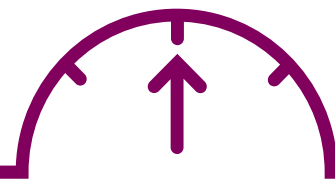




Legacy Market Outlook 2020-2025

26.11.2020



Due to the rapid changes in the legacy environment over the past year, Legacy Foresight is now updating our market forecasts whenever the situation changes significantly or when meaningful new information comes to light. This report provides our latest view of prospects for the UK legacy market, with a range of three scenarios out to 2025.

Charitable bequests are expected to spike significantly in 2021

- The total number of deaths in the UK could reach between 687,000 and 695,000 in 2020 – this would be the highest level for more than 100 years.
- However, despite this, the number of bequests received by charities in our Legacy Monitor benchmarking consortium between January and September 2020 was around 20% lower than expected, as a result of the ongoing administrative delays at probate.
- The spike in the number of deaths, combined with the probate delays, mean that charitable bequests are likely to peak at record levels in 2021 – between 37% and 50% higher than in 2020.

Average residual bequest values are set to fall through 2021 and 2022

- Tighter restrictions intended to control the number of Covid-19 cases are expected to worsen the economic crisis and slow the recovery. This is anticipated to result in falls in UK house prices, with our central scenario anticipating a decline of around 6% in 2021 and a further 3% in 2022.
- This downturn in house prices suggests that average residual bequest values could be between 1% and 10% lower in 2022 compared to the levels seen in 2019, with a central estimate of around a 6% decline.

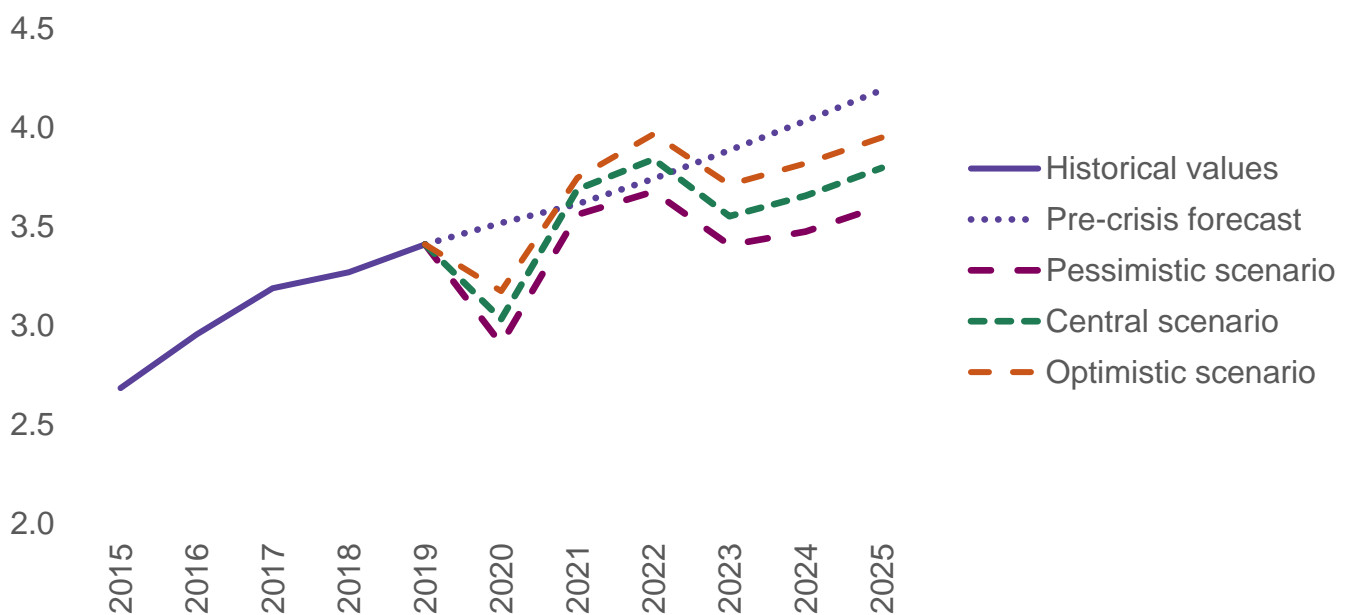
Cash legacy income will recover from 2021

- Cash income from legacies is being significantly affected by the ongoing administrative delays at probate. Across our Legacy Monitor Consortium members Income was 8% lower between January and September 2020 compared to the same period in 2019.
- We now anticipate that by the end of 2020 cash income from legacies across the sector as a whole will be around 11% lower in 2020 than it was in 2019.
- However, legacy incomes are predicted to bounce back in 2021, increasing by between 18% and 23% (with a central forecast of 22% growth) as income starts to flow from the expected increases in bequest volumes.

The 5-year outlook remains positive

- Over the whole forecast period we expect that incomes will grow beyond their pre-crisis levels, reaching between £3.6bn and £4bn by 2025 – an increase of 6%-16% from levels of income seen in 2019, with a central forecast of around 11% growth.
- Likewise, we expect to see around 10% more charitable bequests over the 5 years 2020-2025 compared to the previous 5 years 2014-2019.

Total UK legacy cash income, £bn



Source: Legacy Foresight

Significant uncertainty remains over prospects for the UK legacy market in 2021 and beyond due to both the potential for HM Courts and Tribunals Service to resolve ongoing administrative issues and broader external factors related to the pandemic and the wider economy.

Legacy Foresight will continue to monitor developments relating to the coronavirus pandemic, the UK economy and estate administration processes over the coming weeks and will provide further updates on the potential impact for the UK legacy market when appropriate,