A Fair Share for the Future

Executive summary

- Gifts in Wills make up 25% of charitable income
- The return per $ invested in gifts in Wills fundraising is 28 to 1
- Gifts in Wills income is growing slowly but forecast to double in the next 20 years
- Charities can dramatically increase income by encouraging people to leave a share of their estate, with the average value being 28 times greater than a fixed gift
- Most people do not know whether it is better to leave a share or a fixed amount, but more people think it better to leave a fixed amount
- Providing information about why it is better to leave a share increases donors likelihood to do so
- Using the expression Leaving just 1% of your estate to a charity means those closest to you receive 99%, but the causes you care about benefit too is the most attractive way to encourage people to leave a share of their estate.
- The 1% message increases consideration of a charitable gift in someone’s Will
- The 1% message appeals more to those who hold favourable attitudes to charitable gifts in Wills and is correlated with those more likely to enquire about including a gift
- Whilst the 1% message has strongest appeal amongst younger supporters, it is still the favoured message across all age groups.
- The 1% message resonates with those whose families would approve of their decision; see their donations as an investment; want to support the vision of the charity; need to update their Will; believe they will have enough to include a charity and are more immersed in the work of the organisations they support

The Opportunity

Based on analysis of over $6 billion of fundraising income from more than 80 charities over the past six years, we see that Gifts in Wills income accounts for 25% of the total income received. Whilst reliance on bequest income varies significantly from charity to charity (with a low of no income to a high of 62%) across these charities, the median proportion of income is a very significant at 16%.

Gift in Will income is by far the most cost-effective form of fundraising undertaken by charities, with an average return per $1 invested of $28. In 2020, for a smaller data set of 30 charities, the return was still $24, well above the next highest performing category, Trusts and Foundations at $9.80.

Over the past five years, Gift in Wills income has grown very slowly, by just 2% which is stronger growth than events or direct marketing channels but not as strong as other high-value fundraising programs. In 2020 there was a decrease in gifts in Wills income of 6% according to More Strategic benchmarking, however this is not an unusual level of volatility. For any one organisation, gifts in Wills income is highly volatile with fluctuations in income of well over 70% from year to year, but the aggregate data tells us that:

- Gifts in Wills income is consistently making up around 25% of revenue
- Gifts in Wills income consistently has a rate of return more than twice as good as any other area at 28-1
- Gifts in Wills income is growing more slowly than other high-value fundraising programs. We have seen increased investment in major donor and Trust fundraising with rapid rewards – the investment in gifts in Wills is yet to pay off due to the time lag between investment and realisation.

The future of gifts in Wills income

The future for gifts in Wills fundraising is bright. The demographics are on our side. With an ageing population and a greater proportion of women not having children, it is forecast that bequest income will more than double over the next 20 years.

Detailed analysis by Legacy Foresight commissioned by Include a Charity in 2019 suggested that gifts in Wills income would drop in the short term as house prices dipped and then recover, driven by the higher proportion of people passing away, and especially those who did not have children (who are more likely to leave a gift to a charity in their Will). The modelling projected a slower rate of growth of the share and property markets over the next 20 years but still identified that:

- The number of bequests gifts from Wills would be 1.9 times higher
- The value of gifts in Wills income (after inflation) would be 2.3 times higher

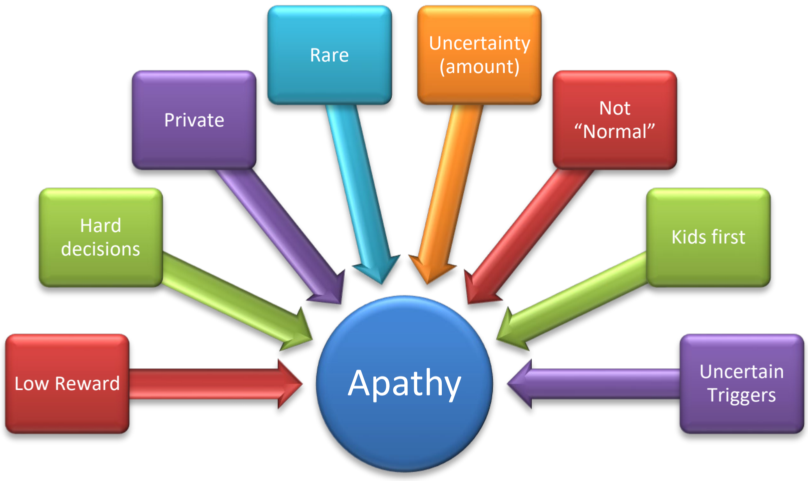
Of course, the modelling did not take account of the global pandemic! But even the pessimistic scenario, which anticipated reduced migration and trade wars, still predicted a significant growth in income of 2.1 times today's figure.

From previous research commissioned by Include a Charity, we know that one of the triggers for people to update their Will, which is usually a necessary precondition to including a charity, is a health scare (usually of family and friends). COVID-19 has been a health scare of epic global proportions, so did it prompt a change in consideration of updating a Will?

More Strategic's study into public attitudes to COVID-19, conducted in August 2020 in conjunction with Fundraising Institute Australia, showed that nearly half of Australians surveyed had thought about updating their Will as a result of the pandemic, and 12% had contacted a solicitor to make or update their Will.

We also know from this same study that people reflected upon their own good fortune and how tough life was for others during the pandemic, powerful primers for increased giving.

However, we all know there are several barriers to including a gift in a Will to a charity:



Low reward – updating a Will, for most donors, is just another task to tick off the list (usually after it has been on the "to do" list for a long time). There is little payback apart from peace of mind. Only one donor, of hundreds we have interviewed, celebrated updating their Will and including a charity by going for a beer!

Hard decision – as well as a contemplation of mortality, as family's fragment, writing or updating a Will becomes even more emotionally complex and challenging.

Private – we know social norming influences gifts in Wills decision making, but very few people ever discuss their Will with friends and only around half discuss it with their family*. (Study of one charity in 2021).

Rare – updating a Will happens infrequently. The average gap between a final Will and death is 5.6 years (donors) to 10 years (non-donors). Updating a Will is not front of mind or something people with which many people are familiar.

Uncertain triggers – very few people update their Will in order to include a charity; they are usually prompted by external factors that are not only beyond our control, but hard to predict (health scares, changes of family, change in financial circumstances, overseas trips)

Norming – for all that we encourage social norming (the idea that other people, like you, include charities in their Wills), not only is this not visible, but it is not the case. Most people (90%+) do not include a charity in their Will.

Kids first and equally – this is a universal truth for 70% of Wills, unless there are very clear differences in the needs of the children.

There are several areas charities can influence gifts in Wills decision making:
- Increase the proportion of people who include a gift in their Will
- Increase the amount they leave
- Improve the likelihood of the gift being realised as intended

Of course, the Include a Charity campaign addresses these three areas in the campaign each year. This paper will now focus on the second in the list, increasing the amount people leave.

Moving the dial on share of giving

The excellent study undertaken by the late Dr. Christopher Baker of Swinburne University on behalf of the Include a Charity campaign in February 2014 revealed invaluable insights into what drives the value of realised estates (or at least those that go to probate):

- Those without children were more likely to include a charitable bequest and to leave a large gift

- The mean charitable gift from a residual bequest ($200k) is 28 times greater than the mean value of a specified charitable bequest ($7k)

The most recent Include a Charity benchmarking (2019/2020) showed that residuary bequest income accounted for 67% of income across the participating charities. However, given we know that residuary income is typically much higher, this doesn't translate to the proportion of people choosing to leave a residuary gift.

Scope of opportunity

The opportunity to change this paradigm by encouraging people to leave a share instead of a fixed amount is huge.

If, in simple terms, 11% of Australians over 55 leave a gift in their Will and we work on the basis that 75% leave a fixed amount, with an average value of $7,000, moving the percentage who leave a share of their estate by just 10% would result in an additional $310m per year.

The problem

From extensive research across multiple charities, most people do not know whether it is better to leave a share or a fixed amount. And more people say it is better to leave a fixed amount than a share. This is true of the general population and known charity supporters.

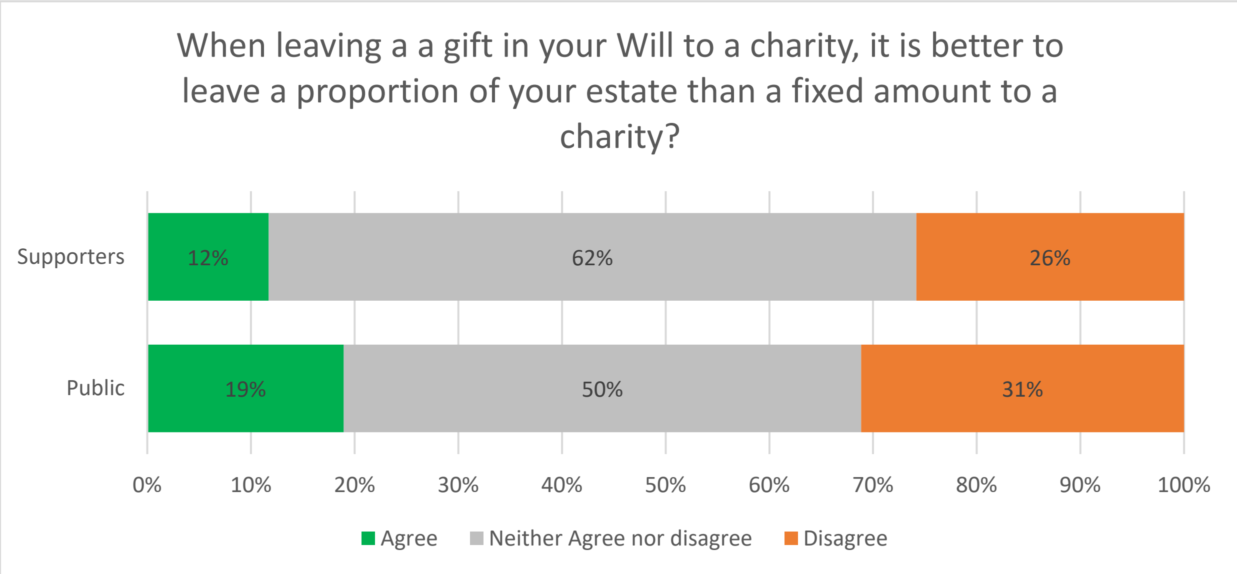
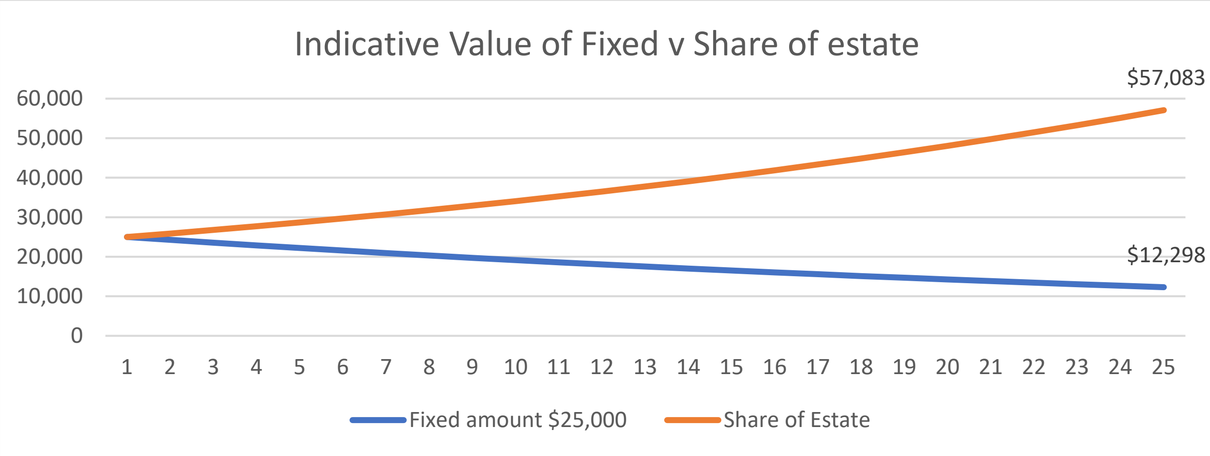


Chart: research study 2020 n = 1050: Supporters: multiple charity donors n = 23,756

From interviews with donors, there are some misperceptions that can be difficult to overcome as there is an overriding belief that a fixed amount provides certainty for the charity. Whilst we have successfully explained to donors in discussion groups that had a fixed sum been given 25 years ago it would now be worth ½ that which was provided, whereas a share would have doubled in value over the same time. This is a little complicated to explain and uncomfortable to discuss with donors without appearing overly money orientated.

Extract from donor research stimulus:
A gift in a Will of $25,000 today could be worth less than half that amount in 25 years' time due to inflation.

Leaving 5% of your estate could be worth almost twice as much in 25 years' time.



There are some differences in attitudes as to whether it is better to leave a share to a charity. Breaking down the responses, we see that amongst the public, those that agree a share is better are:

Measure: PUBLIC	Agree	Disagree
More likely to be male	54.3%	38.5%
To not have children	46.2%	27.8%
To be under 45	49%	38.8%
To be in Victoria	30.7%	22.3%
To not be in Queensland	17.1%	24.2%
To agree it is good to provide for family and a charity	82.4%	20.5%
To agree family would approve if they left a gift to a charity	66.3%	15.9%
To agree they will have enough to include a charity	67.3%	14.1%
To feel comfortable telling the charity about including them	78.4%	35.5%
To consider the long-term impact of their donations	30.7%	22.1%
To like to be involved in the causes they support	28.1%	11%
To like to immerse themselves in the work of the charity	41.2%	24.2%
To be financially comfortable	30.2%	20.8%
To be able to give more for the right cause	22.1%	14.7%
To believe their financial situation will improve	44.2%	31.8%
To support the vision of the charity	53.8%	40.5%
To be less likely to want to choose how funds are used	53.8%	65.3%
To have a high Bequest Prospect Rating (More Strategic attitudinal scoring model)	88.9%	22.3%

Sample N= 1,050. Results above are at 95% confidence level

Amongst donors, those that say leaving a share is better are more likely:

Measure: SUPPORTERS	Agree	Disagree
To be male	33.4%	31.8%
To be under 54	37%	34%
Not have children	44%	21%

Have a higher Net Endorser Score	41	30
To say their Will doesn't reflect the makeup of their family	14.6%	10.7%
To say updating a Will is easy	92.6%	85.3%
To say anyone can include a charity in their Will	80.2%	56.3%
To agree it is good to include a charity and family	79.1%	39%
To agree their family would approve if they included a charity	57.6%	28.1%
To agree they will have enough to include a charity in their Will	59.4%	24.7%
To agree they are comfortable telling a charity if they have	72.7%	43.4%
To consider the long-term impact of donations	38.5%	32.5%
To see their donations as an investment (not heart)	51.4%	46%
To like to be immersed in the work of the charity	19.8%	16.2%
To give more to the charity in question than others	27.9%	23%
To not feel financially stretched	33.4%	36.8%
To be financial optimistic	28.1%	22.1%
To support the vision (rather than a specific project)	54.8%	49%
To want to understand the future directions of the charity	35.6%	27.1%
To visit the work of the charity	26%	14.3%
To have a bequest propensity rating of high	77.8%	40.7%
To be a bequest lead	45%	18.5%

Sample N= 9,241. Results above are at 95% confidence level

The Answer: Nudging

Where there is ambivalence, there is opportunity! To change behaviour and influence the decision to provide a share of an estate to charity does not, for many people, require them to change their mind but to make it up. It will be easier to change the attitudes of the 50% – 62% who are unsure than to convince the 26% - 31% who reject the idea to adopt it.

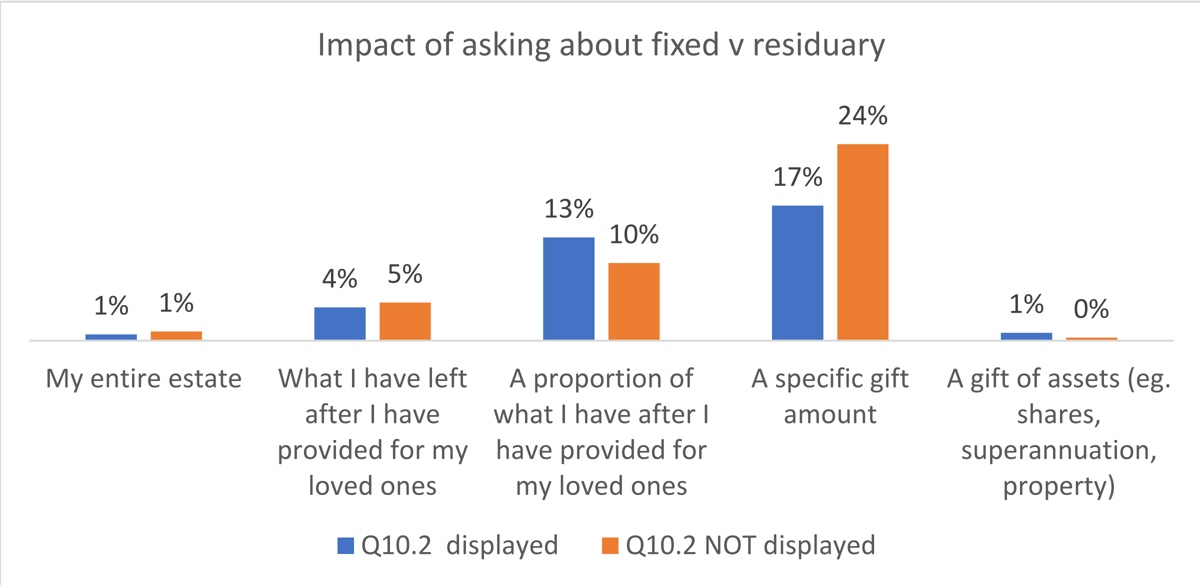
In a 2018 test, we set out to do just that. We ran an experiment with a large health charity to see if explaining the benefits of leaving a share might encourage more people to do so. A supporter survey was distributed to 623,282 contacts by email with 11,345 responses. Half the respondents were exposed to an additional question about the benefits of leaving a share of their estate rather than a fixed amount.

Q10.2 We are very interested in finding out about how people are making a decision in their will particularly around a fixed amount or proportion of their Will.

What do you think is the most appropriate way for Charity X to talk to supporters about leaving a gift in their will?
Please select one statement

- ▢ You may wish to provide for your family and friends first and leave what is left (the residue) to a charity. Doing this, your gift to the charity is likely to increase in value. If you leave a cash sum it will be eroded by inflation over time. Leaving a share (residue) of your estate means the charity can do even more with your gift.
- ▢ Typically a proportion of an estate will enable Charity X to achieve much more ground-breaking research than a fixed gift.
- ▢ Leaving a proportion of your estate to a charity, rather than a fixed amount will have more value in the future. This provides greater certainty and ease for your Executor to meet your intent in providing for loved ones and your charity of choice, ensuring your legacy has greater impact.

All respondents were then asked about their likelihood to consider different types of gift in their Will.



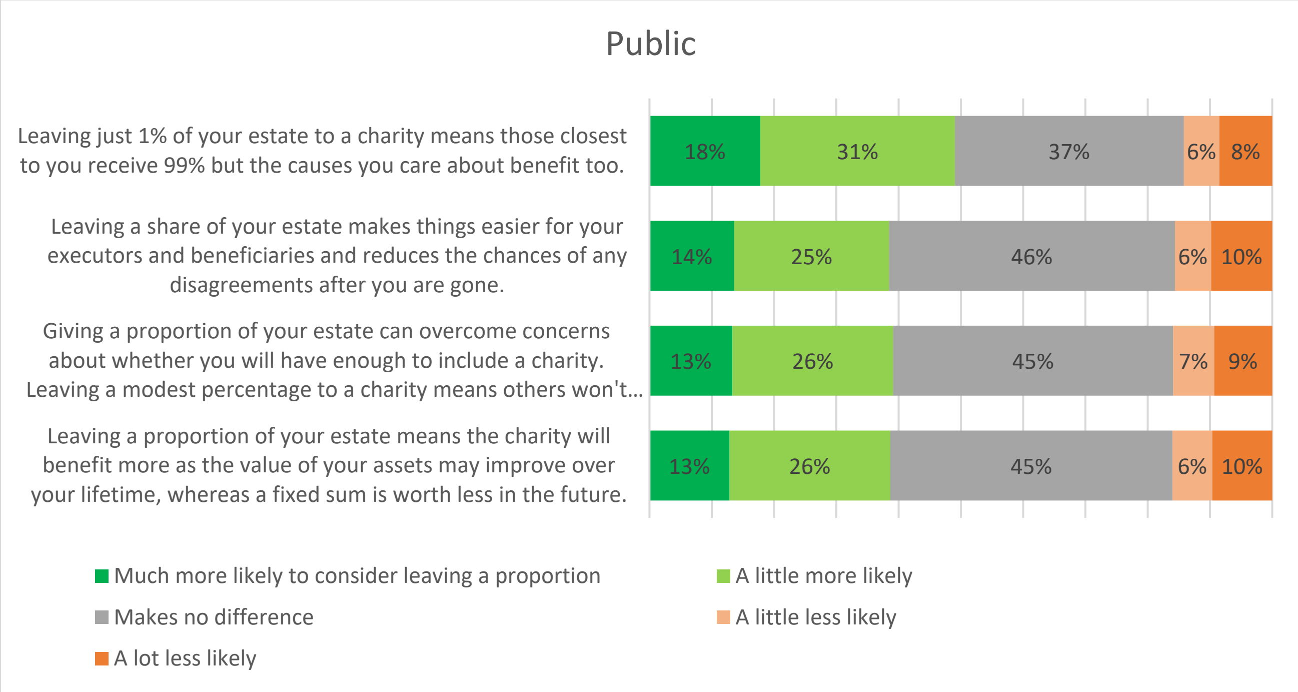
Those who were exposed to Q10.2, which prompted the consideration of leaving a share rather than a fixed amount, were more likely to say they would leave a proportion of their estate. Those not shown the share question were much more likely to say they would leave a specific gift.

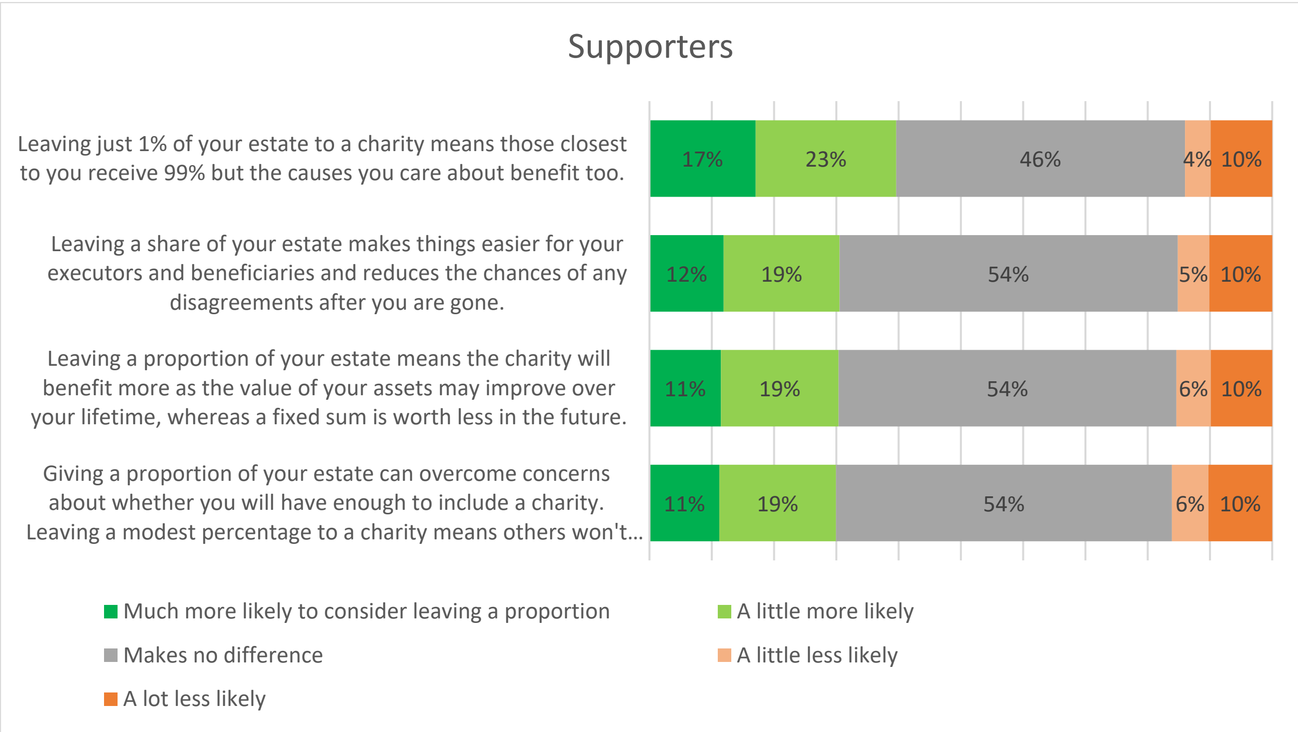
At this point, we had not been overly concerned about which of the three reasons to include a share they chose (it was fairly evenly split between the first and third options above);we just wanted to demonstrate the effect on their decision.

We tested different messages over a series of subsequent public and supporter surveys, including one first posited by Richard Radcliffe, to anchor the request with a low, 1%, request.

Across both the public and supporters, this statement was deemed to be the one most likely to influence behaviour.

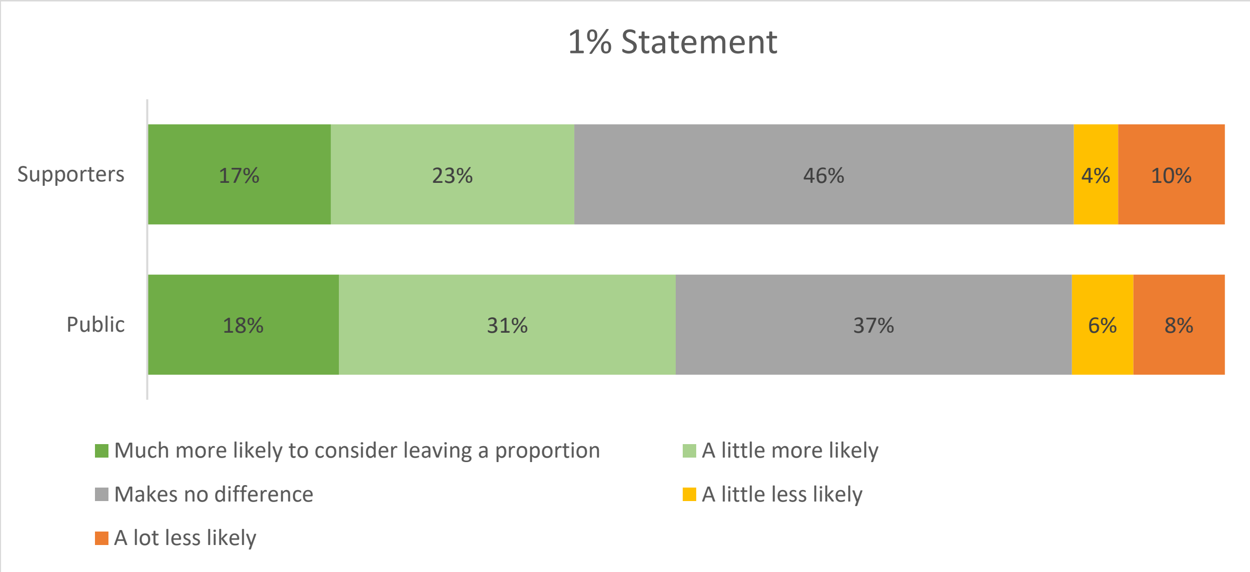
Future testing will explore the "elasticity" of this request to assess whether 1% is the correct anchor, or whether 5% could work just as well.



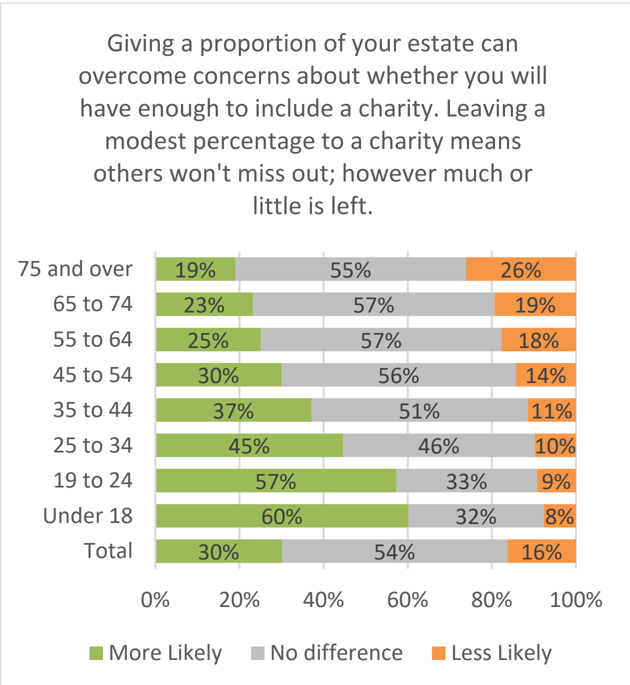


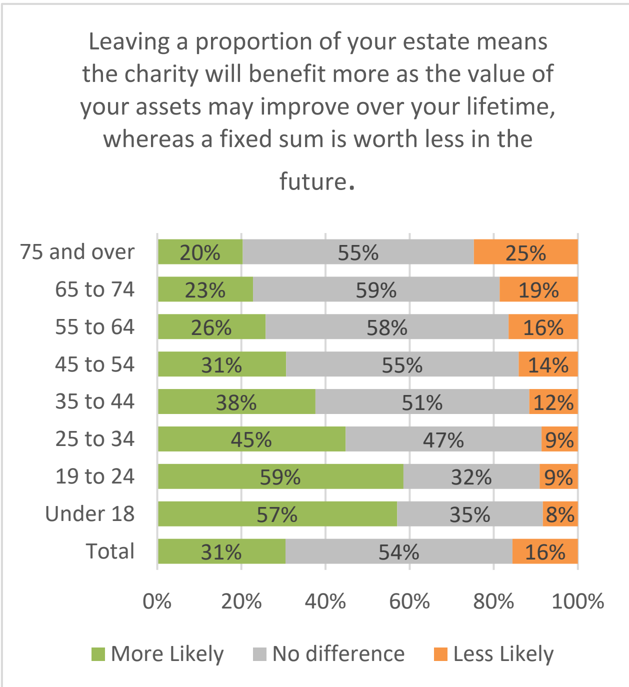
Notes to charts: Public research Aug 2020 n = 1050; Supporter surveys 4 charity data sets N = 9,241 responses.

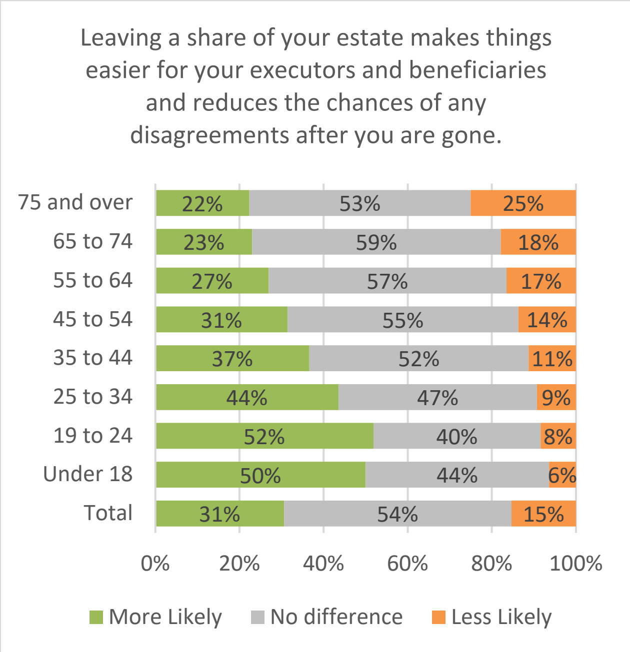
We see that the effect on the public is greater with a net gain (increased likelihood minus decreased likelihood) of + 35 compared to the supporters at + 26. In every case, the net gain is at least 10 points higher for the 1% statement compared to the others.

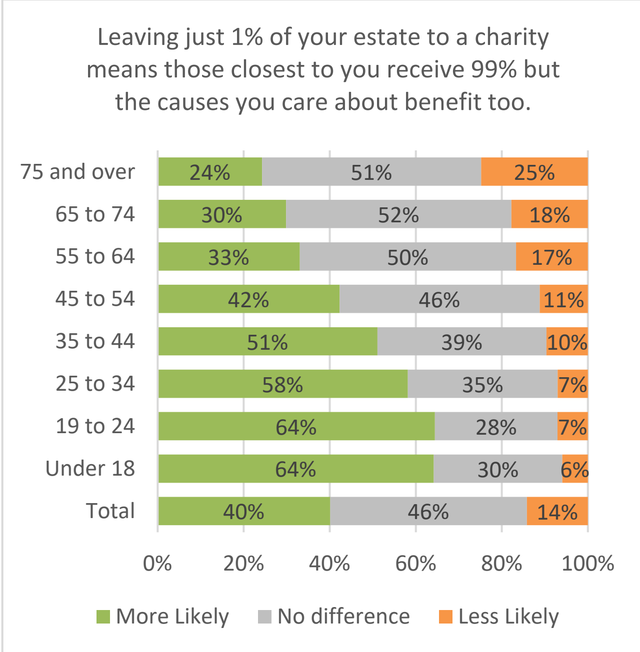


There is a consistent age factor across all the statements with a greater influence on the younger generation:



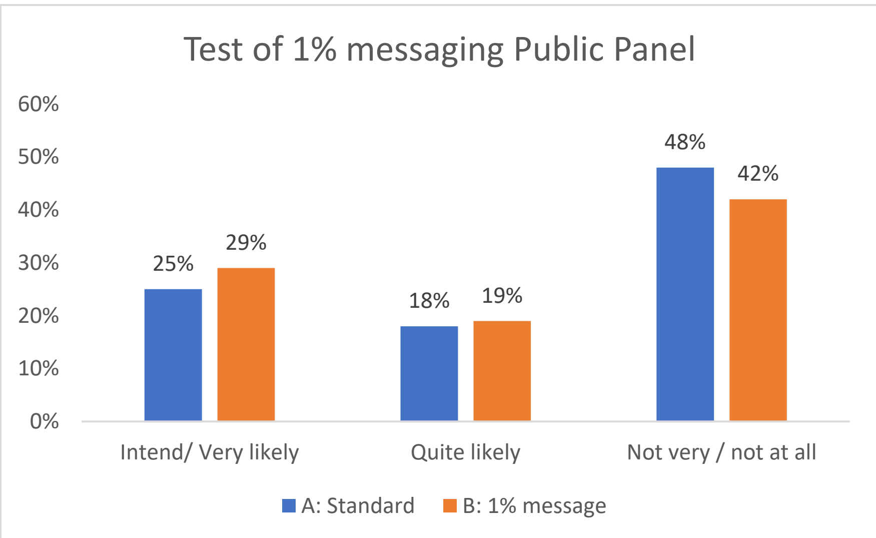






We further tested the hypothesis of influence in a 2020 public research study. In this case, we asked a representative sample of Australians (80% had to have donated > $20 in past 12 months) about their likelihood of including a charity in their Will. In one case, respondents were presented with a “standard” **request**, and in the other, a request that includes the **suggestion** to include just 1%.

> A: How likely would you be to include a gift to a charity in your Will?
>
> B: Leaving just 1% of your estate to a charity means those closest to you receive 99% but the causes you care about benefit too.
> How likely would you be to include a gift to a charity in your Will?



As illustrated above, the addition of the 1% message increased the likelihood to include a charity by 4% points, an increase of 16%.

Given the evidence that the 1% message is broadly more effective for both donors and the public, we next set out to understand the relationship between the 1% message and the likelihood to include a charity in their Will. Looking at both the public survey and the 9,241 donors who have responded to surveys, we saw some significant differences:

Measure: PUBLIC	1% More	1% Less
To be child free	39.6%	22.4%
To be under 45	58.4%	34.2%
To not be in Queensland	18.8%	23.3%
To agree with each of the other share statements		
To agree it is good to include family and a charity	58.1%	25.5%
To agree family would approve	48.3%	14.8%
To agree they will have enough to include a charity	42.5%	16.1%
To be comfortable telling the charity	66.4%	22.8%
To consider the long-term needs	27.4%	23.5%
To see their donations as an investment	34.4%	30.9%
To be involved with causes	19.3%	10.1%
To involve themselves	30.2%	23.5%
To be financially optimistic	43.7%	29.5%
To support the vision of the charity	47.9%	37.6%
To have a high Bequest Prospect Rating	63.7%	24.8%

Sample N= 1,050. Results above are at 95% confidence level

In the supporter surveys, it should be noted that the question about which statement would influence their choice was only delivered to those that did not already say leaving a share of the estate was better. This is a better test of the influence, as it is only delivered to the ambivalent or rejectors.

Measure: SUPPORTERS	1% More	1% Less
Higher Net Endorser Score	46	33
To be female (noting that the agree with share were more male)	73.4%	70.2%
To be child free	51.0%	30%
To be under 45	38.4%	14.5%
To disagree that their Will reflects the current make up of family	13.2%	7.6%
To disagree that their Will reflects the issues they care about	17.4%	8.4%
To agree their Will needs updating in the near future (Slightly)	56.4%	53.9%
To agree it is good to provide for family and include a charity	65.7%	29.2%
To say family would approve	49.4%	20.6%
To say they will have enough to include a charity	40%	16.5%
To be comfortable telling the charity	63.6%	30.9%

To like to immerse themselves in the work of the charity	19.6%	13.9%
To say they could give more for the right cause	14.7%	8.3%
To say their financial situation will improve	35.9%	23.0%
To be more satisfied than neutral in assessment of communications		
To want to know more about the future plans for the charity	47.5%	31.5%
To visit the work of the charity	34.2%	21.9%
To read emails the charity sends	84.5%	69%
To sometimes read newsletters (print or online)	43.6%	24.6%
To have sometimes visited the website	21.5%	7.1%
To have a high Bequest Prospect Rating	69.8%	30.0%
To make a bequest enquiry or confirm a gift	29.6%	14.4%

Sample N= 9,241. Results above are at 95% confidence level

When we put all 99 data classifications into our statistics package and only look at the impact of the 1% message on the ambivalent group, who are unsure whether it is better to leave a fixed amount or a share, we see that the strongest correlations of statistical significance are (in order):

1. It is good to provide for your family and include a charity
2. Making a request for information from a charity about leaving a gift in their Will
3. Agreeing their family would be pleased if they left a gift to charity in their Will
4. Being recognised for the contribution they have made in the past
5. Being under 45
6. Wanting to see the work of the charity firsthand
7. Wanting a longer-term connection to a project the charity funds
8. Being comfortable with the charity knowing if they included a gift in their Will
9. Want more feedback from the frontline workers of the charity
10. Being clear on why their continued support is needed
11. Knowing the plans for the future of the charity
12. Disagreeing that their Will reflects the issues and causes they care about
13. Want to receive an annual impact report

Having enough

A common concern amongst many donors is a concern about "whether they will have enough to include a charity". Those that believe they will have enough are eight times more likely to make an enquiry for information about gifts in Wills from the charity.

For those that don't feel they will have enough to include a charity, the 1% message can help overcome these concerns. It doesn't matter whether you have an estate worth $10,000 or $10 million; there will always be enough to allocate 1% to a cause you are passionate about.

Results

One project conducted by Cancer Council NSW and Safewill showed that using the 1% message actually results in an average residuary gift of 5%. Working with an online will writing partner like this is one of the fastest and most controlled ways to know the actual results of your marketing efforts.

Total Completed Wills	98
Total Gifts in Wills	39
Total Gifts to CCNSW	34
Residual Gift	58.18%
Average Residual Gift	5% of estate
Cash Gift	41.82%
Average Cash Gift	$5000
Average age	43
ROI (based on Ave gift to CCNSW)	345x

Implications

There is a significant opportunity to transform the capacity of charities to achieve their mission with one very simple message: leave 1% of your estate to charity.

The data analysis makes it clear this message is the most appealing. And it appeals to the right people: those who hold favourable attitudes towards charitable bequests. It overcomes two key issues for donors: will I have enough and the commitment to family first.

Charities should always present all options to donors about how they provision for the charity in their Will but should not be afraid to make the case for a percentage. Explaining why it is better for the charity AND the donor has been shown to increase the likelihood of leaving a share.

Charities should include the 1% message and explain the benefits in their bequest brochures, web content and conversations with supporters. **We recommend making the share of estate (residuary) the first and favoured option that charities list in their gifts in Wills resources.**

Recommendations

- ✓ Include the 1% message in all conversations and gifts in Wills resources
- ✓ Make residuary bequests the first and favoured option

- ✓ Use donor testimonials from supporters who have left a share of their estate
- ✓ Update you supporter survey questions to reflect the 1% message (especially in dynamic online surveys where it can be targeted to the ambivalent and sceptics).
- ✓ Explain why the share is better for the donor (ease, family and impact) and for the charity (impact in the future).
- ✓ Track your residuary rate amongst realised Wills and set a goal to increase the proportion leaving a share
- ✓ Consider (carefully) the option to nudge existing confirmed bequestors towards updating their Will to provide a share rather than a fixed amount
- ✓ Update your own Will and ensure you too have included a share

About the Study

The analysis for this paper was based on responses to multiple surveys completed by supporters of different charities over a two-year period. The total data set of charity respondents was just over 125,000 supporters. A public study was conducted in August 2020 and included questions about the 1% nudge.

More Strategic

More Strategic is Australia's leading fundraising, research and experience management consultancy specialising in insight-driven strategies for not-for-profits. More Strategic has conducted research on behalf of many of Australia's largest and most respected charities. We have a particular passion for collaborative research that is beneficial to the whole charity sector.

Fundraising Strategy	Experience Management	Marketing and Research
Fundraising strategy	Journey mapping	Brand and Proposition development
Program strategies	Dialogue and Feedback	Supporter and public research
Practice audits	Motivational segmentation	Social and services marketing research
Predictive modelling	Moments that matter	
Benchmarking		
Analysis		

Include a Charity

Include a Charity is a social change campaign managed by Fundraising Institute Australia (FIA). Representing over 100 Australian charities on the topic of gifts in Wills, the aim of Include a Charity is to encourage and support more people to leave a charitable gift in their Will, increasing the funds invested in the charitable sector and therefore the positive impact on society. Visit www.includeacharity.com.au

The Author

Martin Paul is one of Australia's most experienced and respected fundraisers and Australian Fundraiser of the Year in 2020. He has a passion for evidence-based decision making in the not-for-profit sector and always wants to understand *why people do what they do*. Martin initiated the Include a Charity Campaign in 2006 and has had a passion for bequest fundraising ever since. He has left a share of his will to 5 charities. Visit www.morestrategic.com.au