THE NONPROFIT ALLIANCE

# SUSTAINER BEST PRACTICES

## AND ANSWERS TO FREQUENTLY ASKED QUESTIONS

## A GO-TO-GUIDE

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**COMPILED BY INDUSTRY EXPERTS**

The Nonprofit Alliance

# Contents

# Introduction

The goal of this guide is to provide nonprofits of all sizes and those working with nonprofits with answers to frequently asked questions and provide best practices on receipting, payment processes, recognition, stewardship, and other donor-focused communication pertaining to sustainers.

Some nonprofits talk about their regular givers as sustainers, others as monthly donors, others as recurring donors, subscription giving, benevolent subscribers, yet others by their specific program name. For the sake of this guide, we'll use the word sustainers as this covers any frequencies.

This word also brings us back to the real benefit of a strong program - sustainability for your organization. Sustainer revenue is more predictable, making organizations less dependent on the giving season or on one partner, grant, major donor, campaign, or event to hit fundraising goals.

The development of this guide was prompted by the 2022 MasterCard recurring transaction regulations, which initially included nonprofits and their payment processors. Many of the requirements that MasterCard introduced were untenable by the deadlines provided. Fortunately, thanks in part to the extensive lobbying of The Nonprofit Alliance, nonprofits were exempted from the 2022 MasterCard recurring transaction regulations. As fundraisers, we seek to provide clarity and transparency for donors.

While nonprofits may be exempt from some of Mastercard's account access and communication requirements (see Addendum for more detail), as fundraisers, it is still our job to provide a positive and transparent end-to-end experience for our monthly donors.

This guide addresses frequently asked questions and presents you with tools to help you operate an effective sustainer program that will ultimately drive donor satisfaction and retention.

This is not an exhaustive guide, which is why you'll occasionally find specific links to websites for further research or to find the most recent information. The links were verified at the time of publication.

If you have any questions not addressed in this guide, or if you'd like further clarification, please contact your payment provider, database CRM provider, or TNPA at membership@tnpa.org.

Thank you for all you do to generate sustainer revenue supporting your nonprofit's mission.

# Volunteer Committee

This guide was initiated by The Nonprofit Alliance and was put together by the following group of volunteers from nonprofits, agencies, and payment support providers:

**Dana Bunke is Senior Vice President of Direct Response and Integrated Fundraising at Easterseals.** Dana comes to Easterseals after spending years in various marketing and fundraising roles at US-based, national nonprofit organizations. Dana, Kevin, three children and an energetic dog live above their coffee shop in Memphis, TN.

Dana loves to travel and finding comfortable places on the road to eat and enjoys different cultures. Movies, books, fundraising, and leadership are favorite topics for conversation, yet Dana's fondest chats are with her kids, who joyfully tell her of their daily adventures and will unabashedly share if Dana is nice or not on any given day.

**Brandy Calvert, Ed.D. is the Director of Philanthropy at Christian Appalachian Project (CAP).** She oversees the Direct Mail and Digital Fundraising Programs, as well as the Gratitude Program for the organization.

Prior to her work at CAP, Dr. Calvert served the youth of Bell County, Kentucky as an Extension Agent through the University of Kentucky, her alma mater. In 2019, she was called to CAP's mission of building hope, transforming lives, and sharing Christ's love through service in Appalachia and began her career in fundraising. Dr. Calvert holds a Doctorate degree in Educational Leadership and a Master's degree in Educational Technology. She lives in her home state of Kentucky with her husband Jared and their two children, Jonah and Stella.

**Monica Muten is the Sr. Director, Direct Response Marketing at Special Olympics International** and is a fundraising professional with more than twenty years of experience. She joined Special Olympics in 2018 and is focused primarily on developing and driving strategy for the direct mail, telemarketing, and sustainer programs.

Prior to Special Olympics, Monica spent ten years with the National Wildlife Federation in a range of roles specializing in monthly sustainers, telemarketing, donor appeals, acquisition, and renewals. She also spent several years working at a direct response fundraising agency, where she executed campaign strategy for non-profit organizations like Amnesty International, Environmental Defense, Children's Defense Fund, Public Citizen, and many others. Monica has dedicated her career to the nonprofit sector and enjoys working on all aspects of direct response, but she is most passionate about building strong monthly donor programs.

**Peter Schoewe is Senior Vice President & Director of Analytics, Mal Warwick Donordigital**. He brings over 25 years of experience in direct response fundraising, with a focus on creating strategy built upon a foundation of strong analysis. He has led the agency's development of an integrated reporting and analytics suite—including overall program trends, lifetime value, scenario building, and segmentation analysis tools—focused on providing a wide variety of users with the information they need at the level of detail that is most meaningful to them.

Peter has developed and guided the strategy for direct response fundraising programs such as People for the Ethical Treatment of Animals, Ocean Conservancy, KQED, and WNET.

**Phil Schmitz is the founder and CEO of CharityEngine,** a complete fundraising platform powering some of the nation's largest nonprofits and associations. For more than 20 years, Phil has devoted his experience building successful fundraising, payment processing, and e-commerce companies to helping nonprofits leverage the most advanced technology in their quests to change the world.

Through CharityEngine and in collaboration with several of the most successful global monthly giving programs, Phil has developed patent-pending anti-fraud tools and industry-leading recurring payment technology that allows nonprofits to retain more sustainer revenue than the industry average. He is passionate about removing obstacles and helping nonprofits maximize their capacity to create change through technology and thought leadership.

**Alison Teres is Vice President, Client Strategy at Moore's THD division**, where she has the good fortune to support nonprofits in their missions to do good and create meaningful social impact. Alison's 20+ year career has been centered in the Consumer Marketing and Fundraising space, identifying, and executing strategies to drive acquisition, loyalty and retention for donors and customers.

Prior to joining Moore, Alison worked for the American Red Cross and for American Express. She is based in Washington, DC.

**Robert S. Tigner is Regulatory Counsel to The Nonprofit Alliance (TNPA).** He served in a similar capacity for many years for the Association of Direct Response Fundraising Counsel. He also had long-time service as Regulatory Counsel to the DMA Nonprofit Federation and to its predecessor organizations.

From the TNPA office in Washington, DC, he works on federal and state legislative and compliance issues, interacting with regulators, legislators, media, nonprofits, and fundraising consultants. His home is in Arlington, VA.

**Erica Waasdorp is President of A Direct Solution**, located on Cape Cod, Massachusetts. Erica works with nonprofit clients all over the country as well as internationally, helping them with their appeals and monthly giving. She is also the former US Ambassador for the International Fundraising Congress (IFC). Erica Waasdorp published two books on monthly giving. Her first Monthly Giving. The Sleeping Giant, published in 2012 and Monthly Giving Made Easy, a How-To Guide, published in May 2021.

Each committee member provided elements based on their experience working with sustainers. Erica Waasdorp, President of A Direct Solution, organized the final guide.

# A word on the use of this guide

This guide is organized in sections based on best practices for preparation, data entry, stewardship, retention, and upgrading. It is based on frequently asked questions from fundraisers, operations, and finance staff in organizations of varying sizes and types of nonprofits.

A search from the table of contents is the easiest way to find the answers to questions that may come up in your organization.

We have looked at the best practices from the donor perspective and for online and offline processes for sustainer giving as we know it. Your organization may have established slightly different or stricter rules on PCI compliance, or you may have created best practices different from the ones described here. Some of this information may seem to pertain more to larger nonprofits, but ultimately, the best practices will affect nonprofits of every size or type.

We advise you to always check with your current payment processor and database/CRM provider. They should be the first to know about the latest guidelines on payment processes and should partner with you in implementing any necessary changes or updates.

This is not a guide on finding the best sustainer prospects, but focuses on operating and maintaining a successful sustainer program.

The volunteer committee has witnessed the tremendous power of sustainers, and with these best practices in hand, you should be better prepared to retain and increase your sustainer program to higher levels.

This guide is also intended to help the nonprofit sector stay ahead of subscription services regulations. If our industry standards continue to meet and exceed those of the broader market, organizations will be less impacted by regulatory changes. We therefore encourage you to not only apply these best practices to the campaigns you manage, but also to promote them to your colleagues with other organizations.

**Donor trust and confidence should always be the north star of your fundraising strategies.**

# General best practices

This section looks at ways to acquire sustainers and general best practices regardless of the channel used.

Following are the primary channels organizations use to acquire new sustainers:

- Direct Mail
- Telephone
- Texting
- Email
- Social Media
- Digital Advertising
- Face to Face/Door to Door
- TV
- Events
- Organically through one or a combination of the above

Every channel has its own rules and guidelines. For example, some channels are more regulated than others. Every channel may have slightly different ways to confirm how a recurring gift was made. Some channels will require connections between one system and your database. Others may require manual data entry.

For every method a donor can make a monthly gift, there are standard best practices for accepting their gift:

**On each donation form, clearly state the gift frequency options.** If you offer recurring and one-time gifts, ensure that both options are described separately and not easily confused.

**Provide multiple means of contact to the donor.** This is necessary if the donor has questions or wants to modify or cancel their recurring gift. At a minimum, provide an email address, a phone number, and a mailing address. Make sure this is clearly listed on your website and in thank you letters and receipts.

**As time or space allows, describe the communications, recognition, and benefits a donor can expect from their sustainer gift.** Explain how your organization will use the sustainer gifts, if they will be restricted in any way, when and how the recurring gift will be charged, when any premiums will be fulfilled, and what the donor can expect regarding ongoing communications from you.

**Test the user experience.** Once you have designed the donation form for a recurring gift, fill it out yourself and ask several others to do the same to ensure that the various giving options are clear and easy to understand.

**Say thank you.** Following the donor's initial sustainer gift, send them a welcome communication repeating much of the information above. Most importantly, thank them for their commitment to give regularly, provide contact information to modify or cancel their recurring payment, and provide additional information about the work their contributions will help to fund.

**Name your program.** Give your call to action some personality by giving your program an identity and inviting donors to be part of something or join your organization – give them something to be passionate about and proud of. This also helps with the continuity of the donor experience.

# Preparation and data-entry of new sustainers

Preparation and testing are critical regardless of the channel you're using to generate new sustainers.

Below are frequently asked questions pertaining to data and payment operations. Preparing to accept sustaining gifts from multiple channel sources will require collaboration with your finance and fundraising operations teams. Decide who should be at the table to make the program a success. For example, if you're using telephone fundraising, you may wish to involve your telemarketing agency. If you're using face-to-face, you may want to involve your agency or back-office support partner to ensure everything runs smoothly.

## Which payment options are most commonly used for sustainers?

Credit/debit card and PayPal are commonly used payment options. Automated clearing house (ACH) payments—also known as electronic funds transfer (EFT), eCheck, bank payment, and automatic bank withdrawal—are gaining popularity. Aside from the donor convenience of providing different payment preferences, ACH is a much more stable form of payment to collect gifts. The key retention benefit is that bank accounts do not turn over or decline as often as credit cards do. In addition to positively influencing your collection rate, ACH tends to be less expensive, so more of each donation goes to your mission.

As with any payment type, organizations should evaluate risk and fraud vulnerabilities to mitigate losses. Always refer to your payment provider, who should be aware of changing rules and protection measures. As these tend to change, we also recommend visiting the Nacha website (see later section).

Some payment providers now offer Apple Pay, Google Pay, Venmo, and others. Organizations should monitor these payment options, especially if they are working towards a mobile-first experience. Frictionless giving—not having to go get your wallet to get your credit card out to make this donation—can be the difference between conversion and abandonment.

Some nonprofits may also still use so-called check statements and send regular reminders. While the initial retention rate is the lowest of all options and statements are mail-intensive, it's a good way to convert donors to ACH.

This guide focuses on the 'big two': credit/debit card and ACH.

## Do you need a contract with your payment processor and database CRM?

Understanding the data ownership aspect of your credit card and bank account information is essential. You may need it at some point, and the time to find out that you cannot easily access your credit card numbers is not when your boss wants to move to a new billing system that will increase recurring revenue by 5%.

We recommend getting, in writing, a commitment from your provider that you will be able to get a complete export of your fully updated credit card and bank accounts should you decide to terminate. We have seen challenges, ranging from refusal to inability, with situations like providing data that does not include years of credit card updates. Clarify how your data is being stored and what a transfer would entail. Tokenized data, for example, can be transferred, but it's more complicated, and you may lose some of your recurring gifts in the process.

Some partners indicate that they do not require contracts. Because sustainers will regularly give to your nonprofit for many years, we recommend that you always have a contract with your payment processor, payment provider, and database CRM that clarifies who controls donor data, who owns the relationship, and what happens if you need to or want to move from one system to another.

Not controlling your donor's data can negatively impact your retention because it can limit your ability to leverage modern technologies, switch providers to improve the acquisition and retention process, or address serious attrition issues. A contract protects your organization – and your donors – from eventualities that may be difficult to predict at the inception of a sustainer program or a new partner relationship.

## What happens if you change payment provider or database CRM?

When changing payment providers, a secure transfer of donor and payment data will need to occur to protect the donor's personally identifiable information (PII) and the integrity of their recurring gift so that it continues to process on its scheduled monthly transaction date. Migrating sustainer transactions from one platform to another is a complex transition and requires partnership and facilitation between your old and new providers. Setting requirements, identifying roles between partners and your internal IT and Risk Management teams, and setting a timeline are essential.

The key to system changes, ideally, is to take your time. If possible, transition slowly by asking donors to update their information in the new system. Your past and new providers should make best efforts to facilitate the transition for the client, but that won't always be the case. Make sure that you have a plan in place to approach any sustainers whose data did not transition. This is most likely something you already have in place as part of your retention process.

## What are acceptable processing fees for sustainers?

Typical fees at the time of this document range between 0% and 3.5% for a single transaction based on the payment method, plus a fixed fee ranging from a few cents to $0.50. For example, American Express transactions are usually closer to 3.5%.  Other card brands charge a different amount based on the card type.  ACH and PayPal have different models.  There are complexities and various models, including many providers that provide flat rates, but this is a good general benchmark.

Be aware that some online platforms charge extra percentage points on top of the regular fees for using their software.  While this may make sense for your organization for a single gift, do an ROI analysis and make sure you can justify an extra 1, 2, or 3% tacked on to all your recurring payments because the cost is compounded over time.

Fees for ACH transactions are very low compared to other payment methods.

There are many options. Do your due diligence. Fees are often based on the number of transactions, so evaluating these carefully is vital. And remember, it's often possible to (re)negotiate the rates.

## Should you ask the donor to pay the fees?

It's worth testing, just as you may have tested into (or out of) asking donors to cover transaction processing fees on one-time donations. Optimizing the donations requires a delicate balance. The best answer here is that there is no best practice; it depends on your donors, strategy, testing, and goals.

## If the donor pays the fees, which amount do you record?

The fees are part of the donation; you should record the total amount in your database as the gift amount.

## Are there written rules for informing the donors about their sustainer commitment?

Every online system will generate an automated receipt, but for offline commitments (you may also refer to these as sign-ups or enrollments), you'll need to send the donor something right away. You'll find more about this in the Stewardship section. There are no hard and fast requirements, but like anything, the easier it is for the donor to trust you by being as transparent and responsive as possible, the more likely you are going to keep that sustainer.

## Are there special rules when you call a donor and record their sustainer gift commitment?

Telemarketing calls from call centers are typically recorded. The ability to record calls that include payments is a requirement of PCI compliance, a mandatory standard of compliance necessary for any vendors that accept or process payment. All account numbers are wiped from any recordings used for call center monitoring purposes when shared with outside sources, and account numbers are typically not stored for more than 24 hours.

Telephone authorizations for future debits have specific compliance requirements, including the length of time a recording must be retained, which can differ for credit cards vs. ACH. As rules change often, we always suggest checking with your telefunding agency, payment provider or with Nacha at [www.nacha.org](http://www.nacha.org).

## Can you use your web form to enter sustainer gifts that come in from a form by mail, by phone, event, or walk-in?

This is where PCI compliance comes into play. Virtual or in-office work can also play a role, as it may be impossible to follow PCI compliance rules in a home office environment. Make sure you have a written policy in place.

Some payment providers offer a virtual terminal, which is ideal. We recommend a special form or using a unique source code that's not live on the website to track who and what was entered from offline sources versus which one was donor-generated directly into an online form.

# What do you do if your payment provider requires an email address to process a gift and your donor does not provide an email address?

Some payment providers require an email address to process a gift. For sustainers responding on offline forms, that may not always be available. As such, some organizations create a default email address or use an organization's address. Be mindful that none of these sustainers will qualify for automated receipting or retention efforts. Create a default email address that can be clearly distinguished to isolate and exclude it.

You must mail a printed acknowledgment if an email address is not provided. Take the opportunity to ask for updated information. When feasible, consider calling the donors to obtain their email addresses so you can optimize the receipting, retention, and future upgrade strategies.

## Can you store credit card security codes?

CVV codes help prevent fraud. They are typically required in online environments because those systems are designed almost exclusively for so-called 'card not present' transactions, where it's difficult or impossible to trust the person providing the payment information.

You cannot store CVV codes. There is no ambiguity on this one under PCI compliance.

## Can you ask for security codes by mail?

While storing the CVV code in any way, shape, or form, even if it is encrypted, is not allowed, mailing payment information is considered transmission of the payment information, not storage, and therefore is allowed under the PCI specification.

It should be considered no different than if a donor provides the information over the phone or through an online website. Once that information is received, it may be used to authorize the payment, but it must not be stored. In the case of mail, the document should be shredded.

In our experience, when it feels like PCI is making fundraising impossible, there is a workable solution. PCI is not intended to prevent commerce but to protect cardholder data while facilitating donations.

Now that you know you *can*, double-check whether you *need* to. Not all payment processing systems or platforms require CVV codes. If yours does not, then forego collecting it. As mentioned earlier, the more you can simplify the process, the more likely a donor will be to complete the sustainer enrollment.

## Do you need a voided or first month’s check to process ACH? What are the Nacha rules?

It is not necessary to have a voided check or the first month’s check to process a gift by ACH. You can ask for the account number and routing number. Consider this: donors today, especially younger donors, may not use checks, so asking for a voided or first month’s check prohibits them from starting a sustainer gift via ACH. You need the account number and routing number, which most financial institutions have available in the bank's mobile app.

Nacha, a nonprofit entity that governs the ACH Network and delivers education, accreditation, and advisory services, provides industry rules and standards. Operating rules are available at [https://nacha.org/newrules](https://nacha.org/newrules).

It’s important to note that these rules apply to businesses, nonprofits, and government. Nacha website also has a section specifically for nonprofits: [https://nacha.org/content/supporting-nonprofits-and-religious-organizations](https://nacha.org/content/supporting-nonprofits-and-religious-organizations)..

## How do you handle different types of sustainer frequencies?

Offering a different frequency (like quarterly or annually) is a business strategy decision. Recently, several membership organizations have started focusing on annual sustainers. Some channels may be more appropriate than others; sometimes, what’s possible depends on your payment processor or another partner's capabilities.

As mentioned earlier, ensure the donors know what they’re committing to. Receipts should include the recurring payment frequency and what the donor can expect. There are different rules for reminders before the card is charged for any frequencies other than monthly and quarterly. Your payment provider should know these rules and have draft messaging in place. While it may feel like sending a pre-payment reminder increases the likelihood of cancellations, chances are that this is not the case as long as you have sent them the stewardship that makes them feel like their quarterly, bi-annual, or annual sustainer gifts are making a difference.

If you offer more than one frequency option, we recommend testing your donor-focused messaging to ensure it works with the different frequencies.

## What will the sustainer see on their account statement?

It is critically important for your donor retention that you take the time to set up your merchant account with a strategic merchant descriptor and product descriptor.

These are specific settings that your payment processor will pass through to the credit card issuing banks and the ACH network for each donation, which will appear on your donors' statements. These fields are usually limited to only a few characters (typically 7, 12, or 18). Use something that a donor will recognize intuitively and a way for them to contact you.

For example, if your organization is the Sample Nonprofit, we recommend using something like Sample NP instead of just SN because while you might immediately associate SN with your organization, a donor might not immediately recognize that abbreviation. This could cause them to dispute the charge, costing you money and forcing you to cancel their monthly gift.

Similarly, we recommend putting a phone number or other simple mechanism to contact you in the descriptor or product description or, at a minimum, to say something that refers to a charity, like the word donation. The key is to put yourself in the donor's shoes as they look at the charge on their credit card statement or bank account. You want to make it obvious or easy to clear up quickly, so they don't dispute the charge.

## How will sustainer payments feed into your database CRM?

This may seem obvious, but if your monthly billing system is an eCRM or separate platform, it is imperative that it synchronizes with your CRM. This has many benefits, including reporting, upgrade campaigns, and analytics. However, the number-one most important reason to integrate is to not upset your most valuable donors by accidentally sending them an appeal asking for support or asking them to support you again because your CRM does not have up-to-date information about a monthly donor.

## What should you do about duplicate sustainers?

Regardless of what systems you have, it is critical that you monitor and prevent duplicate monthly donations. Not doing this can lead to costly donor cancellations due to double-charging donors.

Data hygiene can be particularly difficult if you use different systems to process monthly donors. We suggest you synchronize that data to your CRM and have sophisticated reports to catch donor name typos or set up alerts for duplicates.

Some nonprofits also have multiple sustainer programs, and often, one of their approaches is to cross-sell a second program to existing sustainers. Ensure that it's totally clear that the donor indeed wants to start a second sustainer gift with this different program. Sending a thank you and confirmation quickly, including your contact information if they have any questions, is crucial.

More often than not, a sustainer may go online to start a monthly gift and then receive an appeal through another channel and create another gift. We recommend never assuming, but reaching out to the donor, asking them to confirm if they indeed meant to start another sustainer gift. The donor is always right, but you may need to ask them to verify their intentions.

Understand your default operating procedure. Some, but not all, CRMs automatically keep processing the first monthly gift and stop the second one. Know what your tools and platforms will do, perhaps despite your strategic intentions.

# What are payment processors, and how do they work?

The world of payment processing can be complicated. While many facets of your payment processor can positively or negatively impact your monthly giving program, this section covers some best practices you can implement to maximize the results of your sustainer program.

Hint: It's also important to realize that any payment processor you use is (hopefully) going to be on top of any and all new requirements as they come up. Most reputable payment processors will provide regular updates to their clients, and you should ensure that you are kept in the loop of any changes.

Information about changes may enter via the finance or IT department, especially in large organizations, so ensure you check in regularly.

## Payment processor types

Payment processor is a term that is often misunderstood. In most cases for accepting online or offline donations, the type of payment processor (or where your processor fits into the payments ecosystem) is only nominally consequential.

However, when it comes to sustainers, the right solution can offer extreme benefits — and the wrong solutions will have consequences – because your payment processing stack is the foundation..

Make sure you have a payment processor that is appropriate for recurring payments. Many providers can process payments on a schedule. But under the hood, be aware of differences that can impact your ability to collect monthly donations successfully.

One common mistake is to use an ecommerce gateway that can process recurring gifts. This is ineffective because you are relying on an internet payment gateway (not a processor) to transmit donations monthly as ecommerce transactions. Aside from the fact that this will not scale well from a volume perspective, certain protocols happen when batch processing directly by the payment processor that maximize approvals and establish trust, which can mitigate declines due to common factors like expiration dates.

Instead, to minimize declines and maximize collection, use a direct payment processor without an internet payment gateway in the middle and ensure that the processor facilitates recurring batch payments.

## Payment processor fees

Fees are always top of mind with credit card payments. This is particularly true for monthly giving because you must pay the monthly fee in perpetuity.

The good news is that, as previously mentioned, using the right payment processor type should result in minimal (or no) middleman fees.

One reason is that internet payment gateways charge their own fees separate from the payment processor. If you are processing through direct batches, there is no internet payment gateway, so you benefit from both a lower decline rate and lower fees.

Be careful with platforms that charge a platform fee. While this might be a good way to cover the cost of your software for one-time payments, the cost for recurring gifts will add up quickly and exceed most reasonable thresholds.

# Online forms and web site

There are so many online form options and ways that database CRMs allow you to offer sustainer gifts that it's impossible to address all of them, but we'll look at the most common options.

Some providers allow you to create a very specific sustainer form; others require the donor to toggle between a one-time and monthly or other frequency form.

## Can you preselect the monthly option on a toggle online donation form?

Including a preselected recurring donation option on a donation page has been a strategic marketing choice for some organizations. However, new and upcoming data privacy laws may affect this practice. Manual selection of opt-in boxes on a donor form is considered user consent under certain regulatory frameworks, while preselected opt-in defaults are not.

User consent is integral to the European privacy guidelines (GDPR), and it may also become a norm in the U.S. Marketers, and fundraisers are wisely examining data collection for donor acquisition to reduce disruption if and when compliance requirements change.

In every step of completing an online form, make it crystal clear to the donor that they are making a monthly or recurring gift. This can start with the text on the donate button ("Give monthly"). Certainly, make sure the thank you message is customized to confirm their enrollment in a recurring donation.

Look at your first-month cancellations. If they are higher than industry norms, or if they suddenly spike, consider whether your form is causing accidental sustainer sign-ups.

Most nonprofits will not preselect monthly during the heavy giving season of November and December, which we think is a good best practice.

Include a clear contact phone number and email address on or near your form and in all your thank you messages. This will ensure donors know who to contact if they have any questions. (And don't forget to have someone responsible for regularly checking the phone number and email address!)

### Can you preselect the ACH/Bank/eCheck option?

This is a newer trend we're seeing, which helps with sustainer retention, and it's much less expensive to process.

As there are so many payment options, the donor typically indicates their preferred way to give, be it card, PayPal, ACH, Google Pay, Apple Pay, or even Venmo. Preselecting the bank option or making it the first option is something to test, as bank payments have become much more commonplace for recurring giving and subscriptions.

Again, we recommend including your full contact information, so the donor never has to search very hard if they have questions.

### Can you use an upsell lightbox to ask for a monthly gift?

Upsell lightboxes have become very popular and they're very successful in converting donors to make a recurring gift. The donor makes a one-time gift and up pops a message asking them to consider a monthly gift instead, often using an amount that's a portion of the one-time gift. There are tools available that consider the donor's giving history to personalize the ask and avoid downgrading the donor's lifetime value.

In every step of the donation process and receipting, make sure it's clear that the donor is opting into a sustainer gift.

## Sustainer Stewardship, Thanking, and Engagement

Earlier in this guide, we talked about the preparation for sustainer gift acceptance.

But once you find those new sustainers, how do you treat them to ensure that they are properly thanked, know whom to contact when they have questions, and continue to feel special?

Great stewardship leads to better retention, extra gifts, conversions to higher retaining payment types, and upgrades. Part of this involves making decisions about how long to keep a sustainer in a 'special bubble' with no other communication.

Much of this depends on your overall communication schedule, what your donors are used to, and what you can and cannot do. The overall guideline is that you can never thank a donor enough, and sustainers are no different. You decide what that looks like and what you can and cannot do with the resources you have.

Here are just a few general best practices for your consideration:

**Incorporate special sustainer journeys into campaigns**, keeping in mind the consistency of offer and experience that will be served across channels. Depending upon how sustainers are acquired, you may need to create specific sustainer journeys.

**Recognize your sustainers as such in your appeals** and ensure that your forms do not offer another recurring gift option, as this leads to confusion and duplicate sustainers.

**Measure and iterate**. Continue to collaborate with others to share learnings and review results against expectations. What was put into place years ago may no longer be the best strategy. Continue to test and learn.

## What does it take to engage sustainers?

You know the marketing vision of reaching the right individual, at the right moment, with the right experience. Generating new sustainers is an **audience-first** strategy.

The reality is that most non-profits are set up with channel-first strategies, which makes it more challenging to meet this commitment. While you don't have to completely restructure your budget, team or partners to embrace an audience-first strategy, it requires collaboration.

**Make your priorities the starting point for your sustainer program's goals.**

Your recurring donor file has higher lifetime value and retention rates than your one-time donors, and there is an opportunity to grow. But it's crucial that your entire marketing team, all channel owners, share a common vision for that growth.

**Data defines your prospect audience and helps identify achievable strategies and measures of success for growing your sustainer program.**

Data modeling can help define audience prospect pools, quantify the audience most likely to respond, size that audience, and provide granular detail on those audiences' current giving and demographic behavior to help tailor targeting strategies.

For example, donors identified as prospects for making a monthly gift will have varying giving behaviors and may need varying ask arrays. A $50/year annual one-time donor and a $500/year annual one-time donor have a different capacity for giving and may not benefit from a one-size-fits-all approach.

**Build out your donor journey and channel activation.**

Once you establish goals, it's time to build a coordinated donor journey.

- Coordinate with colleagues across channels to brainstorm what that experience can look like.

- Identify where in the donor journey you will target converting one-time donors to sustainers and what sustainers will receive once they've converted.
- Ideally, this is a facilitated brainstorming session that involves some personas that fall into your target audience category.

## Where should you include contact information?

Ensure that you have direct contact information on your website, landing pages, thank you messages, and email receipts so the sustainer never has to work hard to contact your donor services team if they have questions about their gift.

While your nonprofit may not have a specific steward for sustainers, a best practice is to provide your donors with a specific email address that is regularly monitored. This will provide the donor with a more exclusive donor experience by providing them with a point of contact and will streamline communication for the organization. If you opt for a general email box and phone line, make sure someone is monitoring messages and responding promptly, ideally within one business day.

## Do you need to send monthly/ongoing receipts?

There is some debate on this topic, much of which was recently brought to the forefront by concern over Mastercard's requirements for commercial subscription services.

In summary, the requirement states that consumers who are paying for monthly subscriptions using a Mastercard credit card must be sent receipts each month that include transparent and easy mechanisms for the consumer to cancel.

While Mastercard did not extend this requirement to nonprofit monthly giving programs, we want to highlight some of the benefits to your donors of doing so if your system supports it.

**Transparency:** Mastercard implemented this requirement for commercial subscription services to reduce expensive chargebacks (or disputes) that occurred because consumers forgot they were still paying for a service they were no longer using or because the service provider did not make it easy to cancel.

While there is a definite distinction between consumer spending and nonprofit giving, donors' expectations are shifting regarding transparency and ease of use. By implementing regular communications about processing monthly gifts, you can build trust with donors.

**Convenience:** By using a receipt that has clear instructions for contacting your organization to change their gift, you are reinforcing to your donors that you value them and think about making it easy for them to give. You are even making it easy to cancel if that's what they wish.

This goodwill can go a long way in building trust, but make sure you have a script with options other than canceling. These tactics can include pausing or downgrading and will help you retain as much monthly donor support as possible.

**Stewardship:** There is valid debate about the need for extra communication, but sending transparent communication around a donation offers a nice opportunity to reinforce the value of donor support and how much it means to your cause. It can also add a welcome soft touch.

**Data Hygiene:** To effectively implement monthly receipts, you must have up-to-date information and maintain it over time. If donors appreciate this type of transparency and notification, they will freely keep their information updated if you make it easy for them.

The best way to do this is through a donor portal if your CRM provider offers one. Another benefit to a donor portal is that it allows you to collect or validate a lot more information than an email address.

**Promotions:** If your donors expect or appreciate monthly receipts, it's an excellent place to promote perks that benefit them.

For example, if you're rolling out upgrades to your donor portal so donors can get their tax receipts without calling your nonprofit, this can be shared in a message accompanying a receipt. This will reinforce the work you're doing to make it easier for them to support your nonprofit and more cost-effective, so more of their gifts benefit your mission.

**Future-Proofing:** If you believe other governing bodies may implement regulations like Mastercard's or that regulations will be expanded to cover nonprofit monthly giving in the future, enjoy some peace of mind that you're ahead of the curve.

The practice of monthly receipting is optional. Organizations may decide against it based on the payment provider or other business considerations. We would not recommend implementing a program if you are not going to use it to positively impact your sustainer experience and commitment or if your payment and software provider do not provide the flexibility to implement a monthly receipting process in a way that aligns with those outcomes.

## Can you customize receipts for sustainers?

Sending gift receipts can certainly be beneficial if you try to make them less about the transaction and more about the impact the donor's recurring gifts are making. Sometimes, however, you don't have a choice. The monthly gift confirmation your platform spits out looks exactly like a receipt, and you can't customize any of it.

Sometimes, you can customize your receipt to include a story. Ideally, that story should be above the receipt. Telling the donor how their recurring gifts are making a difference is always a great thing.

Even if you cannot customize the receipts, make sure that you have your contact information on the bottom. Some donation processors default to footer language that redirects donors to their platform. We recommend adding your organization's information there at a minimum (i.e. If you have questions about your gift, contact [name] at [phone number] or [email address]). You don't know what the donor's questions may be, and you may not want to rely on an external partner to answer those questions.

There's something magical about having that contact information in your receipt that gives the donor the feeling that they have an 'out' if they need it, which will help them trust your organization more than if that information were not there.

## How often should you test your receipt process?

Payment platforms and donor CRMs are constantly changing and updating their forms, services, automations, and receipts. Someone in your organization may be monitoring those updates, but if not, test your receipt process and messaging at least once a year, and preferably even more often.

## Do you need a hard copy receipt after the initial gift?

Unless donors specifically ask not to receive anything by mail, sending them an initial thank you letter that includes your contact information and their gift commitment is a great first step to the sustainer relationship — no matter which channel prompted them to give the gift.

In that initial thank-you, you can help set expectations, indicating, for example, that they'll receive regular receipts online and an annual overview every January.

### Are you required to send annual tax receipts?

While it's not necessary if gifts are below $250 or if your system generates monthly receipts, sending out year-end tax receipts is a great way to thank your recurring donors and acknowledge how much their donations mean to your organization and the impact their generosity has provided to your mission. It's great if you can include a story — even better if you can personalize it, too.

You can send a tax letter by email or mail. It depends on your preference, your platform's options, and, of course, if you have email addresses on file for your sustainers. If in doubt, send a tax letter by both mail and email.

This is also an excellent opportunity to set the stage for the coming year of gift-giving.

Donors need a year-end tax receipt to get a charitable tax deduction for their donations of $250+, and some donors claiming tax deductions want and expect receipts for contributions of any amount. It's always best to provide donors with year-end receipts before January 31st of the following year, shortly after you finish processing your year-end donations.

## Do you need to break out every single gift, or can you provide a total in your tax overview?

There is no hard and fast rule on providing a total overview of the year or a list with every single gift broken out. Sending a letter with one total is easier to manage, but it's up to your nonprofit's preference. The key is to include every single gift the sustainer made, including recurring gifts and any additional one-time contributions. Make sure to follow standard tax receipting requirements, which will vary for contributions made via donor advised funds and charitable IRAs, stock gifts, and contributions that resulted in the donor receiving something of value (a gala ticket or a high-end premium).

## How can you recognize sustainers who use online banking or make a recurring gift from their donor advised fund?

This is usually the hardest to identify as often the sustainers do not tell you they started online banking payments or a recurring gift from their DAF, and you may not realize they did because you are receiving a check.

Run a report identifying donors who make gifts of the same amount at the same time of the month that are not tied to an appeal. Once you know this, it’s good to recognize them as sustainers even if they are not directly enrolling through your offered payment options.

### What are the pros and cons of a donor portal?

First, the pros. In this day and age, where subscriptions are commonplace, recurring donors expect to be able to manage their giving online and on demand. They expect fast and easy solutions to their problems and questions without waiting for a phone call or email to be answered.

A donor portal can ensure a better donor experience, reduce wait times, and minimize staff time spent on repetitive donor needs and administrative tasks like making address changes that many donors would rather manage themselves. This will give donors a sense of legitimacy, comfort, and security, knowing they have more control over their financial information. It can also result in fewer escalations and tickets for the donor services team.

As mentioned elsewhere, a self-service portal also gives donors a sense of control and efficiency, increasing their trust in you and your program. And you could potentially see an increase in corporate matching gifts when donors can readily obtain copies of their receipts.

Now, the cons. While portal access can reduce the friction of waiting for a customer service response to basic self-serve requests, you are potentially adding friction by expecting the donor to log in. You may remove some of the donor service magic of hearing a donor’s concerns and offering suitable personalized options—like pausing a recurring gift for a period of time or reducing a gift amount rather than terminating it.

Portals can be cumbersome to set up if your nonprofit has multiple lines of business with different requirements.

Portals are one avenue to meet donor service expectations and adhere to emerging credit card industry requirements and government regulations. Making it easy to manage a recurring gift, including canceling if that is the donor’s intent, reduces disputes that cost your organization money, raise your merchant risk profile, and create other risks to your ability to process gifts. If you opt not to use a portal, you must ensure that you create other ease-of-use standards that your donor services team will follow.

## What is necessary to make a donor portal a success?

It's critical that your donor portal integrates with your CRM(s) and other relevant systems so that your data stays clean and synced between systems.

Make it easy for donors to find the donor portal on your website and link to it in your sustainer communications, such as your sustainer welcome and recapture series.

Make it easy for donors to log in and reset their login information.

Ensure your portal is mobile-friendly. These days, about 50% of nonprofit website visitors view the site on mobile, and the donor portal is no exception.

Make it easy for donors to navigate. Reduce friction.

Integrate it with your website, use a recognizable URL to increase trust, and include your organization's logo. If you promote third-party trust logos (e.g., BBB, Charity Navigator), use them here as well.

Express appreciation and use images that remind donors of their impact.

Even with a portal, make sure that contact info is easy to find and keep confirming that the site is secure. Include FAQs and consider personalizing the portal for the donor.

Here are some things the donor should be able to do via a portal:

- View and manage current gift amount, payment frequency, pay method, and payment date.
- View gift history. Make it easy for donors to view all past and upcoming gifts and to download individual gift receipts and a yearly tax statement.
- Edit gift amount. Promote the option to increase their monthly gift and communicate the impact of various gift amounts.
- Make an additional gift.
- Update or change pay method (update credit card numbers, switch pay methods).
- Pause or skip payments. Pause or downgrade options can be a really effective way to save an account. For example, when they click cancel, ask the donor if they would consider pausing or downgrading instead.
- Cancel gifts. While you may be concerned that giving donors the option to cancel on their own will lead to greater attrition, some nonprofits have found that their donor retention improved when they offered the option to cancel independently.
- Manage communication preferences.
- Share more information. Consider adding a field where sustainers can provide feedback, e.g., why they are canceling a recurring gift, to gather valuable insights into the donor experience and opportunities to improve your program.

If a donor updates their account, set up autoresponder emails to confirm the change where appropriate. Make sure you have a way of tracking updates on the donor's changes and track results of your special efforts

## How can you use the phone to steward sustainers?

The phone can be a great channel to steward sustainers, with both calls and text messages. Because monthly donors and other recurring donors often send smaller gifts more frequently, they can be missed by common stewardship flags or notifications. Set up a system to ensure monthly and quarterly recurring donors are contacted at least once a year via the phone.

Scripts should include language around the impact that the donor is having through their commitment to the organization. Make sure that the staff or volunteers contacting your donors have up-to-date knowledge about your organization's work and mission and are prepared to answer questions about managing or changing their payments or other questions or requests about your communications with them. Be prepared with options to offer donors who would like to hear from you less frequently.

Often, stewardship conversations result in valuable information about a donor's interests and concerns. Make sure to create flags that can be tracked for follow-up for common requests or to record donor interests such as planned giving or specific areas of programmatic work. Also, allow freeform comments to be entered into the donor record to summarize the conversation and record any important information.

For any items that require follow-up from a stewardship phone call, be sure to respond within one day via email or within a week via the mail or phone.

Donors may also want to hear from the organization through a different channel, and we should work to meet them where they are most effectively communicating. If donors express a desire not to be contacted or are unreachable via the phone, be sure to record that on their donor record so they are removed from the phone stewardship schedule.

# Extra gifts, Upgrades, and Payment Type Conversions

Many sustainers are receptive to extra gift opportunities, upgrades, switching to a different payment type, and legacy gift education – assuming you are already doing your job of showing deep gratitude to the donor for their current support and making them feel connected to your mission.

## How often can you send your recurring donors an extra gift request?

There is no standard answer as to how often you can do this as it depends on how frequently your donors are used to hearing from you now and through which channel, as well as the strength of your ask for a special purpose or donor motivation. It's typically more often than you think you can ask.

Review all materials to ensure that you acknowledge recurring donors as such and accurately represent any additional gift or upgrade requests throughout. Importantly, ensure that your forms (online or offline) do not ask for another monthly gift. You may need to create a separate online donation form that does not include your standard recurring gift ask.

## How soon and how often can you ask a sustainer for an upgrade?

The general practice is to not ask for an upgrade until at least six months after the first sustainer gift was made but preferably before the end of the first year.

The upgrade process is still a massive challenge for many systems and a manual process for many nonprofits. It's critical to verify what is required with your system. Do you need to start a new sustainer record, or can the sustainer gift be changed? Is there a donor portal, and can the donor make the change themselves, or do you need to do it for them? If a new sustainer gift is generated, will the old sustainer gift automatically be stopped (reason: upgrade), or is this a manual process?

Even if you think sustainers are comfortable with donor portals, you may still need to generate a special response form to request the new amount and make the change for them. That's why we recommend including your contact information in your upgrade request and testing your confirmation messaging so that it's clear to the donor that their card or bank account will be charged for a different amount the next month.

## Can you automatically upgrade your sustainers?

We recommend not automatically upgrading sustainers, as that will often lead to a bad donor experience. You will typically raise more money if you ask the sustainer to consider a new amount and they decide.

Remember, it's all about transparency and trust; together, as a fundraising community, we need to enforce this.

## Do you need to confirm an upgrade, downgrade, cancellation, or payment conversion?

There is no hard and fast rule that a written confirmation is required, but you'd be most donor-centric if you send a thank you immediately after an upgrade or payment conversion. Start with what your system does automatically and add a personal touch to it.

For ACH sustainers, the rule is that if the donation amount is going to increase, the nonprofit must notify the donor at least 14 days before the date the greater amount will be debited from their account.

Remember that sometimes donors don't know if a transaction was processed, so sending a thank you receipt right away and a personal note shortly after will help maintain your sustainer's trust.

# Retention and Recapture

We will address some of the processes and systems that have been implemented effectively to support donor retention.

However, no process or system is a substitute for your brand, reputation, stewardship, and responsiveness to sustainers.

We've seen a good brand have an "x-factor" influence on sustainer programs, making them perform better than implementing best practices. We've also seen brand-damaging events result in the attrition (loss) of monthly donors when most or all best practices were being followed.

That said, we will focus on areas where good technology and processes can significantly impact your sustainer program.

There are two types of sustainer churn: voluntary and involuntary. *Voluntary* churn is an explicit act you cannot control, like a donor calling and canceling because they lost their job. *Involuntary* churn is something you can impact, such as a credit card declining because it was replaced and subsequent mitigation to recapture via a credit card updater.

The key is to focus your resources on optimizing your involuntary churn mitigation because you can influence it and see great returns. A difference of even 1% retention improvement on a program with a substantial number of sustainers can equate to millions of dollars over a few years, not including the spending required to make up for lost donors.

## How does your system handle failing or delinquent sustainers?

First, know your system and its definitions. Unfortunately, every system or provider tends to have different rules and processes. Inventory what is happening automatically and how soon/how often.

Check the following definitions in your system:

- What's a canceled sustainer?
- What's a lapsing sustainer?
- What's a failed sustainer?

Then, check how the system codes them. Sustainers who failed because their payment did not come in differ from those who actively canceled their sustainer gift.

Understand how soon your system stops processing failing or lapsing sustainers. Some stop after one try, others after three months. Set up mitigation process timing accordingly.

## Can you use smart retry logic?

Retry logic is a tactic for taking failed payments and reattempting them later to get approval and capture the gift without losing a payment.

Retry logic is effective, but you must know what you are doing and have specific best practices around how and when you retry. Ensure you retry when you receive updates from your credit card update service using the updated credit card information. Make sure retry attempts yield a return on investment from the saved accounts in a particular month.

A provider specializing in billing and collection should have experience, data, and sophisticated systems, so you are not responsible for the retry logic. However, if you are, you must measure and coordinate the logistics to maximize your collection and balance costs.

## Can you use a credit card updater?

The short answer is "yes." However, not all credit card update services are the same. This is critically important because if you do not have a complete or high-quality credit card updater, your sustainer program will suffer, and your donors will experience more unnecessary friction.

Don't make the mistake of assuming a credit card updater includes everything you need. Do your homework and ask specific questions. For example, will the provider reactivate monthly profiles deactivated due to failures if the service receives a delayed update? If not, you could be leaking monthly donations and aggravating your donors. Ask for the complete suite of VAU (Visa Automatic Updater), ABU (Mastercard Automatic Billing Updater), and Card Refresher (AmEx service). Confirm their sophistication in implementing VAU, ABU, and Card Refresher because there are best practices around them and how they integrate with your monthly billing system.

## Which channels should you use for recapture?

A recapture process is designed to update monthly donor payment information when gift collection fails due to declines. Recapture processes should start with activities that do not need to be managed, such as credit card updater services, and should pick up the donors who cannot be automatically recaptured.

Ideally, you should use all your channels for recapture to prevent sustainers from failing. The most effective recapture processes are multichannel. Start with the most automatic channels and create a process incorporating more expensive channels like phone and mail if the more efficient channels fail.

For example, you should have a process that intelligently sends a simple email to your donors telling them that you had trouble processing their gift this month and that you need them to click on a personalized link to provide updated payment information to keep their gift going.

The more branded, seamless, and personalized this is, the higher your conversation rates will be.

Remember that everyone is more sensitive to security these days, so offer a phone number or alternative way to contact you if they feel more comfortable.

With any recapture process, it is essential that you have an integration with your CRM or payment system so that you are not creating duplicate recurring accounts but rather updating the existing account that was the target of the recapture process. Failing to do this requires you to have a complex and expensive deduplication process and risks leading to a poor donor experience that may cause an increase in cancellations.

Some systems specializing in billing will also give you detailed analytics on saves, upgrades, downgrades, and even partial attribution of the effort and channel that led to the save, further highlighting the importance of this continuity.

If you are serious about your sustainer program and looking to maximize your retention and revenue, a provider with this type of expertise and technology will pay for itself because they will have all the best practices in place, giving you the confidence to focus on the human processes, scripts and acquisition, and stewardship.

## Can you put inactive/delinquent/failed sustainers back into a lapsed reactivation program?

Yes, absolutely – if you are recording the reason why donors stopped their sustaining gifts. If you know it was unintentional, including inactive/failed sustainers in a recaptureappeal is a great idea. Just be mindful of the timing and retention process so you don't accidentally create duplicate sustainers.

## How important is the information the donor sees on cards or bank statements?

Credit card disputes result in a chargeback and a fee being assessed, which raises your risk profile with the credit card and ACH networks. Excessive chargebacks could result in canceling your account. Fortunately, chargebacks are not that common with nonprofits. This was studied in detail and especially came to light during the Mastercard regulations review.

Earlier, we described the importance of ensuring the sustainer recognizes the charge on their statement. It is very important to place yourself in your donor's shoes and imagine they may have signed up years ago and are now paying attention to the charge on their statement for the first time.

The Merchant Descriptor is a limited field that your payment processor will let you populate and pass through to issuing banks and the ACH network. This is where your organization's name should appear. Consider whether an acronym abbreviation might confuse them – a costly mistake.

The Product Type field is also customizable. The term "product" is used because the purpose of the field is to describe the specific charge purchased, such as shoes or food. For sustainers, we recommend using something like a phone number to give the donor a way to contact you in case they have questions.

Some organizations will use an acronym in the merchant descriptor with a phone number and then put something like "donation" in the product type.

There’s no right or wrong, but it is critical to use both fields to identify yourself and make it easy for the donor to reach you to avoid disputes, fees, and cancellations.

If the donor or designated contact calls or writes about a recurring gift they do not recognize, we recommend asking them if they’d like to receive the most recent gift back. We’ve rarely seen instances of needing to refund more than the last month’s charge.

# Sustainer Performance/KPIs

## How do you measure results?

Donors who give recurring gifts behave differently than donors who make one-time gifts, and that can make many of the reports or analyses designed to track overall donor file trends or performance less meaningful for recurring donor audiences.

Here are some critical metrics to track regularly for a recurring donor file:

1. Churn: The number of new monthly donors added to the file in a period compared to how many stopped their monthly gift. Measure this by channel, source, and monthly gift amount.

2. Average, median, and modal amounts:
    a. The average monthly gift is calculated by dividing total revenue by total number of gifts.
    b. The median monthly gift is the middle value of your monthly gift amounts. You can find it by ordering monthly gifts from smallest to largest and finding the value in the middle.
    c. Modal monthly gift is the monthly gift amount that occurs most frequently.

3. Lifetime Value
   There is no golden rule on the LTV of a sustainer but here are some commonly used trackers for value.
    a. Annualized value. Take the number of monthly donors times 12. Depending upon the number of other frequencies, add in the annualized value by calculating their frequency times value.
    b. Two year value. Take the annualized value times two.
    c. Five year value. Take the annualized value times five. If you want to get really sophisticated you can add in retention rates, but it’s easier to think about the ‘potential’

4. Retention by months since joining: Create a cohort of donors who joined a monthly gift program by the month, channel, and source of their joining. Follow this cohort in each subsequent month and calculate how many have been retained as monthly donors and how many have stopped their monthly gifts. Look for inflection points (such as at 3, 12, or 24 months) where you may need to develop stewardship interventions to prevent lapsing.

5. Additional contributions: Measure the amount and sources of additional revenue from recurring donors on top of their recurring gifts.

6. Return On Investment: Measure the cost of the recurring join by channel and source and calculate the return on investment, including the subsequent giving at regular intervals. ROI can be calculated by subtracting the cost from the initial and recurring gifts and then dividing this net revenue number once again by the cost.

7. Attribution: There are many ways recurring gifts are attributed in fundraising databases. Some attribute all subsequent recurring revenue to the join source. Some attribute the first twelve months to the join source, and some attribute none of the recurring gifts to the join source. Some databases allow for creating a monthly pledge record, while others rely on recurring gift payments to indicate a pledge. No matter how you attribute recurring gifts, make sure you are Other relevant KPIs to track:

    - Upgraded sustainers, response rates by channel and upgrade averages.
    - Conversions to other payment types, by channel with values.
    - Legacy gifts and source.

# Addendum

## Mastercard Requirements for Recurring Payments

While nonprofits are exempt from these requirements that were implemented in March of 2022, merchant standards for recurring payments are:

- Must send a confirmation email at the time of enrollment that includes the subscription terms and instructions on how to cancel the subscription.
- Send a receipt after every successful billing attempt that includes instructions for how to cancel the subscription.
- Provide an online cancelation method (similar to unsubscribing from emails). Below is the latest from the FTC about this.
- For any subscription/recurring payment plan that bills a cardholder less frequently than every six months, the merchant must send a notification at least seven days before the billing date that includes the subscription terms and instructions on how to cancel.

Credit card companies are implementing these changes to mitigate the expense and frustration of disputed charges. If your current donor service communications and best practices are causing dissatisfaction as measured by donor complaints, cancelations, and credit card disputes, this is a warning bell to get ahead of the problem.

## FTC proposes a rule provision to make it easier for consumers to cancel subscriptions and memberships.

The FTC has said “no more” with a proposal to make subscription cancellation easier through a Notice of Proposed Rulemaking, Negative Option Rule. The FTC hopes to curb the “dark patterns” some marketers use to keep consumers subscribed.

The proposed rule changes include providing an easy subscription cancellation mechanism, new requirements for making additional offers, and additional requirements for reminders and confirmations.

The “click-to-cancel” proposal is part of a larger update to the Negative Option Rule, adopted in 1973 to prevent companies from using sneaky tactics. How we shop and do business has changed dramatically since then. “Negative option” is a term to describe subscription offerings in which goods or services are automatically delivered and payments collected unless the consumer takes a specific action to cancel the subscription in advance. There are several variations of the negative option model, including automatic renewal plans and free/low-cost trials that automatically convert to higher-priced subscriptions. As mentioned earlier in this resource, pre-checked box marketing to enroll consumers in a subscription model unless they uncheck a box is also categorized as a negative option.

The FTC is reviewing it to see how it should be modernized to provide clear guidance to businesses and to protect consumers by making it as easy to cancel a subscription as it is to sign up for one.

The FTC said that negative option marketing programs cross the line when:

- Marketers fail to make adequate disclosures.
- Companies bill consumers without their consent.
- Companies make it difficult or impossible to cancel.

Failure to comply could result in stiff penalties.

The Nonprofit Alliance