REMEMBER A CHARITY IN YOUR WILL
Help the work live on...

UK LEGACY FUNDRAISING MARKET 2019

A growing market lays the foundations for a vibrant future for legacy fundraising

Presenting new research into the UK legacy marketplace, this report looks at legacy income to the top 1,100+ legacy-earning fundraising charities in the UK, covering:

- The growing UK legacy fundraising market
- National comparisons for England, Scotland and Wales
- A decade of change: 2007-2017
- Legacy income by cause
- Perceptions of legacy fundraising

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INTRODUCTION

In recent years, more and more UK charities have turned to legacies, recognising the need for funding solutions that will secure income for the years ahead. Where gifts in Wills were once the primary domain of large household name charities, the market has become increasingly diversified with many smaller and community-based organisations coming to the legacy table and competing for funds. According to Smee and Ford, more than 26,000 charity beneficiaries have been named in Wills since 2012, with 3,000 of those included for the first time in 2017[1].

Of course, it's not only the charity market that is changing. Previous research[2] demonstrates a steady and long-term increase in not only the number of charitable Wills in recent years but the proportion of Wills that include a charitable gift (from 12.2% in 2007 to 15.8% in 2017), showing that the donor market is on the rise too.

When looking at the full UK market, it's important to acknowledge that there are notable differences. The Welsh charity market has a higher proportion of smaller community-based organisations, while the legal framework for Will-making differs in Scotland from the other nations, giving spouses and children 'prior rights' to benefit from an estate. This creates the perception (at least) of greater difficulty in writing a charity into a Will; a barrier for both potential legators and legacy fundraisers looking to broach the conversation with supporters.

We know that the overarching economic backdrop, property prices, death rates and changing patterns of consumption, which include changing pension investments and growing care costs linked with an ageing society, can have a hefty influence on what charities might receive in legacy gifts each year. And now, with the long-term impact of Brexit unknown, the economic landscape is all the more uncertain.

2019 is a year of change for legacies with Will-writing legislation and inheritance tax under review, along with the planned hike for probate costs. Within this shifting landscape, will fundraising charities be able to maintain and grow the legacy income which continues to be so important to their funding? With more charities in the marketplace, how can we keep building the donor market to meet growing needs? What can we learn from the way in which legacy income fared during and after the recession of 2008? And what's changing in terms of the causes that the public choose to support through gifts in Wills?

Remember A Charity commissioned this new research to better understand the income patterns, challenges and opportunities of legacies for today's fundraising market. This report looks back over a decade of legacy giving, including the 2007/08 recession, tracking income to the top legacy-earning fundraising charities across the UK.

"Legacies have become increasingly important to a growing number of charities. As with any other area of fundraising, legacies need investment; time, energy and resources. Charities that grasp this opportunity at a strategic level will likely be those that benefit for many years ahead. A successful legacy programme can be completely transformational."

Rob Cope, director of Remember A Charity

[1] and [2] Smee and Ford, 2018

KEY FINDINGS

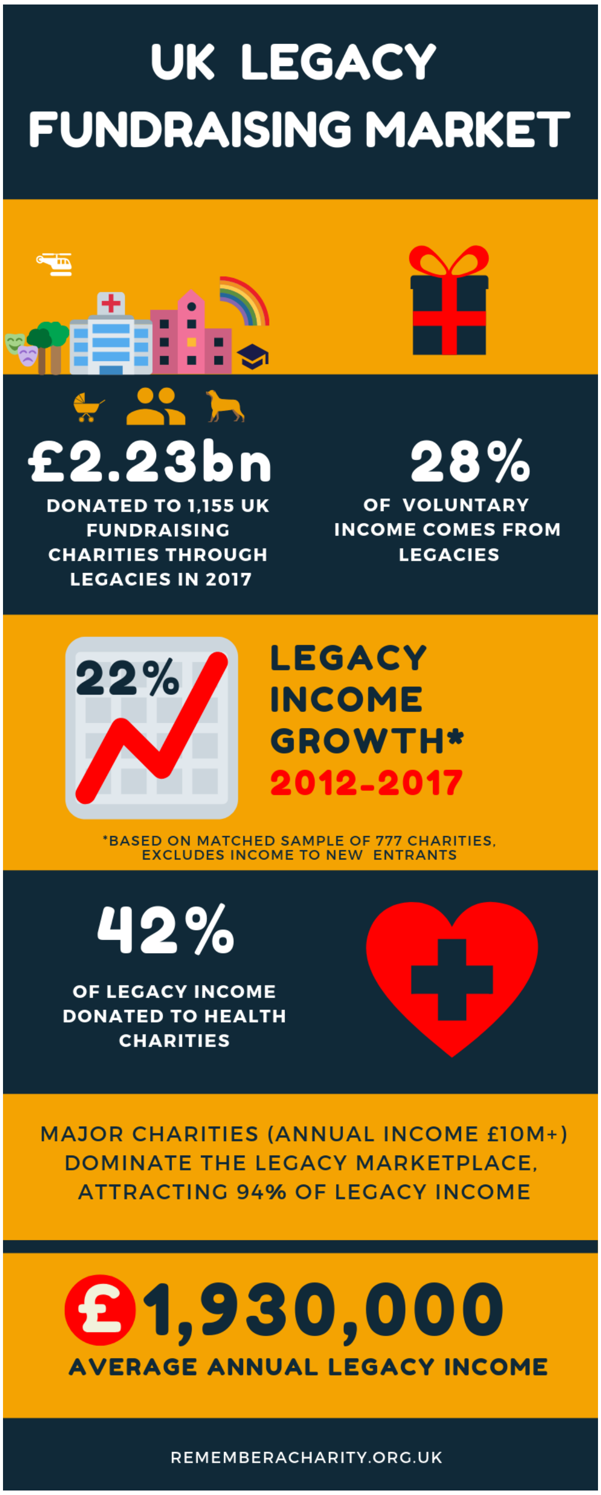
This new research shows that fundraising charities continue to be heavily reliant on income from legacies, which generates 28% of their total voluntary income. The market is growing and changing, with a 24% increase in the number of top fundraising charities (Charity Financials' top 5,000 charities database) reporting legacy income over a ten-year period (2007-2017).

Legacy income is being stretched across a broader marketplace – As the market expands with many new and smaller charities fundraising for legacies, income is being stretched. Since 2007, the average legacy income has moved from £1.6m to £1.9m in 2017. Adjusted for inflation, this represents a 7% decrease. Many charities are seeing a significant income rise from legacies over that time, but the influx of smaller charities is changing the overarching shape of the market.

Charities in Wales and Scotland are seeing the fastest income growth – While charities in Wales and Scotland currently benefit from just 4% of the total legacy income to UK fundraising charities, they are the fastest growing legacy markets, with our matched sample seeing a real term legacy income rise of 35% in Wales and 23% in Scotland over the past decade. Charities in England and those with a UK-wide remit have experienced legacy income growth of 4% and 13% respectively.

Major charities dominate much of the legacy market – Organisations with annual income exceeding £10 million account for the majority (81%) of legacy income. This dominance applies in all nations except Wales, where major charities claim just 14% of legacy income. In Wales, it is large charities (income £1m-£10m) that benefit from the bulk (75%) of legacy income, with smaller charities punching above their weight and accounting for the remaining 11%.

Health charities hold the largest income share, but the market is changing – Health causes dominate the market, accounting for 42% of all UK legacy income, and animal charities feature highly but the market is changing, with overseas aid, environmental and services charities increasing their market share over the past decade, while religious charities and social care lost ground.



LEGACY INCOME IN 2017 BY NATION

TOP UK LEGACY-EARNING CHARITIES (1,155 charities)
£2.23 billion annual legacy income
Legacies yield 28% of voluntary income
10-year growth – 10%
Average annual legacy income – £1.93 million

SCOTLAND (78 charities)
£71.6m annual legacy income
Legacies yield **24%** of vol. income
10-year growth – **23%**
Avg legacy income – **£920,000**

WALES (71 charities)
£19.8m annual legacy income
Legacies yield **25%** of vol. inc.
10-year growth – **35%**
Avg legacy income – **£280,000**

ENGLAND (789 charities)
£812m annual legacy income
Legacies yield **25%** of vol. inc.
10-year growth – **4%**
Avg legacy income – **£1.03m**

UK-WIDE (216 charities)
£1.32 billion annual legacy income
Legacies yield **31%** of vol. income
10-year growth – **13%**
Avg legacy income – **£6.11m**

Note: Legacy income collated from charities within Charity Financials' top 5,000 charities database. Only those charities that report legacy income are included. All growth figures are based on real-term growth, adjusted for inflation and excluding new market entrants. Charities are categorised by their primary national geographic remit or as UK-wide organisations. (See *Methodology* for further information.)

THE ROAD AHEAD

This in-depth look at legacy income from the past decade shows how important legacies have become to a growing number of charities. The largest UK-wide charities dominate the marketplace and many have highly active legacy fundraising programmes, but they do not have the monopoly. 'Large' rather than major-sized charities have seen most growth over the past ten years.

A changing market

The market is changing; growing and diversifying, with many smaller and community-based organisations making a real success of legacy fundraising.

In spite of the continued dominance of health causes in the legacy fundraising market, donor preferences are changing, and new Millennial donors have an appetite for a wide range of legacy causes, such as environmental charities and those addressing emerging social and global needs. As the public becomes increasingly familiar with the concept of legacy giving, we expect to see further broadening of the market.

Increasing importance of legacies

All of the fundraisers to whom we spoke during this study told us that legacies had become more important to their charity over the past decade. Yet there was a divide when it comes to the way in which they approach legacies with supporters. Some have extremely active and visible legacy fundraising programmes, while a surprising number of participants said that they do not directly market legacies at all or have only recently started doing so.

As with all areas of fundraising, legacies need investment; time, energy and resources. This makes it all the more important that all fundraisers have access to support and training to break down taboos and help them get legacy conversations started.

There remains some apprehension about broaching the topic of gifts in Wills, stemming from the top of the organisation or from fundraisers who fear they lack the skills or training to do legacies well. This was particularly evident in Wales and Scotland, where fundraisers expressed concern at feeling distanced from the legacy heartland of South East England. And yet, both nations are defying expectations and experiencing high levels of growth. For Scottish and Welsh charities, there is considerable strength within their nearby supporter base. These donor markets could gain a further boost from the current emphasis on place-based giving and leverage the strength of local allegiances to grow their legacy following.

Impact of the recession

This new data demonstrates that the impact of the 2008 recession differed across the nations. While UK-wide and English charities saw a significant decline in income up until 2012 as the UK economy sought to right itself, the impact was not felt in the Scottish or Welsh markets until considerably later (2013/14). Legacy income to Welsh charities never dipped below pre-recession levels, which may offer a degree of protection for charities in Wales as the economy adapts to life in the Brexit era.

As we look to the challenge of growing legacy income over the years ahead, it is clear that many factors lie well beyond the sector's control; most notably, the strength of the economy and, of course, death rates. Expectations remain that a post-Brexit climate will be challenging for legacy fundraising, but that the charitably-minded Baby Boomer generation and emergent inter-generational wealth transfer presents huge growth potential.[3]

[3] Legacy Foresight 2014

Growing the donor market

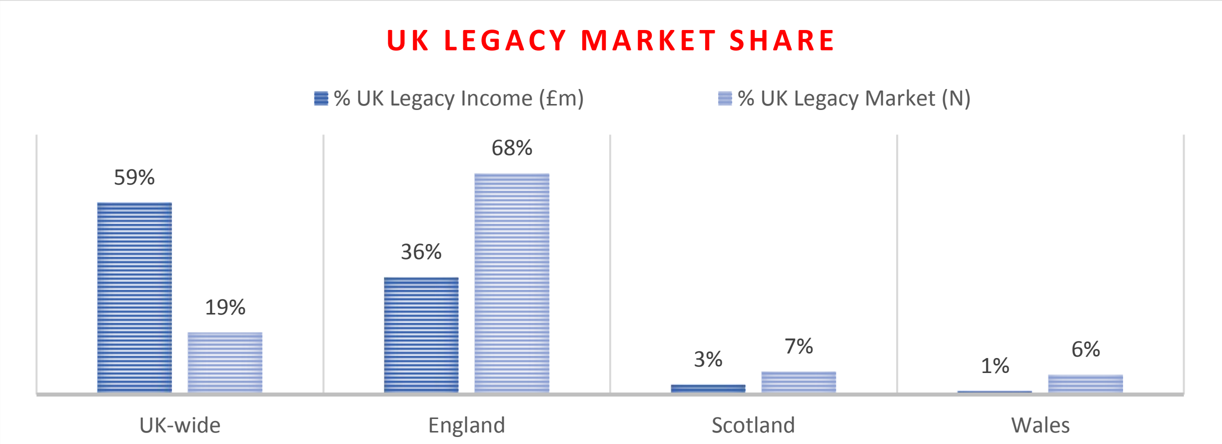
With more charities coming into the marketplace and competing for funds, it is inevitable that legacy income will become increasingly stretched, unless there is greater emphasis on growing the donor market further and faster, normalising legacy giving.

How can the sector grow the market? Every charity has an individual role to play in making legacies a part of their everyday dialogue internally and externally, familiarising stakeholders and supporters alike with the concept of leaving a gift in their Wills and developing effective legacy fundraising strategies. But collaboration is vital if we are to see a long-term increase in the donor market. Collaboration within the sector – pooling resources to raise awareness among the giving public, with government – seeking to protect and grow incentives for legacy giving, and with the legal profession, who help guide the public in setting out their final wishes.

Only by working together can we succeed in growing the donor market over the long-term and ensure we have a stable basis on which to secure future legacy income, no matter how the economy might fluctuate.

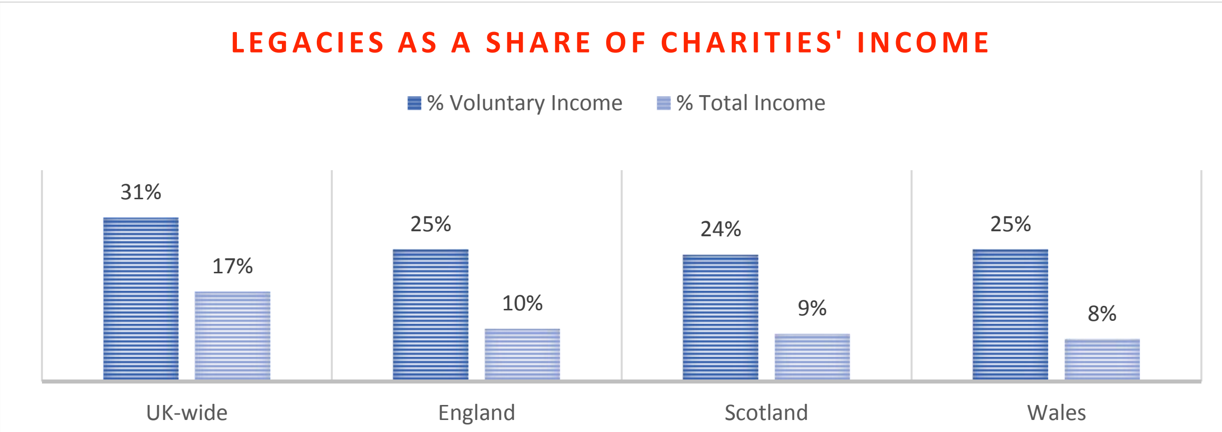
UK LEGACY MARKET IN 2017

With legacies generating £2.23 billion annually and contributing 28% of voluntary income, the UK's fundraising charities are heavily reliant on gifts in Wills, but the size and income share of the market differs considerably at a national level.

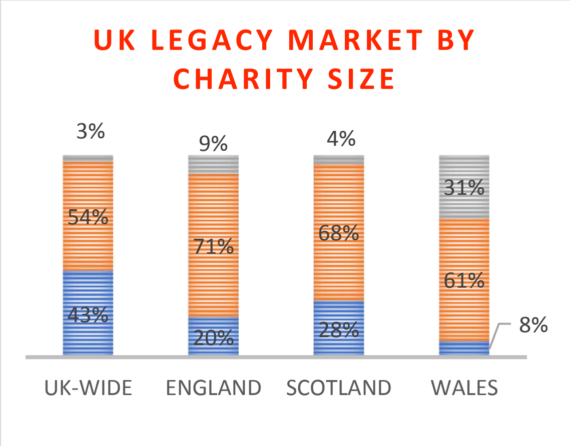


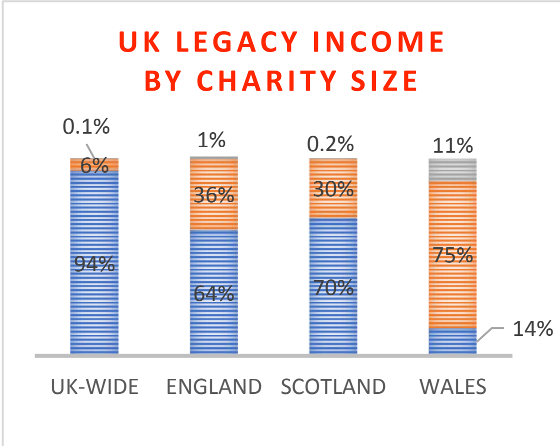
Of the 1,155 legacy-earning fundraising charities included in this study, the large majority are charities based in England (68%), but it is those with a UK-wide remit have the lion's share of the market, bringing in 59% of legacy income at £1.32 billion. The smaller legacy markets of Scotland and Wales (13% of fundraising charities in the study) have a combined total legacy income share of 4% income share, equating to £91.4 million.

For English, Scottish and Welsh charities, legacy income contributes around one quarter of voluntary income to fundraising charities, but those working UK-wide rely on legacies for almost a third of their voluntary income and 17% of total income.



Major charities (those with annual income exceeding £10 million) account for the largest mass (81%) of legacy income to charities within this study. However, the shape of the market is markedly different at a national level. When it comes to legacy charities with a UK-wide remit, 43% are major charities, bringing in 94% of legacy income, while major charities in England and Scotland have a two thirds market share.





In Wales, only 8% of the market is major-sized, gaining 14% of bequests by income. Instead, it is large charities (income £1m-£10m) that benefit from the bulk (75%) of legacy income. Smaller charities account for the remaining 11% of legacy income, which contrasts to just 1% for charities in England and 0.2% in Scotland.

TOP 10 LEGACY CHARITIES

The top ten legacy earners in 2017 are all household name charities. Together, they account for 38% of the total legacy income to the top UK fundraising charities.

TOP 10 UK LEGACY EARNERS (£M) **Showing annual legacy income from 2017 or the most recent data set*			
1. Cancer Research UK	£186.60	6. The National Trust	£61.70
2. Royal National Lifeboat Institution	£130.50	7. Salvation Army Trust	£50.48
3. Macmillan Cancer Support	£84.54	8. Guide Dogs	£47.90
4. RSPCA	£77.10	9. PDSA	£45.76
5. British Heart Foundation	£73.30	10. Royal National Institute of Blind People	£41.73

In Scotland and Wales, the top ten national legacy-earning charities are even more dominant, accounting for more than half of charities' legacy income at 65% and 56% respectively.

AVERAGE LEGACY INCOME

The average annual legacy income is £1.93 million, although the median (mid-point) is considerably less at £307,000, indicating that the market is skewed by some large earners. Charities that operate across the full breadth of the UK accrue a far higher average income (£6.11 million) than those that serve a specific country.

While the average income is considerably less in Wales than other nations, smaller Welsh charities (income <£1m) are punching above their weight and bringing in a higher average legacy income than the same size charities in all other parts of the UK.

AVERAGE ANNUAL LEGACY INCOME PER CHARITY (£M)

Country	Major (>£10m)	Large (£1m-£10m)	Medium (<£1m)	National Avg
UK-wide	£13.426	£0.717	£0.117	**£6.111**
England	£3.234	£0.514	£0.093	**£1.030**
Scotland	£2.271	£0.405	£0.059	**£0.918**
Wales	£0.590	£0.320	£0.130	**£0.283**
Avg by size	**£6.451**	**£0.534**	**£0.102**	

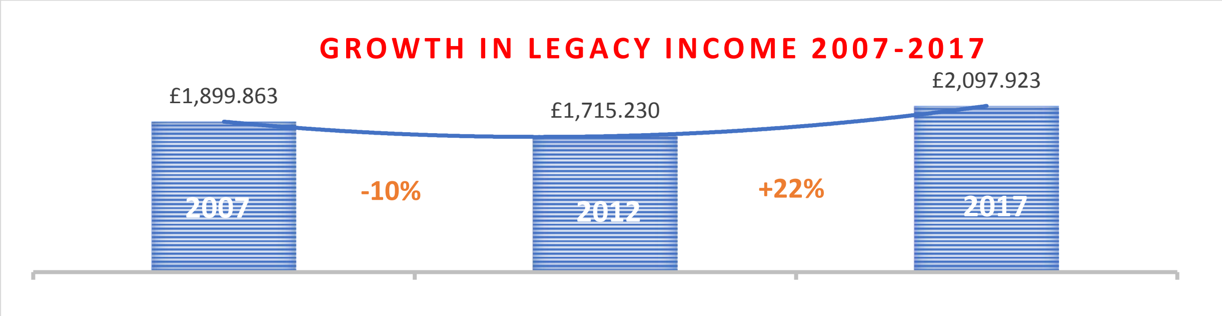
A DECADE OF CHANGE: 2007-2017

The legacy market has grown over the past decade with the number of top UK fundraising charities with legacy income having increased from 931 in 2007 to 1,155 in 2017. Legacy income grew from £1.52 billion to £2.23 billion during that time and, when adjusted for inflation, this represents a 16% real-term rise.

Excluding the impact of new entrants to the market, legacy income to a matched sample of 777 UK fundraising charities grew by 10% in real terms over the decade, rising. Although major UK-wide charities have the largest market share, the most impressive real-term legacy income growth was seen in the smaller markets of Wales (35%) and Scotland (23%).

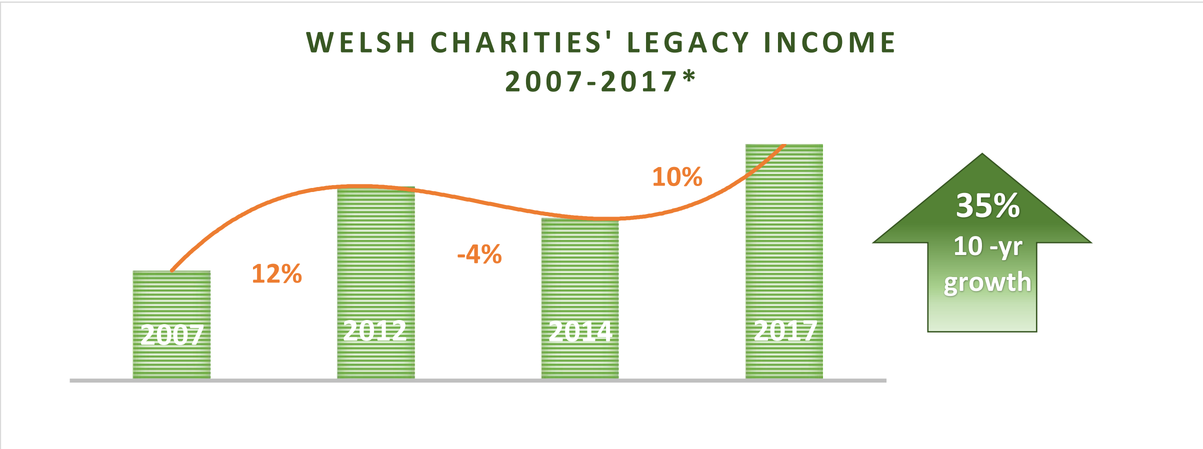
	2007	2017
Total legacy income	£1.52 billion	£2.23 billion
Average legacy income	£1.63 million	£1.93 million
Median legacy income	£264,000	£307,000
Number of legacy-earning fundraising charities in Charity Financials' top 5,000 charities database	931	1,155

For many fundraising charities, the decade (2007-2017) was one of two halves. Legacy income was heavily impacted by the recession and fell in real-terms by 10% between 2007 and 2012. The market then picked up and grew by a sizable 22% between 2012 and 2017.



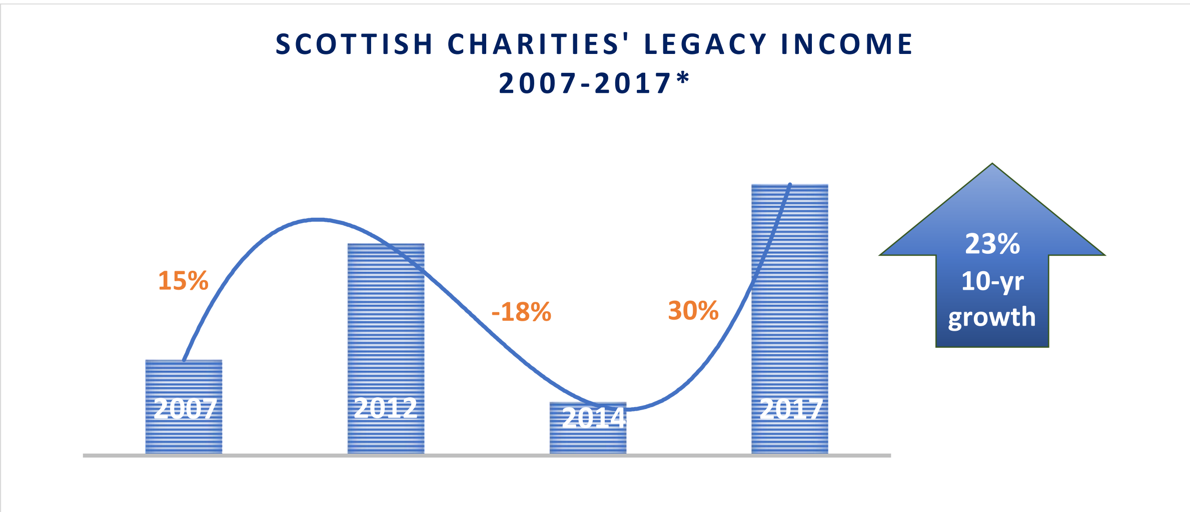
**Based on matched sample of 777 charities*

This pattern is largely driven by English charities and those with a UK-wide remit. The recession hit the Scottish and Welsh legacy markets at a later date, with legacy income continuing to grow until 2013/14. The Welsh market remained fairly stable with a small dip of only 4% and never falling below pre-recession levels, before continuing its growth trajectory.



**Based on matched sample of 24 charities*

In contrast, Scottish legacy income, which had risen by 15% from 2007 to 2012, dropped sharply over the next two years (-18%), before exhibiting a steep rise of 30% to 2017.

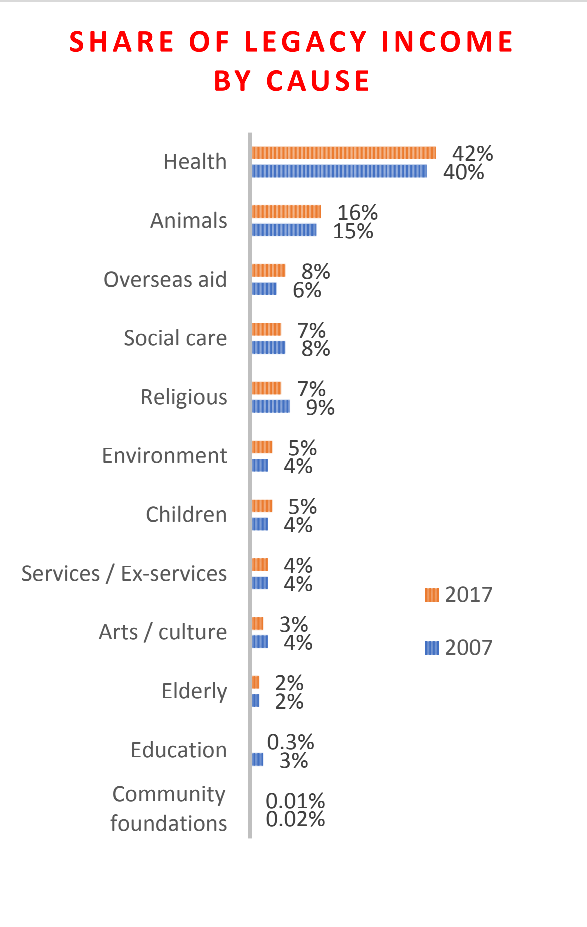


**Based on matched sample of 45 charities*

LEGACY INCOME BY CAUSE

Charities fundraising for health causes have dominated the legacy market over the last ten years. In 2017, health charities received 42% of the total legacy income with animal charities accounting for 16%. Health causes are even more dominant in Wales, with a 77% income share.

When it comes to income growth from legacies (rather than market share), it is overseas aid charities, services/ex-services and environmental causes that are seeing the biggest increases, while educational causes, religion and charities for the elderly are losing ground.

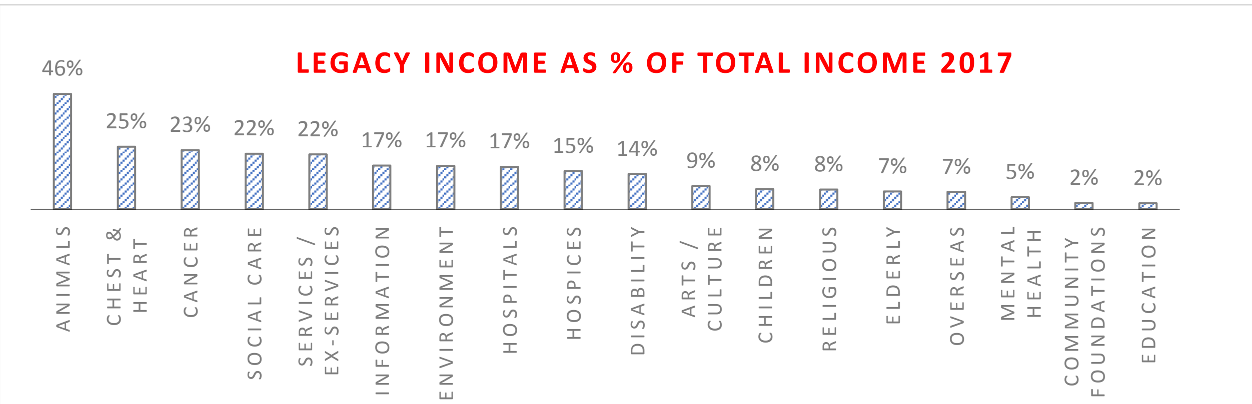


Within the health sphere, cancer charities receive almost two fifths of legacy income (38%), with 19% directed to disability causes and 15% to hospices. The growth in Air Ambulance charities' legacy income has driven up hospital charities' share by 40% (or £17.6m). In Scotland and Wales, hospices are the main recipients of health legacy income.

The education and arts sectors play a big part in the legacy fundraising landscape, but are not fully covered in this research because although many have charitable status they do not report to the Charity Commission and were not included in this research database. The most recent Ross-CASE survey shows that legacy income to educational charities was worth £95.6 million in 2016/17 (CASE, 2018).

Meanwhile, the arts and culture sector is populated by many small charities with total income of less than £25,000 per annum, to whom legacies are becoming increasingly important. In this study, the National Trust dominates the arts sector with 90% of arts legacy income in 2017.

Legacy income formed 13% of total income for UK fundraising charities in 2017, but many causes count on legacies for over one fifth of their total income. Almost half (46%) of animal charities' total income comes from legacies.



TIPS: EMBEDDING A LEGACY FUNDRAISING CULTURE

Talk legacies openly and often – Try to make gifts in Wills part of your everyday conversations internally and externally, building understanding and overcoming any taboos. This doesn't mean focusing conversations on death or dying, but on how legacy giving enables people to leave a lasting impression on the world. It's important to make it clear that gifts don't have to be large to be meaningful; anyone can make their mark simply by writing their wishes into a Will.

Celebrate what legacies enable you to do – Legacies can be transformational for charities and beneficiaries alike. Share legators' stories, communicating why they wanted to leave a gift and what a difference it has made, inspiring others to follow suit. Showcase your future plans so supporters can see your long-term need for funds and how their gift could have a real and lasting impact.

Champion legacies from the top – Ensure your trustees, CEO and senior management team are on board with legacies and understand the impact they have or can have on your charity. Consider what more they could do to communicate the importance of legacies to staff, volunteers, beneficiaries and supporters alike. Can you convince the board to view legacies as a strategic or organisational priority? Charities that recognise the importance of legacies at a strategic level will undoubtedly be those that see most benefit in the years to come.

Invest in your legacy fundraising – Whether you have dedicated legacy fundraisers or not, make sure your fundraisers have the training, resources and support they need to make a real success of legacies. Essentially, the more you put into your legacy programme, the more you're likely to get out of it, funding vital charitable work for the years ahead.

Make everyone at the charity part of your legacy team – Legacies can have a significant impact on charities' work and beneficiaries. This means that everybody in the organisation needs to play a part. Encourage staff and volunteers to broach conversations about legacies where appropriate, as they would any other major fundraising event. This might include highlighting projects funded by legacies or asking supporters if they would be interested in finding out more, normalising legacy giving.

Be proactive – Many people aren't aware of the option of leaving a gift in their Will, how easy it can be and what a long-lasting difference it can make, so it's important to be proactive. Sensitively promoting legacies across a range of communications channels and highlighting the impact that it makes, can be the difference between occasional legacy gifts and a steady stream of long-term income that enables your charity to achieve a real difference for beneficiaries.

"As a charity whose focus is on supporting those with a life-shortening illness, we needed to ensure we had the correct, supporter focused campaign when we first launched the Cystic Fibrosis Trust's legacy fundraising strategy. Was it right to talk to our supporters about legacies? But it's been a huge step forward for the charity and we don't shy away from legacy conversations, actively seeking opportunities to show people how their gift can help those with cystic fibrosis for many years to come."

Michael Clark, Gifts in Wills and In-memory Manager, Cystic Fibrosis Trust

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METHODOLOGY

This report summarises new research into the top 1,155 UK fundraising charities with legacy income, including 78 charities headquartered in Scotland and 70 in Wales. Data was sourced from Charity Financials' top 5,000 charities database, plus a supplementary sample of 3 Scottish and 27 Welsh charities. With only 3 of our sample based in Northern Ireland and a lack of comparable historic data, the Northern Irish legacy market is not included in this study. A matched sample of 777 charities (45 in Scotland and 24 in Wales) formed the basis for comparison between 2007 and 2017. In-depth interviews were carried out with 17 fundraising charities and infrastructure bodies across the UK.

While we refer to legacy income as 'gifts in Wills', which it predominantly is, some charities within this data set include related income streams such as In Memory giving within their total legacy income.

Regional comparisons are based on the primary geographic remit and base for each organisation. Many charities headquartered in England will also have a remit for Wales or Scotland and vice versa. It should also be borne in mind that legacy givers will often make provision for household name charities based elsewhere in the UK.

The research was commissioned by Remember A Charity and carried out by Dr Catherine Walker, Director of The Researchery and Cathy Pharoah, Visiting Professor of Charity Funding, Cass Business School. Further information and reports are available from Remember A Charity.

REMEMBER A CHARITY

As a consortium of 200 fundraising charities across the UK, Remember A Charity works to grow the legacy market and normalise gifts in Wills, providing tools to help charities inspire their supporters to leave a gift in their Will. Working closely with government and the legal profession to normalise legacy giving, Remember A Charity also leads consumer awareness activities throughout the year. Remember A Charity Week takes a place each September; an annual week-long awareness drive to encourage and celebrate the impact of legacy giving.

To find out more about how Remember A Charity can support your charity or for further information, see www.rememberacharity.org.uk.

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