

# Fundraising legacies

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## Introduction

Legacy fundraising offers a potentially significant income stream and offer a very effective way for donors to support your cause.

However it is a long-term activity that is difficult to monitor; whilst some donors who are known to you will tell you about their intention to leave a gift, other known donors will not, and some people not known to your organisation will leave a gift.

The return on investment in legacy fundraising, whilst potentially very high, is delayed due to the nature of the gift.

Legacy fundraising should therefore form part of your long-term income generation plans, and you should consider how you can maintain relationships with people (and their families) who have made their intention to leave a legacy or who have already put the legacy gift in place.

The legacy fundraising market in Wales is growing quickly, benefiting both large and small charities.

Uniquely to Wales, small charities have a larger share of the legacy market than their UK counterparts, with a share of 11% compared to less than 1% in the other nations.

In 2017 (most recent data), the top 70 legacy fundraising organisations in Wales had a combined legacy income of £19.8m, an average of £283,000 each. More generally, legacy income for UK charities has been on an upward trajectory. In the fiscal year 2022/23, charity legacy income was estimated to have reached £4 billion, marking an annual growth of 6.5%. It is therefore a significant income source for the sector.

*Welsh Legacy Fundraising Market 2019, Remember a Charity*

## Definition

A legacy is, for the purpose of this information sheet, defined, as the use of any fundraising technique, whether by a charity or any external agency on its behalf, the purpose of which is to secure a gift of money or property from an individual in their will. Legacies are also often referred to as 'Gifts in Wills'.

There are four main types of legacy:

- **Specific** – personal or household effects.
- **Pecuniary** – cash gifts.
- **Residuary** – a share of the balance of remaining funds after deductions for tax, debts, costs and previous pecuniary of specific legacies.
- **Reversionary or life interest** – applies where property has been left to an individual for life and reverts to a charity after that person's death.

Many charitable organisations ask their supporters to consider leaving a legacy. This promotion can take many forms.

- Specific mailings or adverts in the charity's own newsletters or magazine.
- Run workshops and events specifically targeted at raising awareness of legacies
- Offering free will writing services for potential donors
- A broader marketing campaign highlighting how leaving a gift to your charity can make a difference to your beneficiaries
- Include a paragraph about legacy giving on all fundraising materials (where appropriate). It could be as simple as '**Did you know you can also leave us a gift in your will?**' with signposting to where your stakeholder can find more information.
- Email footers to remind people of this way to give

Research indicates that while 35% of people state they would be happy to leave a gift to charity in their will, only about 6.3% follow through with this intention. (Bi Team)

This apathy to follow through and actually amended or make a will to leave a legacy is perhaps the biggest challenge in Legacy fundraising; but there are many other potential barriers to be aware of:

### 1. **Lack of Action**

- **Reason:** Many people intend to leave a charitable legacy but fail to take the necessary steps, such as updating their wills.
- **Solution:** Charities can promote awareness and provide resources or partnerships with will-writing services to make the process easier.

### 2. **Competing Priorities**

- **Reason:** Family and dependants often take precedence, leading individuals to prioritise their loved ones in their wills over charitable gifts.
- **Solution:** Emphasising that a small percentage of an estate can still make a meaningful impact while leaving the majority to loved ones may help address this concern.

### 3. **Uncertainty or Lack of Awareness**

- **Reason:** Potential donors may not be aware of the option to leave a legacy gift or how to do so.

- **Solution:** Charities can run educational campaigns about legacy giving and its benefits, clarifying the process and how funds will be used.

#### 4. Perception of Financial Impact

- **Reason:** Some people fear that leaving a charitable gift might reduce what they can leave for their family or impact their estate's financial stability.
- **Solution:** Explaining that gifts can be tax-efficient (e.g., reducing inheritance tax liability) and need not be a large sum can help overcome this barrier.

#### 5. Misunderstandings About Eligibility

- **Reason:** People might assume only wealthy individuals or those without dependents can leave a legacy.
- **Solution:** Charities can reassure supporters that every contribution, regardless of size, makes a difference.

#### 6. Emotional or Psychological Barriers

- **Reason:** Discussing wills and mortality can be uncomfortable, causing delays in making decisions about legacy giving.
- **Solution:** Sensitive and positive messaging can help normalise these conversations, framing legacy giving as a way to leave a lasting impact.

#### 7. Changes in Personal Circumstances

- **Reason:** A change in financial or family situations (e.g., unexpected expenses, new dependants) can affect a person's ability to follow through on their intentions.
- **Solution:** Encouraging donors to review and update their wills regularly can help align intentions with changing circumstances. A change in circumstances can also be a motivator to change a Will, such as marriage/divorce, death of a spouse, or birth of a child.

Legacy fundraising can be extremely beneficial both to those giving (testators) and those organisations which ultimately benefit. However, it must be handled in a responsible manner and with full recognition of the confidentiality of the individual or individuals concerned.

Giving a legacy to a charitable organisation requires those giving to make a will (64 per cent of the population) or change their existing will (36 per cent). A will is a powerful legal document and should properly reflect the wishes of the testator. The courts have the power to overturn legacies where this is not the case. There must always be a balance between the needs for an organisation to maximise its income and freedom for the testator to provide for their other beneficiaries.

## Organisational Procedures

It is recommended that organisations wishing to benefit from legacy donations produce a written statement as to the procedures for dealing with this type of fundraising. These procedures should be open and

transparent and freely available to any potential testator or other interested party. Such a procedure should include:

- Reference to legal and ethical guidelines
- How the organisation intends to promote legacies and engage donors
- Procedures for receiving and recording legacies
- How any disputes will be resolved

If an organisation openly solicits legacies either through its own fundraising staff or other third-party intermediaries, then it should ensure that all representatives receive appropriate training. The Charity Commission strongly advises that charity employees should never become directly involved in drafting an individual's will. However, you could work with a solicitor to provide some suggested wording or clauses for your supporters to add to their wills – making the process less daunting for them.

Be mindful of any 'caveats' attached to a legacy donation – is this realistic? Does it meet with the aims of the charity – particularly if from an unknown donor legacy?

## Incentives

Organisations can use a range of incentives to promote legacy giving. However, care should be taken when organisations contemplate recognition devices such as gifts to individuals who pledge a legacy, public acknowledgement during their lifetime or commemoration after their death. Any such incentives or recognition should be of nominal value and publicly defensible. Charities should be aware of the potential for such activities to be viewed unfavourably by the general public and media.



### **Tax Efficient Giving**

UK registered charities are exempt from paying Inheritance Tax, Capital Gains Tax and Income Tax.

## Provision of Legacy Services

Organisations can provide potential testators with a number of services including covering the costs associated with creating a will. Where a charity decides to provide such services at its own cost, it must measure the benefits obtained by the charity in relation to the costs incurred.

Charities are encouraged to develop a measurement tool for use in judging the benefits it can derive. One way to ensure your legacy giving, especially if you are offering a will writing service, remains cost effective is to develop a partnership with a local solicitors' firm who are willing to provide this service in return for your recommendations/guaranteed business.

## Advice to Testators

Organisations should ensure that potential testators seek independent advice, both legal and financial before committing funds. If organisations wish legacies to be made without restriction or conditions on how that money should be spent, then this should be communicated to the testator.

By the same token, organisations should also be aware that legacies with reservations or conditions could have future legal or tax implications which outweigh the benefits of the original gift.



**Important information** – if a testator's wishes cannot be met in full then there could be potential for the testator to fund a particular cause through a legacy service (see below).

There are a whole range of options open to a testator including a pecuniary (a set sum) and residuary (a proportion) legacy.

If a testator wishes to leave a legacy to more than one beneficiary organisation then there are agencies which offer legacy services to enable testators to alter the list of named recipient organisations and/or the amount of any legacy without having to amend their will.

## Further Information

Further guidance on what can be a difficult area of fundraising can be obtained from the following organisations:

[Family philanthropy – Charities Aid Foundation \(CAF\)](#)

[Legacies – Charities Aid Foundation \(CAF\)](#)

[The Charity Commission](#)

[Legacies – The Charity Commission](#)

[Chartered Institute of Fundraising](#)

[Legacies - Chartered Institute of Fundraising](#)

[Law Society](#)

[Remember a Charity](#) - membership body for charities interested in developing their legacy work.