



# Understanding Donor Discovery™ Data

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## Are You Maximizing the Benefit From Wealth Screens?

How much more support are your current donors capable of giving? How can you use your prospect research resources most efficiently to further your mission? By focusing your wealth screening efforts on the top 20 percent of your prospects who are most likely to make significant gifts to your organization, you can get the most from your spending on wealth screens and meet the needs of both your prospect researchers and gift officers.

## Donor Discovery™ Can Help

Donor Discovery™ is a Reeher best practice module, powered by wealth and philanthropy profile screening from DonorSearch, and is fully integrated with the Reeher Platform. Donor Discovery provides immediate, on-demand access to detailed wealth screenings so front-line fundraisers can have current and reliable data as they prepare to meet with a prospect or prepare a proposal. By providing the right information at the right time, Donor Discovery helps gift officers create more informed prospect strategies, yielding greater proposal success.

The Reeher predictive models and scores, such as the Major Giving Expected Value Index (EVI), and the Net Worth variable from Acxiom provide an indicator of a prospect's affinity for your institution and potential wealth, enabling you to identify your highest-value major giving prospects so you can better target your fundraising efforts.

With the additional data from Donor Discovery, gift officers and prospect researchers are able to supplement a prospect's profile with measurements and detailed examples of their overall demonstrated philanthropy and wealth capacity. The Donor Discovery data will enable your team to gain new insight into donors and prospects, further cultivate individual relationships, and develop a tailored strategy for moving the prospect forward to the proposal stage.

According to a DonorSearch study of 2 million individuals with a combined \$5 billion in known lifetime giving to 400 nonprofit organizations, the following factors were the strongest indicators of future philanthropy, in order of priority:

- Prior giving to your organization
- Prior giving to other organizations
- Foundation Trustee
- Political giving
- Real estate holdings

Reeher predictive scores *already* capture your prospects' inclination to give to your institution. But Donor Discovery data, backed by DonorSearch's methodology and rating criteria, helps paint a more complete picture of the other types of activities, in addition, to supplying several other useful markers of demonstrated philanthropy and wealth capacity.

## Demonstrated Philanthropy

An individual's giving history to other organizations, including their political giving, is included in Donor Discovery's measures of Demonstrated Philanthropy. By reviewing a prospect's past philanthropic activity, researchers and gift officers can find insights that may be useful in building the relationship and in constructing a proposal strategy.

### Philanthropic Markers Provided by Donor Discovery

- Number of Gifts
- Amount of Gifts
- Dates of Gifts
- Types of Organizations Supported
- Names of Organizations Supported
- FEC (political) Donations

With Donor Discovery, a rating is provided for the overall demonstrated philanthropy of the donor. This rating is determined according to DonorSearch's methodology, based on the criteria below. In addition, the detailed Donor Discovery report includes a listing of all donations given to charities and political organizations, and is provided to support in-depth analysis into the giving history of the donor.

Rating	Description
5/5	Exact match as a donor giving \$5,000 or more to a nonprofit or political organization found in the giving history archive
4/5	Cumulative political giving at or above \$10,000
3/5	Cumulative political giving between \$5,000 and \$10,000
2/5	Exact Match to a charitable gift over \$500
1/5	Exact/very likely matches to individuals giving charitable or political gifts elsewhere
0/5	No noteworthy matches to giving history

### Charitable Giving

Donors who have given large gifts to other organizations and much smaller gifts to yours may be worth cultivating for additional support. And, of course, if a prospect has given significant gifts to other organizations that have similar or complementary missions to yours, that person is a stronger prospect for you.

Data related to other charitable giving activity is highly predictive of future giving behavior. According to DonorSearch's research, the likelihood of a prospect's future giving behavior can be correlated as follows:

Largest Prior Gift to a Non Profit	Likelihood of Future Philanthropy
Over \$100K	32 times more likely
\$50K - \$100K	25 times more likely
\$10K - \$25K	10 times more likely
\$5K-\$10K	5 times more likely

## Private Foundation Involvement

Private foundation participation, especially as a trustee, is more valuable than wealth markers. Donor Discovery includes the IRS990PF indicator as a flag that indicates a likely match of the namesake private foundation. Knowing that a donor is associated with a namesake foundation is important for several reasons:

- The donor understands the importance of philanthropy and its role in society; you won't need to convince them of why giving is important
- The donor almost certainly is already giving, it not to your organization, then to others
- Board membership on a foundation points to the cause that the donor considers most important

## Political Giving

Political giving on both a federal and state level, is also highly correlated with charitable giving. For example, according to DonorSearch research, statistically there is a strong correlation between political giving, as reported by the Federal Elections Commission (FEC) and charitable giving: a donor who has made multiple political gifts totaling \$15,000 or more has almost certainly made at least a five-figure gift to a nonprofit organization.

Someone who has given at least \$2,500 in their lifetime to federal or state political campaigns is approximately 15 times more likely to make a philanthropic donation than someone who hasn't. Even a \$500 donation to a political organization makes someone five times more likely to donate to a nonprofit.

FEC data is available in Donor Discovery, and all political donations of \$250 or more must be reported to the FEC. These donations include:

- Direct donations to a candidate
- Donations to a political party
- Donations to a Political Action Committee (PAC)
- Donations to 527 organizations

A single lifetime FEC gift of \$250 puts your constituent into the top 6 percent of the US population. A single lifetime gift of \$1,000 puts your constituent into the top one tenth of one percent.

<b>Lifetime Political Giving</b>	<b>Likelihood of Future Philanthropy</b>
Above \$2,500	14.48 times more likely
\$1,000 -2,500	6.43 times more likely
\$500 -1,000	5.17 times more likely

According to DonorSearch research, political giving is a better indicator of future philanthropy than any measure of wealth. Individuals who make political donations,

especially of \$2,500 or more over a lifetime, should receive serious consideration as potential donors to your organization.

### Target Ask Based on Giving

In conjunction with the donor or prospect's demonstrated philanthropy, a Target Ask Based on Giving is determined. This target ask amount is established based on the single largest gift range a prospect or donor has made to either a charitable organization or to a political party. This may vary from the Target Ask Based on Wealth, due to the availability of public records related to wealth.

### Wealth Capacity

Demonstrated philanthropy is a significant predictor of giving, but certainly measurements of a prospect's wealth capacity are important in order to derive the appropriate target ask amount.

Donor Discovery includes sophisticated wealth markers from DonorSearch, which are weighted appropriately to arrive at a more accurate estimate of wealth capacity. Real estate, for example, is not as liquid as stock ownership, resulting in it being weighted less when estimating capacity to give.

### Wealth Markers Provided by Donor Discovery

- Real Estate Ownership
- SEC Insider Transactions
- Boat/Plane Ownership

Based on DonorSearch methodology, Donor Discovery presents a rating of the overall wealth capacity of the donor, according to the criteria below. The detailed report for a prospect provides a listing of real estate and SEC Insider transactions to support further analysis.

Rating	Description
5/5	Exact match to exceptional markers of wealth: DonorSearch real estate holdings of \$2 million+, Foundation Trustees, SEC Insiders, Nonprofit board members
4/5	Exact match to lower, but notable markers of wealth, including real estate holdings of \$1-2 million
3/5	Exact matches to DonorSearch real estate holdings of \$500,000- \$1 million, owning 2 or more pieces of real estate or owning real estate in a trust
2/5	Owning one piece of real estate under \$500,000. Possible matches as an SEC insider, nonprofit or foundation board member
1/5	No noteworthy matches to wealth indicators
0/5	No results returned.

## Real Estate

DonorSearch research shows that the strongest individual wealth-based indicator of future philanthropy is real estate ownership. The value of the real estate owned is an excellent predictor of philanthropy. Real estate is predictive:

Real Estate Value	Likelihood of Future Philanthropy
\$2M+	17 times more likely
\$1-2M	4 times more likely
owns \$750K – 1M+	2 times more likely

## SEC Stock / Insider

An SEC Insider is defined by the SEC as:

- An officer of a public company
- A director of a public company
- An individual or entity owning 5% or more of any class of a company's shares

Knowing that a donor or potential donor is an SEC Insider can affect your fundraising in four ways:

1. Board members and senior management of publically held companies are, in virtually all cases, affluent or wealthy
2. SEC Insiders don't have to disclose all of their stock holdings, but at least part of their stock holdings will be indicated by this information
3. SEC Insiders may be more likely to want to donate stock that has appreciated for larger tax benefits with minimal out-of-pocket costs
4. SEC Insiders' companies may have a foundation or other philanthropic organization or have a matching program for employee donations

For tax reasons, wealthier individuals sometimes choose to donate stocks, particularly stocks that have significantly increased in value, to nonprofit organizations. Subject to some limitations, they can take a tax break for the current value of stock which may have cost them much less.

SEC Insiders are excellent potential donors for five reasons:

1. They're almost guaranteed to be more affluent than the average American
2. They're likely to have stock which has appreciated in value that they may wish to donate for philanthropic and tax reasons
3. Their corporations may have matching programs or a nonprofit foundation that gives grants
4. They know and are connected to other SEC Insiders and board members who are potential donors
5. As corporate officers/directors, they can influence support from their companies and other officers/directors

## Target Ask Based on Wealth

The Target Ask Based on Wealth is based on the estimated wealth capacity and represents the amount a donor can give as a “stretch” gift over a five-year period. This range is based on DonorSearch’s proprietary algorithm that estimates wealth based on known markers, such as real estate, SEC Insider information and political (FEC) giving. The Target Ask Based on Wealth is roughly 10% of the donor’s estimated net worth. This range may be very different than the Target Ask Based on Giving.

## ***Screening Accuracy and Quality: The Donor Discovery Quality Score***

Many people have the same or similar names, so it is important to know the likelihood that the screening result matched a specific prospect. You need to know the quality and confidence level of the data being presented. With Donor Discovery, an overall quality score is provided for each comprehensive profile, and each data element for that profile is also individually scored for confidence.

The overall quality score for a profile is determined by DonorSearch methodology and typically ranges from 1 to 20 (in rare cases, it may reach 30 or higher). It indicates the confidence in the accuracy of the data being provided.

- **A quality score greater than 17 is considered a high-quality match.** Scores greater than 18.5 have a 90%-likely accuracy in the match of the donor to the data provided.
- **If the overall quality score is less than 12, then there is no qualified match,** and the profile screen does not return a result.

### **How is the quality score calculated?**

The quality score is the output of a DonorSearch algorithm that looks at name match, name commonality/uniqueness, presence of middle name/initial, spouse name, suffix, and proximity. The overall score for a record or profile is an average of each data element having an individual quality match at or above 17.0. If an individual data element does not have a quality score at or above 17.0, it is not included in the overall score, although those data elements are returned so that you may validate it later. However, if an individual data element’s score is less than 12.0, that data element is not returned.

Remember, for a profile to successfully return a screening result, the overall quality score must be at or above 12.0.

## **Conclusion**

The Reeher Platform predictive models and scores help you identify your highest-potential prospects and those who have the highest affinity to your institution. With the Reeher best practice module Donor Discovery, you gain additional valuable measurements and insights into prospects’ demonstrated philanthropy and wealth capacity. Accelerate your prospect research, share this data more readily among

your fundraisers, and create more strategic prospect cultivation strategies—all within the Reeher Platform.