

# Secure your charity's future.

How you can grow your  
Acorn Community Group Fund and  
generate a sustainable income stream  
for your charity or community group



**ACORN  
FOUNDATION**  
WESTERN BAY OF PLENTY

# A smarter fundraising strategy...



Growing your Acorn Foundation Community Group Fund will ensure that your organisation receives a continuous income stream in the future.

It's free to set up and your supporters can donate to your fund at any time during their lifetime or in their will.

Your fund will start earning interest straight away. The interest is compounded until your fund reaches \$50,000, after which, a portion of the annual interest is paid out to your organisation each year. Acorn's fund is professionally managed by Craigs Investment Partners and has historically achieved impressive returns.

The power of compounding interest for a Community Group Fund is huge: a gift of \$100,000, invested now and earning 5% each year, will be worth \$270,000 in 20 years' time.



## How to build your Community Group Fund – so that it starts generating a steady annual income, forever!

Once you have created your Community Group Fund, you need to start building it up so that it reaches the distribution threshold of \$50,000.



### Start the conversation

The easiest and most important thing you can do to build your fund is to start talking to your supporters about it. For many organisations this can seem daunting, so Acorn has put together some guidance in this brochure. But the essence of the guidance is simply to make your supporters aware that you have an Acorn fund, and of the benefits it can have for the sustainability of your organisation, well into the future.



### Gifts in wills

A great way to kickstart your fund is by receiving a bequest (a gift in someone's will) and putting this into your fund. Bequests tend to be larger sums – the average bequest in NZ is around \$60,000. Because bequests are unpredictable, it is unwise to budget for them, so investing a portion of the bequest into your Community Group Fund is a sensible option that will earn significant interest, building up your fund – plus, it comes off your balance sheet.

To receive bequests, you need to invest some time and energy into legacy fundraising. This booklet will discuss ways you can approach this.



### Living Giving

You could also ask your supporters to consider providing a one-off or regular donation to your Community Group Fund instead of to your immediate operational needs. You could consider holding specific fundraising events for this, targeted at donors interested in this type of giving, or a match-funding initiative.





## Why invest energy into growing your Fund instead of for immediate operating expenses?

You may feel that a Community Group Fund is a long-term strategy that you don't have the luxury of investing in. It is tempting to focus all efforts on immediate revenue, especially when times are tough. However, years have a way of passing quickly...

If your organisation has a long-term vision and mission, an investment now could reap huge benefits in several years. For organisations that plan to be around for the long haul, growing a Community Group Fund is a smart strategy that should not be overlooked.



## Gifts in wills are set to become more significant

Total bequests in New Zealand are currently estimated to be worth around \$200M a year, with **the average bequest totalling around \$60,000** — a significant donation for any charity. But, with an ageing population and rising asset values, an estimated \$150 billion wealth transfer is about to take place over the next decade — so we are likely

to see rising bequest values in the near future. This massive wealth transfer could be a huge boost for charities and community groups, so long as they capitalise on the opportunity.

Imagine how long it would take you to raise \$60,000 through normal fundraising methods?

### CASE STUDY: Tauranga Women's Refuge

Tauranga Women's Refuge is an example of a local charity who have successfully built up their Community Group Fund and are now reaping the rewards.

Tauranga Women's Refuge set up a Community Group Fund with Acorn in 2014. Fast forward to 2023 and they have built the capital in their fund to **more than \$106,500** — and they have been paid out **over \$12,700** in recent years.

#### How did they do it?

They began building up their fund slowly but surely through small regular and one-off donations into their fund. By 2020, they had amassed over \$33,000 this way.

Then, in 2020, they raised \$50,000 via the Ladies' Long Lunch Tauranga, which they put into their Community Group Fund. This took the fund over the distributions threshold, and later that year they received their first distribution from the fund of \$2,145.



Since their first distribution in 2020, the amount distributed from the fund has continued to grow each year, and in 2022, the annual income paid out from their fund was over \$4,000.

The Tauranga Women's Refuge Community Group Fund is an example of how rapidly an organisation can generate a sizeable revenue stream by investing time and effort into growing their fund.

This could be your organisation, too!

**“Some families have requested gifts to us and might have left us \$10,000 and we're just like WOW!”**

— Hazel Hape, Manager at Tauranga Women's Refuge (pictured below)









## How to encourage bequests from your supporters



### 1. Identify bequest prospects

Who are the people most likely to leave your organisation a gift in their will? The best indicators of bequest potential are:

-  **Frequency of gifts** — those who already donate to your organisation. Don't forget lapsed donors! They could be older and on a fixed income but willing to consider leaving you something in their will.
-  **Length of time as a supporter** — those who have supported your organisation financially and in other ways, such as board members, staff or volunteers.
-  **Age (65+)** — most people finalise their will in the five years before death.
-  **Gender** — the majority of bequests to charities are from women who never married or outlived their husbands.

### 2. Consider your strategy



What is the best way to communicate with your bequest prospects? There are many ways to go about encouraging bequests and a good strategy will involve a multi-channel approach. That may include:

-  Discussing bequest giving in your newsletter, emails/letters to donors, and on your website and social media.
-  Discussing bequest giving face-to-face with donors, either in a group setting such as hosting an event, or in a one-on-one conversation with an individual donor in person or over the phone.

Just remember that by law you must not exert 'undue influence', so don't ever exert pressure, give legal advice, or get involved in the actual creation of a will. Always advise a donor to use their own lawyer or legal adviser to create or modify a will.

### 3. Consider your tactics

How are you going to encourage your prospects?

-  **Tell example stories**  
One of the best ways to motivate donors is by telling stories about other donors who have left a gift in their will. Don't just focus on large gifts — people may relate more to a story about a small bequest. You could write a story for your website, social media, or newsletter, or send it to a local journalist/newspaper editor and see if they will publish it.
-  **Emphasize the benefits to the donor**  
There are many reasons why people choose to leave gifts in a will, including...

#### Satisfaction

Leaving a bequest is an incredibly fulfilling thing to do and a decision that many donors are very proud of.

#### Ease




It costs nothing to leave a gift in a will, just a conversation with a lawyer or legal adviser. Even if donors cannot contribute to your organisation now, they can still do so in their will.

#### Reassurance

Making a will ensures that a donor's wishes for their wealth will be honoured after death and makes life easier for loved ones when the time comes.

#### Recognition

If the donor lets you know they are leaving you a gift in their will, you can recognise them and express gratitude while they are living.

-  **Emphasize the benefits to your organisation**  
...that through your Acorn fund, their gift could help your organisation receive a sustainable income stream — forever.
-  **Make it simple**  
Often people are put-off by the idea of bequests because they don't understand, and the language used is technical or jargon-y.
-  **Get creative**  
Who can you collaborate with to help spread the message? Word of mouth is powerful advertising. Current or former trustees and staff can become valuable advocates for bequest giving. And don't forget, the Acorn Foundation team are always happy to present to your team or at events.

## ? What's stopping you?

Despite the enormous potential in bequests, some charities and community groups are hesitant to seek bequests from their supporters. Here are a few of the concerns and misconceptions you may have:

### “Won't Bequest Giving cannibalise our annual giving?”

If you think a charitable bequest will decrease annual gifts, think again. There's a growing body of evidence that **annual giving actually increases after donors make an estate gift.**

Recent research in the US showed that after making a bequest, a donor's annual gifts increase by more than 75%, on average, in following years.

You are also likely to find that different types of donors wish to give in different ways. For example, younger supporters may enjoy giving regular, small amounts while living, while older supporters on a fixed income may be more interested in leaving a substantial sum as a bequest.

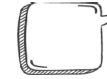
Just one large bequest of \$50,000 put into your Acorn Fund would start generating a steady annual income that could substantially grow over time. Ignore the potential bequest-givers at your own risk!

### “It's such an awkward topic to broach with donors!”

Most people see legacy fundraising as a double taboo subject — death and money. But the fact is, legacies aren't about death, they are about life.

Professor Russell James (Professor of Charitable Financial Planning at Texas Tech University) refers to them as “the final chapter in a person's autobiography”. A reflection of their life, values and experiences. And every day, thousands of lives are changed thanks to gifts in wills.

So legacies are something we should all be proud of — and are a concept that many donors find appealing.

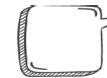


### “It seems complicated. Don't I need to know about tax laws, estate planning, etc?”

No. When we talk about legacies, we're not talking about the mechanics of will-making and death and dying. Instead, we're asking people to think about the things they are passionate about in life and to help them continue into the future.

Naturally we need to talk about wills. But do not get confused about your role as a fundraiser — not a legal adviser — so focus on inspiring your supporters.

In fact, ethically, you cannot be involved in creating someone's will, or giving legal advice — it will open you up to charges of exerting 'undue influence'. Always advise a donor to use their own lawyer or adviser to create or modify a will — and there are plenty of experts out there who can help with the technicalities.



### “But why Acorn? If we received a bequest, why wouldn't we just use it now, or put it in a term deposit?”

If you receive a large bequest, you may wish to use some of it for operating expenses or a special project. But it is also an opportunity to boost your organisation's reserves as a 'safety net', to support you through years when income is lean.

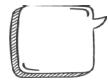
If you were to hold a bequest in a term deposit or similar, you would earn significantly less interest than in Acorn's larger, professionally managed fund. It'll also be on your balance sheet — which isn't going to help you when you're applying to funders for grants! Put it into an Acorn Community Group Fund and it'll be pooled with other funds to earn maximum interest, plus it comes off your balance sheet.

There is also a risk that if you put it in your own savings account, in future, your Board could decide to use it all as income one year instead of fundraising. An Acorn Community Group Fund ensures that your fund continues to exist as originally intended, in perpetuity.



## ? What's stopping them?

In seeking to motivate your supporters to leave your organisation a gift in their will, it can be helpful to understand some of the most common reasons why people hesitate to do so.



### “I don't know what a bequest involves”

Firstly, there is a lack of awareness amongst the general public that leaving a gift in their will is even an option. Everyone is aware of how to give during their lifetime, but for many people giving after death is slightly more mysterious. To overcome this, it is important to educate donors about their giving options.

Reasons donors may be attracted to a legacy over lifetime giving:

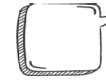
- ➔ It costs the donor nothing to leave a gift in a will.
- ➔ It allows them to maintain control over their assets in case they decide to change their mind. This degree of flexibility is not available with immediate donations.
- ➔ Making a will and spelling out how to use their assets ensures their wishes for the use of their wealth will be honoured after their death.
- ➔ The donor can enjoy recognition while living, if they choose to let the charity know of their intent to leave a bequest.



### “Legacies are only for the rich and famous”

You do not have to be a millionaire to leave a gift in your will to your favourite charity; even what may seem like a small amount could make a real impact, especially if contributed to an Acorn Community Group Fund.

Legacies are also not just limited to cash gifts; you can nominate to leave particular assets to an organisation such as real estate, a stock portfolio, or artwork.



### “I need to take care of my family in my will”

Individuals may also be concerned that leaving a legacy would come at the expense of their loved ones. This is a legitimate concern but there is no need for it to be one or the other. For example, donors can leave:

- ➔ **A pecuniary gift** — a fixed sum of money (e.g. \$5,000 to their charity of choice).
- ➔ **A percentage gift** — a gift expressed as a percentage of your estate.
- ➔ **A residuary gift** — a gift of what's left of your estate, after all of your loved ones have been taken care of and any debts have been cleared.

There are other types of legacies, too. Donors can always speak to a lawyer or legal adviser to find out more.




## **Still have questions?**

The Acorn team is here to help! We can answer questions, brainstorm ideas, provide suggested wording, or give you inspiration.

### **Contact us today:**

 [emily@acornfoundation.org.nz](mailto:emily@acornfoundation.org.nz)

 07 579 9839



[www.acornfoundation.org.nz](http://www.acornfoundation.org.nz)