

BUT WE'VE ALWAYS DONE IT THAT WAY!

Rethinking Stewardship in a Changing World

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Stewardship Kaleidoscope
September 2019

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PILOT DEFINITION

A pilot is capable of deep devotion, abiding affection and boundless love...it's just that these feelings don't involve anyone else

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Foundational Questions for Churches

- Who are we, now?
- Who is our neighbor, now?
- What is God asking of us, now?

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Key Generosity Question

What is your church's current narrative around money?

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PRESENTATION OUTLINE

- Rethinking Stewardship
The Realities of our Changing World
- Rethinking Stewardship
New strategies to Create a Culture of Generosity and Increase Mission Funding



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The Basic Problem for Churches: Christian Commitment




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Reasons People Choose to Give

- Belief in the Mission
- Regard for Leadership
- Fiscal Responsibility

IMPACT!!



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A business has discharged its task when the customer buys the product, pays for it, and is satisfied with it. Government has discharged its function when its policies are effective. The 'non-profit' institution neither supplies goods or services nor controls. Its 'product' is neither a pair of shoes nor an effective regulation. Its product is a *changed human being*. The non-profit institutions are human-change agents. Their 'product' is a cured patient, a child that learns, a young man or woman grown into a self-respecting adult; **a changed human life altogether.**

Peter F. Drucker "Managing the Non-Profit Organization"



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Rethinking Stewardship

The Realities of our Changing World



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Reality #1

AMERICANS ARE GENEROUS

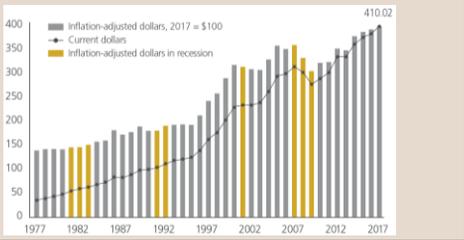
Over \$427+ billion was given to charities in 2018

(Up \$410 billion in 2017)



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40 Years of Charitable Giving



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\$350,000 raised to help man who walked 21 miles to work each day



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Alida Taylor: \$23,891



15

Fred Barley: \$184,266



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Dorothy's Slippers: \$239,000 (4390 Donors)



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Homeless Hero: \$400,000+



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Update: Scam/Arrested!



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JJ WATT's Amazing Story: \$37,132,057/209,426 donors in 3 weeks



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What Made this Possible?

- A Clear and Compelling Mission
- Personal Involvement and "Skin in the Game" Generosity
- Showing Donors the Impact of their Gifts
- Thanking Those whose Generosity Made this Effort Succeed

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American Philanthropy: The Good News

- More money is given to religious causes than to any other philanthropic sector
- Charitable giving per household is up

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Charitable Giving Per Household

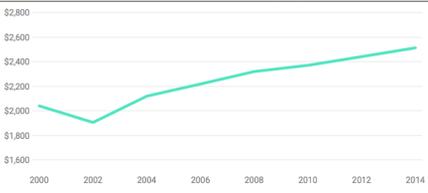


Chart: The Conversation, CC-BY-ND • Source: University of Michigan/Indiana University Lilly School of Philanthropy Panel Study • [Get the data](#)

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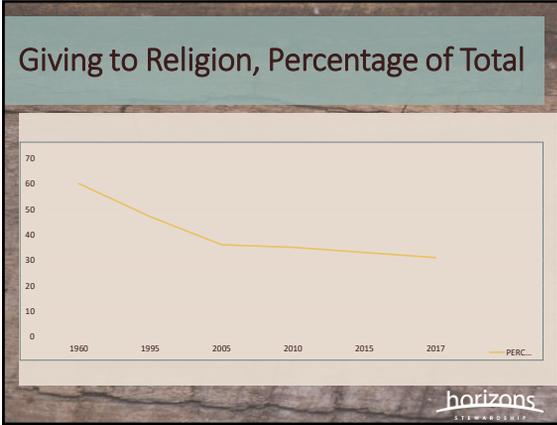
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American Philanthropy: The Bad News

- In the last 59 years, religion's share of the philanthropic pie has declined from 60% to 29%
- Religious Giving declined by 3.9% in 2018
- % of Americans making a charitable donation has declined

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Fewer Are Making Charitable Donations

- Percentage of donor households fell 20% from 2002-2014.
- Decrease largely in low income and middle income wage earners.
- New Tax law is likely to accelerate the decline - \$13.1 billion per year.

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What do these trends mean for your church?

The number of donor households is likely to decline rapidly

You will receive a smaller portion of your members' giving

Ministry funding will increasingly depend on a small number of Financial Leaders & High Capacity Donors

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Total giving as a share of income by religious affiliation sorted by total gift as a percentage of income

Religious Affiliation	Percentage of giving	Total gift	Mean religion gift	Total percentage of income	Religious percentage of total gift	Religious percentage of income
Mormon	90.6	\$4,078	\$3,665	5.2	89.9	4.7
Other Protestant*	69.0	\$2,134	\$1,137	3.5	53.3	1.9
Pentecostal/AOG	61.9	\$1,282	\$1,106	3.4	86.3	2.9
Muslim/Buddhist	49.2	\$2,091	\$587	2.8	28.1	0.8
Baptist	64.2	\$1,302	\$1,014	2.6	77.9	2.0
Jewish	91.8	\$2,837	\$1,129	2.3	39.8	0.9
Episcopal	82.6	\$1,573	\$868	2.0	55.2	1.1
Presbyterian	84.1	\$1,349	\$727	1.8	53.9	1.0
Lutheran	77.9	\$1,230	\$760	1.7	61.8	1.1
Methodist	69.6	\$1,107	\$680	1.6	61.5	1.0
Catholic	68.7	\$1,083	\$549	1.5	50.7	0.8
None	52.6	\$642	\$203	1.1	31.6	0.4
Jehovah's Witness	66.4	\$358	\$257	0.9	71.7	0.7
Greek/Russian Eastern Orthodox	95.9	\$479	\$255	0.8	53.3	0.4

*Other Protestant includes nondenominational Protestants and adherents in Protestant denominations not listed.

Source: P. Rooney, Religious Giving, Indiana University Press, 2009

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Key Question

NOT: Why Give?

Why Give to **YOU**?

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Reality #2

The environment in which today's stewardship programs exist is competitive, challenging, and changing

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Competitive...

Year	# of Nonprofits	Amount Given
1988	400,000 +	\$150 billion
2018	1.56 million +	\$421 billion

Bottom Line: Charitable giving has more than doubled in the past 40 years, but the number of nonprofits has quadrupled!!!

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Challenging...

- Since 9/11 donors are giving to half as many charities as they did before then
- The top 400 charities receive more than 25% of all contributions; the \$1.5 million + organizations split the remaining 75%
- Last year continued a trend in which fewer and fewer donors are providing most of the contributions to many big organizations, including churches

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Challenging...

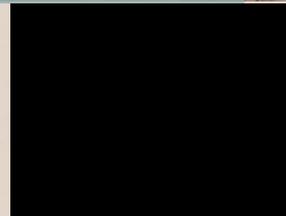
Perception vs. Reality

- 75% of donors believe that they give the same or more than others
- 72% of donors give less than the average

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Changing...



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Changing...

- Online giving now such a strong habit that donors at every age level prefer it (including more than half of 65 and older)
- 8.5% increase in online giving
- 24% of online gifts made with a smart phone
- 84% of donation landing pages are not optimized for mobile

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Reality #3

One Size Does NOT Fit All

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Differences Matter

- Donors in their 70s think about philanthropy differently from those in their 30s and they give by different means as well
- Different donors give for different reasons
- Most churches' support comes from a small group of givers

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Harold Seymour's Donor Types

- Those who see a need and respond without being asked
- Those who respond when told to do so
- Those who respond when persuaded
- Those who may or not respond, even when heavily encouraged
- The inert fifth-nothing could ever get them to give

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Church Donor Types

- Converted-giving to God, church leaders
-10-15% of members, 65% of money
- Committed-giving to the church, active in service
-30-45% of members, 35% of money
- Uncommitted- not giving
-30-45% of members, NO giving

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Reality (and Understatement) #4

Churches and pastors are uncomfortable talking about money

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Reality #5

The GI generation (which contains the most faithful and generous donors in many congregations) is passing from the scene

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Generational Giving

Millennials

- 51% give to charity
- Number of charities they support: 3.5
- Amount they give annually: \$591

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Generational Giving

Generation X

- 55% give to charity
- Number of charities they support: 3.8
- Amount they give annually: \$921

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Generational Giving

Boomers

- 75% give to charity
- Number of charities they support: 4.2
- Amount they give annually: \$1061

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Generational Giving

Matures

- 78% give to charity
- Number of charities they support: 6.3
- Amount they give annually: \$1235

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Rethinking Stewardship

*Strategies for Creating a Culture of
Generosity in Your Church and Increasing
Mission Funding*

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Your Church's Preferred Future

- Does not do an annual stewardship campaign because it doesn't need to
- The typical member can name the difference the church is making in the community and her/his part in it
- People know and appreciate the real costs of doing ministry
- The differing ways in which people give are valued
- There are stories of generosity in every communication channel of the church

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Creating a culture of generosity begins with...

Church leaders covenanting together to conquer their own financial demons

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Creating a culture of generosity proceeds to...

- Choosing financial leaders wisely.
- Expecting to have a financially healthy church without generous leaders is like trying to build a new prison using bricks from the old prison without losing any prisoners.

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Creating a culture of generosity is about...

- Unlocking the spirit of generosity trapped within people.
- Treating people as though they have stories, not just money.

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Creating a culture of generosity is about...

- Freeing people from the grip that money has on them.
- Giving them a better story about the use of money than the one they are currently living in.

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Creating a culture of generosity is about...

- Letting Jesus do the talking.
- Read the story of the rich young ruler and then the story of Zacchaeus. Why was one sad and the other happy?

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Creating a culture of generosity is about...

- Consistent purpose and messaging.
- Going way beyond, "Will the ushers come forward to receive our tithes and offerings?"

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Creating a culture of generosity is about...

- Surrendering the myths that dominate the life of the church. For example:
- That an awesome sermon is all the congregation needs to climb out of a budget deficit.
- That there will always be a nearly unconquerable deficit on December

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Quotes of the Day

- "People don't give to the church because it HAS needs, they give to the church because it MEETS needs." (Bob Sheldon)
- "The reality of human life is that people don't like to give away money. They will, however, give generously if they know that they are changing lives or making a difference." (Bob Hartsook)



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3 Specific Strategies



- Engaging Financial Leaders & High Capacity Donors
- Implementing a Year-around Generosity Plan Core/New Donors
- Developing a donor strategy around changes in the tax law



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Financial Leaders

- \$10,000+ annual giving
- Less than 5% of households
- Give 35-50% of total income.
- About 20-30% are tithers.
- Most are giving you a minority of their charitable giving.
- Growing in their giving!




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Identifying Financial Leaders

Giving Band Analysis

Band 1	\$	1 - 199
Band 2	\$	200 - 999
Band 3	\$	1,000 - 4,999
Band 4	\$	5,000 - 9,999
Band 5	\$	10,000+

Donor= Gives \$1+ Giving Unit = \$200+



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- Build Relationships!
- Ask questions & listen.
- Be a Pastor to them.
- Let them hear it first.
- Let them shape it.
- Build community between them and other Financial Leaders.



ENGAGING FINANCIAL LEADERS



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What is a High Capacity Donor?

- Capacity to give an immediate \$50,000/\$100,000+ gift.
- Capacity to give \$100,000/\$250,000+ over 3 years.
- Accumulated wealth \$3,000,000/\$5,000,000+
- In the upper 10% of wage earners \$150,000-\$300,000+



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About High Capacity donors

- Most are not financial leaders.
- Concerned about the transformational impact of investment.
- Focus on the long-term, ask hard questions, want specifics.
- Not motivated by a sense of obligation.
- Often passionate about several organizations.
- Will want to hear how their gift will impact/motivate others
- Want a relationship with Senior Pastor/Senior leaders
- Want to share wisdom, not just money.

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The One, Few, & Many Communication Strategy

The One = High Capacity Donors

The Few = Financial Leaders/Ministry Leaders

The Many = Core donors/New Donors

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Year Round Generosity Plan

- 12-month plan
- Everything is calendared
- Best practices in stewardship, giving, and generosity
- Developed around the annual cycles and patterns of the church
- Defines weekly, monthly, seasonal, quarterly and annual generosity development activities



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Adopt a Clear Discipleship Path

Include giving as foundational to being a disciple of Christ:

- 4G Living - Gather, Grow, Go, Give
- Worship, Grow, Serve and Give
- Plainly describe in measurable terms each step of the discipleship path so member expectations are clear.
 - **Worship + 2** = 3 hours (worship + Bible study + service).

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- Separate from Finance Team
- Multi-disciplinary
- Generational Diversity
- Committed to percentage giving toward a tithe/beyond
- Serving in a ministry



GENEROSITY TEAM

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Best Practice #1

Build your generosity programs on the generosity of God

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Two Types of Churches

- Meet-the-Budget Churches
 - Money is Scarce
 - We have bills to pay if we are to survive
 - Focus is internal and insular
 - You must do your fair share
- Share-the-Vision Churches
 - We may not be rich but we have more than enough
 - We can dare to dream and grow in faith
 - Focus is external and global
 - Partner and grow with us



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Best Practice #2

Don't confuse activity and impact!

Do say thank you to those who support you



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Unforced Error: How NOT to Thank Donors

Financial Update	
Receipts- \$33,353	Sunday, 3-9-2013
Budgeted Expenses- \$2,640	
Over/Under- \$3,686	
Actual Receipts- \$1,388,204	YTD 12-31-2012
Actual Expenses- \$1,101,283	
Over/Under- \$286,921	

Thank You Donors!

Thanks to the 52 donors who came to the blood drive and donated 55 units of blood. Thanks also to all the volunteers! The next blood drive will be held on Tuesday, May 28.



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Best Practice #3

Remember that a generosity program is an on-going process and that the “ask” is but one small part of that process



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The Generosity Cycle




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Best Practice #4

Include Offering Talks in worship.

- Stories of transformation and life-change
- Giving testimonies
- Biblical teaching
- Different ways to give
- Special offerings



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Best Practice #5

Encourage participation in Personal Money Management training

- 50% of households make no contribution.
- Debt and personal finances are a leading marital stressor.
- Offer help & hope in personal money management classes.
 - [Financial Peace University](#)
 - [Generous Giving](#)
 - [Crown Financial Ministries](#)
 - [Financial Freedom](#)



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Best Practice #6

Equip Ministry Leaders to spread the word:

- Tremendous influence people & church culture
- Should be among the best informed
- Share & build support for generosity messaging



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Best Practice #7

- Don't treat all donors the same
- Do take seriously the different levels of commitment to your church as well as different giving motivations and generations within it



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Best Practice #8

Develop a Donor Recognition Program:

- Thank donors for specific actions.
 - Achieving benchmarks in pledges (25%, 50%, over 100%)
 - Year-over-year increases in giving
 - Large single gifts
 - Consecutive years of annual commitment
 - A first-time donor/pledger to the ministry budget
- Saying thank you enhances likeliness of a repeat donation.



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Best Practice #9

Create a First-Time Givers Strategy

- Initiating a conversation
- How soon should you respond?
- What is the best way to respond?
- Who should send the acknowledgement?



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Best Practice #10

Financial Dashboards

Total Giving				
	2014	2015	2016	2017
	\$1,141,161	\$1,246,316	\$1,384,403	\$1,419,669
Per Capita (giving divided by attendees)				
	2014	2015	2016	2017
	\$72	\$81	\$84	\$87
Giving Per Week				
	2014	2015	2016	2017
	\$21,833	\$23,968	\$26,475	\$27,142
Total Donors				
	2014	2015	2016	2017
	403	404	429	425
Giving Units (gave \$200+)				
	2014	2015	2016	2017
	303	293	314	311




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Financial Dashboards
(cont.)

Total New Donors (give anything trackable)			
2014	2015	2016	2017
138	128	125	121
New Giving Units (200+)			
2014	2015	2016	2017
75	62	58	59
Lapsed Donors			
2014	2015	2016	2017
75	89	70	85
Donor Churn Ratio (new GU as compared to LD)			
2014	2015	2016	2017
75/75	62/89	58/70	59/85
\$28,838	(\$41,650)	(\$79,745)	(\$63,954)
Retention Analysis (retention and growth of giving units)			
2014/2015	2015/2016	2016/2017	
\$1,985	\$94,516	\$107,136	

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Best Practice #11

Consider a July-June fiscal year:

- Aligns budgeting with the church's ministry year.
- Christmas comes mid-year!
- Separate budgeting from annual pledges campaign.

Do annual campaigns in January

- Donation records and annual giving efforts should always be based on the calendar year reporting.

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Best Practice #12

Make major gift as, capital campaigns and planned giving integral parts of your generosity program

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3 Pockets of Giving

- Annual
- Capital
- Planned

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Capital Giving

- The million dollar question
- Remember: If your hand is not in the pocket, whose hand is?

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The Christian Will: Leaving a Legacy

- Best Planned Gift
- Easiest Planned Gift
- Most Used Planned Gift

What would a will tithe mean to your ministry and mission?

Take advantage of the Presbyterian Foundation resources

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Bonus Best Practice

To paraphrase Martin Luther, "SIN BOLDLY!!"

- Reverse Offering
- "Coat off of your Back" Sunday
- Seed Money for New Ministries
- Trial Tithing

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Tax Reform's Impact on Charitable Giving

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Tax Cuts and Jobs Act Deduction Changes

- **Standard federal tax deduction doubled** to \$12,000 for individuals and \$24,000 for married couples (\$25,600 for seniors).
- **\$10,000 cap on total state income, local and property taxes that can be deducted on your federal return.** Mortgage interest deduction limited to loans of no more than \$750K. Home Equity interest no longer deductible.
- **Charitable Deduction AGI Limitations expanded.** 60% for cash gifts. 30% limit for appreciated assets remains.
- **Pease Amendment suspended.** Limited high-income donors itemized deductions by up to 80%.

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New Strategy for Charitable Giving

Bunch Deductions

- Make charitable gifts every other years
- Donor advised funds
- Promote alternative year strategy by giving early.

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Donate Long Term Appreciated Assets

Give Appreciated Assets:

- Stock market has appreciated almost 400% in ten years.
- Educate donors about giving appreciated assets vs. cash
- Avoids paying capital gains on the increase while still deducting the full value.

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New Options for Charitable Giving

Boost Deductions

- Make large gifts periodically that will result in boosting donors to itemizer status for up to 5 years.
- Attractive to those with allot of assets, but lower income
- Locks in current market gains.
- Great for capital gifts.

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Gifts from IRA's

Bypass Deductions

- Make gifts directly from an IRA after 70.5
- At 70.5 the IRS forces mandatory minimum distributions which are 100 percent taxable as ordinary income. Donors can give up to \$100,000 per year from their IRA.
- Send 70.5 Birthday Cards to remind and educate your eligible donor

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One Final Thought

“He who deliberates fully
before taking a step will
spend his entire life on
one leg

-Chinese Proverb

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One More Final Thought

Just because you have always
done it that way doesn't mean
it's not incredibly stupid!

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Even One More Final Thought

There is nothing quite so useless
as doing with great efficiency
something that should not be
done at all.

-Peter Drucker

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Questions/Comments

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