

## legacy giving

# Ever decreasing circles?

Rumour has it that legacy fundraising is about to take a turn for the worse – that is unless Michael Burke can inspire more people to remember a charity in their will. Becky Slack investigates if it's a case of now or never for this historically lucrative fundraising technique

Once upon a time, legacies were a relatively easy way to raise funds. In the early days, they would very often appear from somewhat mysterious benefactors the charity knew little or nothing about – typically spinsters with nobody to leave their estates to except charity. Then as time went on, the sector

realised that legacies had massive potential and gradually they began to form part of mainstream fundraising. Today they represent the biggest source of voluntary income for charities and in 2004 brought in a massive £1.3 billion to the sector.

And, on the surface, the picture looks rosy. Today's pensioners are relatively

mortgage and debt free and while they may be cash poor, increasing house prices mean they are asset rich – good news for those charities that have been left a residual legacy.

However, according to Fundratios, growth of legacy income has slowed in recent years. While other fundraising activities have averaged approximately ten per cent growth per annum over the past five years, legacy income growth was below two per cent for three of those years. And while almost seven out of ten people in UK support charities, less than one in 20 remember them in their will.

In addition, an ageing population, inadequate pension funds, spiralling health care costs, and more and more people getting into debt are just some of the horror stories predicted to contribute to a massive reduction in bequests. Quite a sobering thought when you consider that charities rely so heavily on this source of income.

It's these factors that have inspired Jonathan Parris, director of the Legacy Promotion Campaign (LPC) to highlight legacy fundraising as an issue that charities need to be thinking about today – before it's too late. He believes that unless they develop more coherent strategies they could find this valuable source of income more or less drying up. "There is an opportunity for charities to pursue legacies now as they may not be there later on," he says. "In ten years time, as social circumstances change, the legacy pot may be a very different size and shape to what is today. It may not even be there at all."



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**I will. Will you?**

*Being of good mind*

I, Michael Burke, will leave the world a better place. I believe that everyone can leave the world a better place. I believe that everyone can leave the world a better place. I believe that everyone can leave the world a better place.

My own experiences and those of my family have shown me that it is never too late to make a difference. I believe that everyone can leave the world a better place. I believe that everyone can leave the world a better place. I believe that everyone can leave the world a better place.

It's tempting to sleep on a question, to keep your hands clean.

But you have a conscience. You know that if you have ever asked on the compassion of anyone, you will not sleep at night.

I believe that individuals working together can do what governments can't. I believe that every citizen has a duty to add my gift to thousands more large and small. Together, we will change the world.

*Michael Burke*

Phone: 0800 1 00 20 00 or [www.charitytimes.com](http://www.charitytimes.com) to find out how you can change the world.

**everyone can leave the world a better place. remember a charity in your will.**

Remember a charity in your will.

Michael Burke: where there's a will there's a way

Richard Radcliffe, from legacy specialists Smee and Ford, agrees. He says there are “a number of horrendous statistics on the horizon” that will have an adverse effect on future legacy income levels. He cites government figures that forecast a 1,500 per cent increase over the next 50 years of the number of people living to 100 or longer (from 6,000 today to 96,000 in 2055). “When you consider how much extra this will cost them, it doesn't leave much for charity,” he says, “but if the sector can show the public that legacies don't have to constitute huge amounts of money and that a few hundred pounds are very welcome, this may encourage more people to include them in their wills.”

It's this message that has encouraged around 130 charities to join the LPC. They are hoping to increase the percentage of wills containing a charitable bequest from 14 per cent to 16 per cent – a seemingly small step but one that has the potential to increase the amount of income for the sector by millions of pounds. In order to do this, they're targeting two groups: the public and solicitors. With the latter, they're already achieving success. In the past three years, over 600 solicitors have been

persuaded to prompt their clients into considering a legacy, something which has seen the number of pledges rise by 27 per cent between April 2003 and April 2004.

The public arm of the campaign, however, focuses around a TV advert starring Michael Burke. Entitled “I will, will you?” the 40-second advert was aired on Channel 4 from mid-May, and features Burke drawing on his experiences as a journalist to show why he is remembering a charity in his will. It is hoped that this will go some way to encouraging people to leave bequests not just to the charities involved with the LPC but to all charities across the sector.

And as an extra incentive, the Lifetime Legacy Coalition is lobbying for tax changes so that the public and charities can benefit from lifetime legacies. These allow donors to invest in capital for a fixed period. Any interest made the donor receives as income and the remainder is passed to a specified charity at the end.

But finding different ways to attract donors is hardly new – fundraisers have been doing this for years, and there are some in the sector who feel that all the talk of doom and gloom may be a little overstated. Pat Wise, South West legacy manager for the NSPCC, has been in the legacy game since the eighties and says that there have always been predictions of social changes leading to a reduction in bequests – but so far “they've all turned out to be not quite as bad as we originally thought”. However, he admits that organisations have to work hard to stay ahead of the game. “Things do change, and they change fast,” he adds. “It's up to charities to keep their eye on the ball.”

And charities may also find they get an unintentional helping hand from the Chancellor. Although house prices have risen dramatically, inheritance tax thresholds haven't. At 40 per cent on anything over £275,000, relatives of people who wouldn't typically consider themselves wealthy may find themselves facing considerable tax bills because the

rise in house prices has taken them over the threshold. The only way for them to avoid paying would be to give away the surplus – and this is where charities could benefit.

However, this still requires planning on the part of charities – they need to be in the will before they can benefit, which means targeting people sooner rather than later. According to Parris, a tendency to focus on the current year alone means charities are too often shortsighted; something they will come to regret. “Very few organisations I've come into contact with are taking genuinely far-sighted views with regard to investing in future income generation,” he says. “In ten years' time I think there will be two types of charity – those that have made the provision for the long term today and those that wished they had.”

But is it really “now or never” for legacies? Maybe the future isn't quite so terrifying for fundraisers, but what is clear is that unless charities start thinking ahead they're going to be left behind – with or without a helping hand from Michael Burke. For now, at least, there is huge legacy potential. Charities just have to go out there and get it.

