



Australian gifts in wills 2040

INCLUDE A CHARITY WEEK
September 2019



LegacyForesight

Greetings from London!



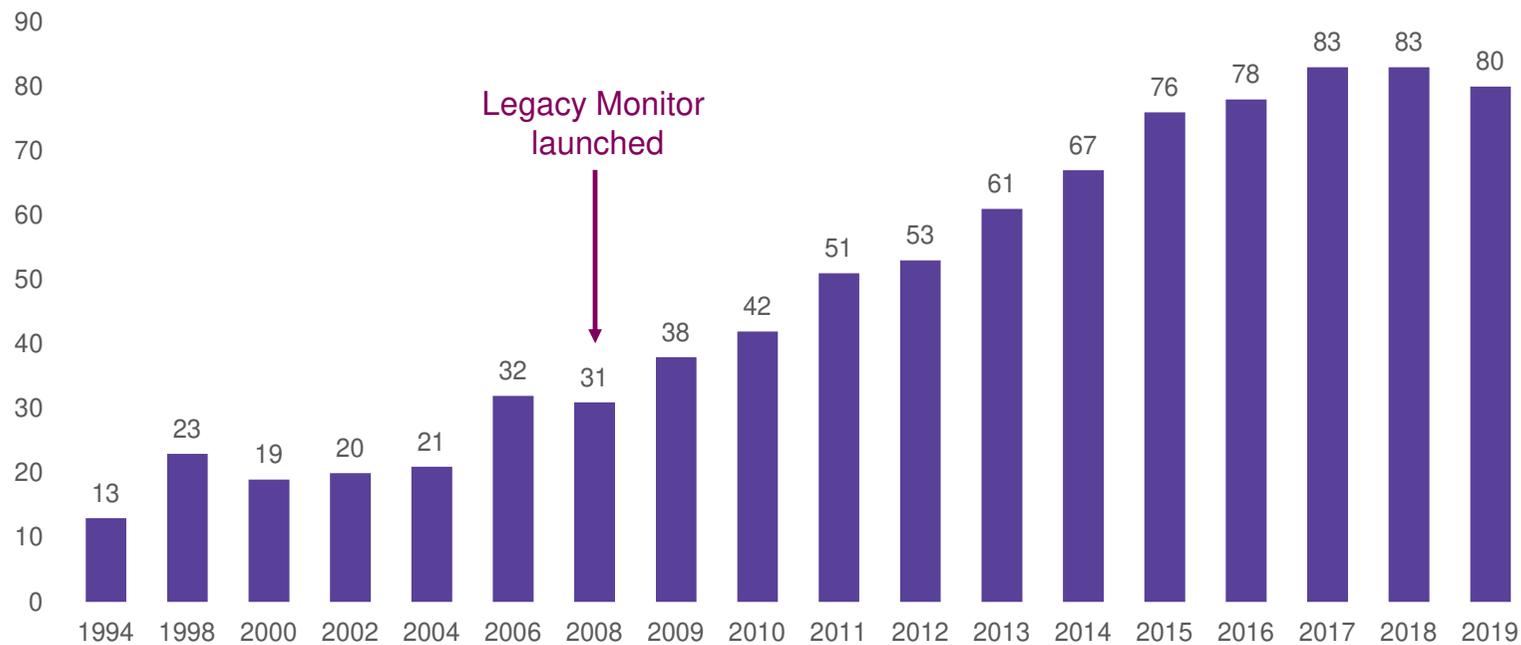
Legacy Foresight

**Benchmarking, researching and forecasting
legacy and in-memory giving**



80 members – £1.5bn income – 54,000 bequests

Number of members



Legacy Foresight



Project aims

- **To analyse recent trends in bequest income**
- **To explore the long-term outlook for bequest income**



What drives bequest incomes?



20%

of fundraising income, Pareto Fundraising



10%

p.a. growth, 2008 - 2018, Pareto Fundraising



3%

of fundraising spend, More Strategic



7.6%

% of final estates including a charitable gift,
Swinburne Business School



Analysing bequest incomes

**Bequest income = No of bequests x
average bequest values**

(Splitting out residual, pecuniary and other bequests)



Drivers of bequest values



The five (really) key drivers

Deaths

Child-free people

House prices

Share prices

Charity marketing



UK: 7% of gifts = over half of income

Income and notifications by bequest type

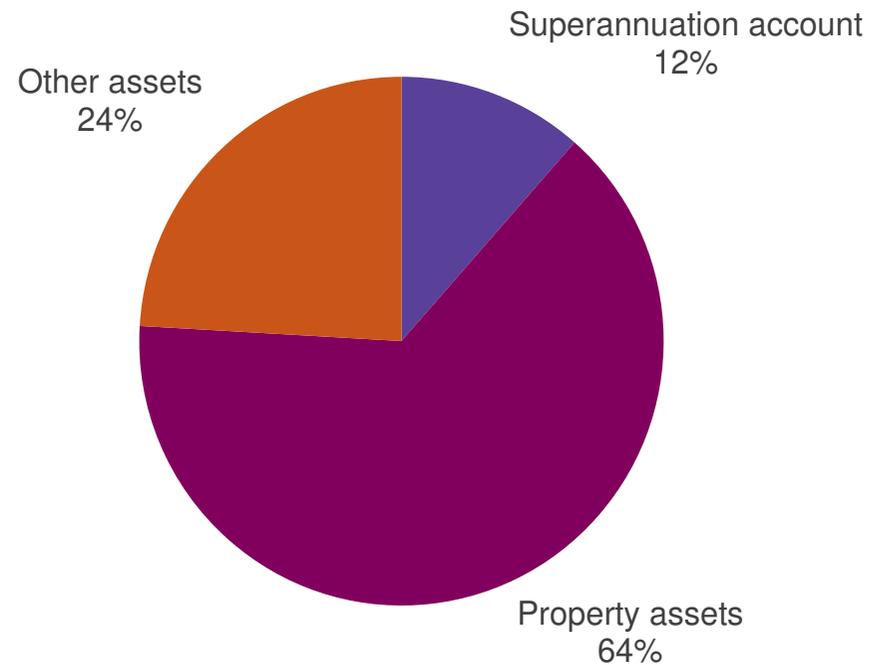
	Pecuniary	Smaller residual (<£100k)	Larger residual (>£100k)	Other
% bequests	53%	34%	7%	6%
% income	8%	31%	54%	7%

Legacy Monitor 2017



Property accounts for 2/3 of household wealth

Assets held by Australian 75+s, 2017/18



ABS Statistics, 2017-18 Survey of Income and Housing, excludes liabilities



30%

% of final estates with no children including a charitable gift,
Swinburne Business School



Key sources explored

More Strategic

Bequest data sourced through charity accounts: reported income only

41 charities: \$370m p.a. bequest income (2015 – 2017)

Time period covered from 2008 to 2017 but some patchy data

Missing data points were estimated

Pareto Fundraising

Bequest data sourced from Pareto's benchmarking programme: number of bequests/average values/total income

80 charities: \$300m p.a. bequest income (2015 – 2017)

Time period covered from 2006 to 2018: robust data from 2011 to 2018

Used Pareto Benchmarking reports from 2016 & 2017 to splice together the earlier trend



A similar trend across both sources

Bequest income, \$m

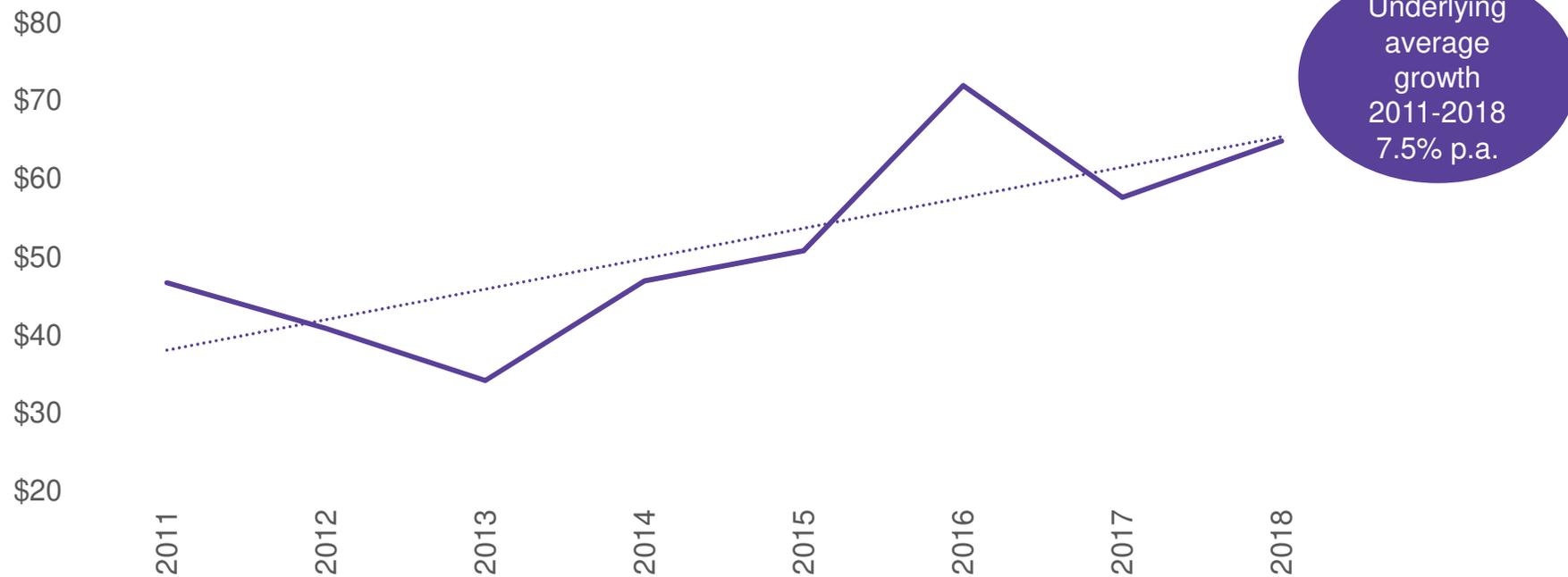


More Strategic, Pareto



Healthy growth in average bequest values...

Average bequest value, \$'000, 2011-2018

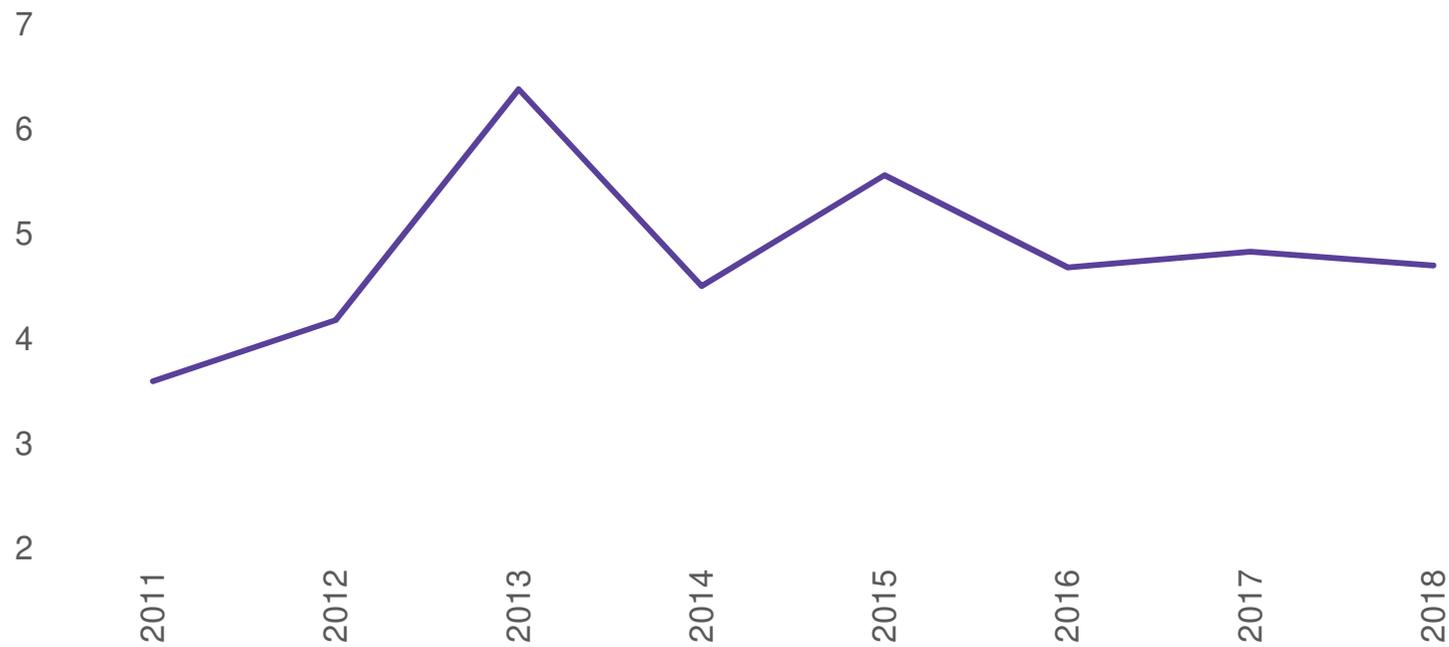


Pareto Fundraising Benchmarking



...but number of bequests fairly flat recently

Average number of bequests, '000s, 2011-2018

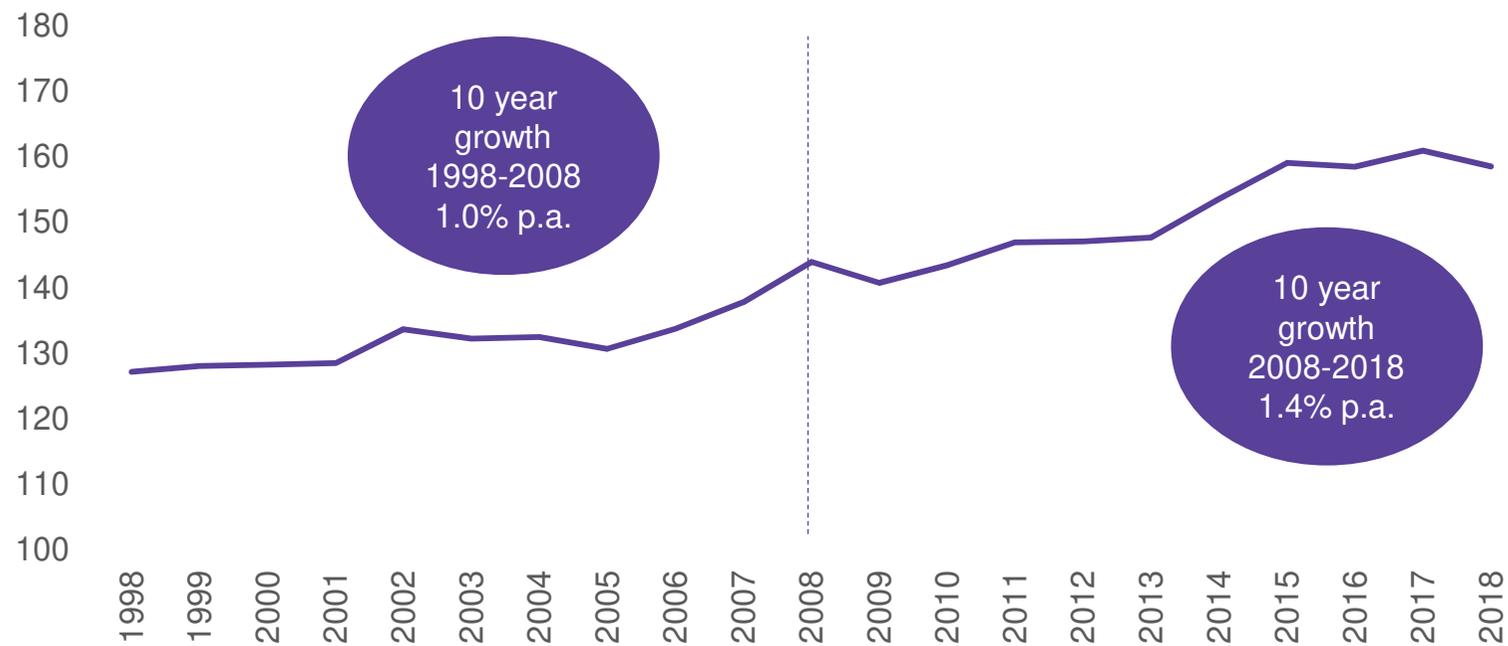


Pareto Fundraising Benchmarking



Gradual increase in deaths since 1998

Deaths, 000s, 1998-2018

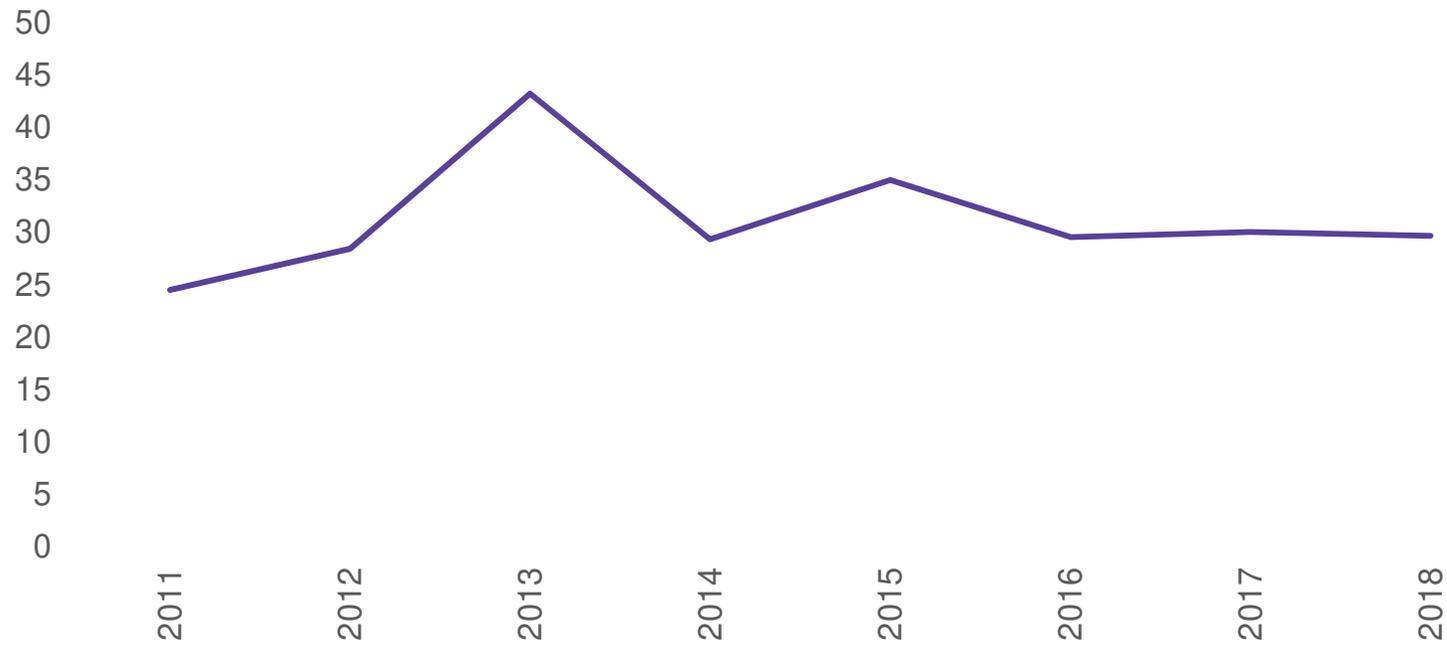


ABS statistics



Bequests per 1,000 deaths remains flat

Average bequests per 1,000 deaths, 2011-2018

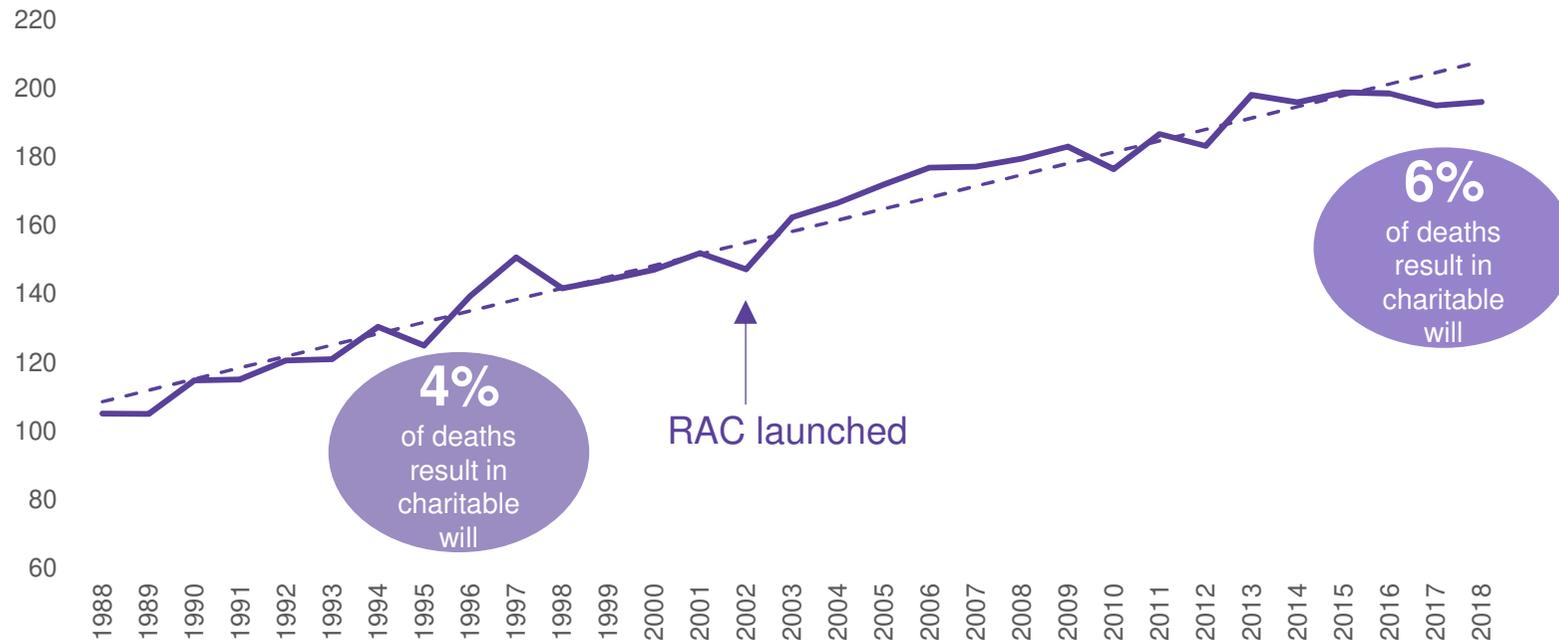


Pareto Fundraising Benchmarking



A very different pattern in the UK!

Bequests per 1,000 deaths, UK legacy market, 1988 - 2018



Legacy Foresight UK Market Model





Our forecasts



A reminder: the five key drivers

Deaths

Child-free people

House prices

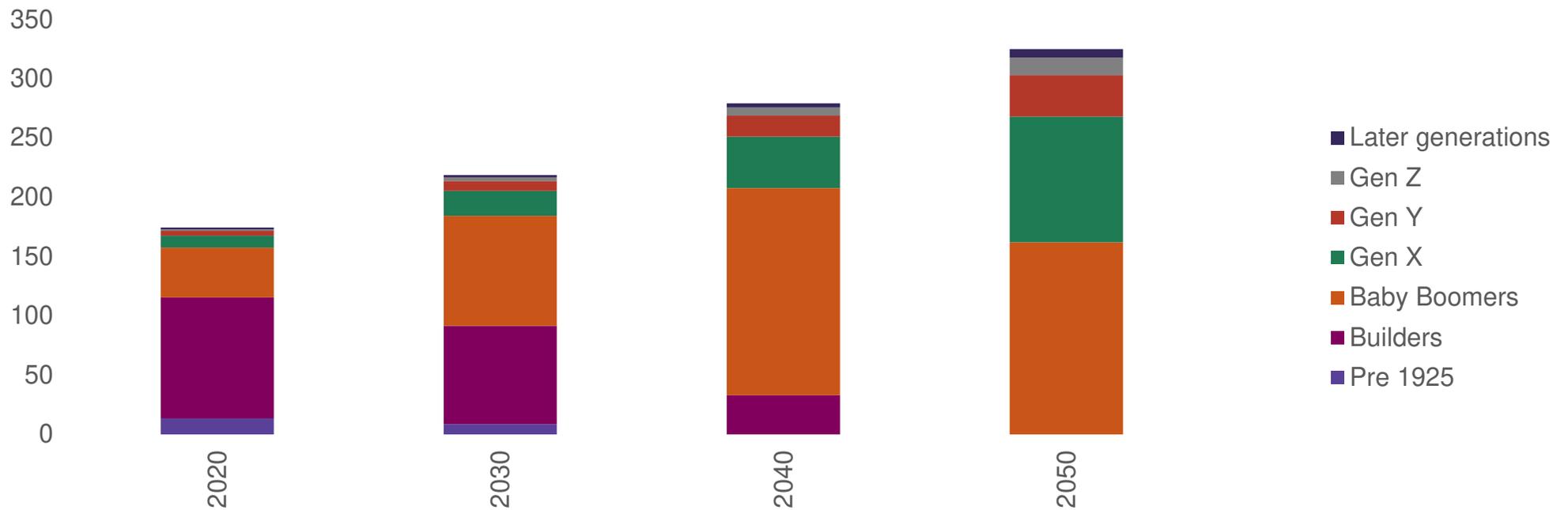
Share prices

Charity marketing



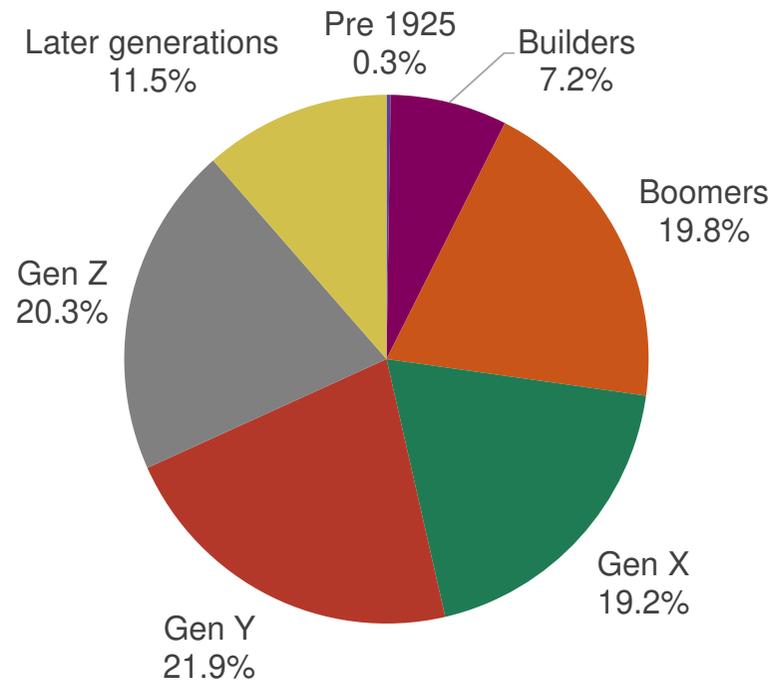
Deaths to rise by 60% 2020 – 2040

Projected deaths by cohort, '000s, 2020-2050



Boomers currently 20% of population

% population by cohort, 2018



ABS statistics



Baby Boomers vs Builders

Wealthier

Boomers have the highest levels of assets, both financial and property
Larger superannuation pots

Healthier

Living longer, 3+ years for females and 4+ for males
Males narrowing life expectancy gap

Better educated

Twice as likely to be educated to degree level and beyond

Origin and faith

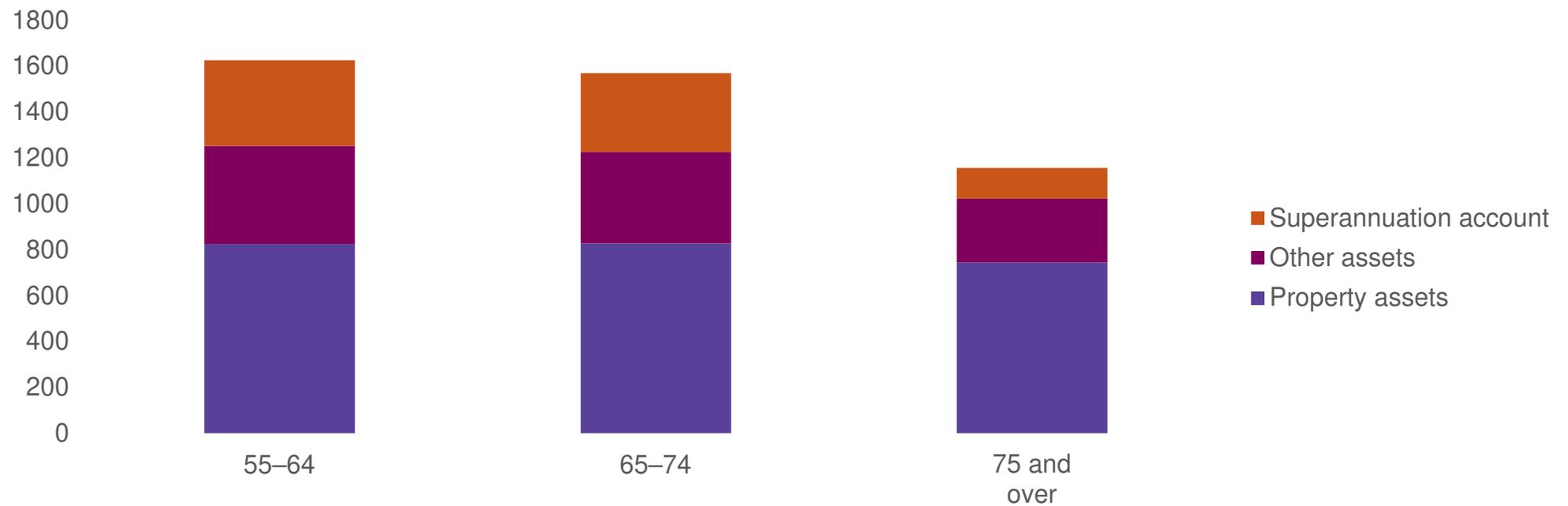
Less likely to be Christian, more likely to have no religious affiliation
Wide cultural diversity – over a third born outside Australia

ABS statistics, Census 2011 and 2016



Boomers wealthier than builders for all assets

Mean household wealth, \$'000s, 2017-18



ABS statistics, 2017-18 Survey of Income and Housing, excludes liabilities



Boomer bequest donors expect ...

Tangibility

“ I want to picture the difference my money will make.”

Transparency

“ I want to know that my money’s being used well, not getting lost in the system”

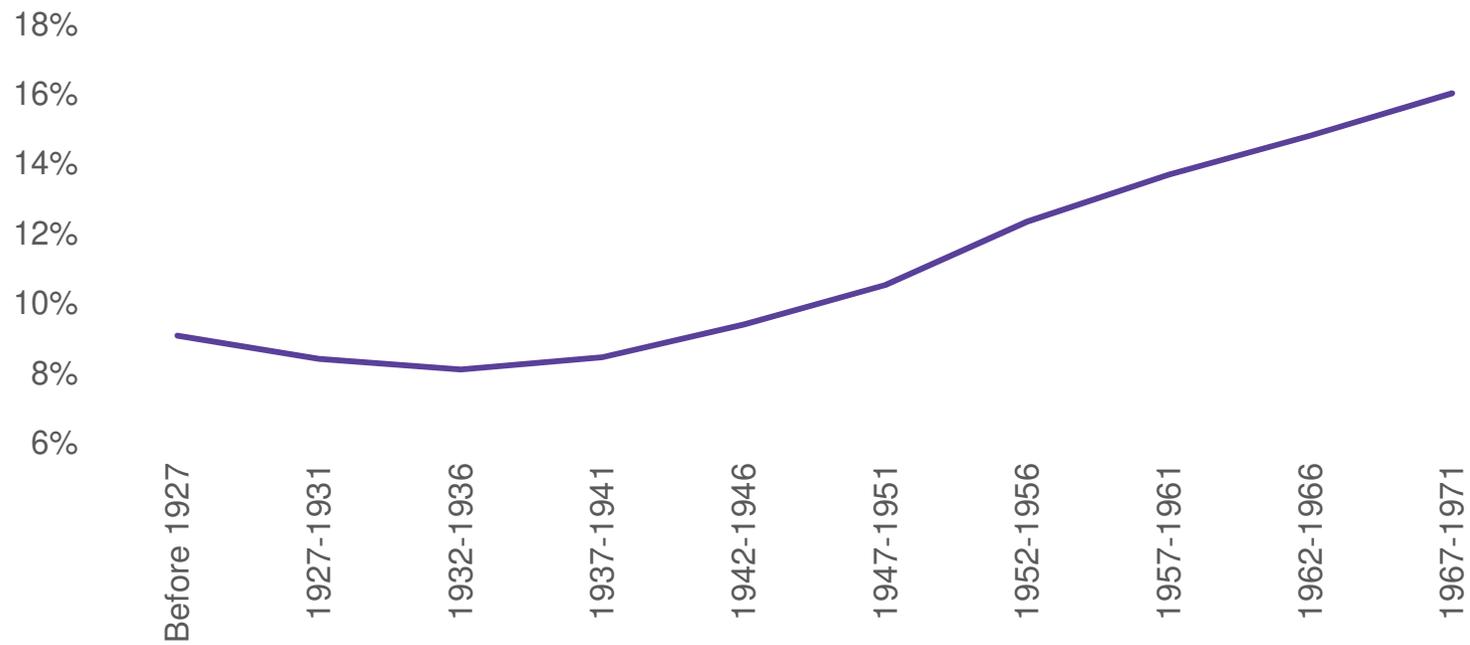
Control

“ I want to my wishes to be taken into account, even when I’m not around”



% child-free climbs from boomers onwards...

% childfree women by year of birth, pre 1927-1971

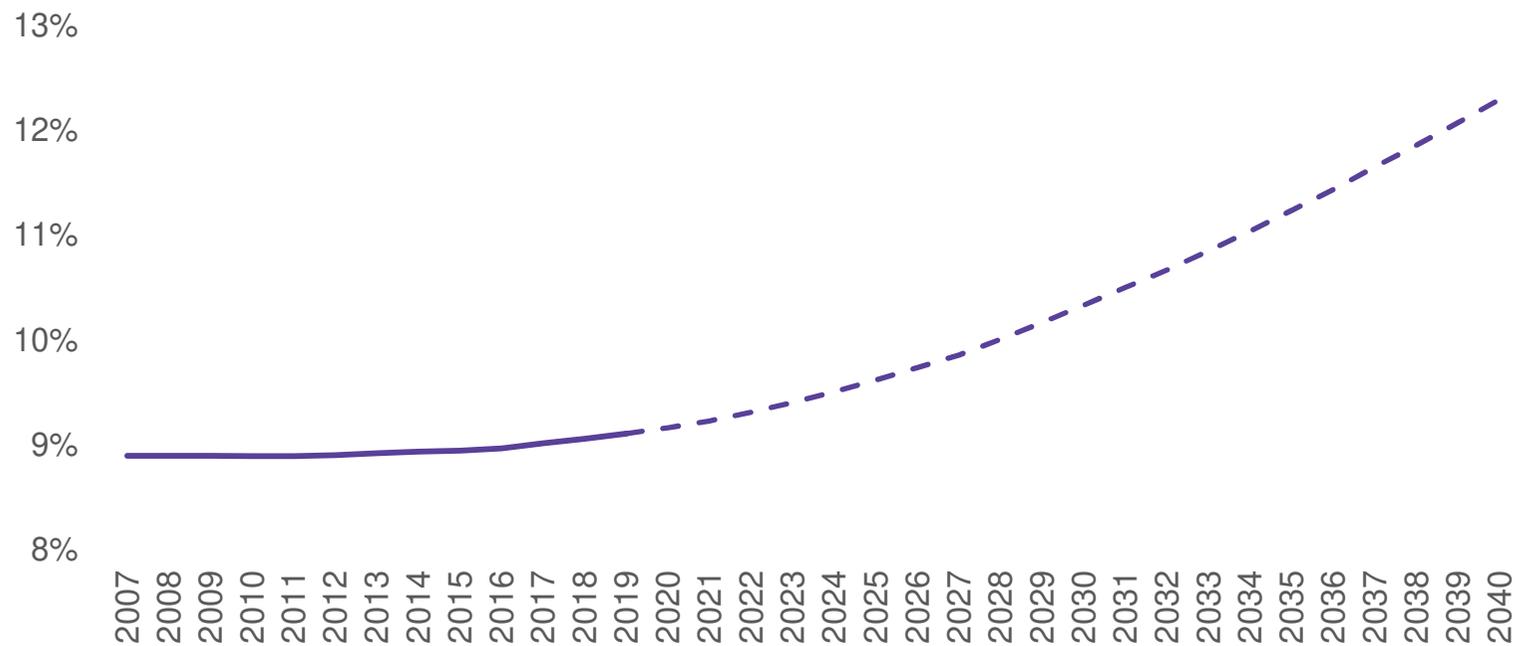


ABS Census 2011



A rise in child-free deaths from mid 2020's

Projected % of 60+ women dying child-free, 2007-2040

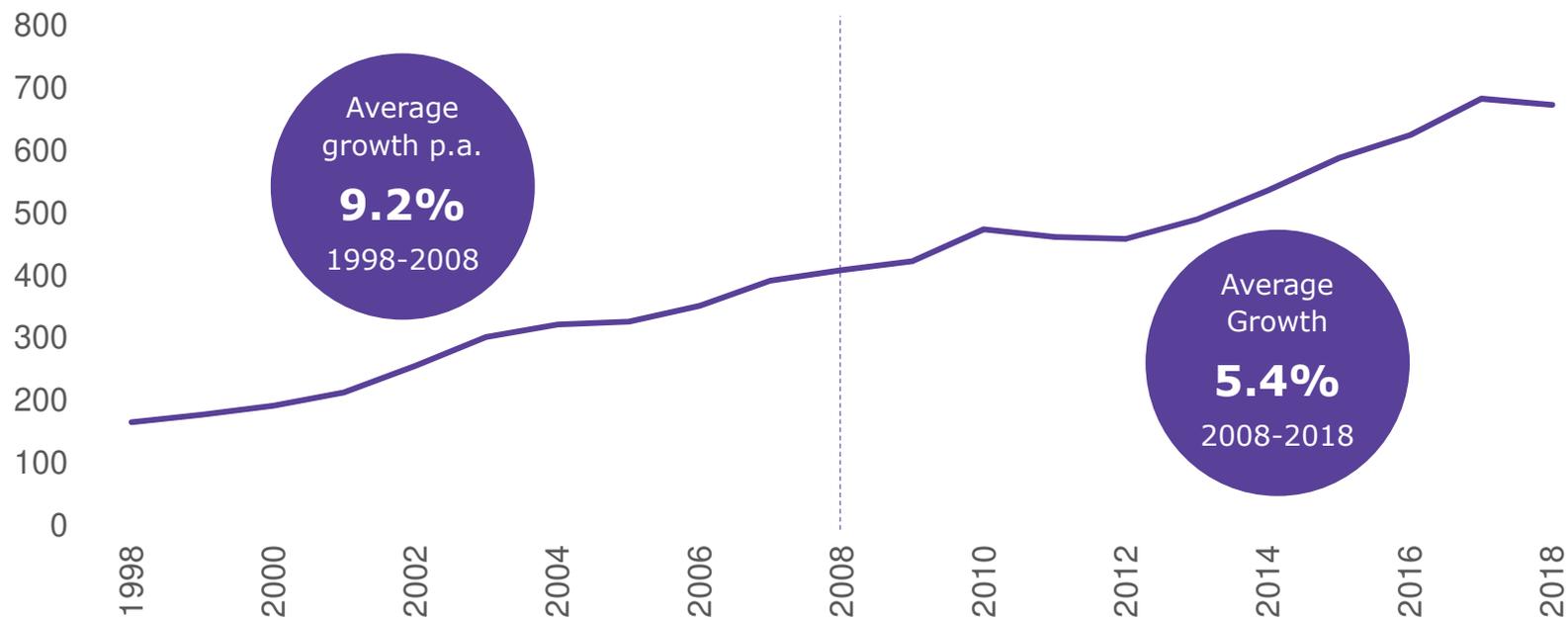


Legacy Foresight, ABS Census 2011



House prices very buoyant until 2017

Mean price of residential dwelling, \$000s, 1988 – 2018

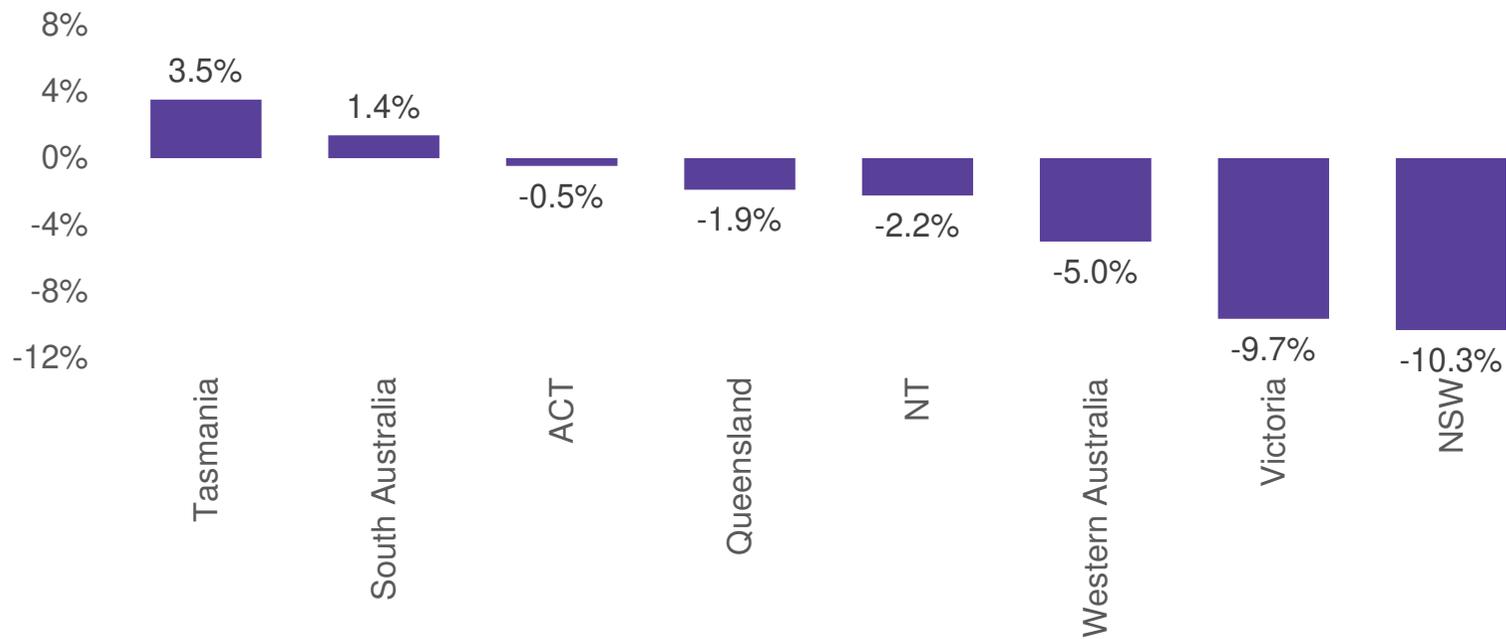


Australian Bureau of Statistics, Oxford Economics



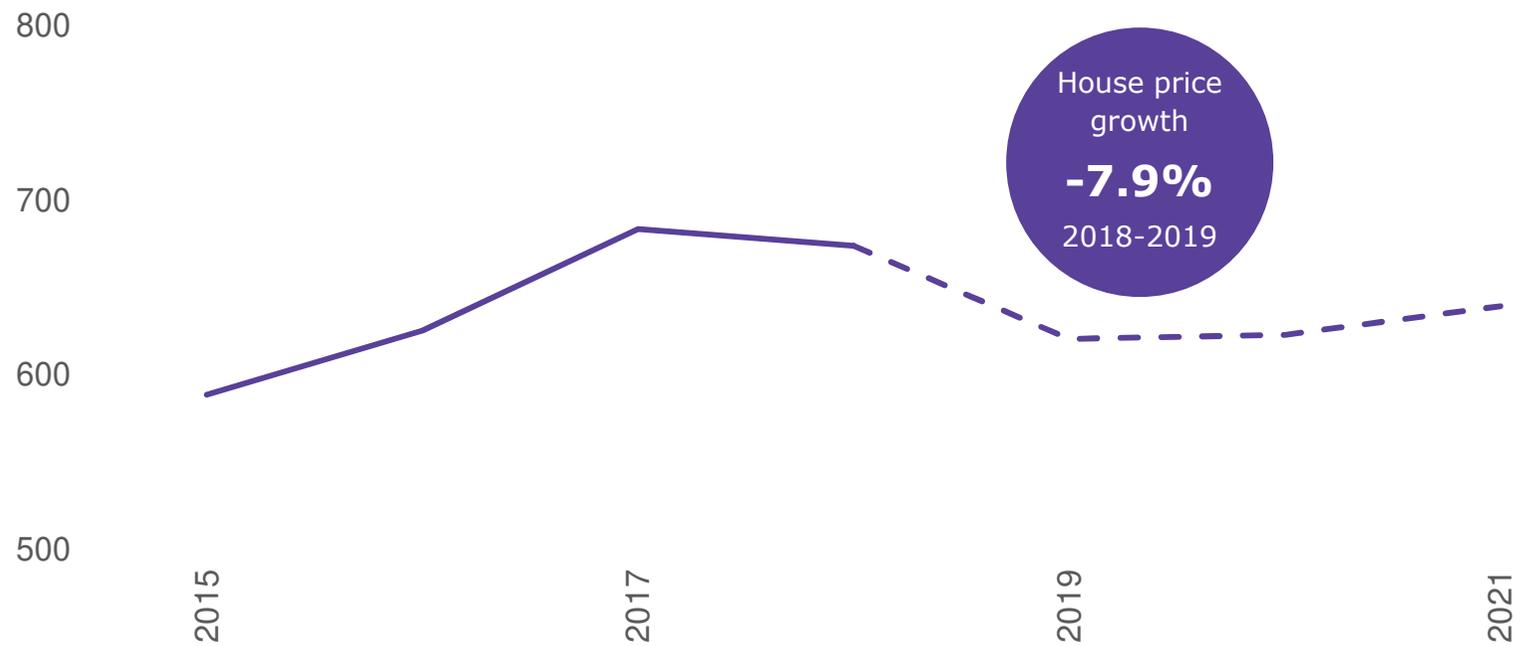
NSW and Victoria hit hardest by house price falls

% change in average house price by state, March 2019 vs March 2018



Price drops seen as blip not trend

Mean price of residential dwelling, \$000s, 2015 – 2021

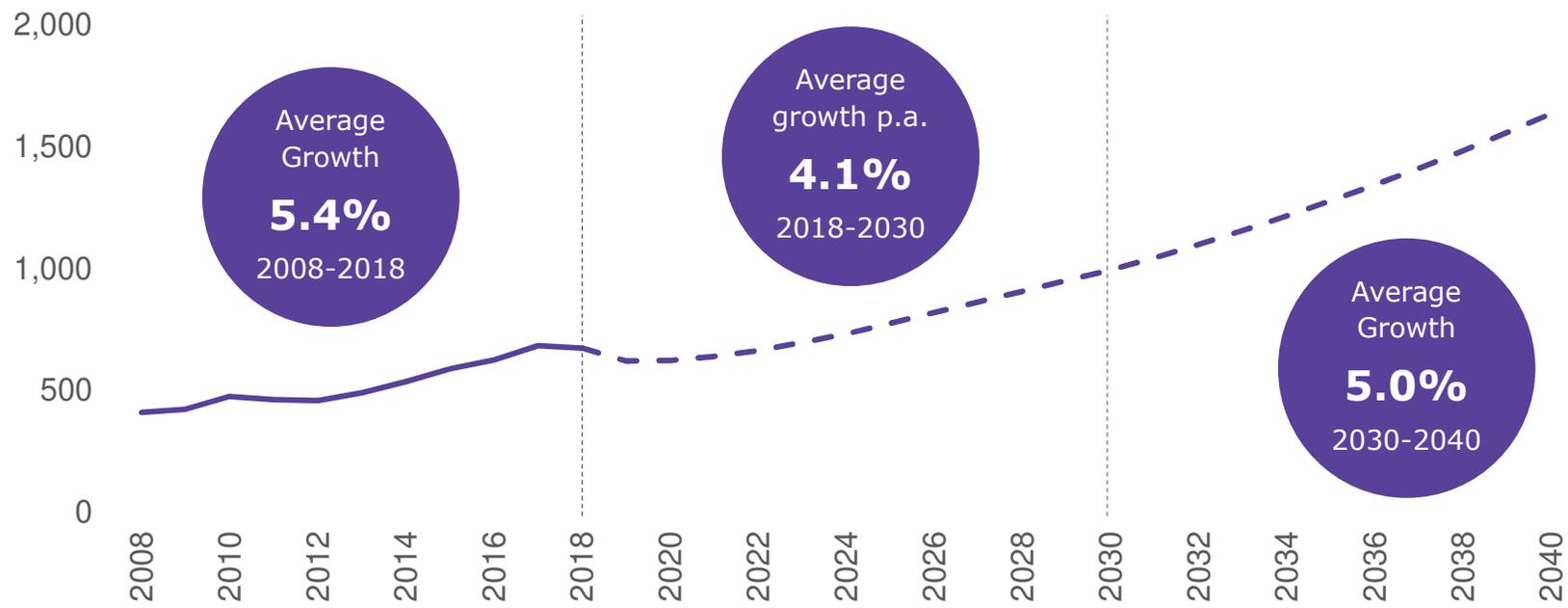


Australian Bureau of Statistics, Oxford Economics



Long term, growth forecasts remain positive

Mean price of residential dwelling, \$000s, 2008 – 2040

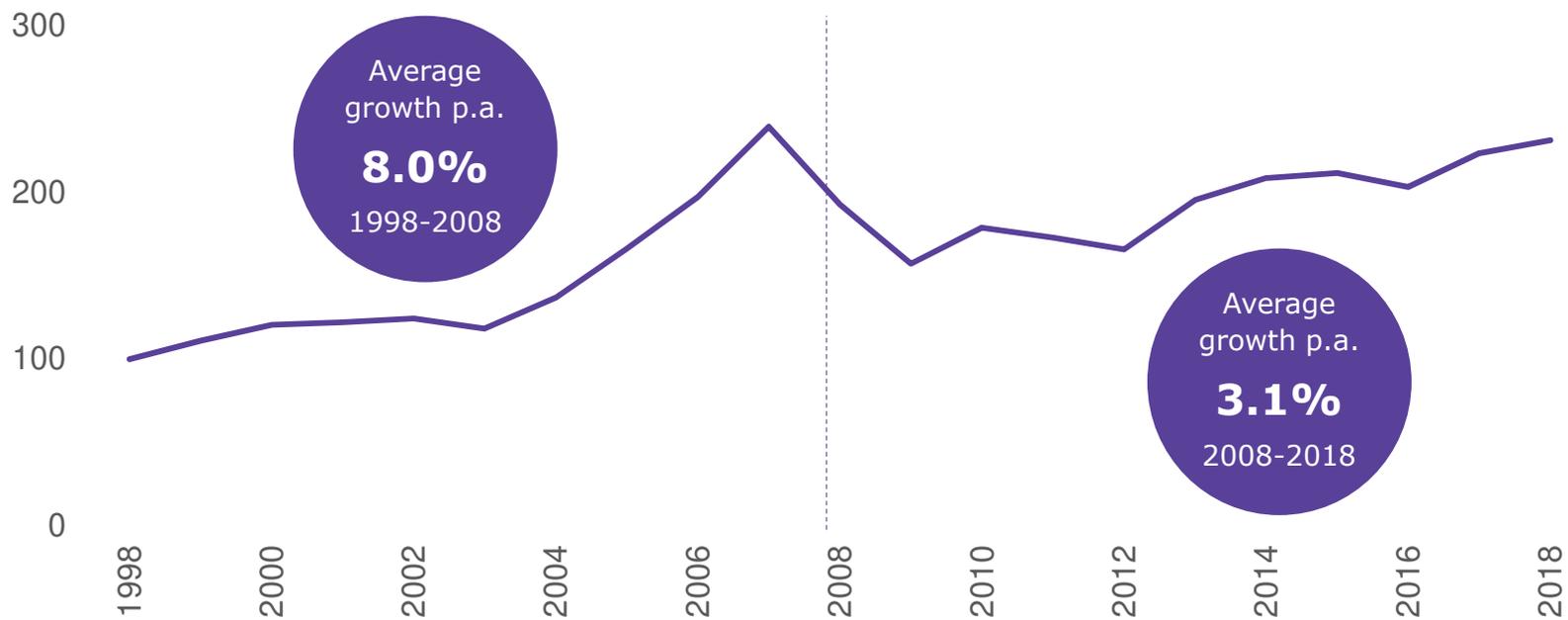


Australian Bureau of Statistics, Oxford Economics



Share prices slowed significantly after crunch

S&P/ASX 200 Index, 1998=100, 1998 – 2018

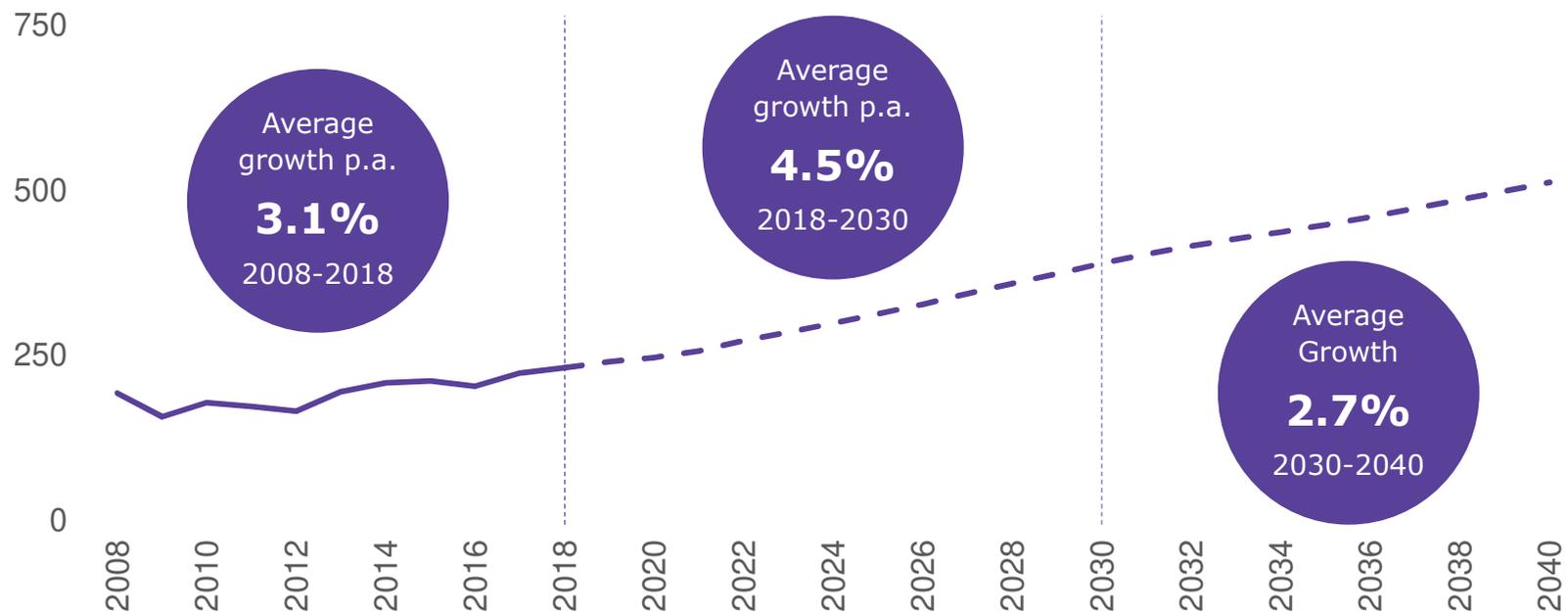


Oxford Economics



Long term slowdown across the developed world

S&P/ASX 200, 1998=100, 1998 – 2018

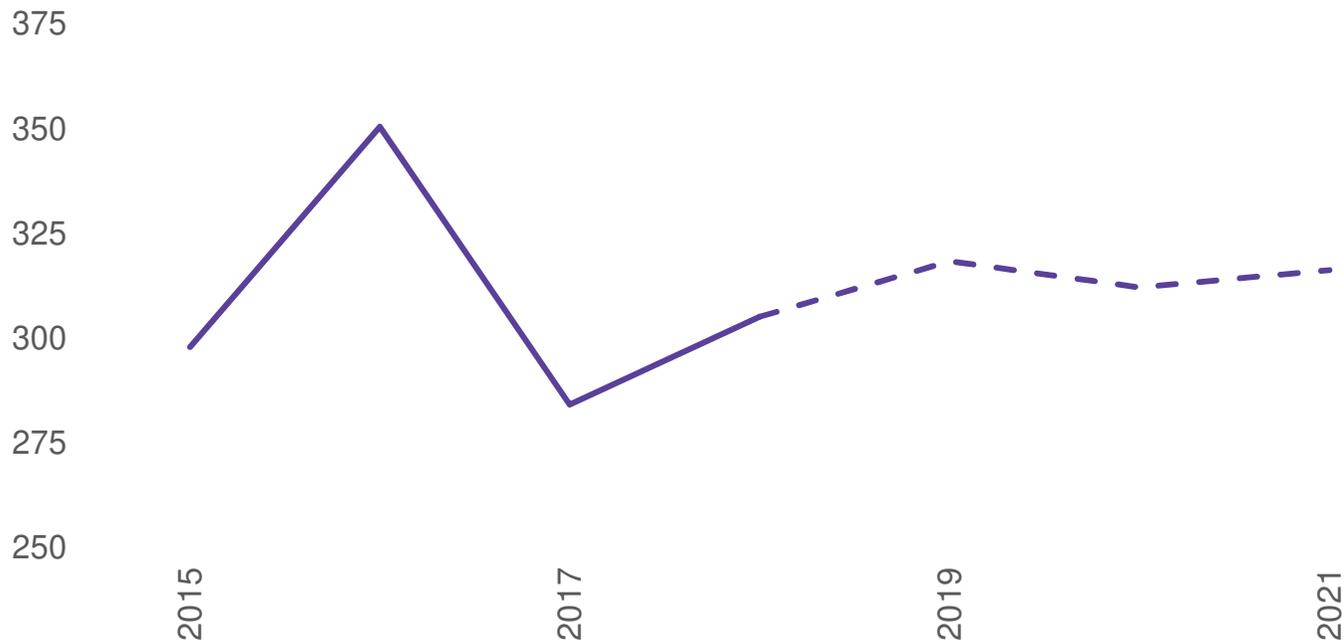


Oxford Economics



We predict a short-term income drop

Real bequest income, \$m, 2008 – 2040



Growth
2018-2019
4.3%

Growth
2019-2020
-2.0%

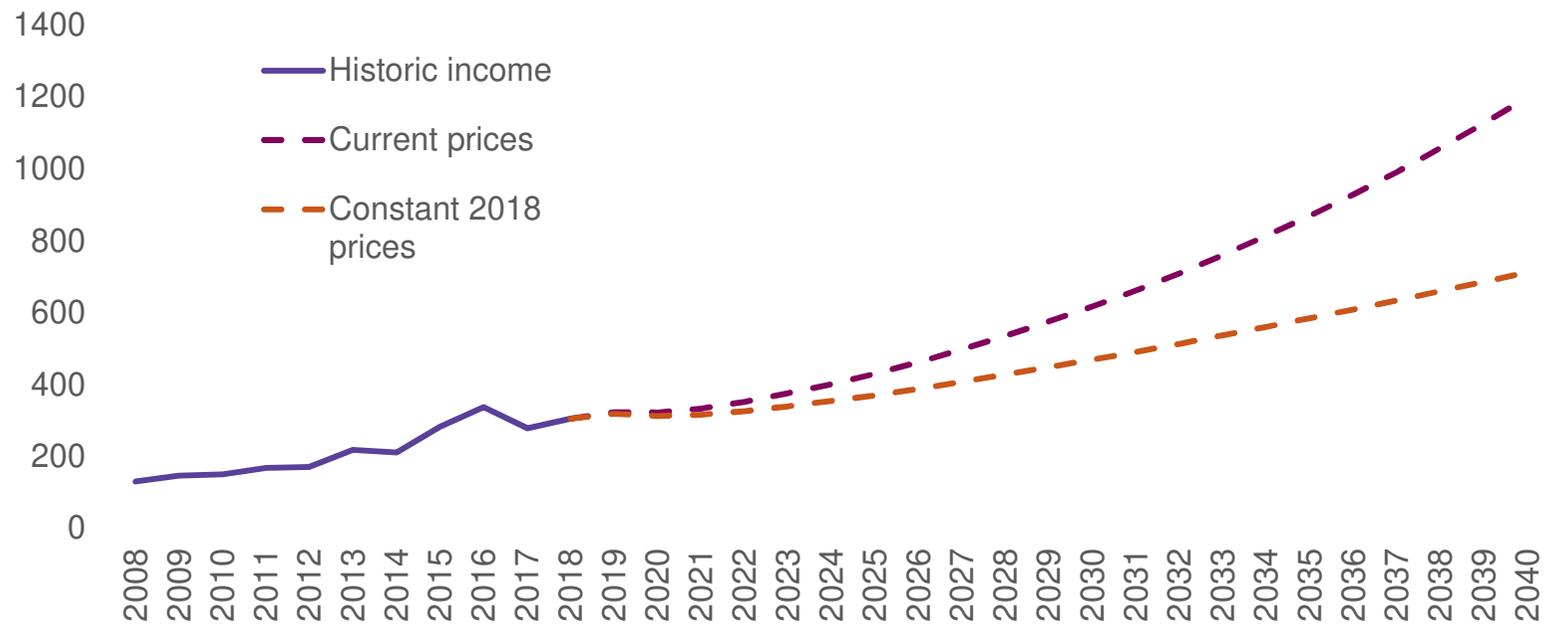
Growth
2020-2021
1.3%

Pareto, Legacy Foresight



Our long term income forecasts

Bequest income forecasts, 2018 – 2040, \$m

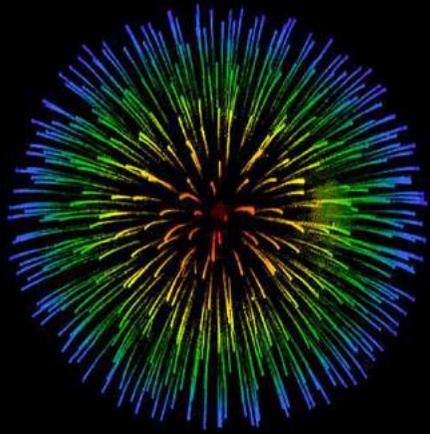


Nominal growth
6.5%
p.a.

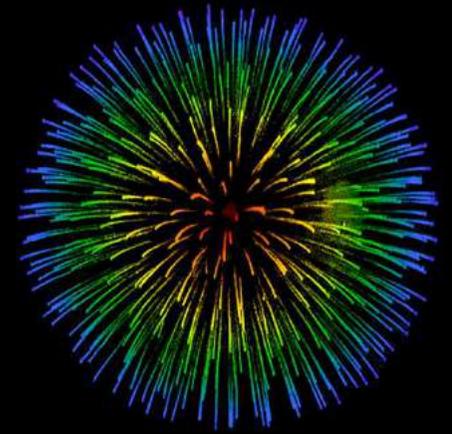
Real growth
4.1%
p.a.

Pareto Fundraising, Legacy Foresight





2.3x



Bequest income to 2040, in real terms



1.9x

Bequest numbers growth to 2040



Pessimistic scenario: uncertain economic times

- The current house price correction is more severe than currently expected, leading to a 15% reduction in prices during 2019
- Increased global trade tensions escalate to a full-blown trade-war over the period 2020-2030, accompanied by a less welcoming domestic agenda towards migration that halves net migration to Australia
- Both lead to further drops in house prices and share prices over the period.

Oxford Economics, Legacy Foresight



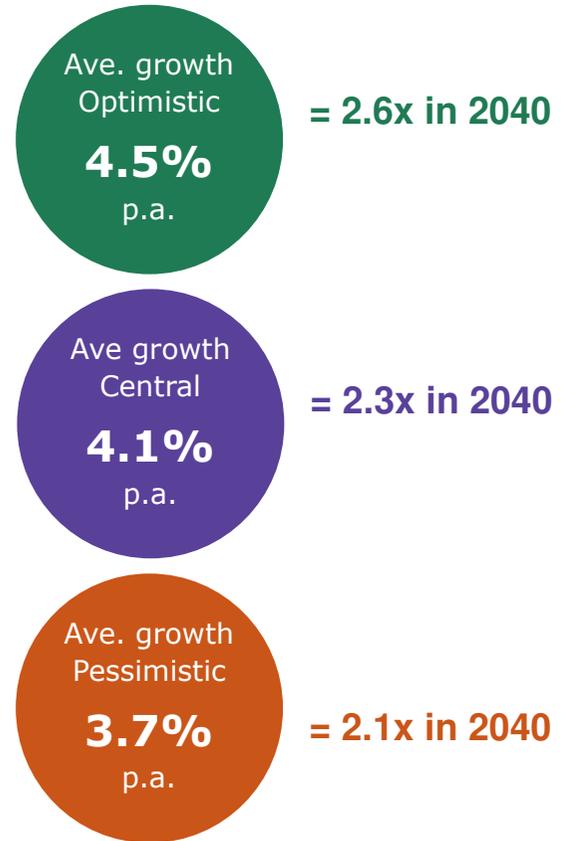
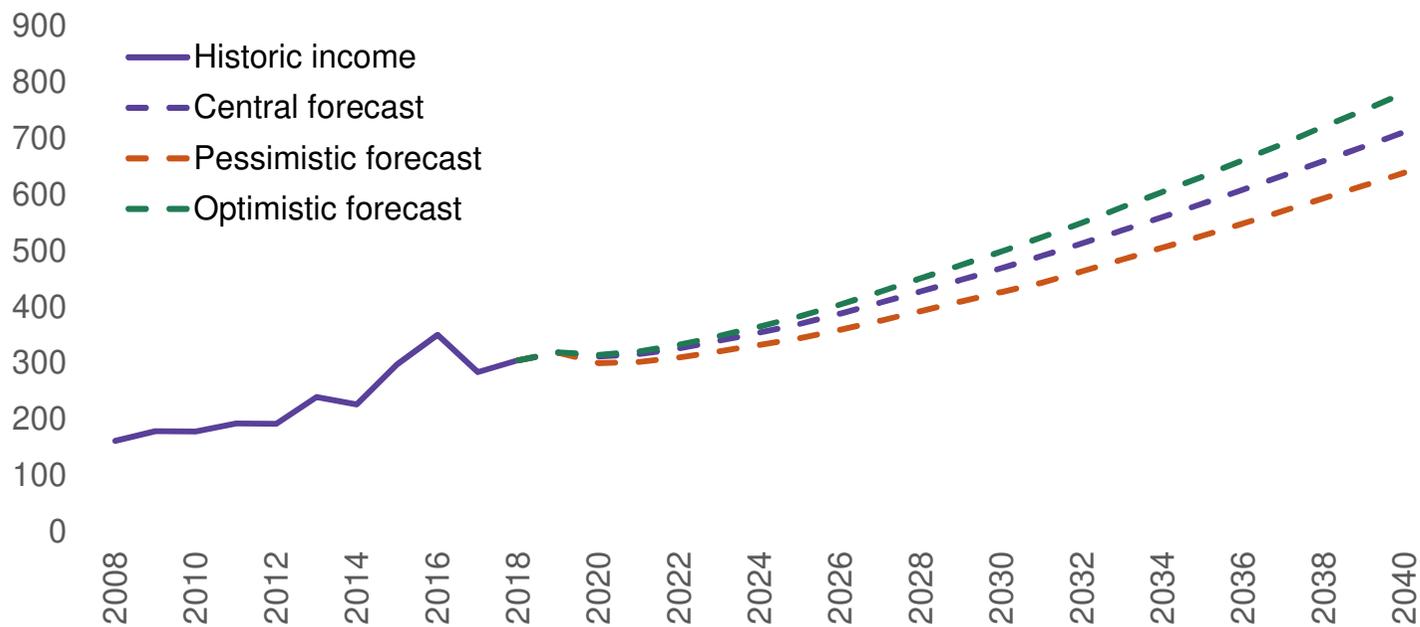
Optimistic scenario: marketing impacts accelerate

- We assume that the underlying tendency for people to leave a charitable gift in their will increases in line with the trend we've seen in the UK.



The scenarios compared

Real bequest income, \$m, 2008 – 2040



Pareto, Legacy Foresight



Conclusions and challenges



Conclusions

- The outlook for the Australian gifts in wills sector is very positive – thanks to underlying demographic and economic factors, real incomes will more than double over the next twenty years
- The impressive growth rates seen over the past decade have been boosted by Australia's strong economic performance, impacting on the value of property and financial assets
- Looking ahead, that economic performance is likely to be more muted, due to chronic uncertainties in the global economy
- Instead, it's numbers of bequests, driven by rising death rates (the boomer generation) and an increase in the number of child-free people dying which will underpin growth



Challenges

- The challenge for bequest fundraisers is to raise the ‘propensity’ of all donors – including those with children and less wealthy households – to leave a gift to charity in their will.
- The role of Include A Charity is crucial to the long-term future of gifts in wills – working alongside individual charity members to raise public awareness of the potential and value of leaving a charitable gift
- Understanding the motivations and attitudes of the large, affluent and diverse baby boomer generation (now in their 50s and 60s) will be key to ensuring that channels and messaging have the maximum impact
- To support strategic development, bequest fundraisers need access to more consistent, comprehensive information on legacy income and bequests by type

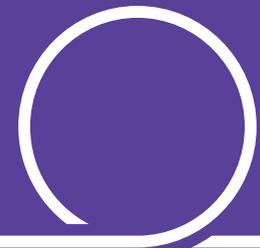


Thank you

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