COVID-19 is having a dramatic impact on almost every aspect of our lives. The government has made unprecedented decisions to heavily restrict personal freedoms to suppress the spread of the virus, limit the demand on the National Health Service and ultimately minimise the loss of life.

COVID-19 and these extraordinary measures are likely to affect the UK legacy market in three key ways:

- **Economic**: Average bequest values are driven by economic factors, including house prices, share prices and GDP growth rates. As the economic environment worsens in response to the crisis, we would expect bequest values to be lower than otherwise anticipated.

- **Demographic**: The number of bequests received by charities reflects trends in numbers of deaths. The number of UK deaths fluctuates significantly year on year; over the last 5 years there has been a range of nearly 20,000 deaths between the highest year (2018 – 615,000 deaths) and the lowest year (2016 – 596,000 deaths) reflecting trends in winter weather and deaths from seasonal flu. COVID-19 has the potential to add significantly to this volatility throughout 2020 and 2021.

- **Administrative**: If people’s ability to reach their workplaces is restricted (either due to illness or measures intended to stem the spread of the virus), this is likely to put pressure on the various administrative functions that charities depend on to receive legacies. Furthermore, the latest announcements advising people to avoid moving home will slow the sale of key assets from estates, which is likely to defer the flow of legacy income to future years.

The exact extent of these impacts remains highly uncertain. However, to support charities in assessing what this could mean for their legacy income, we have developed two five-year scenarios that we hope reflect a plausible range of outcomes in these uncertain times.
These scenarios incorporate forecasts from Oxford Economics to explore the impact of alternative outcomes for the economy – ranging from a rapid recovery to a more sustained downturn – as well as research from Imperial College London that suggests current government policies are consistent with between 20,000 and 40,000 deaths from COVID-19 over the next 18 months.

Additionally, we have incorporated some initial assumptions for potential delays to bequest notifications and legacy income caused by disruption to administrative processes at both government departments and charities.

Key findings

Overall, our two scenarios suggest that legacy income could fall by between 3% and 9% in 2020, reflecting both the worsening economic environment and the delays in receiving notifications and sale of assets from estates caused by the disruption to administrative processes while COVID-19 control measures are in place.

However, as administrative delays unwind, and income starts to flow from the anticipated increase in bequests, income could rise quite rapidly during 2021 and 2022.

Over the five years of the forecast we still expect legacy income to grow, rising by 14%-19%, to reach between £3.67bn and £3.82bn by 2024.

However, taking the five years as a whole, we now expect 1.6% - 4.5% less income than projected in our February forecasts, due to the far more pessimistic outlook for house prices and share prices over the period.

There is a high degree of uncertainty related to any projections for how the current situation in the UK could evolve over the coming months. The scenarios presented here provide a plausible range of outcomes but, on balance, our judgement is that outcomes towards the lower end of the income range are more likely.

Legacy Foresight will continue to monitor developments relating to COVID-19, the UK economy and estate administration processes over the coming weeks, and will provide regular updates on potential impacts for the UK legacy market.

We appraise the state of the markets, produce income forecasts and research into donor motivations. Our work is used both for ongoing performance management and for long-term strategic development.

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