



**REMEMBER A CHARITY  
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## **SCOTLAND'S LEGACY FUNDRAISING MARKET 2019**

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

Presenting new research into the Scottish legacy marketplace, this report looks at income from gifts in Wills to the top 78 legacy-earning fundraising charities headquartered in Scotland, covering:

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

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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 Scotland. This report places a unique spotlight on trends in the top legacy-earning fundraising charities headquartered in Scotland, looking back over a decade of legacy giving.

## The Scottish market

The Scottish legacy marketplace is unique. Although charities share many of the same challenges and opportunities for generating legacy income as others across the UK, the legal framework for Will-making differs, giving spouses and children 'prior rights' to benefit from an estate. This creates (at least the perception 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.

While the Scottish legacy market is a relatively small proportion of the UK market as a whole, it is fast growing. This is chiefly due to the success of major Scottish charities (with a total income >£10m) which dominate the legacy market in Scotland, as well as more charities entering the legacy fundraising marketplace. Still, legacy fundraising in Scotland is not always seen to be an area of strength.

## Times of change

The next two or three years will undoubtedly bring more change to the legacy environment with inheritance tax under review and uncertainty around the overarching economic backdrop linked to the Brexit era. 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.

Within this shifting landscape, how important have legacies become to fundraising charities in Scotland 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 causes are the public choosing to support through gifts in Wills?

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*“What strikes me from our conversations with legacy fundraisers in Scotland is that the legacy market is performing far better than many charities realise. With real term income growth of 30% over the past four years, it is a vibrant market and there is still significant potential for 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

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## KEY FINDINGS

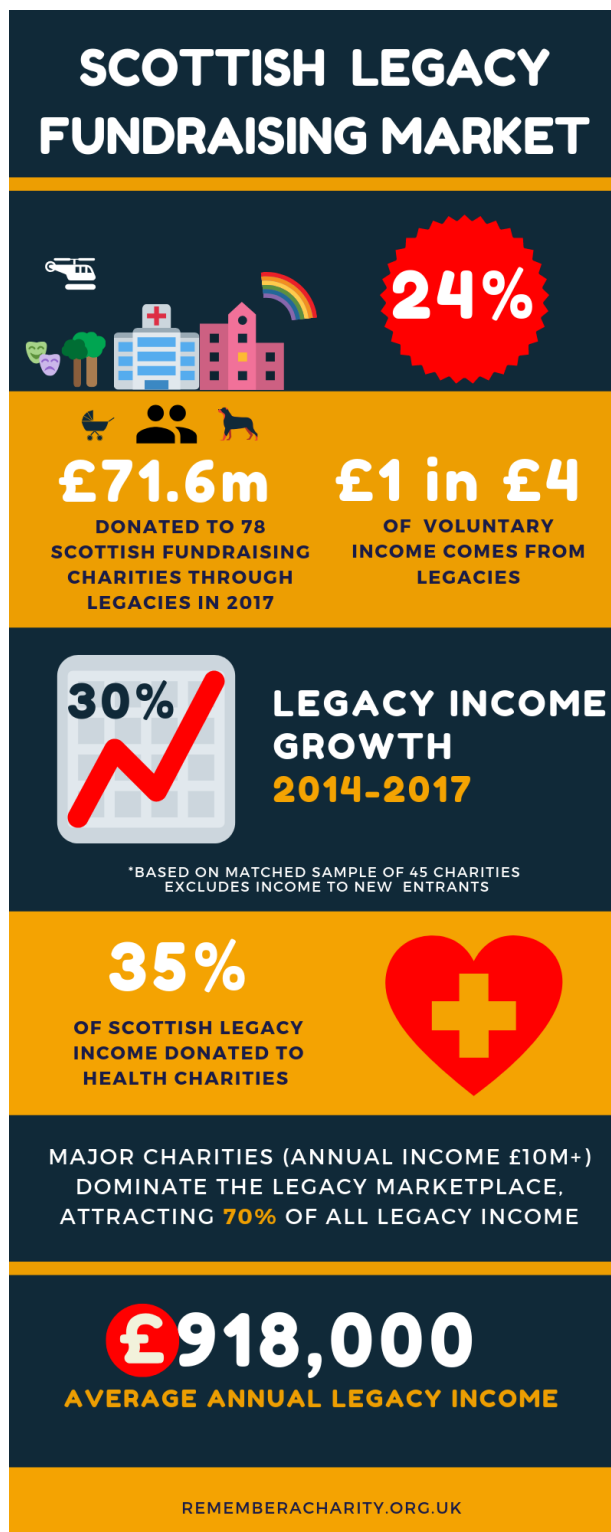
This new research shows that the top legacy fundraising charities in Scotland are increasingly reliant on income from gifts in Wills. The legacy market (both in terms of the number of charities and income levels) is growing fast; a vibrant and changing marketplace.

**The Scottish legacy market is significant** - £71.6 million was donated through legacies to the top 78 legacy fundraising charities in Scotland in 2017. This accounts for one quarter (24%) of their annual voluntary income and 9% of total income, at an average of £918,000 per organisation.

**Income from gifts in Wills is growing fast** - While charities based in Scotland currently benefit from just 3% of the total legacy income to UK fundraising charities, income is growing fast, rising in real terms by 23% over the past decade compared with 13% for charities with a UK-wide remit. Recent growth in legacy income has been particularly notable, growing by 30% between 2014 and 2017.

**Major charities dominate the legacy market** - The Scottish legacy market is top heavy, with almost three in ten charities in our sample having annual income greater than £10 million and benefitting from 70% of legacy gifts by income. These major charities have been driving growth in legacies. Only 0.2% of legacy income went to smaller and medium sized charities.

**Health charities hold the largest share of legacy income** - Legacy income to Scotland's health charities has grown by some 45% over the past ten years, accounting for more than a third (35%) of the value of gifts in Wills, while religious charities have seen a 42% decline. Services charities and environmental causes also have a sizable market share, benefitting from 17% and 15% of Scottish legacy income respectively.

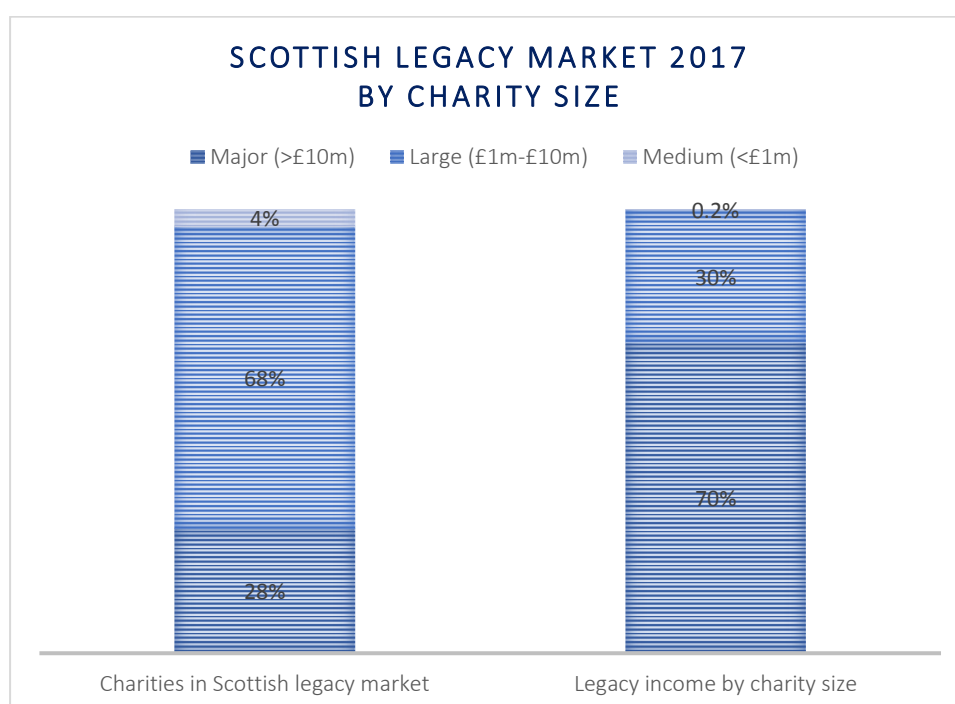


## SCOTTISH LEGACY MARKET IN 2017

The legacy market of fundraising charities headquartered in Scotland is top heavy with major and large charities accounting for all but 4% of the legacy marketplace by number. Major charities – those with annual income of over £10m – account for over a quarter of the market (28%), compared with a market share of just 8% in Wales.

Although 68% of the market is made up of large charities (£1m-£10m), it is major charities that pull in the lion's share of the value of legacy gifts at 70%.

As a whole, the Scottish legacy market accounts for 7% of the number of UK fundraising charities in this study and 3% of legacy income.



Interviews with the Scottish fundraising community highlighted the view that legacies seem to have a lower profile in Scotland compared with the UK and that there is a lack of specialised legacy fundraisers, particularly among smaller and rurally-based organisations:

*“The challenge in Scotland is building the fundraising capacity and skillsets. The charity setup in Scotland is very small and doesn’t necessarily have specialisms.”*

*“Legacy giving has a really low profile in Scotland... There are fewer legacy fundraisers up here and fewer resources are being put into legacy fundraising.”*

## LEGACY INCOME

In 2017, the top 78 Scottish legacy fundraising charities received £71.6m through gifts in Wills. As is the case for charities based in England and Wales, this amounts to around one quarter (24%) of voluntary income and almost one tenth (9%) of the total income to those charities. In comparison, charities operating UK-wide are even more reliant on legacies, which provide almost a third of their voluntary income (31%) and 17% of total income.

While the top ten legacy earners in 2017 alone account for almost two thirds (65%) of income from charitable bequests, medium and smaller charities (those with annual income below £1 million) benefit from just 0.2%. This is similar to the shape of other UK markets, with the exception of Wales where 11% of legacy income is received by smaller charities.

### TOP 10 SCOTTISH LEGACY EARNERS (£M)

*\*Showing annual legacy income from 2017 or the most recent data set*

1. Erskine	£8.24	6. Children's Hospice Association Scotland	£3.478
2. The National Trust for Scotland	£7.106	7. Royal Blind	£2.502
3. Scottish Society for the Prevention of Cruelty to Animals	£6.967	8. Worldwide Cancer Research	£2.219
4. The University of Edinburgh Development Trust	£6.239	9. University of Aberdeen Development Trust	£2.145
5. Chest Heart & Stroke Scotland	£4.878	10. The Church of Scotland Unincorporated Councils and Committees	£2.075

## AVERAGE LEGACY INCOME

The average legacy income for charities in Scotland was £918,000, but the mid-point in legacy income (median) was much lower, at £178,000, highlighting that the market is indeed heavily skewed by the highest earners. Charities that operate across the full breadth of the UK accrue a far higher average income than those that serve a specific country. The average legacy income to a Scottish charity is comparable to that of charities based in England, but considerably higher than the average income to a Welsh charity.

### AVERAGE ANNUAL LEGACY INCOME PER CHARITY (£m)

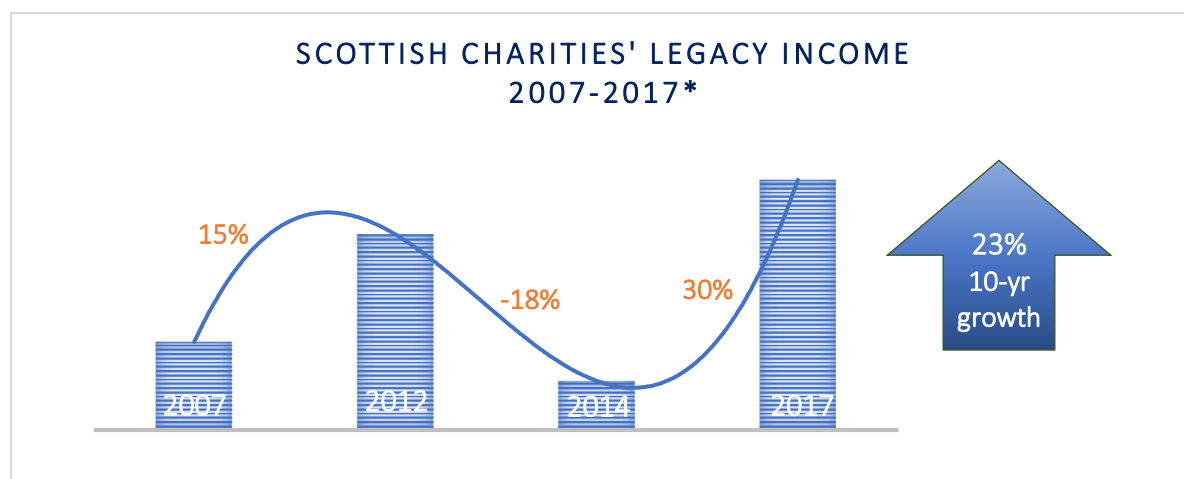
Country	Major (>£10m)	Large (£1m-£10m)	Medium (<£1m)	National Avg
UK-wide	£13.426	£0.717	£0.117	£6.111
England	£3.234	£0.514	£0.093	£1.030
Scotland	<b>£2.271</b>	<b>£0.405</b>	<b>£0.059</b>	<b>£0.918</b>
Wales	£0.590	£0.320	£0.130	£0.283
Avg by size	£6.451	£0.534	£0.102	

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## A DECADE OF CHANGE: 2007-2017

The legacy market has grown rapidly over the past decade with the number of top Scottish fundraising charities reporting legacy income rising from 52 in 2007 to 78 in 2017 and seeing a 48% real term rise in income from gifts in Wills. Excluding the impact of new entrants to the market, legacy income to a matched sample of 45 Scottish fundraising charities grew by 23% over the decade, compared with 13% for UK-wide charities or 35% in Wales. Legacy growth was fastest amongst major and large charities, particularly the major charities which saw real term income growth of 29%, contrasting to a 7% legacy income rise for medium-sized charities (income below £1m).

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% between 2007 and 2012, recovering thereafter and growing by 22% over the next five years. In Scotland and Wales, the impact of the recession came at a later date. Scottish legacy income grew from 2007 to 2012, but then saw a sharp fall of 18% in 2013-14 before rising much more quickly, by 30% to 2017.



*\*Based on matched sample of 45 charities*

The fundraisers we spoke with expressed some surprise that Scottish legacy income had grown more quickly over the last ten years than legacy gifts in England and Wales:

*“The Scottish legacy market used to be incredibly small 10 or 20 years ago. I think the market has been behind the curve for a long time, but I suppose that even when you catch up, you still think of yourself as behind...”*

Concerns were also raised that the current political climate and the issue of Scottish independence may be a barrier to legacy giving, particularly when the majority of UK legators are known to come from the South of England<sup>1</sup>:

*“The Scottish political climate and the issues around Scottish independence is potentially a challenge which might deter English donors from giving money and [leaving] legacies to Scottish charities.”*

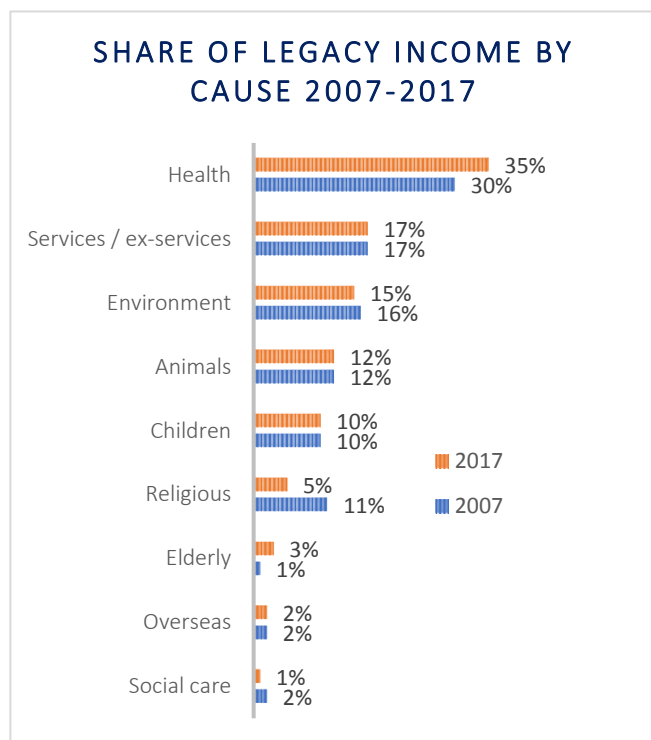
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<sup>1</sup> Smee & Ford, 2018

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## LEGACY INCOME BY CAUSE

Although health charities have dominated the legacy market over the last ten years, this is less evident in Scotland than other parts of the UK. Health charities account for over a third of Scottish legacy income, compared with 42% of the UK and 77% of the Welsh market. That said, health charities are gaining importance, having seen growth of 45% over the past ten years.



Hospices are the main recipients for legacy income, with one charity (Chest Heart and Stroke Scotland) accounting for one quarter of health legacy income. Services charities also have a sizable market share in Scotland, benefitting from 17% of income compared with 4% across the UK.

Charities' share of legacy income by cause has not changed dramatically over the past decade. The largest increase in market share was seen in charities supporting the elderly (a 225% rise, largely due to a single charity).

As was the case across the UK, the market share of donations to religious causes fell markedly, dropping by 42% over the decade.

*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 the full UK data set 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.*

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## THE ROAD AHEAD

The pattern of legacy income from the past decade shows that the Scottish market is growing and diversifying. But what do these trends suggest for the future of legacy fundraising in Scotland?

### Legacy giving is on the rise

Scottish charitable donors are often defined by their generosity and public spirit, with CAF's latest **Scotland Giving** report finding that Scottish people were 12% more likely than the UK as a whole to have participated in a charitable or social activity. Still, concerns are raised as to how much of that money goes to Scottish rather than UK charities and how Scottish charities fare in the legacy market. This research supports this picture of a buoyant legacy fundraising market, with the value of gifts in Wills having grown rapidly in Scotland, up by 30% since 2014 and now accounting for one quarter of voluntary income to Scottish fundraising charities.

The strength of the economy is of course a major influencing factor on legacy income. Expectations remain that the economic climate of the post-Brexit era will be challenging for legacy fundraising, but that the charitably-minded Baby Boomer generation and emergent inter-generational wealth transfer presents huge growth potential.<sup>2</sup>

### **A more localised market**

In many ways the Scottish legacy market is relatively stable, with larger charities accounting for the majority of legacy income and its growth; and little movement in the types of causes supported, dominated by health and Services charities. Despite this there are signs of movement and diversification, with smaller, community-based organisations entering the legacy marketplace and further potential for growth, particularly among local charities which are under-represented in this research. Scottish charities are well placed to benefit from the current emphasis on place-based giving, leveraging the strength of local allegiances to grow their legacy following, but this could be assisted with more awareness-building of legacy giving among the public.

*“We need a good marketing campaign about legacies being possible in Scotland.”*

As legacy giving becomes more prevalent, we can also anticipate further broadening of the market in terms of types of causes. In the rest of the UK, it is clear that donor preferences are changing, and new Millennial donors have an appetite for a wide range of legacy causes, such as those addressing emerging environmental and social needs they see around them.

### **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, even among some of the largest Scottish charities.

*“We need to get a basic fundraising strategy in place and do a legacy ask. We also need to come up with a supporter journey.”*

The general consensus was that legacies have a low profile north of the border and that there are few specialist legacy fundraisers and a general lack of resources. The legal differences in Will-making (see *Introduction*) and the current political environment around Scottish independence were both cited as barriers to the legacy fundraising environment. What is more, there are concerns that they miss out on legacy income as they cannot compete with larger UK-wide charities fundraising in Scotland. And yet, the Scottish legacy market has defied expectation achieving higher growth than the English and UK-wide charity markets, with significant potential for further growth as more and more charities fundraise for legacies. Fundraisers were surprised to see how much the market had grown in recent years. 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.

*“The upside is that, perhaps because of the lack of investment, legacy fundraisers are more resourceful and dedicated, doing more with less and pushing beyond boundaries.”*

### **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

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<sup>2</sup> Legacy Foresight 2014



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.

But behaviour change takes time and collaboration is vital if we are 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 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.

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## 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.

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## 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.)

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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 organisations (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.

This report focuses on legacy income to fundraising charities headquartered in Scotland. It should be borne in mind that Scottish legacy givers will make provision for household name charities based elsewhere in the UK and that non-Scottish legators may give to Scottish 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 reports are available from [Remember A Charity](#).

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## 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](http://www.rememberacharity.org.uk).**

REMEMBER A CHARITY 13-15 CARTERET STREET LONDON SW1H 9DJ TEL: 020 7840 1030  
Remember A Charity is part of the Institute of Fundraising, a registered charity in England and Wales [No. 1079573] and in Scotland [No. SC038971]