Goldman Sachs Philanthropy Fund

# How to Make a Major Gift

## An Overview for Donors

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## Acknowledgement

The Goldman Sachs Philanthropy Fund acknowledges the author of this article, Melinda T. Tuan, an independent philanthropic consultant.

## Introduction

> *"A major gift is a creative act – an opportunity for a funder to transform an institution or catalyze a new stage of growth for an organization."*
>
> Rockefeller Philanthropy Advisors, "Major Gifts and Naming Opportunities: When Giving Becomes Leading"

In previous publications we have written on topics such as how to get started with your philanthropy[1] or how to involve your family in your philanthropy.[2] As you continue to support an organization with your time, talent, and treasure, you may have an opportunity to make a more significant financial gift to that organization to support its growth or increase its impact. Giving generously through a major gift to a nonprofit organization is one way you can fulfill your goals to improve the world and partner with that organization to help it meet its mission.

Making a major gift can be an exciting and rewarding way for you to partner with a nonprofit organization at a higher level. Making a major gift can also be an overwhelming process requiring more planning and thoughtful decision-making involving accounting, legal, and philanthropy expertise than smaller gifts. To that end, we have written this publication to help you think through five important questions you should answer as you consider making a major gift to a nonprofit organization:

1. What is a major gift?
2. What are the different types of major gifts?
3. What should I contemplate before making a major gift?
4. What are some practical considerations associated with making a major gift?
5. How can my major gift inspire others?

Oftentimes a donor is excited about making a major gift and the recipient organization is anxious to receive the gift. As a result, proper planning around how to craft the gift to best meet both parties' needs can be given short shrift. We encourage you to consider the answers to each of these questions and determine how you might want to proceed with (or perhaps re-consider) making a major gift.

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[1] Tuan, Melinda. "Getting Started with Your Philanthropy: An Overview for Donors." *Goldman Sachs Philanthropy Fund*. April 2016.

[2] Tuan, Melinda. "Families and Philanthropy: An Overview for Donors." *Goldman Sachs Philanthropy Fund*. 2021.

## 1. What is a major gift?

> *"To some extent, a "major" gift is in the eye of the beholder. Whether the actual dollar amount is considered major depends on the typical level of giving of the donor and the size of the organization. A major gift to Stanford is different than a major gift to a grassroots organization. And every major gift can work to reinforce or dismantle existing inequities."*
>
> Susan Wolf Ditkoff, Senior Advisor
> Bridgespan Group

When people think about making a major gift to a nonprofit institution, they often envision the kinds of financial gifts that make the front page of the news. The headlines tout generous grants of hundreds of millions of dollars made by ultra-high net worth individuals to their alma maters or major cultural institutions. Wings of hospitals are built, and graduate schools are named or renamed to honor generous benefactors. While these sorts of gifts are certainly significant, they are more unique and unusual which is why they make the news. The fact is, if you think about what a major gift is from the nonprofit institution's perspective, there are many opportunities and ways to make a major gift.

Phil Buchanan, president of The Center for Effective Philanthropy and author of "Giving Done Right" recommends donors consider whether a gift is "major" in relation to whether it is outside the norm of what the organization typically receives. For example, a large financial gift to a major university will have a very different impact on that academic institution than a similarly sized financial gift to a human services organization. He also suggests donors think about major gifts as not just gifts of money, but gifts of talent and time.

Henry Berman, former CEO of Exponent Philanthropy, describes a helpful way to think about major gifts by imagining a two-by-two matrix. On the y-axis is the dollars (and/or time) you as the donor plan to give. On the x-axis is your agenda behind the giving. In the upper left quadrant, you could be a large donor with a small agenda. In this case you would be a "lifeguard" – helping the organization stay afloat with its mission and plans. In the lower left quadrant, you could be a small donor with a small agenda. In this case, you would be part of the supporting cast for the organization, or this could be an entry point for a new donor to the organization.

In the lower right quadrant, you could be a small donor with a large agenda for the organization. In this case you could be a catalyst for positive change in the organization giving of your time and energy, or you could be a time drain for the organization if your agenda does not mesh with that of the organization's mission as it is being implemented by the leadership. In the upper right quadrant, you could be a large donor with a large agenda. In the best of cases, you would be a valued partner to the organization – giving not only of your treasure but your talent to further the mission of the organization in a significant way. In the worst of cases, as Berman describes it, you could be an "assassin" – with enough money and time in the mix to do significant damage to the organization if your agenda is not in line with that of the organization.

When thinking about making an investment in a nonprofit organization, experts recommend you contemplate your motivation for giving; be mindful of the potential positive and negative impact of your major gifts of time and/or treasure; and pay attention to whether who you give your major gift to and how you structure the gift will reinforce or dismantle existing inequities.

## 2. What are the different types of major gifts?

> *"Major gifts can come in a variety of forms, but not all are transformative. The most effective major gifts are ones that bring others – donors and collaborators – to the table and lead an organization to be better."*
>
> Kay Walther, Partner
> Blazek & Vetterling

There are several different types of major gifts a donor can make, many different vehicles donors can use to make those gifts, and numerous variations of possible restrictions a donor can choose to make on their major gift. Each of these types of gifts, vehicles, and restrictions should be assessed in relation to the strategy of the recipient organization and what will best serve its mission.

*Types of major gifts*

According to Mark Neithercut of Neithercut Philanthropy Advisors, there are four different types of major gift uses in a nonprofit organization: program, capital, operations, and endowment. Neithercut is careful to point out that these four purposes are not mutually exclusive and thoughtful donors will have conversations with the organization about the best way to support the organization's goals through a possible combination of uses of the gift.

*Types of assets and vehicles to use in making a major gift*

There are many different types of assets that may be used to make a major gift including cash, non-cash, and non-marketable assets. However, some forms of assets are more useful to nonprofit organizations than others. Clara Miller, former president of the Nonprofit Finance Fund wrote in her excellent treatise "Gift Horse or Trojan Horse": "If a gift is both liquid and unrestricted (e.g., general operating support), it provides the greatest flexibility and presents the lowest risk and cost, and hence the most predictable boost to mission."[3]

The opposite is also true: the least flexible and highest cost gift a donor can give is a permanently restricted fixed asset such as real estate that cannot be sold or developed and has high associated maintenance costs. Miller describes these types of gifts as "Gift Horse #1: The Thoroughbred: Fabulous, high-profile…and high maintenance; Gift of a Permanently Restricted Fixed Asset.[4] While a donor might want to gift an asset such as real estate, bitcoin, or a piece of art, the illiquidity of these assets may be hard to manage if the recipient organization is not prepared for this type of gift. And the gift might not be maximized if the organization does not know how to use or convert the illiquid asset into the cash they need for their operations. In this type of situation, the restrictions placed on the gift may actually cost the organization more in ongoing management costs than the value of the asset and thus drain the organization over time.

*Types of restrictions on the gift*

Regardless of the type of gift or type of asset used to make the major gift, one of the issues that arises is the types of restrictions the donor imposes on the grant. To be clear, as Buchanan states, from the nonprofit's perspective, "the most valuable gifts are large and unrestricted." That said, donors may choose to restrict a gift for a particular timeframe; or the gift can be restricted so the principal stays intact, and the organization can only spend the proceeds. Gifts can be restricted by purpose such as to construct a building or endow a chaired professorship at a university.

Any restriction should be clearly spelled out in the gift agreement, along with provisions for changing or modifying those restrictions, if applicable. Justin Zaremby with Patterson Belknap Webb & Tyler LLP recommends that donors discuss in detail with the grantee any proposed restrictions to confirm that the grantee understands and can realistically satisfy the restrictions in the short- and long-term. "All this should be carefully documented in a written agreement to save a lot of potential heartache down the line," says Zaremby. He warns, "Keep in mind that the more restrictions you place on a major gift, the harder it may be for the nonprofit organization to comply over time."

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[3] Miller, Clara. "Gift Horse or Trojan Horse? A Thorough Physical is Critical." *The Nonprofit Quarterly*, Summer 2004.

[4] Ibid, p.22

## 3. What should I contemplate before making a major gift?

> *"Donors and recipients need to be clear about what the gift will achieve on both sides. Donors should articulate their values, their timeframe for the gift, and the impact they hope to achieve through the gift."*
>
> Amir Pasic
> Dean of the Indiana University
> Lilly Family School of Philanthropy

There are five key considerations you should take into account before making a major gift, including your motivation for giving, the timeframe for the gift, the feasibility and capacity of the potential grantee, your relationship with the potential grantee and how the gift may work towards reinforcing or dismantling existing inequities. We will discuss each of these considerations in turn.

*Your motivation for giving*

The first factor you should consider before making a major gift is your motivation for giving. Pasic poses this simple question to donors to help them examine their motivations: "Do you want to impact an organization or invest in an organization's impact in the world?" For example, Pasic contrasts a donor's decision to invest in an orchestra as an organization, compared with investing in the program the orchestra has for educating kids about music, which could be achieved in many ways. The Goldman Sachs Philanthropy Fund publication "Crafting Your Charitable Mission Statement" can be a helpful resource for donors to articulate their motivation for giving.

Melissa Berman, President & CEO of Rockefeller Philanthropy Advisors (RPA), suggests several key motivations donors have for giving, including strengthening a beloved institution, creating your own legacy, and serving as a source of inspiration for others to give more generously. Some other motivations are detailed in RPA's publication "Going Big: Launching Your Own Major Project":

- demonstrating leadership in calling attention to an issue
- demonstrating leadership in a certain approach to addressing a problem
- impacting other organizations and donors in the same issue area
- bringing your own talents and know-how to bear on a project

In addition, Stephanie Fuerstner Gillis, director of the Impact-Driven Philanthropy Initiative and advisor to Giving Compass, recommends donors ask themselves, "Am I giving because I've been asked? Or because I really care about this organization and its mission?" And "Is this the place that needs my gift the most? Or can I give somewhere else to make a difference in the world?" Ask yourself, "Who is being least well-served in my area of focus?" and then give in ways that center those people. If you are contemplating a gift to an arts organization in a major city, for example, ask for data about who they reach, and who they don't, and give in ways that will expand access to the arts for people who have not been able to participate.

*The timeframe for the gift*

In general, you will need to decide on the lifespan of your major gift both in terms of the gift purposes and also in terms of your obligation and whether it is to be paid over time. According to Bruce Boyd, principal and senior managing director at Arabella Advisors, there is currently a "trend of major gifts happening earlier in a philanthropist's journey, and an acceleration of the pace and frequency of major gifts."

If you choose to have your gift be paid out over a long period of time, you will need to decide what the payment triggers will be and whether the gift will be binding on your heirs and estate if the gift is not paid in full during your lifetime. Most institutions will want to make sure in the unfortunate case of the donor's death prior to satisfaction of the gift that the heirs and estate will step into the donor's shoes and be responsible for satisfying any remaining gift payments.

Depending on the terms of the gift, your family members might also need to be involved in ongoing grant oversight. Zaremby notes: "If the gift agreement contemplates an ongoing role for you (e.g., receiving progress reports and confirming satisfaction of milestones and conditions) and this role will pass to your family on your death, then it is important to make sure they are willing and able to take on these duties and that they understand the terms of the gift and your intentions. If this isn't a burden you want to pass along to your family, then the gift agreement should be drafted to reflect that."

This issue of timeframe is especially relevant with naming gifts and the restrictions you may choose to place on the major gift as it relates to your family and the next generation. For example, do you have an expectation that when more funds are needed for the building or initiative that your family is going to step up after you are gone because your family name is associated with the project? Or can you tell your family that this project, while important to you now, may outlive its usefulness or run out of capital and at that point you are fine with whatever decision they make after you are gone? The gift agreement needs to reflect these decisions and allow for contingencies. If possible, the contingencies should be consistent with the decisions that are ultimately reached on these questions. For more resources on how to talk with your family about your philanthropy please see the Goldman Sachs Philanthropy Fund publication "Families and Philanthropy: An Overview for Donors."

*The feasibility and capacity of the potential grantee*

The effectiveness of any major gift ultimately depends on the ongoing ability of the recipient organization to achieve its mission. Before making a major gift to an organization, it is essential that you conduct thorough due diligence on the organization and its capacity to execute the major gift plan and continue as a healthy ongoing concern. It is also wise to assess whether the extra work involved with managing a major gift will distract the agency from focusing on its core mission.

Endowment gifts are one example of a type of major gift. GrantCraft's publication on endowments lays out ten readiness factors for an organization which are also equally applicable to an organization's readiness to receive other types of major gifts:

1. Outstanding performance, including a track record of adapting to changing needs in the field over time
2. Strong leadership and experienced management
3. An active and diverse board that truly governs the organization
4. A history of at least one successful leadership transition and board succession
5. Financial stability during several previous years, with income at least equaling expenses
6. Fiscal accountability, with annual outside audits
7. A diversified base of support
8. Evidence of board and staff commitment to the project
9. Sufficient staff and other capacities to carry out project fundraising and continue raising core support
10. The potential to raise matching support from other donors[5]

However, in reviewing this list of criteria, Ditkoff adds: "It is also important to ask whether an organization might lack some of these factors because of structural racism and historic inequities. Perhaps the organization's advocacy for marginalized causes, or its leader of color, has been excluded from the kind of big, swing-for-the-fences funding and stability that's really needed to develop some of these 'readiness' factors. Visionary donors can see the potential of their major gift now to build the capacity of a terrific leader or organization that may be deemed "not ready" by some investors. In other words, a major gift now can "de-risk" the organization for future, more risk-averse major gift funders."

For example, in their article, "Endow Black-Led Nonprofits," the authors Foster and Isom note that "the list of nonprofits led by people of color that can absorb, say, a $100 million gift is all too short." A solution they propose is for donors to make major gifts to Black-led nonprofits in the form of an endowment gift. "Even a small but high-performing nonprofit, with an annual budget of $500,000, could well be overwhelmed by a $5 million grant," say Foster and Isom. "But – and this is where an endowment becomes truly magical – if that same $5 million comes in the form of an endowment, and it throws off $250,000 per year in perpetuity, such a gift would be exactly what the organization needs to achieve the lasting impact it seeks."

For more detailed information on how to assess the capacity of a nonprofit organization please see the Goldman Sachs Philanthropy Publication "Finding and Funding Effective Nonprofit Organizations."

*Your relationship with the potential grantee*

If you are considering making a major gift to a nonprofit organization, presumably you have had a positive relationship with the institution to date. However, be forewarned that the process of making a major gift can test the strength of this relationship. As you consider moving forward with a major gift, make sure you are in alignment with the organization. Assess whether the major project is your idea or the organization's idea and whether it is a good match with the strategic direction of the organization. "Envision what this major gift will mean ten years from now," suggests M. Berman. "Listen to the organization you're giving money to – there's an obvious power dynamic." She cautions: "One organization wants the money; one family has the money. It's easy to impose your will, but if you want it to be successful it is important to have a trust-based relationship with the organization you're giving to and to listen to and respect their point of view."

Assuming the major gift is well aligned between you and the recipient institution, it is important to then be clear about your expectations for your level of involvement and if that is okay on the organization's side. For example, M. Berman cites an academic research center which was named after a major donor and this individual was involved with minute details of the funded project including choosing the tiles for the women's and men's bathroom. A healthy relationship between a nonprofit organization and a donor is one in which the institution can tell the donor, "I love your

[5] GrantCraft. Providing for the Long-Term – Supporting Endowments and Investable Assets: Ten Readiness Factors."

generosity and commitment but I'm a little concerned that what you're talking about might not be aligned with how our institution is moving forward." Or "thank you for your major gift but the level of involvement you wish for is not appropriate for how our organization operates."

Unfortunately, a lot of nonprofit organizations do not have the wherewithal to have these types of conversations with their donors and this does not benefit the organization or the donor. As the person with the power in the relationship, it is incumbent upon you as the donor to keep the lines of communication open and encourage pushback from the nonprofit organization. A third party such as a philanthropic advisor can often be helpful in these situations to help a donor understand how his/her initial interest in a gift restriction could lead to problems later.

*How the gift may work towards reinforcing or dismantling existing inequities*

Ditkoff recommends donors who are interested in addressing racial inequities or other important power imbalances use their major gifts as a strategy for correcting historical disparities. She suggests donors "ask yourselves which promising entities and leaders have been historically excluded from receiving major gifts and have not performed to full potential because they've been forced to operate on a shoestring, starvation budget." She adds: "And if you care about the people and communities who are served by those organizations, allocating your capital with equity might mean investing directly with those who are most proximate to the problem you'd love to help solve."

## 4. What are some practical considerations associated with making a major gift?

*When making a major gift, it is critical to have a clear and concise written agreement which reflects a clear understanding between the donor and institution about the use of funds, timing, reporting requirements, recognition expectations, and more in order to avoid confusion and possible conflict and ensure that the donor's wishes are fulfilled now and over time."*

Justin Zaremby, Counsel
Patterson Belknap Webb & Tyler LLP

When you are making a major gift there are several categories of very practical considerations you should think through carefully, including issues related to tax deductibility issues, accounting, legal concerns, publicity, and naming rights. The following issues and recommendations comprise a general overview on these topics. Any specific accounting or legal questions you may have regarding making a major gift should be addressed by a professional advisor.

*Tax and accounting considerations*

How you make your major gift pledge and how you pay out your obligation matters. Zaremby notes that it is important to determine who will be making the gift (e.g., the donor, the donor's family foundation, or the donor's donor-advised fund) before signing a binding commitment or entering into an agreement with the grantee. For example, he explains, "If a donor makes a legally binding pledge to contribute $5 million dollars to the charity, payable in equal annual installments over the next five years, and then his/her family foundation pays one of the installments, the foundation has satisfied a legal obligation of the donor (who is presumably a foundation insider) and the donor could be subject to excise taxes and penalties for engaging in a self-dealing transaction."

Even though the money might ultimately be coming from the same original source (e.g., the donor's, or the donor's family's wealth) and the grant might be in support of a project that is consistent with the private foundation's purposes, the private foundation can't be used to satisfy pre-existing commitments or obligations of foundation insiders, including substantial contributors, directors, and officers. Zaremby adds that even thoughtful, well-meaning donors can unwittingly run afoul of these rules. To manage this risk, he advises: "Be sure when you sign a binding pledge or agreement for a major gift that the entity or individual who will be responsible for satisfying that pledge or agreement is clearly spelled out in the document (and that the proper party signs the pledge or agreement). Alternatively, consider making a non-binding pledge with a document clearly stating that the pledge is not a legally binding obligation. This alternate approach will give the parties the most flexibility in determining the structure and payment obligations."

The size of your major gift and the recipient organization also matters. A major gift from a single donor may tip a public charity into a private foundation status if too much of the revenue is coming in from one person at a single point in time. Depending on the size of the organization, how long it has been around and its donation history, it may be wiser to spread your donation out over a longer period because nonprofits must recognize all the pledged revenue at the same time. Instead of making a single pledge to give $5 million over five years to a small organization you might consider giving $1 million this year and another $1 million next year or consider involving a sponsoring organization to receive the funds.

*Legal considerations*

It is important to have a written agreement associated with the major gift to make it clear what your intentions are with the gift and, in the worst-case scenario, give you a right to go to court to enforce the terms of the gift. Zaremby recommends that any gift conditions should be clearly described in the gift agreement and discussed with the grantee as well. To the extent possible, donors should specify that conditions be tied to objective criteria or actions or benchmarks. A condition that says: "the organization will break ground on a new theater no later than September 21, 2023" is much more useful and less subject to interpretation and disagreement than a condition that says, "the organization will have conducted meaningful research on sustainable food systems." Zaremby points out that: "Where the conditions are ambiguous or vague, you may be hardwiring your grantee relationship for potential confusion and disagreement," and Walther warns that "generally donor documents will guide the accounting for a gift."

In an article entitled "When Unhappy Donors Want their Money Back" in the Wall Street Journal, the author offers the following tips for drafting an effective charitable gift agreement:

- Include a "gift-over" clause, permitting a transfer of misused or unused donation to a different charity
- Clearly indicate how any disputes will be resolved: via arbitration, litigation, with or without a jury, etc.
- Maintain a friendly, human tone
- Don't use words like "forever" and "in perpetuity," but do specify years and dates
- Balance a desire to provide guidance and restrictions that make using your gift difficult

- Remember that circumstances change: Today's crisis might fade in light of a new one[6]

*Publicity considerations*

When you make a major gift the recipient organization will likely want to recognize you publicly for that gift. Your generosity may inspire others to give and build validity for the institution and their cause. You should think about how you want your gift to be recognized, what kind of public profile you want associated with the gift, and how you see your role in the possible publicity surrounding the gift. Consider how much attention you want drawn to yourself, your family, and your philanthropy. For example, one family Neithercut worked with elected to have information about their gift go out only to the organization's members but not to the national media because they didn't want to open themselves up to similar requests from other nonprofit organizations.

Gift recognition and publicity can range from mentions in the organization's materials such as newsletters and emails and on their website, to a plaque on a donor wall, to ribbon-cutting ceremonies and photographs of the donor and his/her family, to the naming of a building or professorship or another funded project. Clear communication about your desires is key. "If you prefer your gift to be anonymous," says M. Berman, "you need to communicate this early on to the organization. Or if you want to limit the information about the amount given, this should be part of the discussion from the beginning, so no one is surprised."

*Naming considerations*

If you would like naming rights associated with your major gift, you should conduct research into what size of gift would be appropriate with your naming expectations. There are norms and information you can obtain from various sources regarding how much it costs to name something, and different kinds of organizations can demand different amounts of money depending on their prestige.

For a naming gift, it is important to be clear about the desired lifespan for your gift and consider what is practical and advisable from the organization's perspective. M. Berman notes that "it is not unusual for naming rights to expire after about 25 years, reflecting the likely potential costs of renovation as well as potential refocusing of priorities for the use of space." And "in recent years, many nonprofits have added stipulations that a donor's name may be removed by vote of the organization's board or due to a 'morals clause.' As donors come under increased scrutiny, that consideration is important to understand."

When negotiating naming rights, there are other considerations to keep in mind beyond the lifespan of the gift, such as what should happen in case of fire, or if the entire building needs to be redone to update its technology, or if the organization renames itself or merges with another organization. In these types of cases the organization would need new funds to make the repairs or upgrades and may want to resell the naming opportunity on the building to another donor. M. Berman observes that donors or successors are usually offered the first opportunity to provide the funds for renovation or moving, with an extension of the naming rights.

Considering all these complexities around naming rights, donors should consider what guidance they want to leave their successors as to whether retaining naming rights is a priority or not. Otherwise, members of the next generation may find themselves with a very substantial call on their philanthropic resources as facilities age, with little understanding of which organizations (if any) the original donors would want to fund again at a significant level. These are the types of nuances people don't often think about at the time they are making a major gift but can prove to be important and problematic 10-20 years later. Neithercut comments how in his work, "we find that naming something in perpetuity is rarely a good thing…you don't want to handcuff the nonprofit forever and ever, which is what perpetuity turns out to be." One couple Neithercut worked with observed that 50 years for naming rights seemed appropriate given they were expecting to live another 25 years and their kids were grown and lived far away from the organization and the community it served.

Some experts suggest major gifts can be used as an opportunity to honor exemplary individuals instead of using the donor or family's name. Ditkoff says donors can even go a step further and ask the community served by the recipient institution who they would want to honor in the naming rights process. She asks donors to "consider whether there's a way to engage other stakeholders to find an individual whom the community itself feels is worthy of the honor." When donors work with the community through the naming process in this way, Ditkoff suggests, "it can be a valuable way to learn about the community's priorities, and a powerful vehicle for equity."

*Professional advisor considerations*

Overall, as Neithercut says, "donors need good advice on how to better craft major gifts. Thinking through issues such as the timeframe and feasibility of the gift are essential to meeting the donor's goals and the ultimate success of the major gift." Pasic and other experts point to the importance of having the right team involved with making a major gift, beginning with a wealth advisor who can advise about the choice of assets and timing of the gift, and a CPA, tax attorney, and the nonprofit receiving the gift. Walther emphasizes this point saying: "I can't underscore enough

[6] Wells, Charlie. "When Unhappy Donors Want Their Money Back." *The Wall Street Journal*. December 14, 2014.

the importance of having a suite of trusted professionals around you when you are making a major gift." Pasic emphasizes the value of also including the nonprofit's development person as an ally in helping negotiate the more technical issues and relationship with the organization.

## 5. How can my major gift inspire others to give?

> *"A major gift can transform an initiative or even an organization: It can capture attention, build excitement, establish credibility, and inspire others to give."*
>
> Bruce Boyd, Principal and Senior Managing Director
> Arabella Advisors

Donors and those making major gifts of their time or treasure can serve as a catalyst for others to give generously. An RPA publication notes that: "Donors at this level not only contribute to social and environmental change, they catalyze it. They set an example and bring other donors to the cause, helping to bring something new into the world. Their giving is much more than generous, it is generative."[7]

Being thoughtful about how to make a leadership gift is essential to motivating others to give. In an ideal circumstance, other potential donors will see your involvement as a stamp of quality. In a less ideal circumstance, other people will assume their money is not needed. Talk with the organization about what you are and are not willing to do to encourage others to give to the institution. Consider whether you are willing to provide an open list of contacts, serve as a guest speaker at the organization's fundraising events, and/or call and visit other potential donors to solicit their participation as a funder.

Boyd suggests funders can also use their major gifts strategically to motivate others to give. For example, "by employing your major gift as a matching gift you can inspire others to give – or give more – in the knowledge that a lead donor will match their commitment." Neithercut has worked with families who match new gifts on a one-to-one basis or make a commitment to provide the last 10% of a campaign goal once the first 90% is in hand. This technique is particularly effective because the final portion is often the hardest part for an organization to raise.

Overall, "The more visible you are the more accolades come to the organization," says M. Berman. And at the same time, Fuerstner Gillis encourages donors to embrace "giving in a way that centers the organization and its work, not you as a donor. Lift up the people who are working to overcome unjust systems and challenge others to join your efforts."

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[7] Rockefeller Philanthropy Advisors. "Major Gifts and Naming Opportunities: When Giving Becomes Leading."

## Conclusion

*"As you consider launching a major [gift], it's worth asking if you will be proud to have it become part of your legacy of giving. Imagine the success. Imagine your role in that success. Ask yourself if you, and your partners in philanthropy, will have the dedication and determination to stick with the effort through difficulties and over the long haul…"*

Rockefeller Philanthropy Advisors,
"Going Big: Launching Your Own Major Project"

Making a major gift can help transform an institution you care about in a positive way and meet your philanthropic goals over a long period of time. In order to ensure your major gift will have the impact you seek, it is important to be thoughtful about the many factors involved with your giving including your motivations for giving; the feasibility and capacity of the nonprofit organization; the lifespan and restrictions involved in the gift; whether the gift reinforces or addresses systemic inequities; and the accounting, legal, publicity and naming issues related to structuring the gift well.

This publication has been designed to help you think about these various aspects related to how to make a major gift. A list of recommended resources is included at the end of this publication to help you explore each of these issues more deeply. For more information on this topic or additional assistance with philanthropic topics, contact your Goldman Sachs Private Wealth Advisor.

## Recommended Resources

1. What is a major gift?

- Rockefeller Philanthropy Advisors, "Going Big: Launching Your Own Major Project",
- The Center for Effective Philanthropy. "Crucial Donors: How Major Individual Givers Can Best Support Nonprofits." 2019.
- Tuan, Melinda. "Getting Started with Your Philanthropy: An Overview for Donors." April 2016.

2. What are the different types of major gifts?

- Miller, Clara. "Gift Horse or Trojan Horse? A Thorough Physical is Critical." *Nonprofit Quarterly*. Summer 2004.

3. What should I contemplate before making a major gift?

- Foster, William and Darren Isom. "Endow Black-Led Nonprofits." *Stanford Social Innovation Review*. Winter 2022.
- Proscio, Tony. "Providing for the Long-Term – Supporting Endowments and Investable Assets – Ten Readiness Factors: A Preliminary Checklist." GrantCraft. October 1, 2004.
- Tuan, Melinda. "Crafting Your Charitable Mission Statement." June 2016.
- Tuan, Melinda. "Families and Philanthropy: An Overview for Donors." 2021.
- Tuan, Melinda. "Finding and Funding Effective Nonprofit Organizations: An Overview for Donors." April 2016.

4. What are some practical considerations associated with making a major gift?

- Neithercut, Mark. "Naming Rights: How Long is Too Long?" August 25, 2015.
- Neithercut, Mark. "Ten Rules Every Major Donor Should Follow."
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5. How can my major gift inspire others to give?

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