

Overview/general manifesto commitment:

Gifts in Wills are crucial to the third sector. Many charities depend heavily on legacy gifts. Some simply wouldn't exist without them.

Legacy income is currently worth more than £2 billion a year to good causes. If the number of legacy gifts increased by just 4%, more than £1 billion extra would be generated to fund the work of charity's and non-profit organisations.

Remember a Charity represents around 150 UK charities and the consortium works together to help increase legacy giving levels. Remember a Charity believes it is possible to grow the UK legacy market and to help achieve this important goal, Remember A Charity is calling for:

- 1. The next government to work with Remember A Charity and its partners in the public and private sector to achieve the goal of make legacy giving the social norm.**

Remember A Charity is also calling on any the next government to:

- 2. Design legacy giving incentives and benefits for all**

RAC calls on all parties to work with RAC to design and implement legacy giving incentives for individuals whose estates won't be affected by IHT

- 3. Increase levels of charitable prompting during the will writing process**

Remember A Charity calls on the government to work with Remember A Charity and its partners to make charitable prompting a standard part of all will-writing processes

- 4. Create a climate where employers promote will writing and legacy giving**

Remember A Charity calls for the government to work with Remember A Charity and its partners to encourage employers to provide their staff with a will

- 5. Promoting will writing and legacy giving through government communications**

Remember A Charity calls for the government to work with Remember A Charity to identify communications where it would be appropriate to promote will writing and charitable will writing.

Notes and details:

- 1. Legacy giving incentives and benefits for all**

The introduction of the 10% reduction in Inheritance Tax (IHT) payable on estates where at least 10 per cent of the net value of the estate is gifted to charity was a welcome initiative. Not least because it provides an additional reason for professional will drafters and financial advisors to raise the subject of legacy giving with their clients.

However, while the number of people who are affected by IHT may rise due to house price inflation (especially in London and South East England), the Institute for Fiscal Studies estimate the proportion of estates affected by IHT will still be less than 10% by 2018 (and this assumes no further increase in IHT thresholds).

This means there is a risk that linking charitable legacies with IHT benefits may reinforce the perception that gifts in wills are only for wealthy individuals. Conversely, incentivising charitable wills

for supporters of all levels of wealth would help to *socially norm* legacy giving. It would also give charities an even greater incentive to promote gifts in wills as a form of donating.

We therefore call on the next government to work with Remember A Charity to devise and implement a match-funding scheme for charitable gifts in wills.

Example solution: (capped) 'matched funding' for charitable legacy gifts.

If the government match-funded the first £2,000 of all legacy gifts, the annual cost to the treasury would have been around £187m¹. This could represent a relatively inexpensive way to create a significant step-change in legacy giving rates and the capacity and sustainability of the UK's non-profit sector; based on the current value of the UK legacy market, if the number of estates at probate that include a gift to charity increased from the current rate of 7% to just 11%, this would generate a further £1bn per annum to the third sector.

Clearly, the costs would rise if the scheme was successful in encouraging more legacy gifts but the match-funding need not apply to gifts from estates where IHT was not payable or the amount matched could be capped at a lower level.

2. Increase charitable prompting during the Will-writing process

Will writing processes that highlight the option of including a gift to charity have been proven to generate three times more legacy gifts than processes where legacy giving is not mentioned². By working with Remember A Charity to find appropriate incentives for the legal services industry to inform their customers of the option of giving through their will, legacy giving rates can be increased significantly.

3. Encouraging private sector employers to promote Will writing and legacy giving

Remember A Charity is already working with private sector partners to encourage employers to offer their staff a will. Where this happens, there will be an opportunity to reduce intestacy levels, help ensure wills are kept up to date, deliver charitable will writing messages and socially norm gifts in wills.

With an increasing proportion of public sector work being delivered by private contractors, Remember A Charity calls on the government to ensure its tender documents incentivise and encourage suppliers to provide their employees with a will alongside other health, pension or death in service benefits.

4. Legacy giving messages delivered through government communications

Remember A Charity welcomes recent moves by government to ensure any will writing prompts delivered through initiatives such as the *Help to Buy* Scheme also include appropriate legacy giving prompts and messages. This work can help reduce intestacy and help the public ensure their wills are regularly updated while also socially norming legacy giving.

Remember a Charity would like to see the next government continue to work closely with Remember a Charity to identify other governmental communications with the public where charitable will writing messages could be delivered at relevant life stages. We strongly recommend a focus on pension related communications programmes; an opportunity that was highlighted by Remember A Charity in their response to the parliamentary enquiry on growing giving.

¹ Figure based on the total number of charitable estates at probate in 2012. Data provided by Smee & Ford indicates, there were 93,471 legacy gifts in 2012. This figure includes gifts from estates where IHT was payable and where the gifts were below £5,000 in value

² Randomised control trials delivered by the University of Bristol in partnership with Remember A Charity and Cooperative Legal Services found that mentioning legacy giving during the will writing process doubled legacy gift rates. A 'social norming prompt' that reminded people of their favourite causes trebled the number of legacy gifts given.