
Monthly Giving Programs:

THE BASICS

PAT MUNOZ

A Monthly Giving Program, sometimes called a Pledge Program or a Sustainer Program, is a program under which members or donors are asked to commit to contributing a specific amount on a monthly or quarterly basis. It is much like traditional church "tithing" programs, where churchgoers commit to putting a certain amount in the collection plate each week.

WHY HAVE A MONTHLY GIVING PROGRAM

A monthly giving program is a logical extension of an existing individual membership or donor program and is an excellent strategy for raising general operating support. Because participants commit to giving a monthly or quarterly amount and to having it automatically deducted from their bank account or charged to their credit card, the income generated is predictable and reliable. For participants in the program, it can increase an organization's renewal rates to as high as 90 percent or more, and double, or even triple, annual giving. It is a particularly appropriate program for hard economic times, or for groups serving low-income communities or young people, because it allows people with little money to make a significant contribution without feeling the pinch of a large gift given at one time.

REQUIREMENTS FOR A SUCCESSFUL PROGRAM

In order to run a successful monthly giving program, your organization must have the following in place:

- A compelling mission, effectively communicated
- A commitment to thanking contributors regularly and keeping them informed
- A base of committed, loyal individual members or donors (the more, the better)
- Adequate time and resources to manage the program
- Software that will allow you to record and track monthly payments, or a service provider who will handle this for you
- A commitment from staff and board to build the program

- The ability to accept credit card charges, electronic funds transfers, or both

BEST PROSPECTS

Particularly good prospects for monthly giving include the following types of people:

- Board members
- New members
- Members who regularly give several gifts a year, or who send in unsolicited gifts
- Members who are already using a credit card to charge gifts

Research shows that new members, those whose first gift has been received within the last six months, are nearly twice as responsive to a monthly giving request as those who have already renewed their membership. The optimal time to solicit these new members for monthly giving is three or four months after they join.

GETTING STARTED

Once you have decided that you want to start a monthly giving program, you will need to market it to your supporters. It is important to make your monthly givers feel special, so you should come up with a catchy name, such as "Friends of Little River," "River Advocates," "River Defenders," or something similar. While there are various ways to publicize such a program, including personal requests, events, articles in your newsletter, and so on, two methods stand out: telephone requests and invitation letters (see the sample letter on page 6).

Your telephone request or invitation letter announcing the new giving option should include the following elements, each of which is discussed below:

- A compelling reason for joining the program
- Benefits to the giver
- Suggested amounts of monthly pledges
- Methods of payment

A Compelling Reason for Joining

Here you should clearly articulate your own special mission and its importance. You could also point out that the program reduces the need for mail or paper, ultimately saving trees, and that by joining, participants will be helping to create a reliable source of support, but the organization's good work is definitely the number one reason people will join.

Benefits to the Giver

Stress that by joining the program, the donor will be supporting and empowering the organization to do the important work it does so well. Additional benefits might include no more renewal mailings and the ease of giving. Some organizations use a premium, such as a book, hat, calendar, or map, as a further incentive to join.

Suggested Amounts

Most experts say that monthly pledges of \$5 to \$25 work best, with averages usually between \$10 and \$15 per month. It is probably a good idea to provide an "other" option on your response form where people can write in an amount; it's also wise to specify a minimum monthly amount that will allow you to recoup your costs (somewhere between \$5 and \$10 per month).

Methods of Payment

To work well, monthly giving programs must be kept simple. The downfall of many programs has been trying to send out monthly reminders and track participants who

only send their checks sporadically. Most experts recommend limiting methods of payment to credit cards and electronic funds transfer.

Credit Cards. If you do not already allow your members to pay their dues and other charges by credit card, you will need to set up this option with a local bank. The bank usually takes between 3 and 5 percent of every transaction made by credit card, but this amount will be more than offset by better cash flow and reliability in pledge fulfillment. In addition, you will gain a few donors who would not have otherwise joined or who will give more by credit card than they would have given by check. If you are short on administrative staff to handle this work, there are service providers who will do it for you (see Resources box below).

Electronic Funds Transfer (EFT). Electronic funds transfer involves sending funds from one bank account to another via a computer network. We all use EFT these days, whether through an automated teller machine at the local supermarket or with direct deposit of our paycheck into our bank account. EFT can also be used by your members to pay their monthly (or quarterly) pledges to your organization.

It is probably best to set EFT up through a service provider, as it can be a costly and complicated process. Using a provider will also save you time and hassle in processing monthly gifts. Charges to set up a program start at about \$400, and the cost to maintain it ranges from \$30 to \$100 per month thereafter.

Resources

ORGANIZATIONS

Examples of nonprofit organizations that have monthly giving programs:

Californians for Justice

(510) 452-2728 • www.caljustice.org

Chicago Foundation for Women

(312) 836-0126 • www.cfw.org

Peace Action

(301) 565-4050 • www.peace-action.org

The Potomac Conservancy

(202) 608-1188 • www.potomac.org

SERVICE PROVIDERS

These companies will help you plan and implement your monthly giving program for a fee, including processing monthly credit card/EFT payments.

Groundspring.org

(415) 561-7833 • www.groundspring.org

Network for Good

(866) 650-4636 • www.networkforgood.org

JustGive

(866) 587-8448 • www.justgive.org

CHI Cash Advance

(888) CHI-0500 / (914) 923-0500 • www.caringhabits.com

EFT Corporation

(800) 338-2435 • www.etransfer.com

WEB SITES

www.caringhabits.com — The site of Caring Habits, Inc., a firm specializing in helping nonprofits establish monthly giving programs, has lots of good information, including links to other relevant materials.

www.donordigital.com — Donordigital helps nonprofit organizations, candidates, and socially responsible companies use the Internet for fundraising, advocacy, and marketing.

www.harveymckinnon.com — Harvey McKinnon is the author of *Hidden Gold: How Monthly Giving Will Build Donor Loyalty, Boost Your Organization's Income & Increase Financial Stability*. (Order online or call (800) 815-8565 and ask for the 15% nonprofit discount.) A thorough coverage of the subject by the leading expert in the field, who has introduced hundreds of environmental organizations to the concept of monthly giving.

NORTHWEST ENVIRONMENT WATCH

Seattle • Victoria

friend, n. one that gives assistance, ally, teammate, colleague, patron, supporter, benefactor; angel

Dear Friend,

It's nice to get John and Alan out of the office once in a while.

After all, our authors are great at talking about their work. So we're constantly sending them out for interviews, television appearances, lectures, speeches, bookstore readings, and meetings with key government officials.

Of course, putting the authors in front of more people is only one way we change minds and policies. We get information and ideas to leaders who need them. Because of our reputation, local leaders even come to us for information and advice.

Your contributions make it all possible. Thanks!

That's why this letter, like all our letters, is addressed, *Dear Friend*. You've already shown that you're a true friend of Northwest Environment Watch with your past contributions. Now you can lend your support in an easier and more convenient way—by joining the NEW Friends monthly giving program.

This letter is your invitation to become a charter member of NEW Friends, a monthly giving program that allows you to contribute through automatic bank or credit card transfers. When you join NEW Friends, you'll continue providing information and solutions to those in positions of power, but in a way that is easier for you and makes your contribution go further.

Automatic funds transfer — common throughout Canada and Europe — is secure and convenient. Your monthly bank or credit card statement will clearly show how you have given, and your annual donations will be easy to track for tax purposes. You may change your pledge or quit at any time. Your membership with Northwest Environment Watch will be automatically renewed each year as long as you are a member of NEW Friends — no more renew-by-mail forms!

Why are we asking for month-by-month gifts instead of a one-time donation? The work of fostering a sustainable society requires long-term commitment. At Northwest Environment Watch, we're in it for the long haul. Just as regional decision makers need dependable information, we need predictable, stable funding to provide that information. Automatic monthly gifts provide us with the day-to-day support we need, in a way that's more convenient for you and much more cost-effective for us.

That means your contribution works harder changing more minds.

For just 33¢ a day, \$10 a month, you help get John and Alan out of the office more often.

For 66¢ a day, \$20 a month, you help get more of our facts in media across the continent: newspaper articles, magazine excerpts, and television and radio interviews.

For \$1.00 a day — less than the price of a daily cup of coffee — you help send more books to local leaders, educators, and concerned citizens.

Even if you give just 25¢ a day, you'll save yourself time and know that your contribution is buying change in the world, not staples and paper clips. You'll be putting more of your money to work heading our region in a healthier direction.

Right now, you can join as a charter member of NEW Friends. To show our appreciation, we'll send you an autographed copy of *This Place on Earth*, or another book if you wish. You can keep it, or give it to a friend or colleague whom you'd like to introduce to Northwest Environment Watch. What we won't send you are coffee mugs, T-shirts, or tote bags emblazoned with our logo.

You will have the option of subscribing to our new electronic newsletter though. It will keep you updated about the day-to-day work you make possible. You'll get an inside picture of Northwest Environment Watch that few ever see.

Your monthly pledge is one of the best ways to protect the health of our region's natural and human communities. It's convenient, hassle-free giving that makes a difference.

Now that's an investment worth making. I look forward to hearing from you soon. Please call if you have any questions.

Sincerely,

Steve Sullivan
Membership Director

P.S. Joining NEW Friends is an investment worth making. Your monthly support will provide the stable funding we need to give local leaders dependable information. Plus your Northwest Environment Watch membership will be automatically renewed each year. You will contribute in a safe and secure way that's more convenient for you and more cost-effective for us, so more of your money goes to work changing minds and changing policies. Thanks for being a friend.

1402 Third Ave., Suite 1127 • Seattle, WA 98101-2118 • 206-447-1880 • new@northwestwatch.org • www.northwestwatch.org

SAMPLE MONTHLY GIVING ENROLLMENT FORM

Yes, I accept your invitation to become a charter member of NEW Friends.

Here's my monthly contribution of:

- \$10 \$15 \$20
 \$25 \$_____ (>\$8 Minimum)

I prefer to donate by one of the following methods:

- Automatic Bank Transfer**

I've enclosed a check for my first NEW Friends contribution.
Automatic transfers will begin the following month.

Signature required _____

- Credit Card**

I prefer to pay by Visa or Mastercard each month.

Card no. _____

Signature _____ Expires _____

Phone _____ E-mail _____

- Please sign me up for the NEW Friends electronic newsletter.

E-mail _____

Contributions are tax deductible to the full extent of the law.
Please see other side of this form for important information.

The advantage of EFT is that it has a better renewal rate than credit cards, since credit card charges are often declined during the holiday season, and people change their cards or let them expire much more frequently than their bank accounts. The disadvantage is that in the United States, contributors are more comfortable with using credit cards than electronic funds transfer. One option is to start your program using the credit card method and then expand to EFT once you have a core group you can convert.

Whether you are recruiting by phone or by mail, you must provide your prospects with an enrollment form and a return envelope. (See sample enrollment form above.)

Response rates to monthly giving solicitations vary widely. On telephone requests to new members, a 10 percent response rate is not unusual. The response to an invitation letter is more likely to be between 2 and 5 percent.

ACKNOWLEDGING MONTHLY GIVERS

Like all donors, monthly givers must be thanked for their gifts. It is important to send them an acknowledgment and thank you when they first join the program. Most experts feel that it is not necessary to thank them for each monthly gift. A once-a-year thank-you letter summarizing your achievements and letting them know that unless you hear otherwise, you will renew their commitment for another year (or perhaps asking them to consider upgrading their commitment to a higher amount) is probably enough, provided that they are also receiving regular information about your activities through a newsletter,

bulletin, or some other means. You should also list these givers in your Annual Report.

Once you have introduced the program, you should continue to market it forcefully to your members. Present it as an option in other mailings (special appeals, renewals, annual reports), include information about the program on your website, and encourage people to sign up for it at your events. An occasional article in your newsletter about an individual who has decided to make this commitment is also a good strategy. You may want to repeat the invitation letter whenever you have a large influx of new members, since they appear to be among the best prospects for this program. Your reasonable long-term goal is to enroll between 5 and 10 percent of your regular members in the program.

A monthly giving program is an effective way to increase your renewal rate and upgrade giving among your regular members or donors. A good program will take time and resources to build but, in the long run, will help you develop a stable and diversified base of support. **GF**

This article first appeared in the River Network's River Advocate Fundraising Guide and is reprinted here with permission. The author gratefully acknowledges the ideas and suggestions for this article provided by Harvey McKinnon, Amy O'Connor, Ellis Robinson, and Andy Robinson.

PAT MUNOZ IS THE PROGRAM MANAGER IN RIVER NETWORK'S WASHINGTON, DC OFFICE. WWW.RIVERNETWORK.ORG.