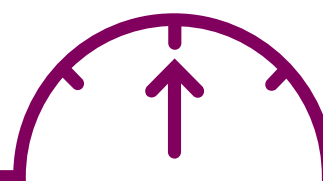




# Legacy Bulletin

12.11.2018



## Legacy incomes squeezed from all sides

In the year to 30th September 2018 our 83 Legacy Monitor members received £1.5bn in legacy income; that's a like-for-like increase of 3.7% on the year to September 2017. Over the same period, after three years of steadily rising bequest numbers there has been something of a levelling off, with Consortium bequests in the year to September 2018 totalling 53,850.

After good growth over the course of 2017, Consortium legacy income has stalled somewhat recently. Although on a year to year basis income is still growing, the annual rate of increase is falling and may even turn negative for the full 2018 calendar year.

Average residual values<sup>i</sup> have now dropped back below the £60,000 level, averaging £58,600 over the last 12 months. Meanwhile, average pecuniary values<sup>ii</sup> now stand at £3,900.

The reasons for the slowdown are a combination of a deceleration in the number of deaths and a weaker macro-economic climate as the uncertainty created by the Brexit negotiations continues to dampen economic activity.

Total UK deaths are still relatively high (620,000 in the year to September); partly a result of the cold winter followed by the very hot summer. However, the current ONS forecast for UK deaths suggests a fairly significant fall over the coming year; back down to 595,000. If there is a fall-off in deaths over the next year, we are likely to see a corresponding drop in the number of charitable bequests, which will in turn have a knock-on effect on legacy incomes.

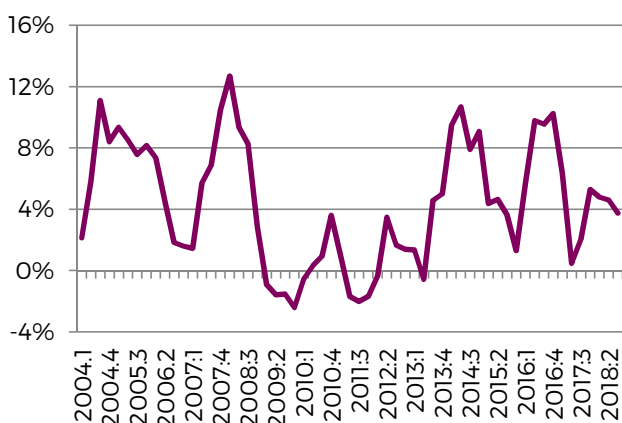
We believe that the drop-back in deaths is a temporary correction on the exceptionally high deaths recorded over the past few years, and that over the next five years the underlying trend will still be upwards.

Our latest central legacy market forecasts, produced October 2018, were built on the assumption that Britain will break the Brexit stalemate before March 2019. On this basis, UK legacy income will total £15.8bn over the next five years, with an underlying growth rate of 2.4% p.a.

Of course, if a 'hard' Brexit or no Brexit were agreed, legacy incomes will be far lower – our pessimistic scenario suggests 5-year income of just £14.6bn; £1.2bn below our central forecast. The closer to the Brexit deadline we get, the greater the chance of this occurring.

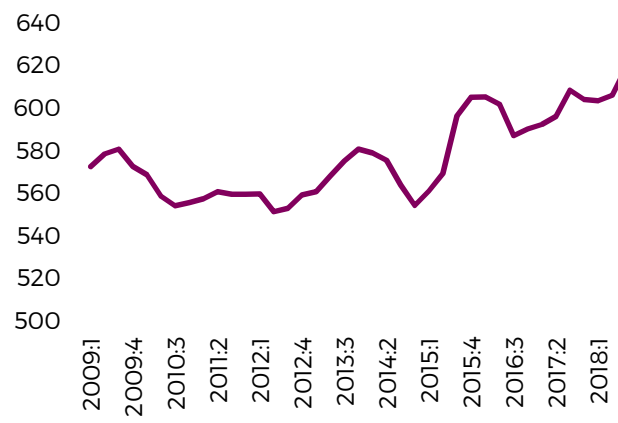
For more on our 5-year Legacy Market Forecasts visit [www.legacyforesight.co.uk](http://www.legacyforesight.co.uk), where you can request the Legacy Market Outlook 2018 report and read Chris Farmelo's latest blog

**Consortium legacy income (%pa)**  
4 quarter moving total, 2003q1 - 2018q3



Legacy Monitor

**Number of UK deaths**  
4 quarter moving total, 000s



Legacy Monitor

## More about Legacy Monitor

Legacy Monitor is a consortium research programme to analyse, benchmark and debate trends in the legacy market. Set up in 2008, it incorporates an annual review of trends in the legacy market, and a quarterly benchmarking service. This year's programme benchmarks 83 of the UK's leading charities who together account 51% of the legacy market. All client charities have agreed to share top-line legacy performance data with the sector, allowing information and insight to be gained. The next quarterly data will be available in Feb 2019.

## Legacy Foresight – [www.legacyforesight.co.uk](http://www.legacyforesight.co.uk)

Legacy Foresight work with not for profit organisations to map, model and predict the legacy and in-memory markets. They analyse the state of the sectors, produce income forecasts and research into donor motivations.

## Clear – [www.clear-software.co.uk](http://www.clear-software.co.uk)

Clear are the creators and developers of FirstClass, the UK's leading legacy management system. FirstClass clients' data is automatically extracted and formatted for the Legacy Monitor programme, saving time and ensuring accuracy.

<sup>i</sup> Residual bequests represent a share of whatever is left in the estate after all specific gifts are bestowed, and account for 87% of total Consortium legacy income. These mean averages are pulled up by a small number of exceptionally large gifts; a more typical residual bequest to Legacy Monitor members is worth around £25,000

<sup>ii</sup> Pecuniary bequests are cash gifts. Again, these mean averages are skewed upwards by a few larger bequests; with many cash gifts worth £500 or £1,000.