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WELSH LEGACY FUNDRAISING MARKET 2019

A decade of growth lays the foundations for a vibrant future for legacy fundraising

Presenting new research into the Welsh legacy marketplace, this report looks at income from gifts in Wills to the top 70 legacy-earning fundraising charities headquartered in Wales, covering:

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

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INTRODUCTION

Remember A Charity commissioned this research to better understand the income patterns, challenges and opportunities of legacies for today's fundraising market in Wales. This report places a unique spotlight on trends in the top legacy-earning fundraising charities headquartered in Wales, looking back over a decade of legacy giving.

The Welsh market

The Welsh voluntary sector is diverse, but compared with the UK market, charities are typically smaller and more community-focused. Over the years, demand for charity services has continued to rise and income generation is becoming ever more challenging with the increasing pressures of austerity and government policy. This has seen the Welsh sector begin to shift away from a reliance on public sector funding towards voluntary donations. There is therefore growing emphasis on legacy fundraising as charities seek funding solutions that will secure income for the years ahead.

The Welsh legacy market is a small proportion of the UK market as a whole, but it is fast growing. This is partly due to smaller charities coming to the table, recognising that gifts in Wills are by no means the sole domain of large and household name charities. A strong basis of local support can indeed be immensely powerful for community-based organisations looking to grow income from legacies. And yet, legacy fundraising is often perceived to have a low profile in Wales and it is not always seen to be an area of strength.

Times of change

The next two or three years will undoubtedly bring change for legacies with Will-writing legislation and inheritance tax under review, along with increases to probate costs. 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 all have a hefty influence on what charities might receive in legacy gifts. And now, with the long-term impact of the Brexit era unknown, the economic landscape is all the more uncertain.

Within this shifting landscape, how important have legacies become to fundraising charities in Wales and what does this mean for the years ahead? What can we learn from the way in which legacy income fared during and after the 2008 recession? And what's changing in terms of the causes that the public choose to support through gifts in Wills?

"This research shows that the Welsh legacy market is growing rapidly and that smaller charities are punching well beyond their weight. More charities are coming to the table and there is huge potential for further growth. 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

KEY FINDINGS

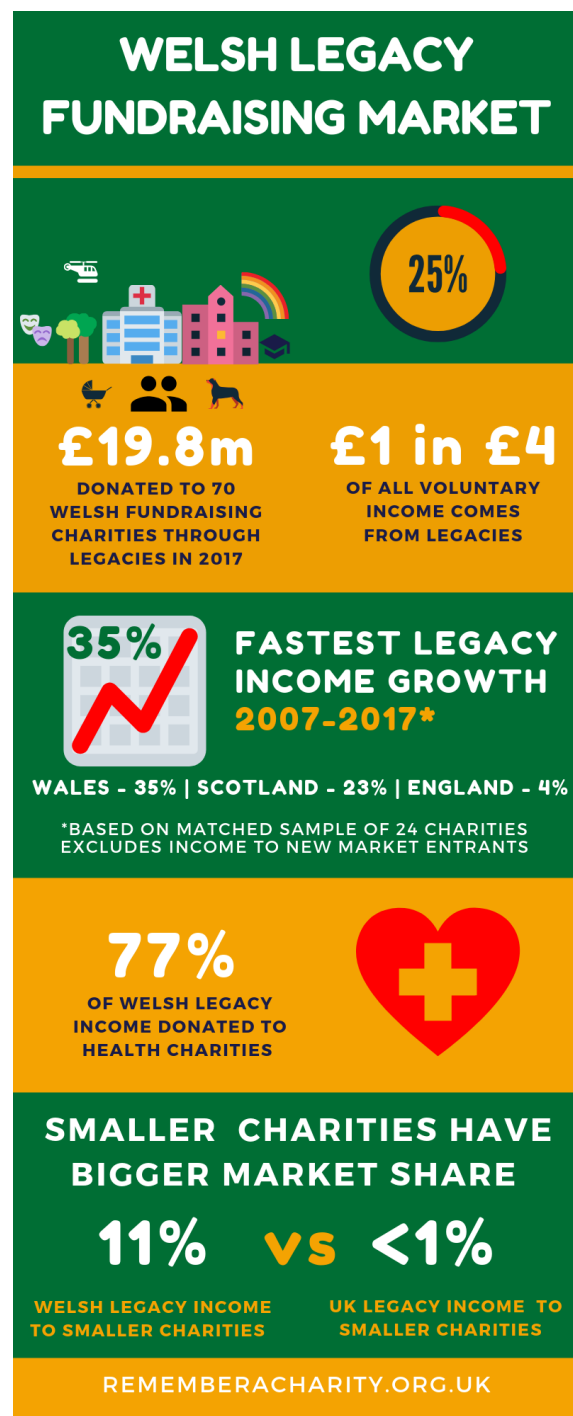
This new research shows that the top legacy fundraising charities in Wales are increasingly reliant on income from gifts in Wills. The legacy market (both in terms of the number of charities and income levels) is growing fast. While large and health-related charities dominate the landscape, smaller charities have a bigger market share than they do in other UK nations. It is a vibrant and changing marketplace.

The Welsh legacy market is significant - £19.8 million was donated through legacies to the top 70 legacy-earning charities in Wales in 2017. This accounts for one quarter of their total annual voluntary income, at an average of £283,000 per organisation.

Charities in Wales are seeing the fastest income growth - While Welsh charities currently benefit from just 1% of the total legacy income to UK fundraising charities, it is the fastest growing legacy market, with our matched sample seeing a real term legacy income rise of 35% over the past decade compared with 23% in Scotland. During that time, charities in England and those with a UK-wide remit experienced legacy income growth of 4% and 13% respectively. Legacy values will always be susceptible to changes in the economic landscape, but the Welsh market was the most resilient of the UK nations during and after the global economic recession.

Health charities dominate the market - More than three quarters of legacy income in 2017 was donated to health-related organisations (primarily hospices and cancer charities), which saw a 57% increase in income over the past decade. At the same time, bequests to religious charities have fallen by more than a third over the past 10 years.

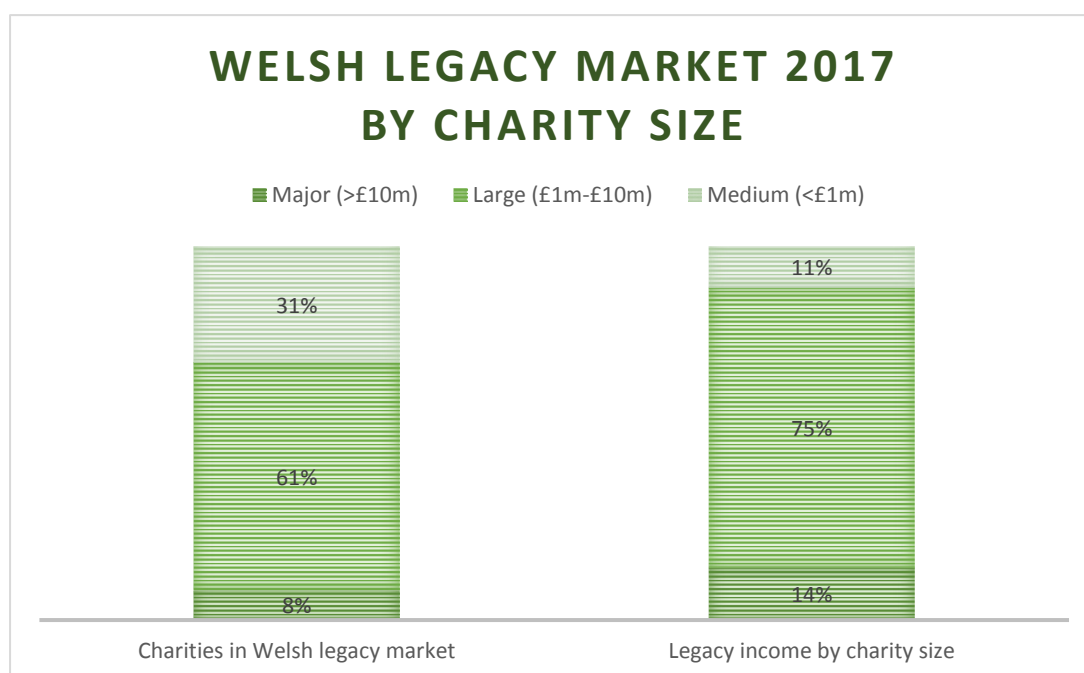
Smaller charities have a bigger share of the legacy market in Wales - At a UK level, it is the biggest charities (with annual income above £10m) that dominate the legacy market. But in Wales, major charities claim just 14% of legacy income. Large charities (with income between £1m and £10m) generate 75% of legacy donations by income. Smaller charities (with annual income below £1 million) are punching well above their weight, attracting higher average income from bequests and gaining a larger market share than their UK peers (11% in Wales versus <1% in other UK nations).



WELSH LEGACY MARKET IN 2017

The legacy market of Welsh fundraising charities is unique within the UK landscape. Although the market is top-heavy, both in terms of the proportion of large charities (those with annual income between £1m and £10m) and income raised, the biggest ‘major’ charities (income >£10m) do not dominate the legacy market as they do in other UK nations.

Within the top 70 legacy fundraising charities, just 8% of the market is made up of major charities, as opposed to 43% across the UK-wide marketplace. At the other end of the scale, almost one-third (31%) of the Welsh market is made up of organisations with annual income below £1 million, while the equivalent UK group accounts for only 3%.



Interviews with the Welsh fundraising community highlight that a core challenge for them – particularly for smaller charities – is that they have fewer dedicated resources for fundraising and legacy fundraising compared with the rest of the UK:

“Primarily in Wales, it’s mostly small charities and everything is very local. The charity sector is quite under-developed, and we don’t have the skills base for specialised legacy fundraisers. We need to put more into developing our charities.”

“The bigger UK charities operating in Wales do have specialised legacy fundraisers... but often any legacy raised here ends up going to the London office and it’s up to them whether Wales benefits at all.”

LEGACY INCOME

Legacy income yield echoes the shape of this Welsh market. Major charities receive 14% of legacy income, but it is large charities that have the lion's share (75%). This is in sharp contrast to the UK-wide market, where 94% of legacy income is allocated to major charities. Over a tenth of legacy income (11%) goes to medium and small charities, which contrasts to just 1% for charities headquartered in England and 0.2% in Scotland.

The top 70 Welsh legacy fundraising charities had a combined total legacy income of £19.8m in 2017, with average legacy income per organisation of £283,000. While this contributes just 1% of the UK's total legacy income and the average income is substantially lower than bequests to UK-wide (£6.1 million) and Scottish charities (£918,000), this reflects the size and scale of Welsh legacy charities. In fact, the average annual legacy income to smaller charities in Wales (£130,000) exceeds the average amount raised by smaller charities in other UK nations.

Legacy income formed one quarter (25%) of the total voluntary income in 2017 and 8% of the total income of Welsh legacy fundraising charities, compared with 28% and 13% for all UK fundraising charities within this study.

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	

Fundraisers in Wales expressed their views that the sector is 'behind the curve' when it comes to legacy fundraising, that there can be a fear about getting it right and that legacies can fall behind more immediate short-term needs for income:

"There's a lack of expertise in legacy fundraising as a profession. So it's easy to feel the fear and not do it."

"We've not done much because there's a little bit of fear that it would be insensitive to talk to our supporters about legacies. It's a bit of a taboo subject."

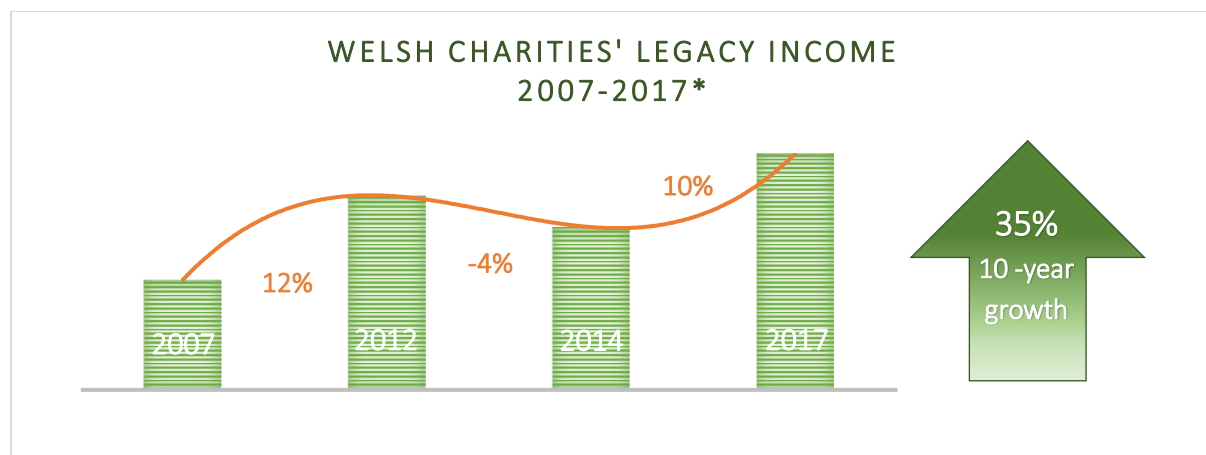
"Legacies are slow burners and most organisations need the money now. So legacy fundraising sort of drops off the radar and gets deprioritised."

A DECADE OF CHANGE: 2007-2017

Although the Welsh legacy market is smaller than that of other parts of the UK, it has seen the fastest income growth over the past decade. Looking at a matched sample of 24 Welsh fundraising charities from 2007-2017, legacy income grew by over a third (35%) in real terms, compared to 13% for UK-wide charities or 23% in Scotland.

The Scottish and Welsh legacy markets reacted differently to the recessionary years after 2007-08 compared with the UK as a whole. In the wider UK marketplace, legacy income was hit almost immediately, falling by 10% from 2007 to 2012, recovering thereafter and growing by 22% over the next five years. But in Scotland and Wales, legacy income did not show signs of a downturn until 2013-14.

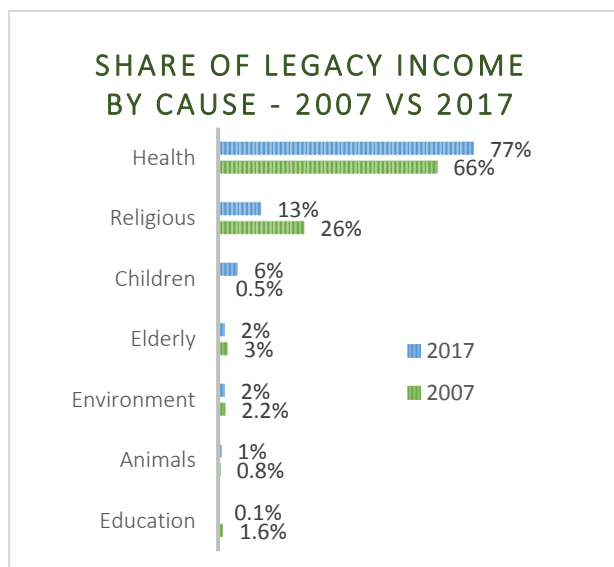
Welsh legacy income grew at a rate of 12% through to 2012, falling by only 4% in 2013-14 before rising sharply by another 10% to 2017, never falling below pre-recession levels.



**Based on matched sample of 24 charities*

LEGACY INCOME BY CAUSE

The legacy sector is broadening, but health charities have dominated the market in Wales over the last ten years and their dominance continues to grow. During that time, health charities increased their legacy income by more than half (57%).



In 2017, health charities in Wales received 77% of legacy income, compared to a 42% market share across the UK. Almost all of the top ten legacy-earning charities sit in the health sector. Hospices and cancer charities account for the large majority of legacy income to health charities at 94%.

Religious charities have the next largest slice of the Welsh legacy market, although their share has fallen from one quarter (26%) in 2007 to 13% in 2017. Meanwhile, income to the children's sector, which started from a small base, is now worth 17 times what it was in 2007.

It is important to note that the education and arts sectors play a big part in the legacy fundraising landscape, but are under-represented in this research because, although many have charitable status, they do not report to the Charity Commission and therefore were not included in the sample base for this study.

TOP 10 LEGACY CHARITIES

TOP 10 WELSH LEGACY EARNERS (£M)			
<i>*Showing annual legacy income from 2017 or the most recent data set</i>			
1. Cancer Research Wales	£1.79	6. Tenovus	£1.17
2. Welsh Air Ambulance Charitable Trust	£1.49	7. Betsi Cadwaladr University Health Board Charity and Other Related Charities	£0.97
3. St David's Foundation Hospice Care	£1.30	8. Cardiff and Vale Health Charity	£0.76
4. St David's Hospice	£1.24	9. Abertawe Bro Morgannwg University Lhb Charitable Fund and Other Related Charities	£0.75
5. Latch Welsh Children's Cancer Charity	£1.21	10. Hywel Dda Health Charities	£0.52

LEGACY INCOME IN 2017 BY NATION

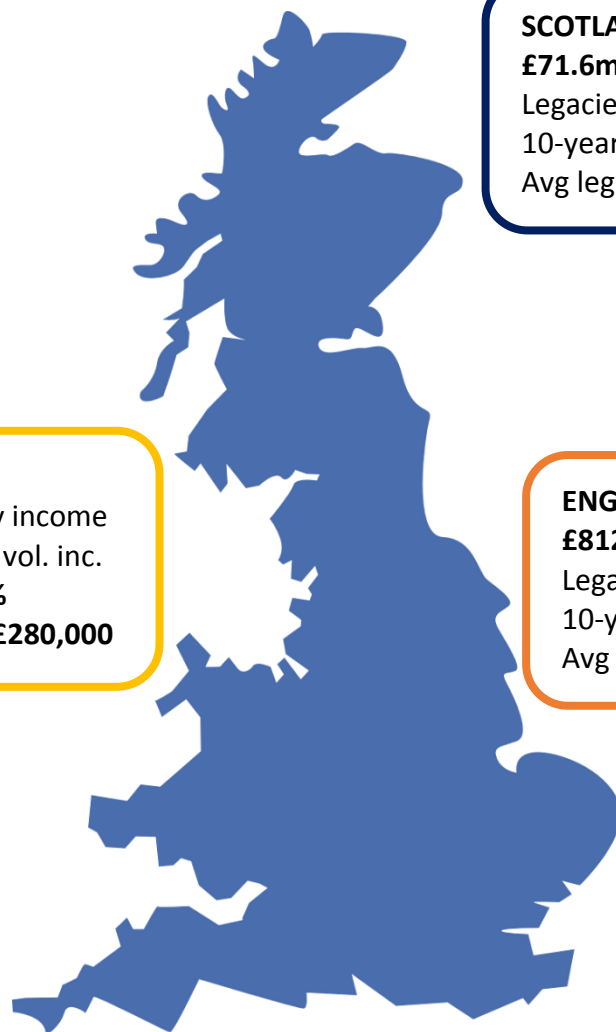
TOP UK LEGACY-EARNING CHARITIES (1,155 charities)

£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 (70 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

The pattern of legacy income from the past decade shows that the Welsh market – while small – is fast growing and has the potential to continue that path. But what do these trends suggest for the future of legacy fundraising in Wales?

A more diverse and localised market

The Welsh market is characterised by a high proportion of small, community-based organisations to whom legacies are becoming increasingly important. Although the fundraising community often feels at a disadvantage due to limited resources and legacy expertise in Wales, there is real opportunity for charities to leverage the strength of local allegiances to grow their legacy following. Welsh charities are well placed to benefit from the current emphasis on place-based giving.

Health causes do dominate the market but donor preferences are changing. New Millennial donors have an appetite for a wide range of legacy causes, such as those addressing the emerging environmental and social needs they see around them. As legacy giving becomes more prevalent, we are likely to see further broadening of the market.

Greater potential for growing legacy income

All of the fundraisers we spoke to during this study told us that legacies had become more important to their charity over the past decade. But 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. In Wales, many said that they feel distanced from the ‘legacy heartland’ of South East England. What is more, there are concerns that they miss out on legacy income as they cannot compete with larger UK-wide charities fundraising in Wales. And yet, the Welsh market is defying expectations and experiencing high levels of growth, albeit from a small base. It is likely that there is far greater potential to build income if fundraisers are given the support, training and encouragement they need to do so.

“There’s an assumption that people know the basics, but we need guidance for a complete novice and a very small charity. Where do you start? What is legacy giving? How does it work? How do I know if we’ve been left a legacy?”

Economic uncertainty remains

The strength of the economy is a major influencing factor on legacy income. 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.¹ The future is uncertain, but it is welcome news that legacy income in Wales was less impacted by the last recession than other UK nations and this may indicate a degree of protection during times of economic instability.

Importance of 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. To achieve this, charities need to make 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, get legacy conversations started, breaking down perceived taboos and developing effective legacy fundraising strategies.

¹ Legacy Foresight 2014

But behaviour change takes time and collaboration is vital if the sector is to see a sustained 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 the sector succeed in growing the donor market over the long-term and ensure charities have a stable basis on which to secure future legacy income.

TOP 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?

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, as they would any other major fundraising event. Encourage staff and volunteers to broach conversations about legacies where appropriate. This might mean highlighting projects funded by legacies or asking supporters if they are 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.

METHODOLOGY

This report summarises new research into the top 1,155 UK fundraising charities with legacy income, including 70 charities headquartered in Wales and 78 in Scotland. Data was sourced from Charity Financials' top 5,000 charities database, plus a supplementary sample of 27 Welsh and 3 Scottish 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 organisations (24 in Wales and 45 in Scotland) 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.

This report focuses on legacy income to fundraising charities headquartered in Wales. It should be borne in mind that Welsh legacy givers will make provision for household name charities based elsewhere in the UK and that non-Welsh legators may give to Welsh charities. National comparisons are based on the primary geographic remit and base for each organisation.

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.

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 the full UK report is 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 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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Remember A Charity is part of the Institute of Fundraising, a registered charity in England and Wales [No. 1079573] and in Scotland [No. SC038971]
