



An Allegiance Group + Pursuant Resource

Grow Relationships, Grow Recurring Giving

A Guide to Finding and
Keeping Recurring Donors

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The winds are changing... it's time to adjust the sails.

On the cusp of the Great Transfer of Wealth, nonprofits face a critical sink-or-swim moment.

Within the next 20 years, the baby boomer generation will pass on an astounding [\\$84 trillion in wealth](#). This represents a monumental opportunity, and fundraisers should prepare for it now. Those who proactively update their processes, revamp their communication tactics, and adopt data intelligence tools stand to reap great rewards.

For instance, consider the last time you wrote a check or paid with cash. Both situations likely depend on your age.

Baby boomers are more likely to use traditional payment methods like cash and checks. Many nonprofits are built to accommodate this preference, along with the credit cards favored heavily by Gen X. But coming up quickly are millennials and Gen Z, who largely prefer digital forms of payment like PayPal or Venmo, digital wallets, and even cryptocurrency.

When these younger generations receive the Great Transfer of Wealth, will you be set up to accept their donations?

Payment methods are just one adaptation fundraising professionals will need to make to attract and serve younger generations of donors. Customized experiences, white-glove services, and convenience drive many decisions for Gen Z, now the largest generation in the United States. At the foundation sits deep relationships with causes they care about.

The connections you build now will fuel long-term support.

For fundraisers, retention and stewardship will be essential. It's about more than money — what unique experiences can you use to single out donors and make them feel special? How can you clearly communicate their impact on your mission?

More than ever, donors want to see the difference they make. This is what builds those deep-seated connections that engender long-term support.

Give prospective donors opportunities to volunteer and advocate for your organization. Place them on your board. Provide ways for them to engage with your cause and amplify your work without offering financial support. It's like dating: they want to get to know you before they commit. If you feed them opportunities and show their impact, you'll be top-of-mind when they're ready and able to donate.

Through robust stewardship and engagement efforts, you can develop a strong base of philanthropic young and mid-life adults who believe in your mission. This deep kinship makes them prime candidates for a recurring giving program.

More frequent small gifts can lead to big returns later.

A few years ago, for-profits discovered what nonprofits have long known: that over time, many smaller, recurring donations can add up to a lot more than fewer donors giving large lump sums. Establishing a culture of recurring giving can secure a bright future for your nonprofit, empowering it to make a bigger difference for those it serves.

Recurring or monthly giving programs form the basis of the subscription models so many adults find appealing. The “set-it-and-forget-it” nature

2-3 years after signing up for recurring giving,

90%

are still with an organization.

By comparison,

18-20%

of annual donors give more than once.

Of the

\$84

trillion wealth transfer,

14%

is expected to go to charities.

A \$100 monthly gift is

\$1,200

a year.

With an average donor lifetime of 8 years, your organization will receive

\$9,600.

is immensely convenient for both customers and service providers. This is where fundraisers have a chance to truly shine.

Once Gen X, millennial, and Gen Z adults engage with your organization as recurring donors, the door is open to moving them into higher donation levels as their life situation changes. Each monthly gift is an invitation to engage with them through meaningful messaging. By taking advantage of this regular touchpoint, you can deepen your relationship with them and foster more loyalty.

Invest in tools today to see success tomorrow.

Relationships and recurring giving go hand in hand; when you grow one, you can grow the other. This cycle is a worthy investment that can position your organization to weather any short-term challenge. As other donor categories continue to decline, those who give seven gifts or more are on the rise. It's time we meet donors where they are — or where they will be — and make monthly giving as easy as possible.

Through the latest evidence-based fundraising practices and donor communication strategies, nonprofits can retain new donors and continue to inspire recurring donations. Donor intelligence tools such as GivingDNA help you get the most out of your donor data and identify where your fundraising resources will generate the greatest return on investment.

With the Great Transfer of Wealth on the horizon, cultivating deep relationships with donors of any age is more important than ever. **Use this guide to position your nonprofit as a priority for the more significant gifts that will come your way.**



In 2022, Gen Z adults made an average of

5.3

donations.

Millennials and Gen X made an average of

4.8 and 4.7.

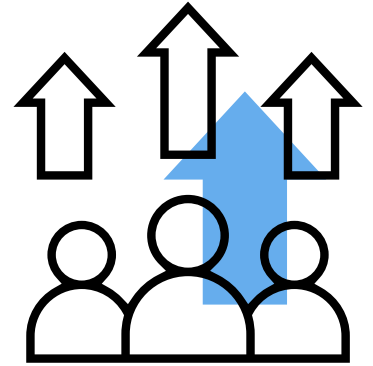
Next-generation donors are

3x

more likely to advocate for a cause than older donors.

Key Topic: Retention

Mission Critical: Find recurring donors and convert the ones you have into higher giving levels.



One-time versus recurring giving—the difference is even bigger than you might think.

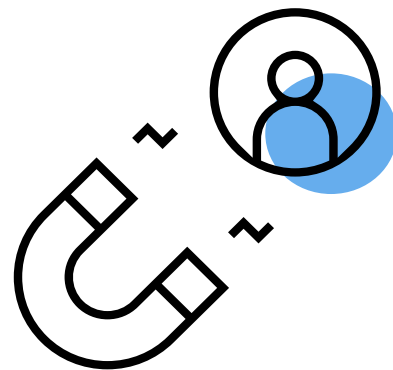
Retaining recurring donors helps your organization in three main ways:

- 1. Raise More Money:** According to fundraising researcher and expert Dr. Adrian Sargeant, a 10% improvement in your donor retention rate can equal a 200% increase in lifetime donor value. Think of this in terms of the power of savings: (small dollar amounts) x (time) = large return on investment over the long run.
- 2. Stability:** Having more of your donor base commit to a regular donation schedule adds stability and predictability to the organization, making budgeting less labor intensive, year over year.
- 3. More effective campaigns:** With a greater percentage of your donor pool signed on for recurring donations, annual, quarterly, “Giving Tuesday,” and special events can devote more resources to finding new one-time and recurring donors, as well as converting existing recurring donations into higher giving levels.

- » According to the Fundraising Effectiveness Project’s Q4 2023 Quarterly Report, **there was a year-over-year decline in three key metrics: donors (-3.4%), dollars (-2.8%), and retention (-2.5%).**
- » **New donors increased by 2.3%** and were likely motivated by external factors such as global conflicts, the war in the Middle East, and international disasters.
- » **Revenue from recurring giving increased by 2%**, which indicates organizations’ most loyal and committed donors are showing up in bigger ways.

Key Topic: Recruiting

Fundraising time and effort are **precious resources**.



The adage “work smarter, not harder” couldn’t be truer. You can minimize fundraiser workload and maximize fundraising staff members’ success with key best practices from the start.

Know your target donor pool(s).

- » That said, what are their demographics?
- » Does your organization keep track of current and potential donors as they move through life stages and their demographic profiles change?
- » Many NPO’s have adopted a dedicated online donor intelligence tool such as [GivingDNA](#). A donor intelligence tool maximizes the benefits of data gathered and kept by an organization’s CRM, delivering features such as predicting which groups and individuals are most likely to become recurring donors. This in turn helps the organization tighten the focus of its fundraising efforts, maximizing results.

Meet your target donors where they are.

- » Mailings are costly. But that doesn’t mean eliminating them entirely. Though generational wealth is changing hands, it is still held largely by the Silent and Baby Boomer generations, who still respond well to mail campaigns.

- » Generation X, Millennials, and Generation Z are undoubtedly far more likely to respond online. But within those younger generations, desktop (e.g., email, etc.) versus mobile engagement varies greatly. Mailings, calls, email, and mobile/app fundraising methods are all in play. According to Classy.org, one-time donations averaged 30% larger when made via PayPal. A majority of donors surveyed felt safer about donating via PayPal than giving their credit card or banking information directly to a nonprofit's website.
- » Your organization type and the people it serves will guide your primary mode(s) of contact. For example, a grassroots political campaign may want to invest the bulk of its fundraising efforts on in-app engagement, while patrons of a chamber music society or alumni association may be better reached via mail and email.
- » **Omnichannel campaigns are still your best bet.**



Integrate recurring donor recruitment into existing fundraising.

- » Effort and efficiency may be maximized by thinking of creative ways to incorporate invitations to make monthly donations into the calls, mailings, email campaigns, and in-app engagement your organization already has in play. Set “recurring” as a default selection on donation forms, harnessing the power of suggestion.

Illustrate the power of small donations over time.

- » Coach fundraising staff to pair small, regular giving now with the bigger picture, helping new donors realize their impact.

Set a goal annually and with each campaign.

- » Be transparent with prospective and current donors about funds raised/pledged relative to the campaign goal. Don't forget to include the "why" when engaging with donors about the goal.

Make your donor the "hero".

- » What will their recurring donation help the organization achieve? How will that improve the lives of those you serve? Paint a picture of the impact the donor will be able to make with their gift.

Prospects respond well to peers.

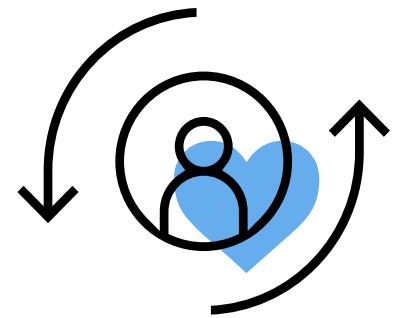
- » A little extra effort to find volunteer fundraisers who are beneficiaries of the organization's services, fellow donors, staff, or volunteers goes a long way. Harness the power of the basic script, "I'm a volunteer here at organization XYZ, and here are a couple of reasons why I make a monthly contribution ..." Fundraisers who have a stake in the organization's success – whether through donating, volunteering, working, or serving on a board – come across as highly credible and will have higher success approaching prospective recurring donors.

Perspective: Get the most out of multichannel fundraising efforts

- » Invest in digital. 24% of fundraising page visitors among surveyed nonprofits converted to active donors.
- » **Digital donors are 3 times more likely to become multi-channel donors.**
- » Only 55% of organizations sent at least one mailing to online-only donors over a 4-month period
- » Use the phone! Only 1 in 12 organizations called the online or offline donor and just 1 organization out of 102 surveyed by NextAfter Institute sent a text message in 4 months.
- » Don't skimp on IT! The average new donor spends one minute on a fundraising landing page before completing payment. If page load time is low, they're far less likely to follow through.
- » Work with your IT personnel and financial institution to incorporate ACH (electronic check payment) as an option for recurring donations. Donors who give via ACH make 55% larger-than-average monthly gifts.
- » Capture the power of suggestion by building default suggested giving levels into your donor checkout UX. Your donor base may be more generous than you expect. In 2020, the median recurring gift across all surveyed organizations as \$23.00.



Key Topic: Maintaining Donor Relationships



Communication and **Community**: Two key elements of building relationships with recurring donors and converting more new and one-time donors into recurring donors go hand-in-hand.

Motives for giving vary, but most nonprofit donors want to feel like they're a part of something that matters.

Building community around a common cause through regular multi-platform communication keeps donors engaged and interested. Remember: Know your donor base and meet them where they are. A relatively small investment in a donor intelligence tool such as GivingDNA pays big dividends as modern data tracking and visualization help shape your fundraising strategies over time. Think of a donor intelligence tool as a bird's-eye view of fundraising activity and results.

Checklist:

Build personalized donor experiences



- ✓ **Know your demographic(s):** Psychographic, giving affinity, and capacity can quickly help you segment and effectively personalize your donor communications at scale.
- ✓ **Extra personalization for high-impact donors:** Major giving should be met in kind with exclusive gestures of appreciation. Providing “insider” level access to committee meetings, custom and limited edition gifts such as signed merchandise, and invitations to events exclusively for benefactors all go a long way in securing long-term relationships with your top-tier donors.
- ✓ **Enhance understanding:** Using donor intelligence tools can help integrate 3rd party data to quickly understand your donors, leading to more effective communication strategies.
- ✓ **Consistency:** Build trust with stakeholders with regularly scheduled updates about the organization. Both recent successes and opportunities for improvement may help make and maintain a case for the need for recurring gifts.
- ✓ **Personalized thank-you:** Always promptly follow new recurring, one-time, and upgraded recurring donations with a heartfelt thank-you message from the organization. If available resources permit, handwritten notes go the extra mile to create a sense of belonging.
- ✓ **Exercise sensitivity:** Promptly respect requests to unsubscribe from communications, and never share donors’ personal information with third parties without explicit consent.
- ✓ **‘Ask’ shouldn’t exceed the quality of the donor relationship:** Start with small default ask amounts in quarterly, yearly, and Giving Tuesday fund drives. As you build a trusting relationship with each donor, encouraging them to consider converting to a higher recurring gift becomes easier and more appropriate. When approaching recurring donors to discuss upgrading their monthly gift, suggest small stepwise increases.
- ✓ **Communicate matching gift opportunities:** Benefactors of your organization may sometimes offer matching gifts during fund drives. Clearly communicate the terms of the matching gift—is there a one-time or recurring minimum? Must pledges be made by a certain day or time to capture the match?
- ✓ **Listen:** Effective communication is a two-way street. Do your donors know who to email with questions? Does your organization document feedback and act on it when appropriate?
- ✓ **Transparency:** Let prospective and current donors know what’s really going on. New hires, finances, projects, goals, and capital improvement plans should all be fair game. The more your donors know about what is going on, the more they’ll feel a part of a community.

More about **Allegiance Group + Pursuant**



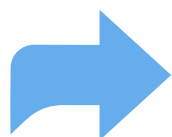
Allegiance Group + Pursuant stands at the forefront of innovation, empowering nonprofits with cutting-edge, tech-led marketing and fundraising solutions. With a legacy of decades of experience in digital, web, UX, and advertising excellence, we've evolved into the ultimate one-stop-shop for nonprofits seeking a comprehensive, digital-first partner.

Our mission is bold: to inspire action and create a lasting impact.

Allegiance Group + Pursuant brings together experts in strategy, fundraising, development, creativity, and analysis. We're not just a service provider; we're your growth catalyst. From expanding your supporter base to enhancing brand experiences and leveraging custom fundraising software, we drive strategic and intelligent growth.

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We'd love to connect to learn more about your mission and the goals we can help you achieve. Contact Us!



Visit teamallegiance.com/contact-us

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