

# Four Trends Influencing Non-Profit Success in 2022

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A secret to success is learning and growing from past experiences. As we found inventive ways to overcome challenges in 2021, we are left with plenty of experiences to take inspiration from and to help achieve future goals for your non-profit. Here are four key trends influencing your non-profit's success in 2022.

## **Navigate the rise of inflation**

Inflation has been dominating headlines as of late, and for good reason. The consumer price index climbed 7% in 2021, it's largest 12-month gain in 39 years. While this is impactful for a slew of reasons, non-profits are in a unique situation when it comes to inflation. Many organizations may not be able to raise revenues to offset higher prices in their supply chains. Donors may feel inflation pinching their own finances, or may simply fail to factor it in when making their annual gift.

One way to help mitigate the risk of inflation is through your investments – endowed or otherwise. Properly aligning your investment objectives with your asset allocation is the first tool at your disposal. We suggest finding the right balance between pursuing inflation adjusted growth and mitigating volatility to fund withdrawals and meet current needs. Well-researched security selection is also important. This also provides an opportunity to evaluate current allocations and confirm that there's proper balance for the long-term to avoid potential value of the portfolio. Overall, while inflation is top of mind for everyone, we believe this is still an opportunistic time to invest in stocks – always trading with caution.

## **Re-evaluate investment and spending policies based on recent results**

The last several years have provided an excellent test case for dealing with different types of market environments, both good and bad. You may ask yourself:

- How has your endowment or other investment portfolio fared, both on an absolute and relative basis?
- Are you happy with the objectives you've set, and have you made progress toward them?
- Are all the prominent risks in the market today being contemplated (e.g., inflation, low interest rates, equity valuations, etc.)
- Have withdrawals been in line with your policy?
- Has decision making been efficient and additive to your results?

Based on answers to these and other questions, it may serve you well to take a fresh look at your organization's investments, and have an open discussion about whether your objectives are being met. Learn from your organization's experience to determine the best course of action.

Some find it helpful to take a formal, in-depth look at all your policy documents once per year. Others choose to also issue a new request for proposal every 3-5 years, using the opportunity to take a fresh look at your overall investment structure. The new year may be the perfect time to take stock of your results and learn from past mistakes.

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### **Stay connected to donors**

Many donors have come out of the past two years unexpectedly confident and financially strong. Older donors may be especially well off today. Americans age 70 and older had a net worth of nearly \$35 trillion at the end of the first quarter last year. That amounts to 27% of all wealth in the U.S., up from 20% three decades ago. Everyone was in uncharted territory during the pandemic – and expected the worse. Now, two years later, many people may be better off.

It's important to leverage existing relationships, or spark new connections, to take advantage of these trends while they last. Consider engaging in meaningful conversations with donors to explore how charitable giving is playing a role in their financial plan. Empathy during these conversations is critical as there may be other concerns on their mind, such as rising inflation, the ongoing pandemic, and potential new legislation and tax changes. Consider following up with lapsed donors to find out how their situation might have changed over the past year. And finally, tailor the tone of your communication to mirror that of your donors. The pandemic may still be the number one issue on most people's minds, but there may be an opportunity to take a more positive tone with donors and showcase how your organization has successfully navigated the past two years.

### **Make a roadmap for planned giving**

As the average age in our country gradually rises, donors are more and more receptive to incorporating planned gifts into their estate plans. This coincides nicely with another trend impacting the non-profit space – the need for a long-term sustainable source of funding. Not all planned gifts are long-term or endowed, but many are, and actively cultivating and asking for planned gifts can be a great way to fortify your organization's long-term assets.

Now is the time to plan the next stage of your planned giving program:

- Establish the resources and infrastructure you need to engage with prospects. This might include gift acceptance and endowment policies, templates for endowed gifts, a case statement for support, or marketing materials to promulgate your message.
- Actively engage, cultivate, ask, and steward donors. This is the fundraising cycle in action where an organization invests time and resources to proactively drive the tempo with donors.
- Consider the pros and cons of a formal endowment campaign. This might be the start of a multi-year process, but more organizations are finding enthusiasm within their donor base for a campaign specifically to build endowed assets.

Every organization is unique, and where you focus will depend on how you can best meet your donor's needs. If you want to make planned giving a bigger priority, we suggest determining where your organization stands today and crafting an action plan that matches your needs.

Reflection, planning, and execution are the foundations to success. Keep these four trends top of mind to ensure your organization is on track for the year ahead.

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Sources: Bloomberg and Wall Street Journal.

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