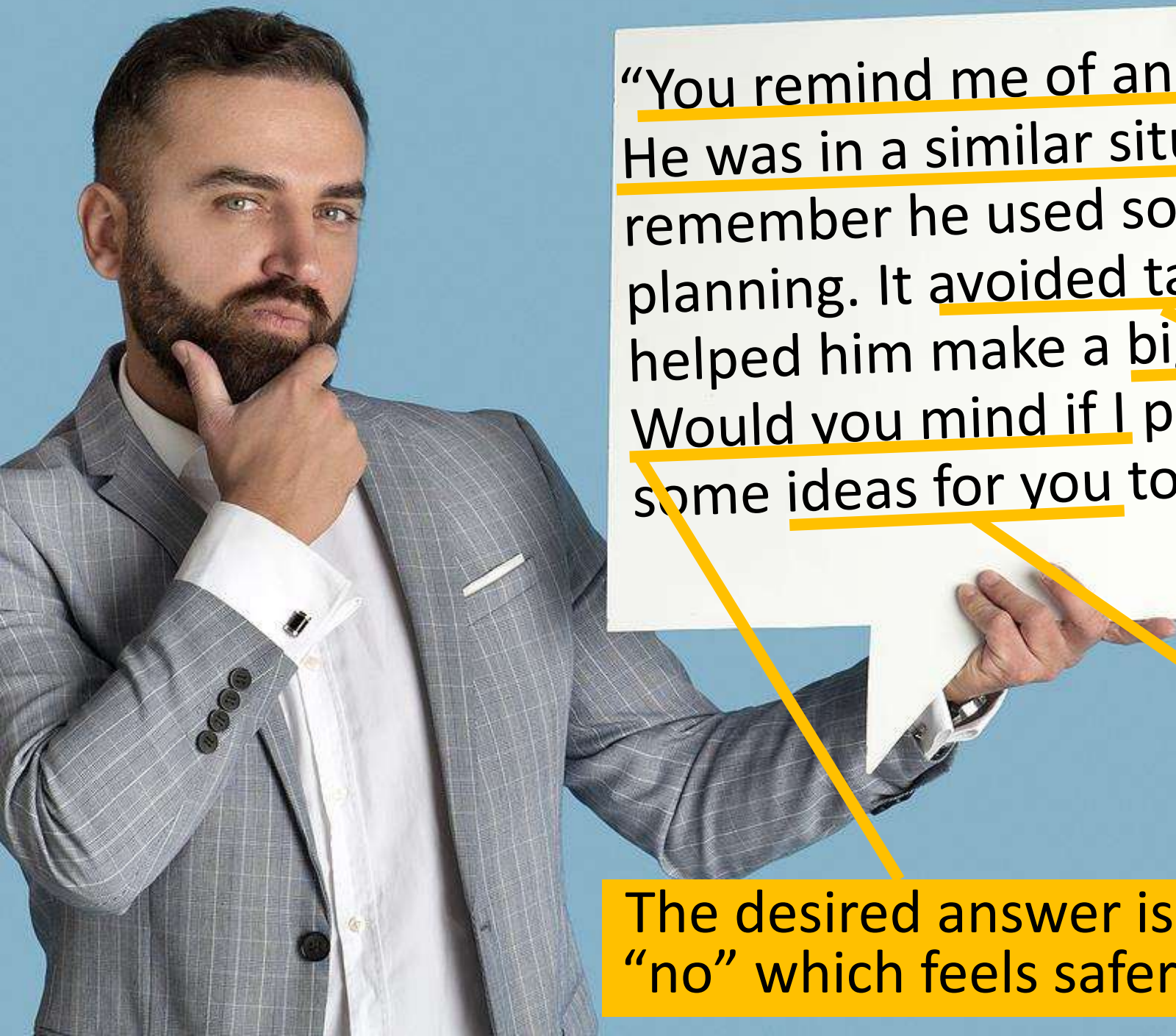






“You remind me of another donor. He was in a similar situation. I remember he used some creative planning. It avoided taxes and helped him make a big impact. Would you mind if I put together some ideas for you to look at?”





"You remind me of another donor.  
He was in a similar situation. I  
remember he used some creative  
planning. It avoided taxes and  
helped him make a big impact.  
Would you mind if I put together  
some ideas for you to look at?"

People like  
the donor  
have done  
things like  
this before

Leads  
with  
value

Asks for  
permission  
to share  
more value

The desired answer is  
"no" which feels safer



## Introducing the ally

“I can’t tell you the ins and outs of a CRUT, but I would be happy to introduce you to someone who can. I’ve been told that this instrument offers ways to maximize your giving, minimize income taxes, and provide a degree of flexibility in your financial situation. Is this something you’d be interested in?”

# Introducing the ally



“You mentioned that you are going to pass the business to your kids. Did you know there are some ways you can do that that will actually save you money on the transaction by being charitable? On my next visit, I’ll bring our specialist in that area so we can talk about it in more detail.”





# The power of delay

The right destination is to get the next meeting.

Creating this time delay:

- Keeps the initial conversation social - separating it from a financial ask
- Gives time to build creative options
- Makes those options feel more valuable
- Gives the donor time to think, moving the donor's mindset into the land of wealth sharing







An epic scene requires some build up

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The guiding sage delivers the perfect weapon  
to help the hero complete the journey



# The partial reveal

- Expertise can help: It increases ability to spot issues
- But it can hurt if you instantly give the whole answer: Delay is valuable
- A “partial reveal” creates interest and attraction without giving away the whole story





Having the right  
destination  
changes things

It gives time to  
consult experts  
and build  
solutions



"I want to talk with  
some of my technical folks  
first. That way you'll get all  
the best options. But I know  
there are some attractive  
possibilities here."

# Failing forward



- You think you see an opportunity, but later find there isn't a solution
- If you get the next meeting, you can still present other powerful options
- Even if the donor says "No," you've still shared useful options, providing value to the donor as a guiding sage

# Setting is a place AND a time

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Setting is a place – the land of wealth sharing

Setting is also a time – it may not be today

- An investment or business is about to be sold
- At the end of life
- A new project at the charity arises

Asking about gifts of assets lays the groundwork for future events







Next up:  
Let's get  
started!



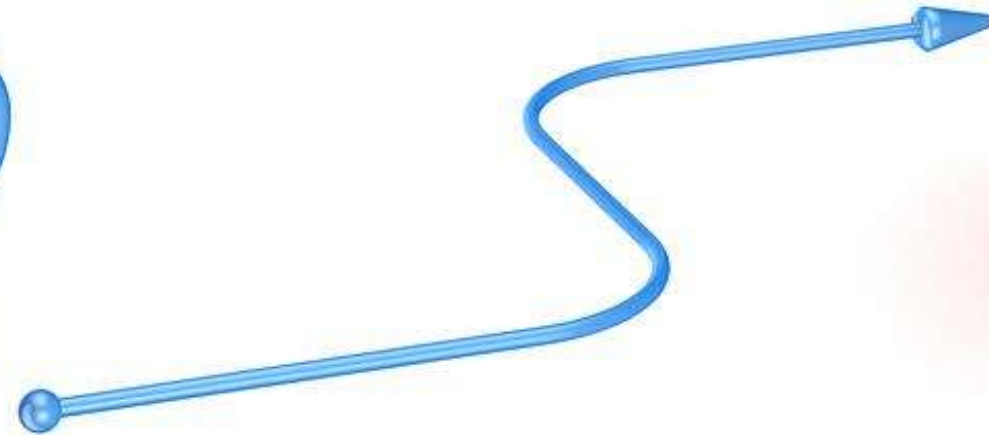
Now, let's switch from story to actual sentences in your conversations and communications

# Socratic Fundraising Setting

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Is This the Land of Wealth Sharing?

# Socratic Fundraising Wealth Scripts



Questions That Lead  
to Gifts of Assets

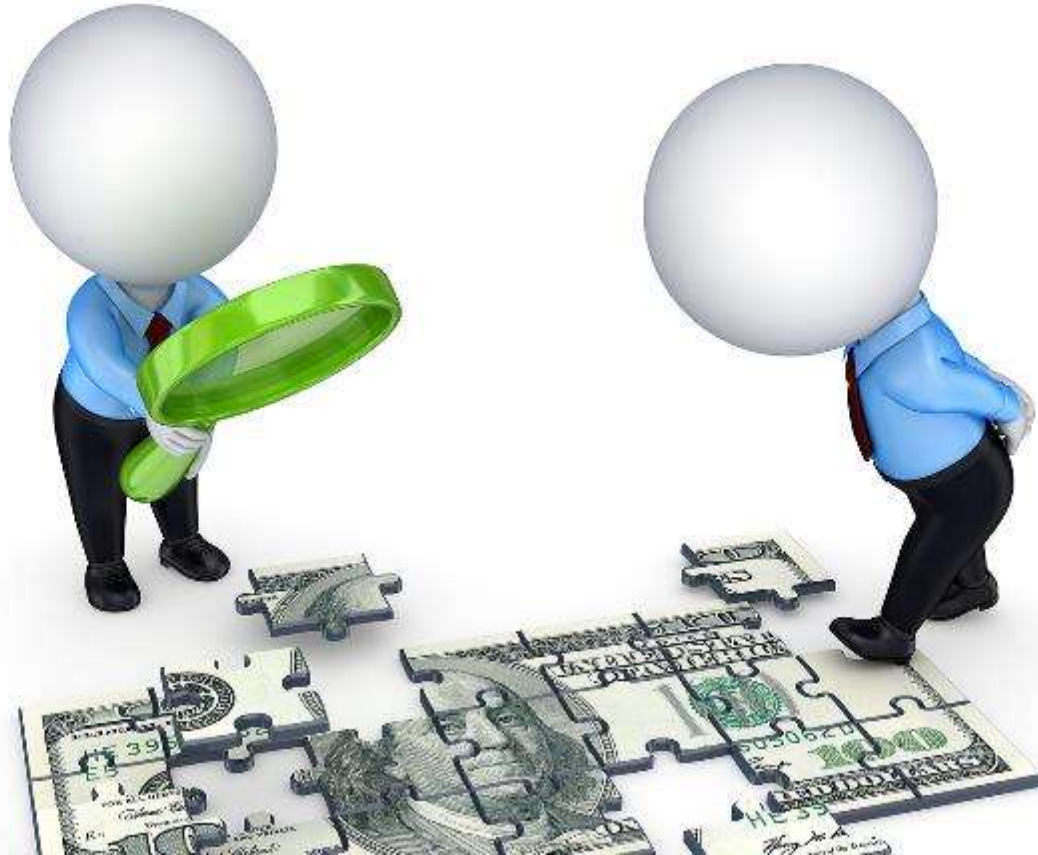




# Let's talk about wealth



1. It creates a setting of wealth sharing
2. It uncovers capacity for a major gift
3. It reveals opportunities for creative solutions
4. It leads to the next meeting that shares these creative options



## Opportunities for creative solutions

### A donor

- Is planning to sell an appreciated asset [*Charitable planning avoids capital gains taxes*]
- Is not planning to sell appreciated stocks [*“charitable swap”*]
- Is getting ready to retire [*CRT/CGA*]
- Is taking retirement account distributions [*QCD*]

# Opportunities for creative solutions

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## A donor

- Has a big income spike [*DAF, RLE, CGA, grantor CLT*]
- Can't use tax deductions [*QCD, Appreciated assets, CLT*]
- Has kids who don't want to take over the farm or a vacation home [*RLE*]
- Has estate tax issues [*CLT*]
- Has wealth tied up in illiquid assets [*flip-CRUT; NIMCRUT*]





# Let's talk about wealth

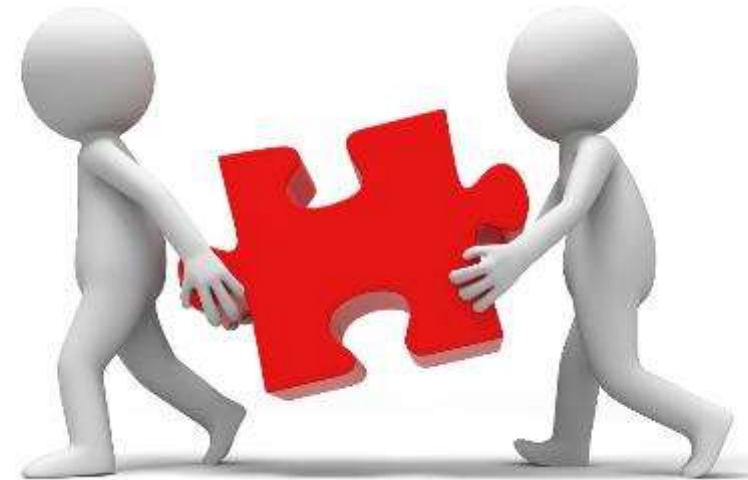


1. It creates a setting of wealth sharing
2. It reveals capacity for a major gift
3. It shows situations that connect with solutions
4. It leads to the next meeting that shares these creative options

# Talking about sensitive topics: Strategies from research

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1. Start social then follow up (says, *"I'm interested in your story"*)
2. Make questions part of another task (says, *"I can help"* or *"I need your help"*)



# Start social then follow up

- Social, emotional language encourages sharing
- Social phrasing elicits more information
- “People are more forthcoming when you ask questions in a casual way, rather than in a buttoned-up, official tone”\*



\*Brooks, A. W., & John, L. K. (2018). The surprising power of questions. *Harvard Business Review*, 96(3), 60-67.



## Start social then follow up

“How’s business?”

“How’s the market been treating you?”

- The magic comes from the follow-up questions
- These show shared interests and reveal opportunities to provide advice





# Tell me a story: Past, present, and future

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Assets have stories

- Past: Origins of the asset
- Present: What's happening now
- Future: Future plans for the asset

Uncovering this story → Charitable planning opportunities

# Questions can lead the donor through their asset story

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## Past

- “What’s the story of your business? How did you get started?”

## Present

- “What are you proudest of?”
- “What are you most excited about at the current time?”







## Future sale or transfer

- “What are your future plans for your business?”
  - “What will that mean to you?”
- “Have you thought about using the sale or transition of your business as an opportunity to achieve some of your charitable goals in addition to financial goals?”

# Future estate transfer?

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- “Will your heirs continue running the business?”
- “I know there are some smart ways to avoid taxes for people like you who want to include a gift to charity in their plans. Have you ever considered that?”



# Other assets?

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- “Are you a collector (art, stamps, coins, etc.)?” “What is the story? How did you get started?”
- “Do you invest in Real Estate?” “How did you get started?”
- “Where do you vacation?” “Do you own a home there?”
- “How has the market been treating you?” “What is your investment philosophy?” “What’s the best investment you ever made? Tell me that story.”





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## Past to present to CHARITABLE future

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“Have you considered making gifts with assets instead of cash?”

“Most donors giving at your level use appreciated assets instead of cash because they get a double tax benefit. Have you ever considered giving in that way?”

# “How?” questions

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“Why?” questions uncover connections to the donor’s people, values, and history

“How?” questions uncover wealth:

- *“You’ve done so much for [charity]. What allows you to be so generous?”*
- *“How were you able to make this wonderful gift?”\**



\*Rice, Dan. (October, 2009). *Asking for principal gifts – 5 approaches*. Presented at the National Conference on Philanthropic Planning, October 14-17, National Harbor, MD. p. 2.

# From “How?” to wealth conversations

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1. What makes it possible for you to make this generous cash gift?
2. Have you ever given something other than cash to a charitable organization?
3. Are you planning to sell something this year that is worth more than you paid for it?







# Reverse questions

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A statement triggers a question:

***“I help donors give smarter.”***

***→ “How do you do that?”***

***“I help people give weird assets to [charity].”***

***→ “What’s the weirdest asset someone has given?”***

This gives permission to share a story

Their question gives  
you permission to  
share a story

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Your story

- Your advice helps someone like the donor
- They give an asset instead of cash

Ends with a question

- “Have you ever made any unusual investments?”
- “Have you ever been hit with capital gains taxes?”



# Follow-up questions

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“Have you ever made any unusual investments?”

- Yes? Ask about it. “Has it gone up in value?”
- No? Ask about it. “So, do you like stocks or bonds or something else?”





# Follow-up questions

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“Have you ever been hit with capital gains taxes?”

- Yes? Ask about it. “That must mean you were good at investing! Tell me what happened!”
- No? Ask about it. “That’s smart. It’s good to avoid those as long as you can. Do you think it might be a problem in the future?”



# What are your favorites of these conversation openers? Why?

1. How's business? What's the story of your business? How did you get started?
2. "Are you a collector (art, stamps, coins, etc.)? What is the story? How did you get started?" "Do you invest in Real Estate? How did you get started?"  
"Where do you vacation? Do you own a home there?"
3. How has the market been treating you? What is your investment philosophy? What's the best investment you ever made? Tell me that story.
4. "You've done so much for [charity]. What allows you to be so generous?"  
"How were you able to make this wonderful gift?"
5. "I help donors give smarter." → "How do you do that?" → Story → "Have you ever been hit with capital gains taxes?" / "Have you ever thought about giving something other than cash?" → Ask about it
6. "I help people give weird assets to [charity]." → "What's the weirdest asset someone has given?" → Story → "Have you ever made any unusual investments?" → Ask about it



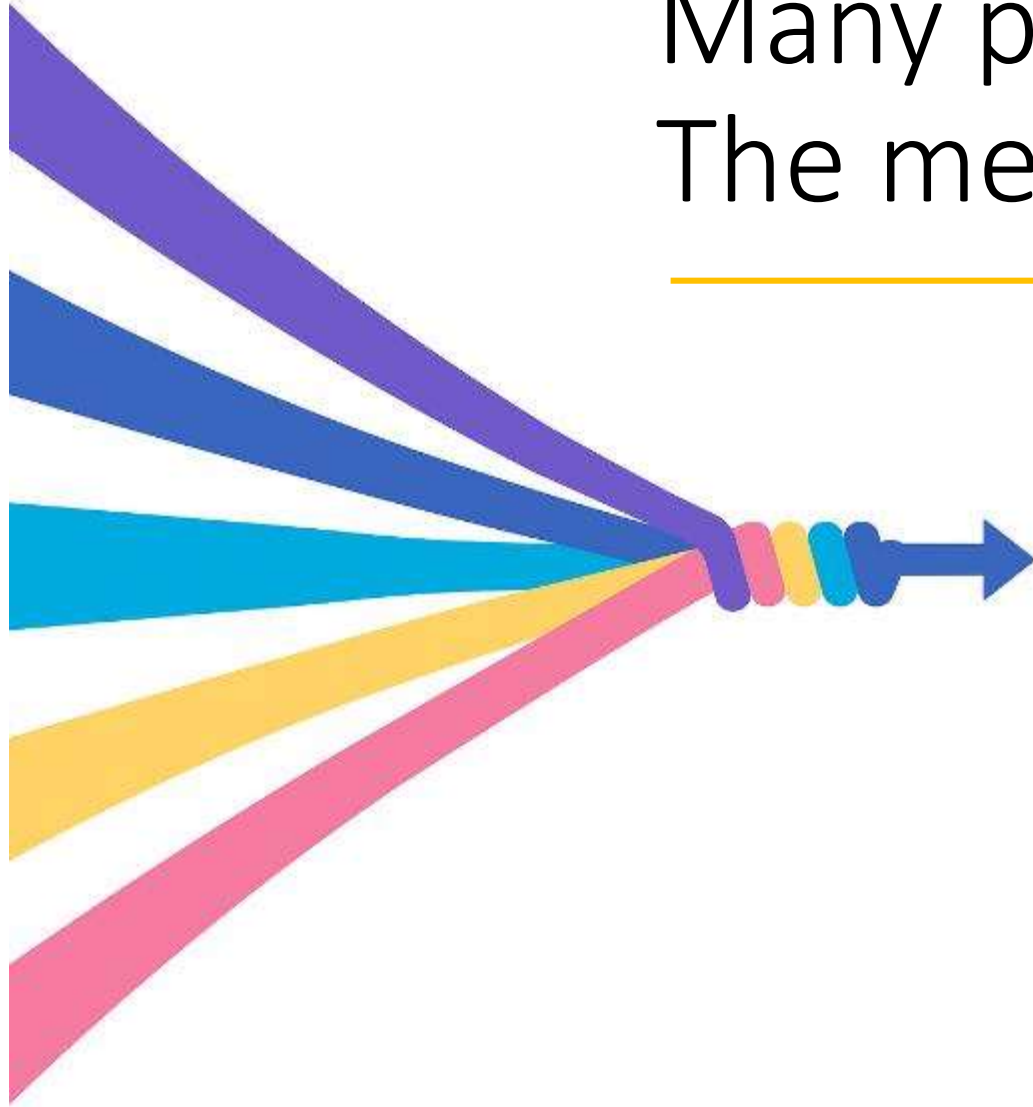
They can also  
signal that they  
don't own any  
appreciated assets

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# Many paths, one destination: The meeting to share options

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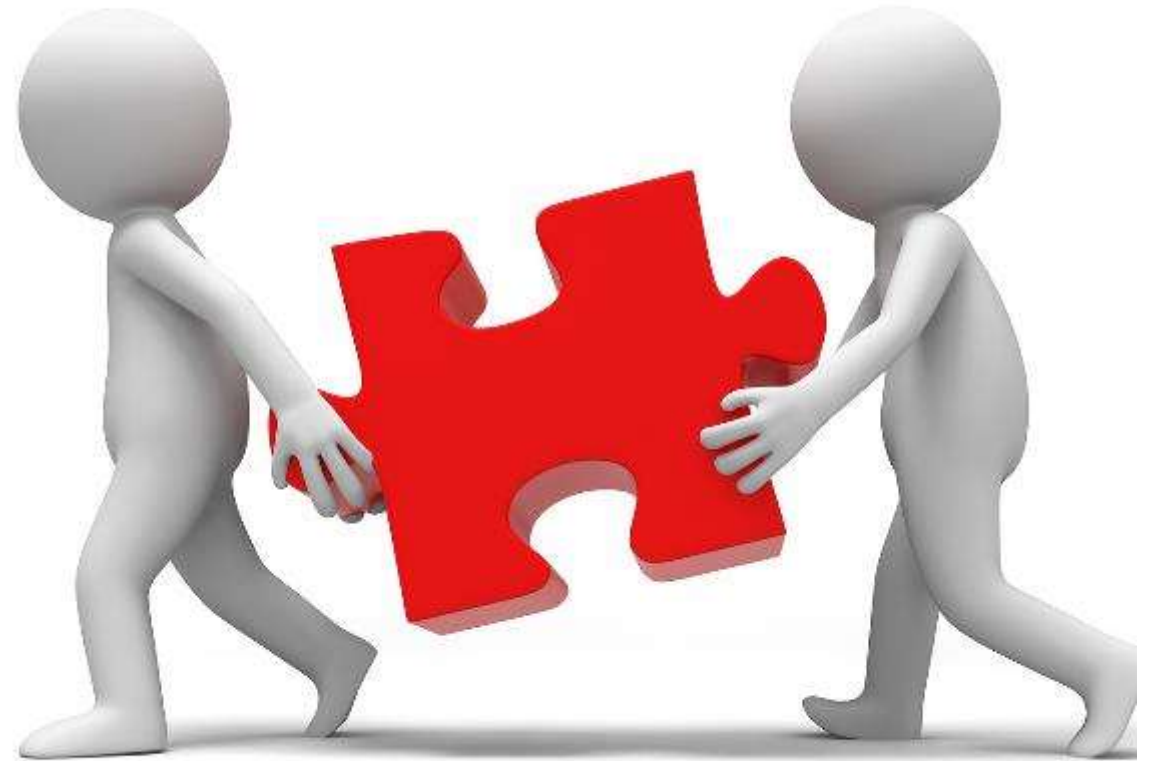


“This reminds me of another donor’s situation. I remember he used some creative planning that [*avoided taxes/created income/provided for family*] and made a big impact at the charity. Would you mind if I talk to some of our experts and put together a few ideas for you to look at?”

# Make questions part of another task

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- As an estate planning attorney, I could ask blunt questions about wealth
- Why? Because we were there to get a job done



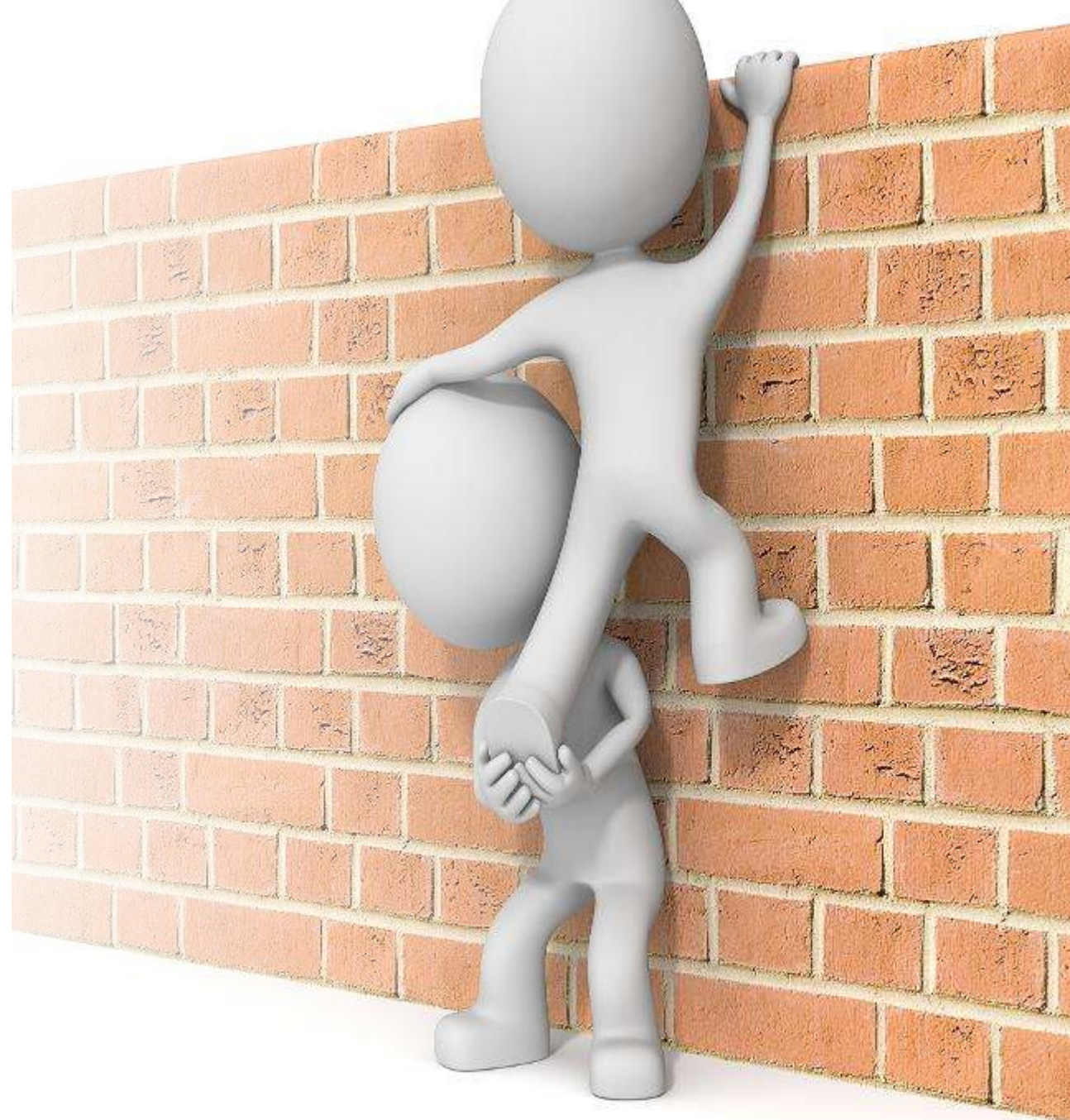
# Fundraising tasks

Barrier → Task:

“What’s holding you back from reaching your charitable goals?”\*

Task agreement:

“What if it was possible for you to make a gift and still accomplish your financial goals? Would you mind if I shared some of those options with you?”



\*Lydenberg, Jeff. (October 13, 2007). *Identifying planned gift donors*. Presented at the National Conference on Planned Giving, Grapevine, Texas.

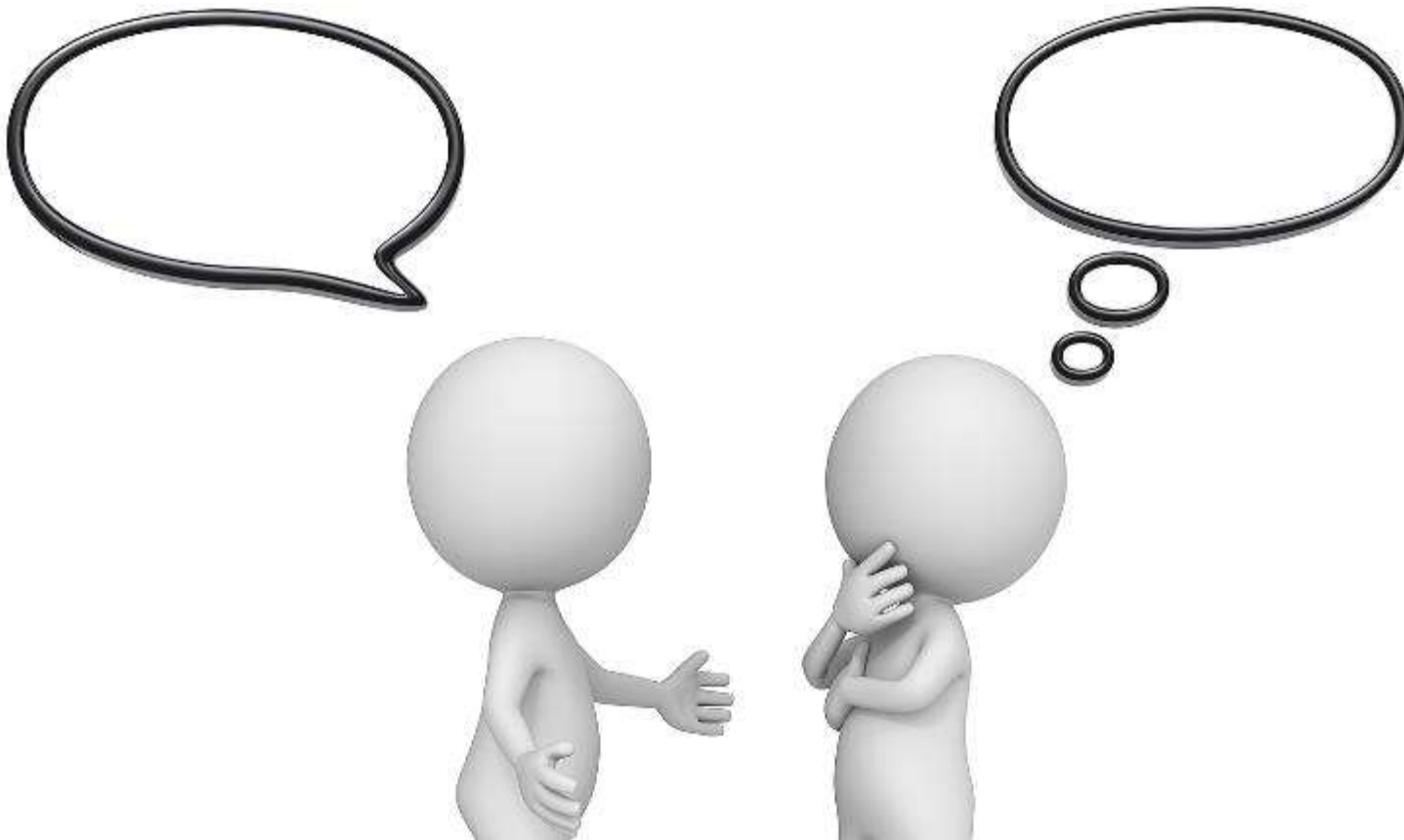




## Fundraising task agreement

- “You mentioned that you are going to be [passing the business on to your kids/selling your practice.] Would you be interested in charitable options that may save you money on your transaction?”\*
- “You have been so generous to this cause in the past. Would you be interested in learning how to give more at a lower cost by using the best assets for the gift?”

After agreeing to a task,  
questions can be blunt



How do you give?  
Through a company?  
A private foundation?  
Do you normally give  
appreciated assets?  
How is your business  
structured? Is it  
difficult to get profits  
out due to tax  
concerns? Do you  
have any life  
insurance policies you  
no longer need?



# Use a gift menu in conversation

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- “I help donors like you to give smarter. Usually this involves gifts of stocks, real estate, businesses, life insurance, or retirement accounts. The tax benefits can be much larger.”
- “What’s your favorite form of giving?”
- “Have you ever considered other types of gifts like [menu]?”
- “What options would you be interested in knowing more about?”



# Use a menu in a survey, response card, or website

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Check/click to receive info

- How to save taxes with gifts of stocks or bonds
- Top tax tips for gifts of real estate
- Tax smart giving from a retirement account
- Giving smarter with closely held businesses
- How to avoid estate taxes with charitable planning



# Asking opinions

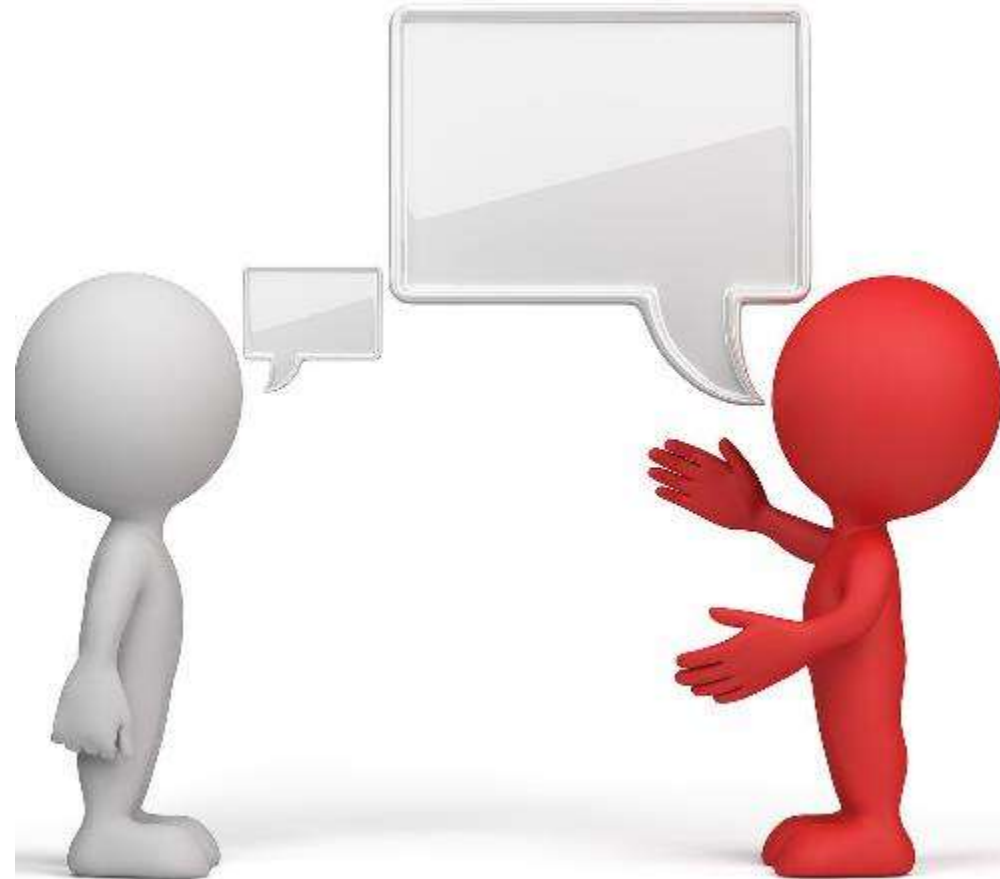
## 1. Task justification

“We’ve noticed that other charities receive more of their gifts from stocks and real estate. We’re trying to figure out why.”

## 2. Request permission

“Do you mind if I ask a few questions about your thoughts on this?”

## 3. Ask for opinions



# Asking opinions

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1. Task justification

2. Request permission

**3. Ask for opinions**

“What’s the likelihood you would ever consider making:

A gift of stocks or bonds?

A gift of real estate?

A gift in a will?

A gift of cryptocurrency, artwork, or oil rights?”

“What have you heard about the extra tax benefits from donating assets instead of cash? [or leaving estate gifts from an IRA or 401K]?”

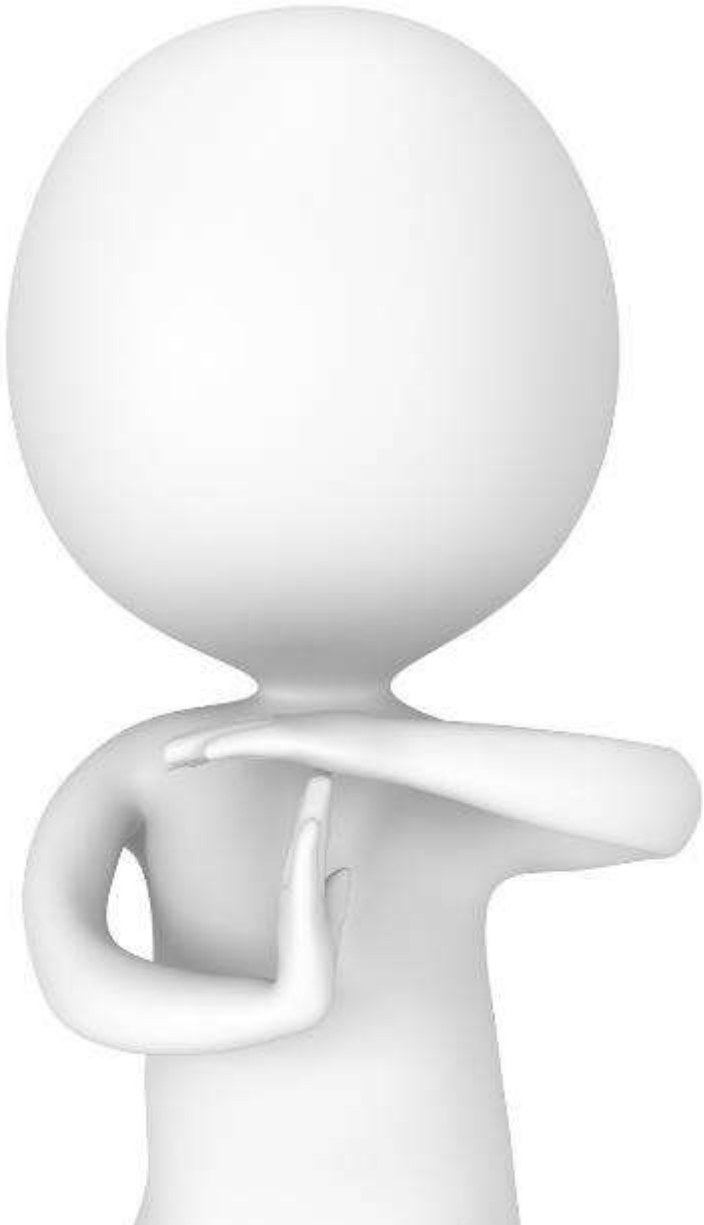




# Change the setting AFTER the gift decision

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- “I had a donor on the phone. He said, ‘I’m going to send you a check for \$2,000.’ I said ‘Jim, is there any chance that you have stock that is worth \$2,000?’ He said, ‘Yes, absolutely. But I don’t want to sell that stock.’ I said, ‘Take the cash. Go buy that exact same stock. Then send us the old shares worth \$2,000. Now you have stepped up basis. That highly appreciated stock now starts at zero for capital gains tax purposes. And you get a charitable deduction as well.’ He asked, ‘I can do that?’ I said, ‘Yeah.’
- The next day we received a stock gift... of \$10,000 from the donor.”



# Change the setting AFTER the estate gift decision

“If you plan to leave something to charity in your estate plan, could I share with you a way to make sure the best assets are used for the gift to minimize the loss in taxes?”



# Change the setting AFTER the pledge decision

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“I can’t thank you enough for this tremendous commitment to our charity. When I come back to finalize the details of how you want to allocate the gift, I'll bring a colleague who specializes in putting together gifts to maximize the tax benefits for you.”

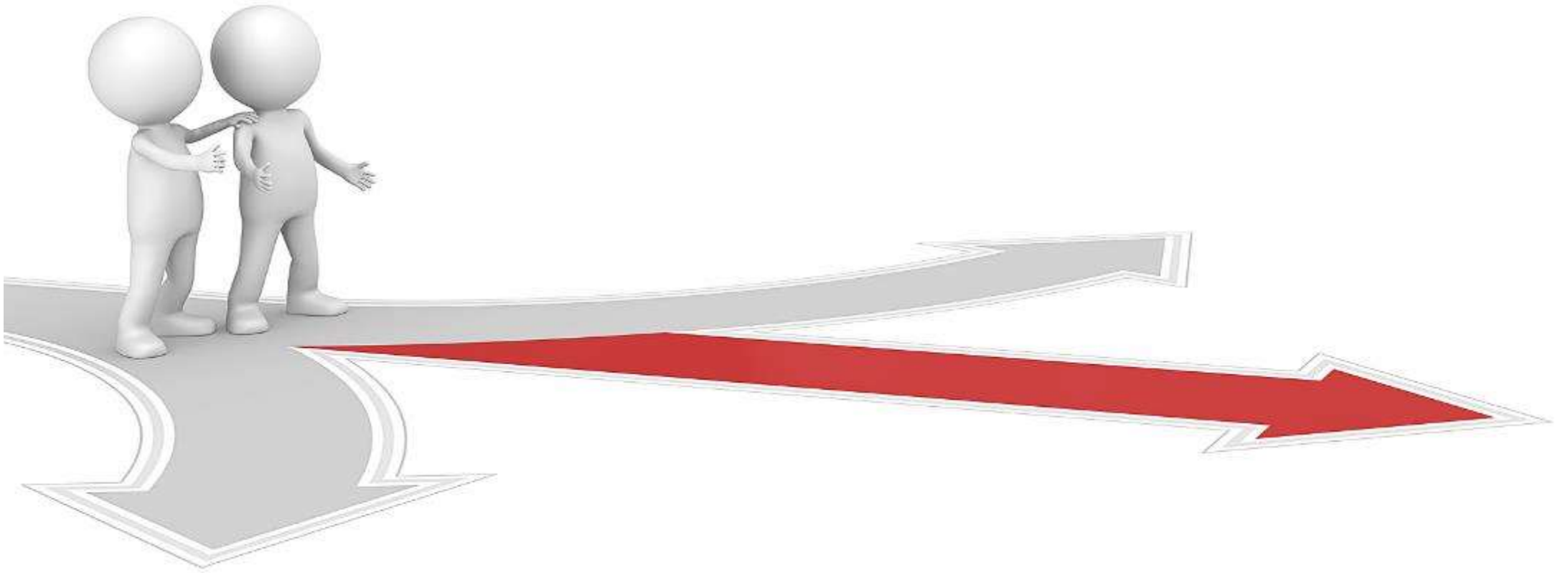




# Knowing v. doing

- The idea makes sense
- The execution can be daunting
- “You intervene in the process and actually stop and say, ‘*No I don’t want your cash.*’ I know that’s scary folks. I get it. But this is what you need to do.... What this really means is being the donor’s helper in this conversation.”





## A different role

- You reject the cash – to help the donor
- You take on more administrative hassle – to help the donor
- You provide guidance, wisdom, and counsel as the donor's guiding sage



For free access to all my books,  
slides, and videos, please  
connect with me on LinkedIn

Professor Russell James  
Texas Tech University

How to have wealth  
conversations that inspire major  
gifts of assets

The science,  
the sentences  
and the story