

Arts & Business Scotland –Philanthropy Master Class Series

Legacies: Where there is a Will..... 16 March 2011

***Charitable legacies in an environment of change:
insights from research into practice?***

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‘Changing fundraising environments’ –another ‘new normal’ for arts organisations

- aligning resource pressures with artistic integrity (“the legacy is to do *what?...*”)
- operating in competitive environments, where collaboration may be the preferred norm (the use of the phrase “legacy marketing”)
- revisiting the ‘arts funding’ justifications in recessionary times.....

(when the strong leaders in legacy league tables, in health, may have an even stronger lead...or finding ‘common cause’...)

Gift left in wills – estimated at £1.9 billion each year – are crucial to the work of UK charities

- 34% of the total fundraised income of the leading ten charities comes from legacies
- the bulk of the legacy income goes to a small range of causes – notably health care (especially cancer research), animal welfare , and children
- From the top 100 charities in the UK, it is estimated that the legacy share is

health	30%	social services	24%	animals	15%
Environment	9%	international	6%	arts	4%

However...

- June 2010 CGAP and the charity consortium Remember a Charity reported a 3% drop , (equivalent to £57million) in the £1.9 billion value of legacy gifts

(as market trends undermine the assets and property values to which legacies are linked)

the £1.9billion – estimated as the equivalent of over 25 Red Nose Day appeals – comes a very small proportion of the UK population (7% of adults, 40+).

What is known about legacy funding's role in Scotland?

Pharoah (2010) –finance breakdown, Scotland's top 50 fundraising charities, fundraising income

	2008/9	Top 50 Scotland	Top 50 E & W
	£million	%	%
<u>Fundraising income</u>	300.3(S)	100%	
Legacies	48.0	16	27.6
Donations	153.8	51.2	49.4
Gifts in kind	1.3	0.4	4.8
Events	25.6	8.5	4.0
Donated goods	3.1	1.0	8.0
Other/unallocated	68.6	22.8	6.2

The challenges of this environment?

- **The nature of the legacy concept** – Hunter and Rowles (2005) – a threefold (overlapping) categorisation – biological, material and a legacy of values
- Suggesting that the “legacy of values more important than the other forms”
- pointing to a more nuanced approach by fundraisers, with donors for whom legacy is a culmination of giving and with those approached for the first time? (Pharoah and Harrow 2009)

legacy trends: issues of trust, risk and reputation

- Trust is central to legacy giving , so giving to ‘major charities’ is a way of addressing risk in what is often a major investment; are smaller charities, with less strong brands, at a disadvantage?
- Ability to attract large legacies , a function of more general factors , such as strong brand, general fundraising capacity; what roles for ‘small legacy donors’?
- changing interests among donors generally over time, e.g. the exponential growth in international charities may usher in an increase in legacies in this area?
- media reporting on (apparent) windfalls, belying the investment needed in legacy fundraising by charities ; but some organisations fail to publicise in detail how they address these income streams

- Familial legal challenges to legacy gifts – contesting (or not contesting) wills has implications for resources and reputations - the case for involving whole families in legacy decisions? For mediation?
- whom to target - concentration on the ‘older’ or even “aged” would be logical, though continuing issues of sensitivity; is emphasis on legacy ‘pledging groups’ the “long game”? (may be even targeting the very youthful if the recession is very long-lasting)
- Research on profiles of legators (e.g. geography, age, education, gender, marital profile) identifying trends and targets; but minimal research on how an increasingly multi-cultural society, with fragmented family and relationship structures will tend to dispose of wealth after death

Strong cumulative research on ‘bequest donors’ and ‘estate planning’ led by Russell James in the US

Recent presentation to CGAP, July 2010, he examined longitudinal work on “estate planning” and the factors that prompted that planning

-“increases in charitable planning are driven by increases in childlessness and education” - so *“don’t just recruit estate givers by giving level; know your donors without children,,,”*

-Looking for theoretical underpinnings to this work – the limitations of “war stories” research –and develops a theoretical framework around Generosity

(“giving occurs when the “potential energy” of a gift’s potential value is unlocked by the “catalyst” of a request)

-Examines the definiteness and the quality of the request

“considers the target groups in terms of expectations, opportunity and self –identity :

“it is easier for the wealthy to imagine charitable gifts with permanent impact....

- Consider developing opportunities for mid level donors,*
- named giving opportunities to legacy donors only ;*
- develop small permanent giving opportunities for legacy gifts”*

Taken together, the changing environments of legacy market(s) raise questions about long term behavioural change as well as ‘the legacy as an untapped resource’

- concerted campaigns among some charities to make legacy giving the norm not the exception -

“legacy donors are a very special group...around 30,000 estates contain charitable bequests each year, just a tenth of all estates notified for probate. This figure can be set against the approximately 30 million living donors who give to charity every year”

(Pharoah and Harrow, 2009, HMRC figures).

Remember A Charity formed to bring about a national step-change in attitudes and awareness; and to widen the numbers of charities receiving legacies

- Legacy work requires costly promotional activities, , hence some fairly calculated decisions by some that there would be significant benefit from pooling their resources in this area
- If legacy making becomes more widespread , do members all benefit ? (Currently twenty five of the top hundred charities receiving legacy income are also members of this consortium.....)
- How is RaC presenting its case? - The nuanced nature of the ‘ask’ in its communications and legacy advocacy.....

“Legacy giving is the invisible lifeline for so many charities..yet people do not realise they can make a gift in this way; they think it is about large gifts and is not for them.

The truth is, that after looking after family and friends first, a small share of whatever is left can make a real difference to charities and the invaluable work that they do”.

Stephen George, Chairman, Remember a Charity, June 2010

Are there culturally shared but not often articulated views of a hierarchy of charitable types to which legacies might best be directed?

If so, where do arts organisations appear ?

Where do they want to be?

Who reshapes giving cultures for legacies in a recession; and how?

For those charities outside or lower down the hierarchy, not only the need to make the request , but for *their* kind of organisation and *their* kind of remit

“Not all charities will wish to present themselves as rock –solid and vital providers, where directed legacies will be in “safe hands”.

(Pharoah and Harrow 2009)

Those charities that are experimental , innovative or working with exceptionally marginalised groups may wish to stress a different approach – *“ and who is to say that would be legators will not respond and that safety and security are always their paramount concerns for their gifts?”*

In summary

- the critical but narrow focus for and sources of legacy gifts to charities
- the relatively lowly position of arts charities ;and Scottish charities generally
- Aligning the legacy concept increasingly to values statements?
- Sustaining or changing focus on the ‘large’ charities as ‘trustworthy’?
- Different approaches for smaller charities – and ‘smaller legators’?
- Questions of risk and reputation; family challenges to wills an increasing feature?
- Recognising the inward investment for legacy fundraising – not ‘windfalls’
- Whom to target and when....– ‘older’, ‘aged’, (comparative) youth; changing demographics
- Theoretical underpinnings – the Generosity framework;
- the importance of longer term behaviour change – raising awareness and changing attitudes; the impact of charity consortia and collaboration?
- Cultural change and current ‘hierarchies of legacy giving’ – where do arts organisations want to be and where can they be?

***Recession - the best or the worst of times to begin,
extend or revisit legacy development and marketing
in arts organisations in Scotland?***

James, R. (2010), Bequest Donors: New Findings, Frameworks and Implications,

www.slideshare.net/generosity

Pharoah, C.(2010), In search of the Scottish Pound, SCVO Third Sector Research Conference, 3 December, 2010, The University of Edinburgh

Pharoah,C. and Harrow, J. (2009) Charitable Legacies in an environment of change, The Smith Institute, London