

Include A Charity and Bequest Assist 2023 Gifts in Wills Report

BEQUESTOR DATA ANALYSIS

What 3,000 bequests tell us about the people
who leave them, and the effect on the future



Bequest Assist

July 2023

Table of Contents

| | |
|--|----|
| Introduction | 5 |
| Data Collection | 6 |
| Limitations of this Report | 7 |
| Glossary | 8 |
| Findings at a Glance | 9 |
| Section 1: Bequestor Profile | 11 |
| Section 2: Bequestor Relationship to Charities | 22 |
| Section 3: Gift Instructions | 25 |
| Section 4: Value of Bequest | 26 |
| Section 5: Will Type, Legal Issues and Estate Administration Speed | 34 |
| Conclusion | 39 |
| References | 41 |

The contents of this report are the Intellectual Property of the Partner Organisations and are not to be reproduced without their express permission.



Dedication

This report has been greatly enhanced by the pioneering work of Dr Christopher Baker. We dedicate this continuing analysis of the nature of charitable bequests in Australia to his memory both as a passionate researcher and a generous bequestor.



Vale Dr Christopher Baker
11/4/1957 - 12/6/2020

About the Partner Organisations

Bequest Assist

Bequest Assist was founded in 2019 by Maureen Koegel with the aim of improving bequest administration for Australian charities. The goal was simple: to make the charity estate administration process more efficient and improve outcomes for charities. In that time, we've secured over \$3 million for charities that they otherwise would have missed out on, or not received for years to come.

Our work is focused on estate administration and to date we have recorded over 3,000 bequests for multiple charities in our database. This data represents a treasure trove of information about bequests and insights into the people who leave them.

Include A Charity

Include a Charity is a social change campaign - managed by Fundraising Institute Australia - broadly seeking to inspire and encourage people to leave charitable gifts in their Will.

The Include a Charity team strives to build awareness, community, knowledge and engagement for its members and Australian society through active campaigning, training, research and networking. Members hail from more than 100 not-for-profits - in the fields of health, education, international development, community services, animal welfare, the environment, the arts and more. We provide support, education and encouragement for gift-givers and influencers such as solicitors and financial planners. And charities benefit through contemporary training, upskilling, collaboration, social networking and the pooling of ideas and resources.

This interaction between key stakeholders enables us to:

- Improve community understanding of how gifts in Wills can create a lasting legacy
- Improve the messaging and effectiveness for charities around gifts in Wills
- Increase advocacy and consistent messaging by uniting with influencers like financial planners, solicitors and estate management specialists
- Undertake world-first research projects in the charitable gifts in Wills fundraising space
- Increase efficiencies and save money which can then be focused on other charitable activities

Include a Charity promotes Gifts in Wills fundraising across the NFP sector and to the general public to transform the landscape around leaving charitable bequests to vital causes: To make leaving a gift in Will to charity the norm for every walk of life.

Introduction

Gifts in Wills are a major source of income for many charities – allowing them to conduct medical research, care for injured animals or advocate for political change. The incredible individuals who include charities in their final wishes leave a lasting legacy of generosity and hope for a better future that the writers of this report want to honour.

In working to grow their Gifts in Wills programs, many charities develop substantial data on the individuals who have confirmed they intend to leave a bequest – but have more trouble collecting data on what happens after that individual passes away. Many estate administrators within charities are operating out of Excel or a CRM designed for living donors which can make it difficult to see broad trends. On top of that, no one charity's data is sufficient to draw conclusions about the sector as a whole – for that, we need to look across a number of charities of different sizes and types.

To add to the charitable sector's knowledge of Gifts in Wills, Dr Christopher Baker released “Encouraging Charitable Bequests by Australians” with the Asia-Pacific Centre for Social Investment and Philanthropy in 2014. This research sought to understand trends in charitable gifts to charities in the overall probate process and examined 3,793 probated files, finding that 6.5% included some form of charitable bequest (with a further 1.4% featuring a contingent bequest). That report provided an extremely helpful insight into the factors that contribute to whether or not someone chooses to leave a gift in their will. This report hopes to add to those findings by diving exclusively into that portion of probated files where a gift has been left to at least one charity.

With Bequest Assist now performing estate administration and collecting data on behalf of a range of charities, Include A Charity commissioned this research with the hope of expanding on what we already know and exploring what we don't. This research is unique in that it focuses only on estates where a gift has been left to a charity (as opposed to the broader question of what percent of estates leave a charitable gift), and focusses on the information that can be collected after an individual has passed away by gathering data from probate documents.

Our hope is that this research not only answers some of the questions that charities have been pondering about bequests, but also provides a profile of past bequests and bequestors. By examining the nature of Gifts in Wills and the people who left them, charities can build a better understanding of who is more likely to leave a generous bequest in the future. The report also provides a baseline of overall statistics that individual charities may like to test against their own data to see where their particular Gifts in Wills program profile differs from others.

Data Collection

As a normal part of Bequest Assist's estate administration process, we collect data on each bequest left to one of our charity clients. This includes reading and entering information available through public probate documents, searching for obituaries of the deceased and recording the impact of any legal problems on the estate funds realised. We are lucky as collecting this data is essential to the day-to-day work we do, it is regularly checked and maintained to ensure complete accuracy.

Now that Bequest Assist has been operating for four years and grown to manage bequests left to 20 different Australian charity entities, our pool of data is large enough to provide a picture of trends. With over 3,000 records, the data is de-identified – both in terms of the charity the bequest was left to and the individual who left it. Notably, in many cases data does not relate to just one of our clients, but multiple charities as they share in an estate.

For this report, 2,958 bequests were analysed across 2,596 estates. There are different ways of grouping the charities the records relate to. In each instance below, we have included the number of clients whose records fall into each category.

Size of Gifts in Wills program

Small (less than 20 bequests per year): 7

Medium (20-60 bequests per year): 10

Large (more than 60 bequests per year): 3

Geographic area where most bequests come from

Victoria: 5

New South Wales: 3

Australia wide: 12

Focus area of charity

Health: 12

Domestic animal: 2

Conservation and environment: 4

International aid: 2

To keep this report focussed, we excluded some records from analysis:

- Bequests relating to the two New Zealand charitable entities that Bequest Assist works for;
- Data relating to trusts in perpetuity (as we manage these on behalf of some clients and not others and the records can extend back as far as the 1950s); and
- Data relating to discretionary donations received from executors, in memory gifts, inter vivos gifts and living bequests.

When providing analysis on each chart or table throughout the report, we have commented if there are noticeable differences between charities of a different Gifts in Wills program size, geographic area or focus. Where there are not enough records for some charities, those have been excluded from comparison.

Limitations of this report

Every effort has been made to record and analyse data accurately for this report, but limitations remain.

Firstly, there can be errors in data collection and entry, for example:

- A charity having an incorrect record about a bequestor (such as believing they were unknown to the charity because the record is under a different name, or missing records as a result of changing CRMs over time);
- Data entry errors by either the charity or Bequest Assist.

Every effort has been made to keep these to a minimum. As mentioned previously, because data entry is necessary for the work that we do, we have robust data maintenance systems in place to regularly check and clean data.

Secondly, some areas of analysis in this report had a more limited number of records to draw data from, for example, we are only sometimes able to find a public record of an individual's date of birth. On other data points we are able to determine a broad category (for example, if they were single or married at the time of death – even if we were unable to determine if a single individual was widowed or divorced), and in other instances we have simply relied on a smaller data set for this analysis. There are also differences in the probate process between states that impacts the collection of data (for example, an asset list is not required in Queensland). In all instances, a note on the size of the data set and any limitations has been provided.

Similarly, some areas of analysis require several years of data from the same charity to be able to paint a complete picture. While Bequest Assist now works for 20 charitable entities, we have managed the estate administration of a smaller number of charities for multiple years. This weakens the sample size in some instances and has been noted, but is a strong starting point for future expansions of this report.

As is likely clear from the last section, while this data comes from charities with a range of areas of focus and locations – they do not fully represent the complete picture of charities with Gifts in Wills programs in Australia. For example, this data over represents East Coast estates – there could be differences between states and territories that will only become clear when we have more nationally representative data in the future.

Glossary

Beneficiary: a person or organisation benefiting under a will.

Bequest: a gift of property to a person or organisation in a will.

Closed bequest: in this report, a "closed" bequest is one that has paid all of the funds the beneficiaries are expecting to receive.

Contingent bequest: a gift under a will dependent upon a specified event occurring.

Deductible Gift Recipient (DGR): an entity that is entitled to receive income tax deductible gifts under Australian law. All DGRs are endorsed by the Australian Taxation Office.

Distribution: a generic term for assets transferred from an estate to a beneficiary of a will.

Estate: the totality of a person's assets (property, entitlements and obligations) at the time of death.

Executor: a person appointed by a will-maker to take charge of the deceased's assets and property, see that debts, funeral and administration expenses and taxes are paid and to distribute the residual estate to beneficiaries in accordance with the will.

Intestate: when a person dies without a valid will. The property of an intestate estate passes by the laws of succession rather than by the direction of the deceased.

Open bequest: in this report, an "open" bequest is one where the beneficiaries are expecting to receive further funds.

Pecuniary bequest: a fixed sum of money expressed as a gift in a will.

Probate: the process of proving and registering the last will of a deceased and granting of rights to its administrator.

Residuary bequest: a gift in will specified not as a specific sum of money, but as a percentage or part of the residue of the estate (remaining after all debts and pecuniary bequests are distributed).

Specific gift: an identified piece of property given to a beneficiary, such as real estate, shares or a painting.

Testator: a person who makes a will. In this report, we use "testator" to refer to the individual at the time they were making a will.

Will: a legal document expressing the intentions of a person for the distribution of their assets after death.

FINDINGS at a glance



Mean value of all gifts (pecuniary or residuary)

\$134,501.55

Percent of total estate income from residuary gifts

85%

A residuary gift is worth

12x the value of a pecuniary gift on average

Women left **more** bequests than men, but **men left slightly higher value** bequests

81% of bequests come from individuals living in urban or semi-urban areas

61% of bequestors were known to the charity before death



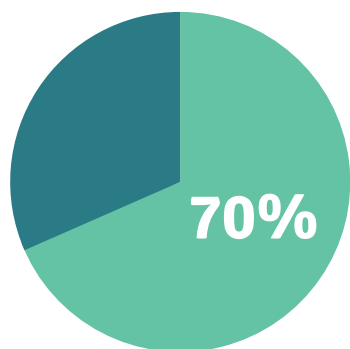
Over **57%** of final wills are written after the age of 80

On average, final wills are written **2 years 11 months** before death

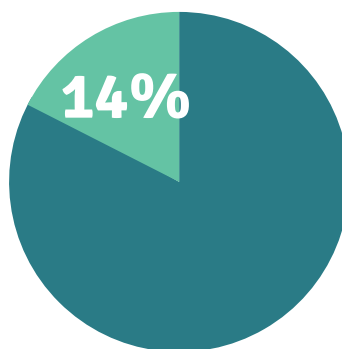
When a charitable bequest is left, on average there will be **5.4 charity beneficiaries**



FINDINGS at a glance

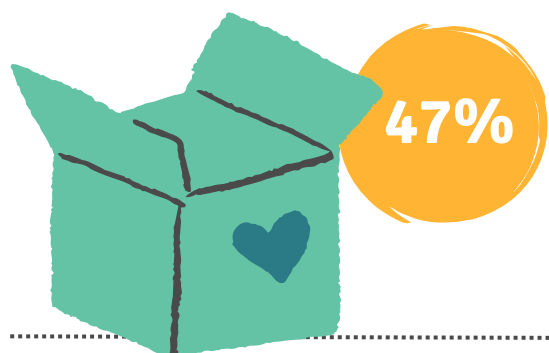


70% of bequests came from people without children

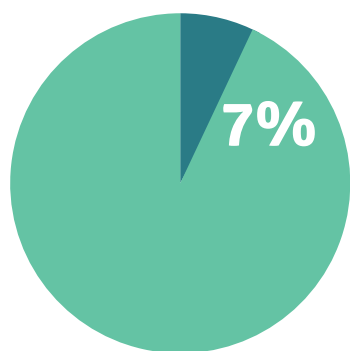


Only 14% of bequestors had a spouse or partner at the time of death

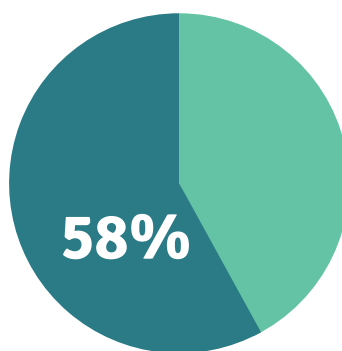
47% of estates included shares



66% of estates included real estate



Only 7% of bequests received are over \$500,000



But those gifts represent 58% of total income from estates

Only 4-5% of bequests are affected by a Family Provision Claim. Charities lose only 3-4% of total estate income this way.

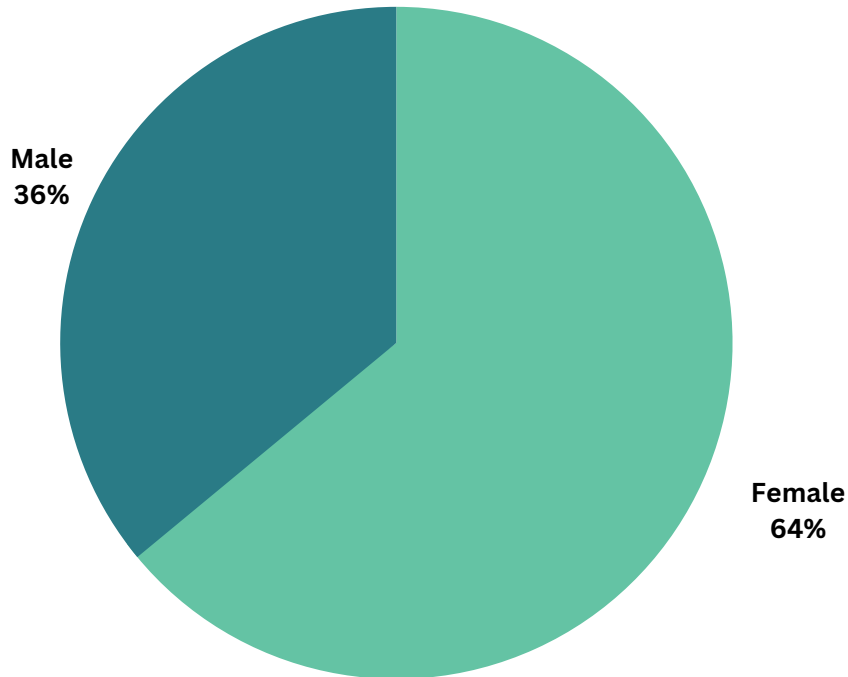


Our data did not suggest that Family Provision Claims are on the rise



Section 1: Bequestor profile

Chart A: Percent of bequests left by gender



Analysis

Of 2,945 bequests analysed, 1,879 were left by women (64%) and 1,066 were left by men (36%). This concurs with many previous studies that have suggested women are more likely to leave legacies than men. It has been suggested that one of the factors is that women have greater longevity, and may be the second to die spouse in male/female couples.

The dominance of female bequestors was most significant in charities with a domestic animal focus (74% female vs 26% male). Conservation charities received 69% of bequests from women and 31% from men. Health charities saw the narrowest difference between the sexes with 58% of bequests coming from women and 42% from men. Only one charity had more male bequestors than female, and only by a very small margin.

Table A: Value of gift left by gender

| Gender | Mean gift value | Median gift value | % of total estate income |
|--------|-----------------|-------------------|--------------------------|
| Female | \$131,948.72 | \$20,000 | 62% |
| Male | \$150,809.08 | \$20,736.52 | 38% |

Analysis

Using either the mean or the median calculation, men left bequests of slightly larger value than their female counterparts. Despite this, 62% of overall estate income comes from female bequestors because they leave a greater number of bequests than their male counterparts.

As will be seen throughout this report, the mean and median for bequest values differs significantly due to a small number of very large bequests inflating the average calculations. This analysis covers all types of bequests; pecuniary, residuary and specific gifts.

Table B: Type of gift left by gender

| Gender | Pecuniary | Residuary | Residuary and pecuniary | Short term trust | Specific gift | Total |
|--------------|-------------|-------------|-------------------------|------------------|---------------|-------------|
| Female | 891 | 931 | 35 | 0 | 22 | 1879 |
| Male | 426 | 597 | 22 | 9 | 12 | 1066 |
| Total | 1317 | 1528 | 57 | 9 | 34 | 2945 |

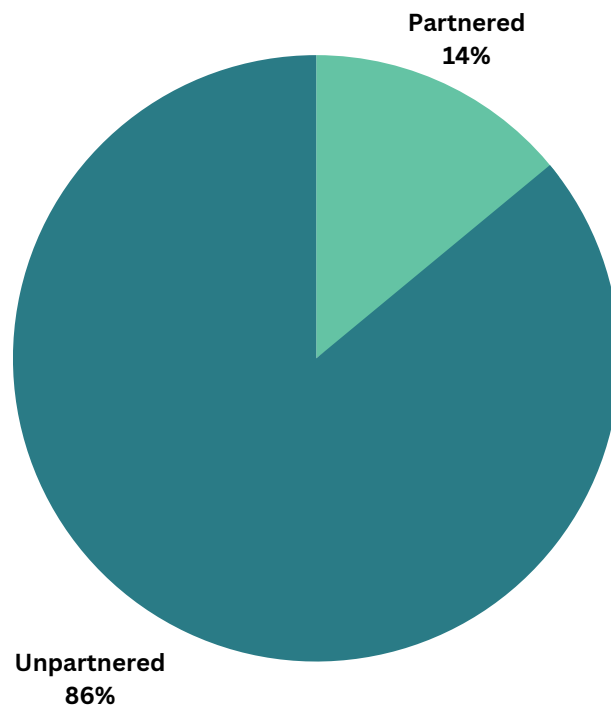
Note

This data shows a slightly higher proportion of pecuniary gifts being received by charities than residuary gifts which differs from analysis later in the report. The difference here comes from the fact that this analysis includes both open and closed bequests while later analysis includes only closed bequests.

Analysis

Female bequestors were more likely to leave residuary gifts (50%) than pecuniary gifts (47%). Men were even more likely to leave residuary gifts (56%), only leaving pecuniary gifts 40% of the time. In our sample, only men created short term trusts (vesting within 5 years) but longer term trusts were not included in this analysis.

Chart B: Partnership status of bequestors



Note
In some instances, there is insufficient information to determine a bequestor’s partnership status for certain. Where there is no mention of a spouse in the will, obituary or through the estate administration, we presume that they were “unpartnered”. That designation includes individuals who were widowed, separated or divorced, meaning that they could have been previously partnered, but were unpartnered at the time of death.

Analysis
Only 14% of bequestors had a surviving spouse or partner at the time of death. This adheres with findings in previous studies that partnership decreases the likelihood of a charitable bequest.

As Dr Baker notes in his research, it is a commonplace practice in Western nations for will-makers to leave their estate to their spouse, and then that person to leave the remaining assets to their children in turn. US research has shown that the presence of a spouse diminishes the likelihood and size of a charitable bequest. One Australian study examined in Dr Baker’s research found that the two strongest influences over the decision to leave a charitable bequest were:

- Perceiving the family to be already adequately provided for; or
- Having no family to provide for.

For this reason, Dr Baker’s research distinguished estates where there is a surviving spouse, finding that only 3.8% of those estates included a charitable bequest (compared with 7.6% of overall estates including some form of charitable bequest).

Because of this stark contrast in giving patterns between the first member of a couple to pass away, some commentators have suggested charities should work to build a relationship with not just a confirmed bequestor themselves, but with any spouse or partner they may have too.

Table C: Type of gift left by partnership status

| Marital status | Pecuniary | Residuary | Total |
|----------------|-----------|-----------|-------|
| Partnered | 229 | 158 | 387 |
| Unpartnered | 1036 | 1336 | 2372 |

Table D: Value of gift left by partnership status

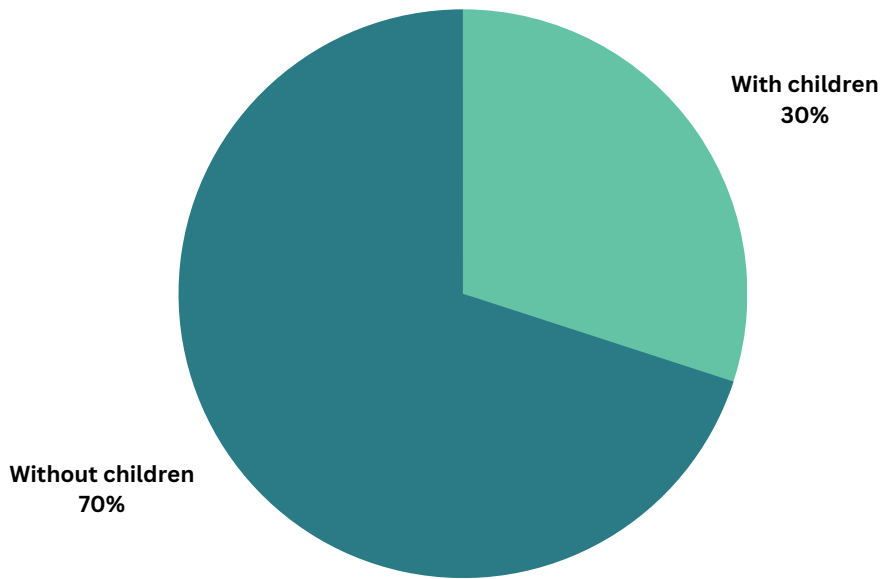
| Marital status | Mean gift value | Median gift value | % of total estate income |
|----------------|-----------------|-------------------|--------------------------|
| Partnered | \$115,653.96 | \$10,000 | 14% |
| Unpartnered | \$145,192.67 | \$22,091.74 | 86% |

Analysis

Just as a spouse or partner outliving a potential bequestor diminishes the likelihood of them leaving a gift, it reduces the value of any gift that is left. For a partnered bequestor, the mean gift value was \$115,653.96 while an unpartnered bequestor left \$145,192.67. This can be explained by pecuniary gifts being more common amongst partnered bequestors (59%), while unpartnered bequestors left a pecuniary gift 44% of the time. This is likely caused by partnered bequestors leaving the residuary of their estate to their partner while leaving a smaller pecuniary gift to their charities of choice.

It is important to note that bequests from unpartnered individuals comprise 86% of estate income received. When you remove bequests larger than \$500,000, this amount increases to 89% of total estate income coming from unpartnered individuals. This may reflect that in larger estates, there are enough funds to be split between a partner and favourite charities.

Chart C: Percentage of bequestors with children at time of death



Note

For the purposes of this data collection, “with children” refers to individuals who had a living child at the time of death, but does not include if there was a child who pre-deceased them. For the purposes of this data “children” includes step-children (but these two relationships are distinguished for other data points later in the report). To collect this information, we rely on what can be found in the will, obituary and communications during estate administration.

Analysis

Only 30% of bequestors had children at the time of death. This adheres with findings in previous studies that having children decreases the likelihood of a charitable bequest. In fact, going against this trend is so uncommon that at Bequest Assist we earmark Estates as being subject to a potential Family Provision Claim whenever a more sizable gift has been provided to charities than children.

As Dr Baker notes in his research, it is well established that obligations to family are particularly powerful in inheritance practices and recognised by Australian law. US research has shown that the presence of a spouse and children diminishes the likelihood of a charitable bequest. Dr Baker’s research found that this is true in Australia with estates without a surviving child being far more likely to make a charitable bequest than those with children. Specifically, when there was a surviving child or children, only 4.5% of estates included a gift to charity whereas 30% of estates without a surviving child left a charitable bequest.

Similarly, *American Charitable Bequest Transfers Across the Centuries: Empirical Findings and Implications for Policy and Practice* (2020) found that childlessness has been one of the most important predictors of legacy giving across 250 years of US probate data.

This may prove significant in the years to come with the number of childfree women increasing steadily since the 1930s.

Table E: Type of gift left by parenting status

| Parenting status | Pecuniary | Residuary | Total |
|------------------|-----------|-----------|-------------|
| With children | 524 | 314 | 838 |
| Without children | 741 | 1187 | 1928 |

Table F: Value of gift left by parenting status

| Parenting status | Mean gift value | Median gift value | % of total estate income |
|------------------|-----------------|-------------------|--------------------------|
| With children | \$41,452.67 | \$7,523.93 | 12% |
| Without children | \$186,803.41 | \$40,000 | 88% |

Analysis

Just as having children diminishes the likelihood of a potential bequestor leaving a gift, it reduces the value of gifts that are left too. For a bequestor with children, the mean gift value was \$41,452.67 while a childless bequestor left \$186,803.41. This can be partly explained by pecuniary gifts being more common amongst bequestors with children (63%) than those without children (38%). Like the comparison of unpartnered versus partnered bequestors, this likely represents the fact that bequestors with children are leaving their residuary estates to their children whilst leaving smaller pecuniary gifts to their chosen charities.

Dr Baker's research found that of the estates that did leave a charitable bequest, the average bequest from a childless estate was \$256,000 while the average bequest from estates with a child or children was \$89,000. In our research, the mean value of a gift from a bequestor without children is 4.5 times that of a bequestor with children. In Dr Baker's research, the difference is 2.9 times the value. The difference is likely caused by Dr Baker having a smaller sample size of charitable gifts and because the value of residuary estates has grown substantially with the value of real estate in Australia since his research was conducted. In any case, the finding that gifts from bequestors without children are much more favourable for charity beneficiaries is the same.

It is important to note that 88% of all income from estates came from bequestors without children.

Table G: Age of testator when writing their final will

| Age when writing final will | Number of bequests | % of total bequests |
|------------------------------------|---------------------------|----------------------------|
| Under 70 | 272 | 18% |
| 70-79 | 381 | 25% |
| 80-89 | 580 | 38% |
| 90-99 | 276 | 18% |
| 100+ | 11 | 1% |
| Total | 1520 | 100% |

Note

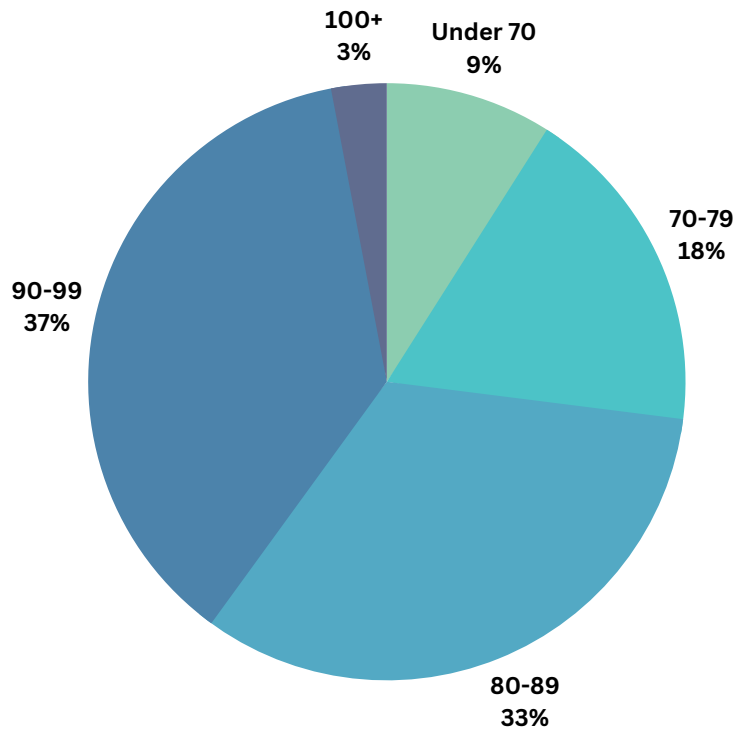
Birthdate is only determinable in a limited number of records, resulting in a smaller amount of data for this analysis. We also have no way of knowing if the final will (the probated will) is an individual’s first will or is replacing an existing one, which we believe is more probable. Only in a very small number of cases will previous wills be made available to charitable beneficiaries. Notably though, Research by Giving USA (2019) found that on average people in the USA make their first will at 44 and that most people updated their wills two or three times with only 12% never having updated them.

Analysis

From our data, testators were on mean average aged 79.5 (median 82) when executing (writing and signing) their last will. Over 57% of individuals were over the age of 80 when executing their last will and 82% were aged 70 or older. This means that only 18% of final wills are written before the age of 70.

This analysis lines up with previous research. In the UK, Smee and Ford (2017) have previously found that charitable legators sign their last wills at the age of 77. A 2015 study by James and Baker found that in Australia, over three-quarters of bequest dollars transferred to charity were from wills signed at age 80 years or older.

Chart D: Age of bequestors at time of death



Analysis

It is well known that charitable bequestors appear to live longer than the average Australian (83 years). The charities in our database received 73% of their number of bequests from people who lived to be 80 or older. In fact, 40% of charitable bequestors were over the age of 90 with the mean average age at death being 84.7 and the median age being 87. It is important to note that only 9% of bequests came from individuals who died before the age of 70.

This analysis is similar to findings in the UK by Smeed and Ford (2017) which found that charitable legators die at 84 on average.

Table H: Bequestor location

| Location | Number of bequests | % of total bequests | Total funds received | % of total estate income |
|--------------|--------------------|---------------------|-------------------------|--------------------------|
| Urban | 2164 | 76% | \$344,358,247.84 | 82% |
| Semi-urban | 163 | 5% | \$14,594,206.87 | 3% |
| Rural | 526 | 18% | \$58,376,997.58 | 14% |
| Remote | 12 | Less than 1% | \$3,713,071.26 | 1% |
| Total | 2865 | 100% | \$421,042,523.55 | 100% |

Note

This data comes from the postcode for the bequestor at the time of writing their will. Where that data was unavailable, we have used the postcode at the time of death. In a previous study for one of our clients, Bequest Assist found that on average the address at the time of death of a bequestor is less than 10 kilometres from their address at the time of writing their final will.

We have utilised the Modified Monash Model for our analysis. This model classifies metropolitan, regional, rural and remote areas according to geographical remoteness, as defined by the Australian Bureau of Statistics (ABS), and town size. The study is repeated every five years by Monash University, to help keep information up to date. The data used by Bequest Assist in this analysis was collected in 2019.

Analysis

Across all charities, 76% of the number of bequests came from urban areas contributing 82% of bequest income received. Comparatively, 70% of the total Australian population lives in urban areas. This means there is a slight over-representation of bequest income coming from urban areas compared with population distribution.

This differed significantly between charities included in this research. For example, for charities who have a regional domestic focus to their work, 30% of gifts came from rural and remote areas contributing 28% of bequest income received. Health and domestic animals charities received a higher proportion of gifts from urban and semi-urban areas (81% and 85% respectively) versus conservation and international charities receiving 79% from the same areas. Charities based in Victoria received a higher proportion of gifts from urban and semi-urban areas (85% of gifts representing 91% of estate income) as opposed to NSW charities (73% of gifts and 76% of estate income) – likely reflecting the fact that a higher proportion of the NSW population lives outside of metro areas.

Table I: Bequestor socio-economic status

Explanation

The Index of Relative Socio-economic Disadvantage (IRSD) is a general socio-economic index that summarises a range of information about the economic and social conditions of people and households within an area. Unlike the other indexes, this index includes only measures of relative disadvantage.

A low score indicates relatively greater disadvantage in general. For example, an area could have a low score if there are:

- many households with low income
- many people with no qualifications
- or many people in low skill occupations.

A high score indicates a relative lack of disadvantage in general. For example, an area may have a high score if there are:

- few households with low incomes
- few people with no qualifications
- or few people in low skilled occupations.

When the testator's suburb or suburb at time of death was available, Bequest Assist recorded a postcode. The IRSD was assigned for each postcode recorded. For ease of analysis, Bequest Assist grouped the deciles into three groups to determine if the majority of bequests came from areas with high or low disadvantage.

| IRSD score | Number of bequests | % of total bequests | Total funds received | % of total estate income |
|--|--------------------|---------------------|-------------------------|--------------------------|
| Low score - greatest disadvantage (0-33) | 404 | 18% | \$53,745,725.30 | 17% |
| Medium score - medium disadvantage (33-66) | 553 | 25% | \$51,854,595.12 | 16% |
| High score - lowest disadvantage (66-100) | 1248 | 57% | \$211,444,172.00 | 67% |
| Total | 2205 | 100% | \$317,044,492.42 | 100% |

Note

The decile label is only a general classification for an area and does not reflect individual bequestor circumstances. For example, a very disadvantaged area could still have individuals with substantial wealth and property holdings at odds with the region.

Analysis

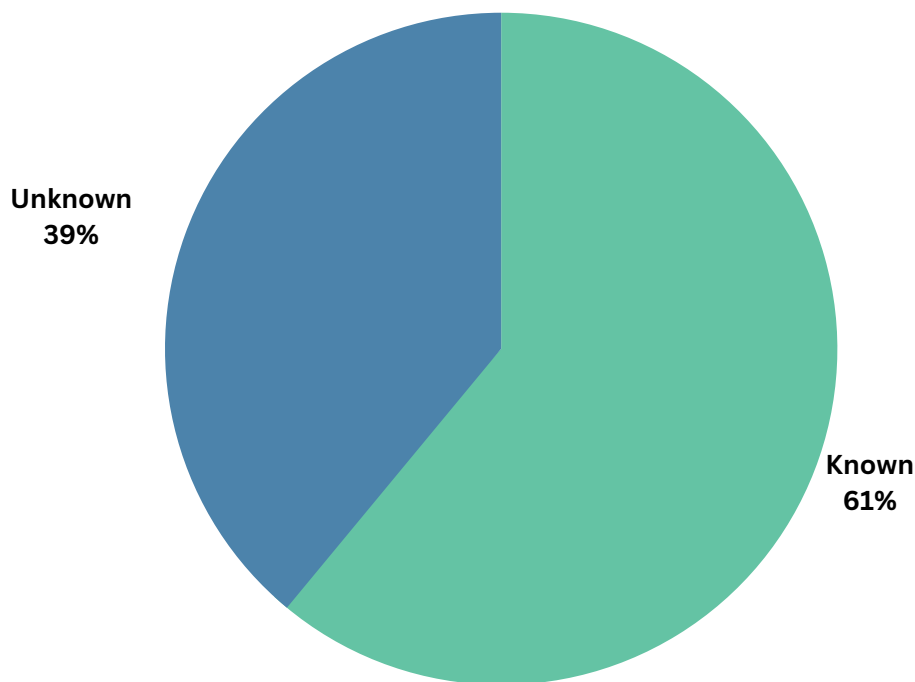
As might be suggested, a higher proportion of the number of bequests come from higher IRSD scoring areas (57%), contributing a higher proportion of total estate income (67%). Nonetheless, the ratio of bequests and bequest income does not differ substantially between medium and low IRSD scoring areas.

There was some variability between charities. On the low end, one charity received only 35% of bequests from the high IRSD scoring areas, while on the other end, another received 74%. This demonstrates that individual charities may trend with particular suburbs or socio-economic groups and the analysis is worth performing on an individual charity basis.

Research conducted in the US and referenced in Dr Baker's work identified that on average, as the value of estates increases, so does the proportion given to charity, and that charitable bequest giving is sensitive to wealth and tax. Professor James' research also in the USA found that those with a will including a charitable component had a higher socio-economic status than those with a will not including a charitable gift. Of course, the estate taxation landscape is different in the USA than Australia and may be a distinct motivation.

Section 2: Bequestor relationship to charities

Chart E: Proportion of bequestors known to the charity beneficiary



Note

Bequest Assist allows for charities to report a range of relationships that they may have had to their bequestors, including "confirmed bequestor", "donor", "client" and "member" - so individuals that were known to the charity whilst they were alive are a broad category.

While every effort has been made to ensure this data is as accurate as possible, as anyone who works in a charity knows, there can be shortcomings of CRM donor data storage. In some cases, charities are unable to identify if a person with a similar name is in fact the same as the bequestor, and so neither "known" nor "unknown" have ultimately been selected. Some charities do not comprehensively capture all data of individuals who interact with them in a non-financial way (such as signing petitions). Those individuals would appear as "unknown" in our analysis.

While it is beyond the scope of this research, anecdotally we have noticed that sometimes a bequestor is "unknown" to the charity, but it appears that their spouse or partner (who pre-deceased them) may have been "known", such as being a donor. This suggests that the charity only had one member of the couple recorded in their database, while perhaps the couple regarded their donations as coming from both of them.

All of the above would suggest that potentially some of the "unknown" bequestors did in fact have a relationship with the charity, either that went unmarked in their CRM or where their details were not recorded because their spouse or partner was the one having contact with the charity during their life.

Analysis

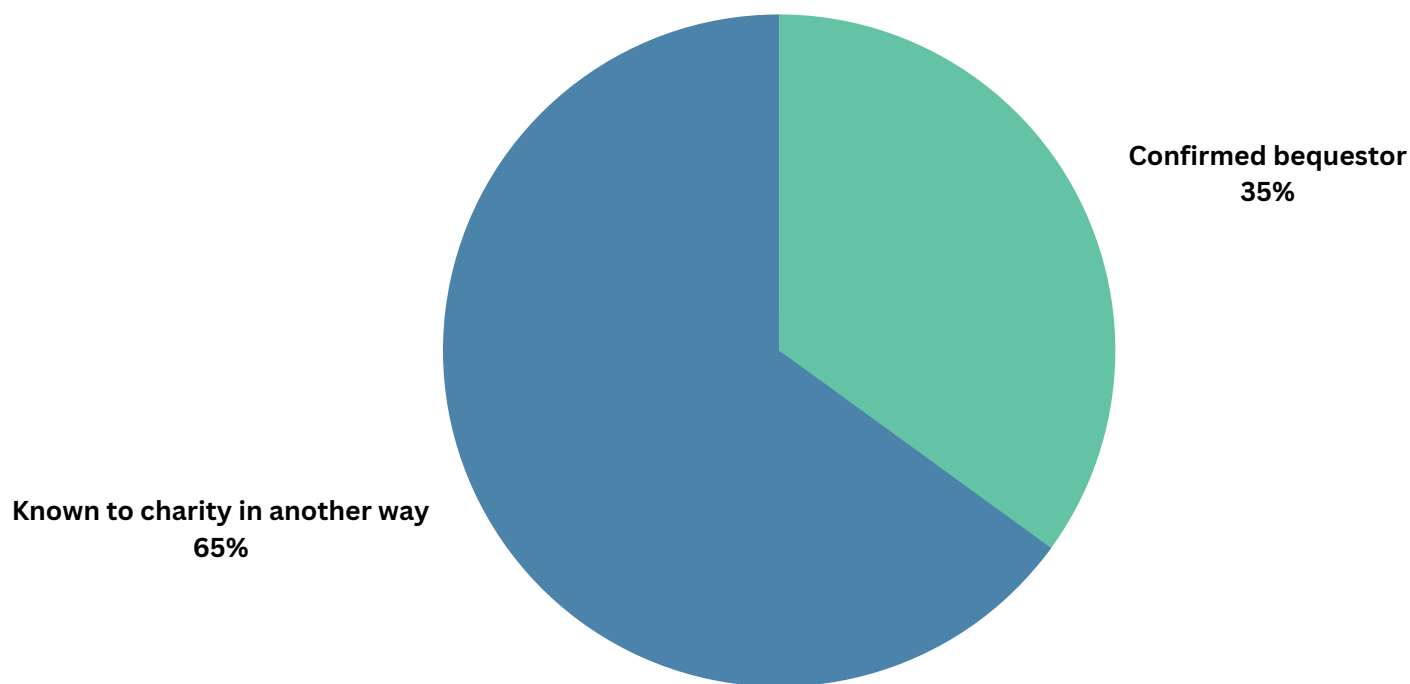
It is important to note that 61% of bequestors were known to the charity beneficiary in some way before they passed away while only 39% were unknown. This means that 4 in 10 bequests came from individuals who were unknown to the charity before death. Of course this statistic varies significantly between charities and it is important for each charity to understand the relationships they had with their bequestors.

Charities have expressed to us that they are keen to understand how these bequestors made the decision to choose their charity, but unfortunately there is very little data to draw from within the estate or probate data. Individuals rarely make comments about the “why” of selecting a particular charity in their will, although we have seen some of our charity clients having success at approaching executors and family members to ask if they knew why that charity was so special to the individual. Anecdotally we have heard that in some cases, individuals unknown to the charity perceived themselves as having a relationship with that charity – for example having attended an event or signed a petition. We have also heard stories as simple as an individual having been impressed with an interview they heard on the radio from a charity representative or commenting to their friends that “it seems like that charity does good work”.

Include A Charity’s 2022 benchmarking found that 21% of bequests came from known supporters (on CRM), 27% known bequestors and 52% unknown individuals. This would mean that 48% of individuals in that study were “known” as opposed to our analysis showing 61%. The difference could be explained through Bequest Assist’s analysis having a larger sample size and different participating charities.

As an example, within our analysis, charities ranged from knowing as little as 41% of bequestors all the way up to 80%. This trend did not follow any particular focus areas and we suspect has more to do with the quality of data collection within a charity’s CRM than is truly reflective of the relationships they had with their bequestors. As evidence, two health based charities with more robust data collected in their CRM knew 71% and 80% of their respective bequest pools.

Chart F: Proportion of confirmed bequestors amongst known individuals



Analysis

For individuals who were known to the charity before death, about 35% were confirmed bequestors. The remaining 65% were known to the charity in another way (such as being a donor or a member).

Table J: Number of charities in wills

| Number of charities named in will | Number of bequests | % of total bequests |
|--|---------------------------|----------------------------|
| 1 | 349 | 17% |
| 2-3 | 555 | 27% |
| 4-8 | 768 | 38% |
| 9-15 | 256 | 13% |
| More than 15 | 93 | 5% |
| Total | 2021 | 100% |

Note

Previous studies have varied on the average number of charities that appear in charitable wills. One reason for this could be that some organisations are more likely to be the only charity in a will than others, for example religious institutions or universities. Notably, none of Bequest Assist’s clients fall into these categories.

We record all charities receiving a gift from each will, regardless of the gift value. In some instances, one charity may have received a \$1000 pecuniary gift while another received the residuary of the estate – these numbers are purely based on how many charities appear in the document, not the value of their gifts.

Analysis

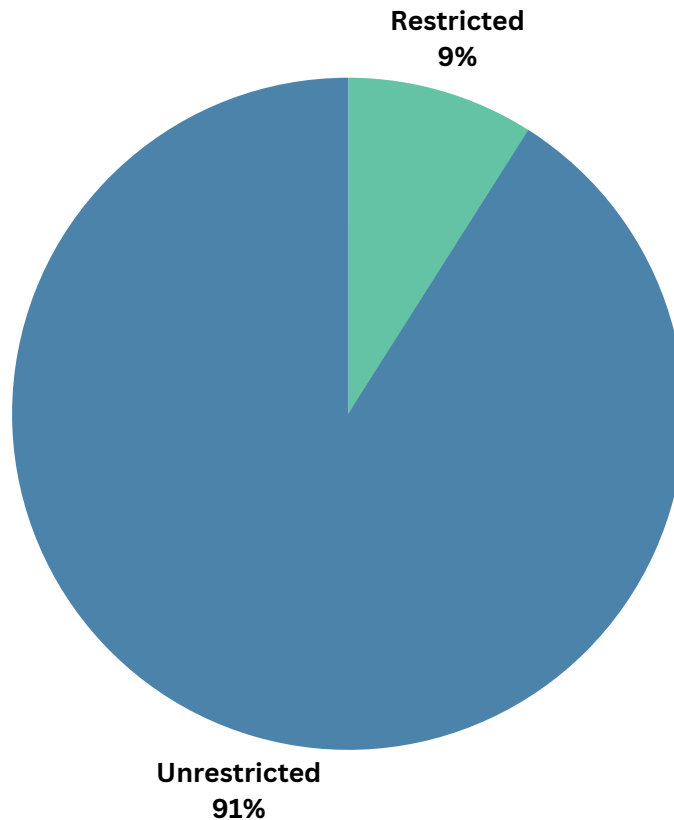
When an individual has left a gift to a charity in their will, it is common for there to be other charities as well. Across the over 2,000 bequests that could be assessed, there was a lone charity only 349 times. This means that our charity clients were the sole charity 17% of the time, and share in the estate 83% of the time.

Overall, the mean number of charities in the will was 5.4 and the median was 4.

Dr Baker’s research found that for all will-makers who did include a charitable bequest, 47% gave to a single charitable beneficiary and 53% shared their bequest amongst multiple charitable beneficiaries. Overseas studies have likewise found a fairly high portion of wills with only one charity named. Our analysis produced a much smaller number of charities appearing as a single charitable beneficiary. One explanation for this is that our sample size is larger, but Dr Baker’s analysis included charities from every sector and to date Bequest Assist does not work for an educational or religious organisation. Anecdotally we suspect these types of charitable beneficiaries are more likely to appear as the only charitable beneficiary in an estate than those we work for.

Section 3: Gift instructions

Chart G: Percentage of restricted gifts



Note

This analysis excludes bequests which were expressed “as a wish” and is focussed on gifts that were either "restricted" or "conditional" on the funds being used in a particular way.

Analysis

In 9% of bequests, gifts are restricted for a particular use leaving 91% of gifts for general use by the charity.

There is significant variation in the percent of restricted gifts depending on the type of charity receiving the gift. For example, restricting a gift to “research” or a particular medical problem is common for health charities. Some charities received gifts that forbid use on administration or requested a particular program or geographic location be supported. A much smaller proportion of restricted gifts were conditional on the charity acknowledging the bequestor in some way, for example naming a program after them.

In our data, health charities saw a higher proportion of restricted gifts (14%) than other types of charities, followed by conservation charities at 10%. Domestic animal and international aid charities saw a lower proportion at 2% each.

Section 4: Value of bequest

Table K: Bequest income from pecuniary vs residuary gifts and overall value

| Type of gift | Mean gift value | Median gift value | Percent of total bequests | Percent of estate income |
|--|---------------------|-------------------|---------------------------|--------------------------|
| Pecuniary | \$22,444.46 | \$5000 | 52% | 8% |
| Residuary | \$265,163.94 | \$93,163.94 | 45% | 85% |
| Overall pecuniary and residuary | \$134,501.55 | \$20,000 | 98% | 94% |

Note

The reason that the overall pecuniary and residuary figures do not represent 100% of estates or 100% of estate income is that the total figure would include specific gifts, short term trusts and combined pecuniary/residuary gifts.

Analysis

Charities analysed received slightly more pecuniary (52%) than residuary gifts (45%). Despite this, residuary gifts made up 85% of the bequest income that charities received in the studied period as opposed to only 8% coming from pecuniary gifts.

This is because the mean average residuary gift (\$265,163.94) is worth 12 times more than the mean average of a pecuniary gift (\$22,444.46).

Overall, that means the mean average gift value (for either type of gift) was \$134,501.55 for all charities analysed. The median gift value was \$20,000. This is a helpful statistic for calculating the potential value of a bequestor pipeline, even when the gift type is not known.

When comparing between different charities, there are some significant differences between:

- Average gift value; and
- Percent of pecuniary versus residuary given.

For example, the highest mean gift value for a charity was \$518,568.21 followed by \$353,146.83 while the lowest was \$45,100.65. The highest median gift value was \$72,845.50 while the lowest was \$8,465.13. This shows that there is significant variation between charities and is worthy of internal analysis and benchmarking against comparable charities.

In terms of the ratio of pecuniary to residuary gifts, there was also some variation between charities. Some charities received a slightly higher number of residuary gifts than pecuniary while two charities received 59% pecuniary to 41% residuary (the highest pecuniary value recorded).

Similarly, Dr Baker's research found that when a charitable bequest was left, the average value overall was \$185,000 and the median was \$10,000. For pecuniary gifts, the average was \$25,000 and the median was \$7000. For residual bequests, the average was \$400,000 and the median was \$209,000. Differences with our research likely reflects:

- The much larger sample size for Bequest Assist's research;
- This data being more recent than Dr Baker's (particularly with house prices increasing); and
- The array of charities we have collected data for. For example, Dr Baker's research included gifts left to religious institutions such as churches.

That research commented:

“The review of individual files also indicated that for many, the specification of a residual % of their estate is more likely to result in their intentions and the spirit of their will being more fully met. This is perhaps best demonstrated by looking at an example:

This is the example of a will-maker who had left the bulk of her estate to her children, and a specified amount of \$1000 to each of two charities. She passed on some 20 years after finalising her will. So, whereas at the time of writing the will, \$1000 was – and was intended to be – a significant sum, 20 years later the buying power of \$1000 was considerably diminished, and the relative share of the estate was similarly dwarfed.

The option of electing to gift a percentage of the residue of a will-maker's estate also provides a form of protection against fears associated with the costs of funding a long life. If the value of the will-maker's assets decreases over time, so too does the value of a charitable bequest decrease commensurately.”

It was noted in Dr Baker's research, as it should be noted in ours, that the high average is an indication of the distorting influence when there are disproportionately large bequests. This influence is analysed further in the following charts.

Include A Charity's average gift value by best guestimate in 2022 overall was \$92,000, with \$250,285 average residuary and \$39,507 average pecuniary. Note there could be differences from charities surveyed, or because some assumptions were required in that case. They found that 67% of bequest income came from residuary gifts, 10% pecuniary and 23% other/unknown. Our data finds that a much higher percent can be attributed to residuary gifts (85% as opposed to only 8% from pecuniary gifts) and we do not have any gifts of unknown source.

Chart H: Transformational gifts as a percent of number of estates

Explanation

Transformational gifts are defined as those with a total value to the organisation of higher than \$500,000. Of the 1054 bequests analysed, only 70 were classified as "transformational gifts". Those gifts collectively contributed, \$88,573,673.02 to charity income, a truly transformational amount.

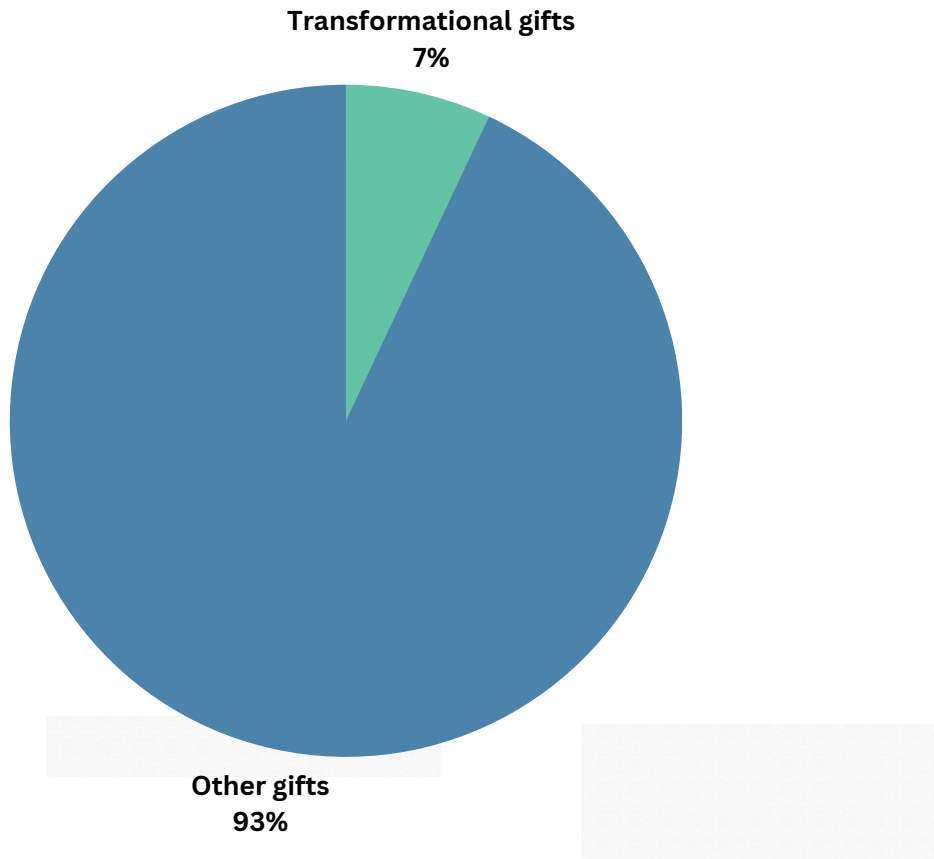
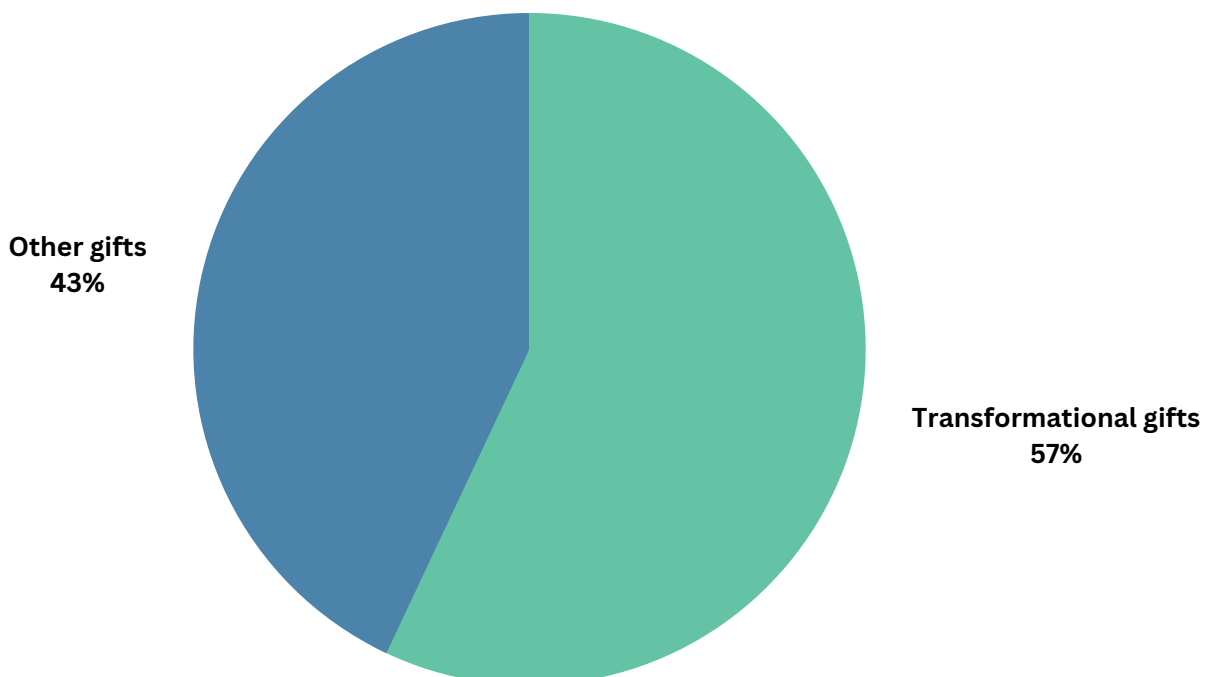


Chart I: Transformational gifts as a percent of estate income



Note

Within charities of different Gifts in Wills program sizes, defining transformational gifts at a lower or higher value may be more appropriate. When Bequest Assist has performed this analysis for individual charities, the range nominated has been between \$400,000 and \$1,000,000. For the purposes of this analysis on such a range of charities, \$500,000 was selected.

Notably an individual charity receiving such a high value gift can be driven by two different factors:

- The overall value of the estate was very large; and/or
- One charity received all or the majority of a more average value estate, resulting in a very large total of money. For example, a \$600,000 estate where 100% of the gift was left to one charity rather than divided amongst many.

Analysis

Despite being only 70 of 1054 total bequests analysed, transformational gifts represent 57% of total charity bequest income. The other 43% of the income is made up of 984 bequest that were not worth more than \$500,000 to an individual organisation.

For all charities with enough records to analyse, the proportion of transformational gifts received did not exceed 11% of total gifts, but ranged in value to the organisation from 14-72% of their total estates income. For most charities, while only around 7% of the gifts they receive are worth more than \$500,000, that small number of big gifts was responsible for about half of their overall estates income.

Of the \$88,573,673.02 received through transformational gifts, \$56,574,237.99 came from female bequestors and \$27,213,725.23 came from male bequestors (the rest came from two couples with joint wills). That means 66% of transformational gifts came from women and only 34% came from men.

This comparison makes clear that while transformational gifts are a relatively small number of the total number of bequests received by a charity, their significantly greater value can dramatically impact bequest income within any given year. This trend is important to recognise so that the organisation does not anticipate Gifts in Wills income being the same size year to year or rely on the crude number of estate notifications to predict income, but recognises that the number of bequests is not strictly tied to the income of the program.

This highlights the importance of charities gaining a better understanding in advance of which of their supporters are more likely to be leaving transformational gifts. The charities can then be able to anticipate the arrival of these gifts once those supporters have passed away.

This finding was reflected in Dr Baker's research as well, where he noted that the top 2 charitable bequests alone (of \$10.2 million and \$5.9 million) represented 39% of the income from all charitable bequests tracked.

Table L: Groupings of bequest value

| Value of gift | Number of bequests | Percent of total bequests |
|----------------------|---------------------------|----------------------------------|
| Under \$9,999 | 514 | 35% |
| \$10,000-\$19,999 | 210 | 14% |
| \$20,000-\$49,999 | 232 | 16% |
| \$50,000-\$99,999 | 172 | 12% |
| \$100,000-\$199,999 | 142 | 9% |
| \$200,000-\$299,999 | 67 | 4% |
| \$300,000-\$399,999 | 45 | 3% |
| \$400,000-\$499,999 | 21 | 1% |
| More than \$500,000 | 83 | 6% |
| Total | 1486 | 100% |

Note

The number of gifts above \$500,000 in this table is higher than the previous analysis because of a more generous sample size being possible. The proportion of bequests it represents has shifted only a few decimal places. We could only use closed bequests to generate accurate figures, so only 1486 bequests have been analysed.

Analysis

35% of total bequests received are worth less than \$10,000 to the charitable beneficiary. 76% of bequests are worth less than \$100,000 to the charitable beneficiary.

Table M: Value of overall estates by state

| State | Mean value of estate | Median value of estate | Number of estates |
|--------------|-----------------------|------------------------|-------------------|
| ACT | \$2,365,000 | \$1,634,000 | 16 |
| NSW | \$2,647,000 | \$1,147,000 | 372 |
| QLD | \$1,409,000 | \$552,000 | 82 |
| SA | \$1,086,000 | \$603,000 | 26 |
| TAS | \$635,000 | \$421,000 | 18 |
| VIC | \$1,945,000 | \$1,000,000 | 348 |
| WA | \$1,335,000 | \$799,000 | 25 |
| Total | \$2,403,214.16 | \$1,124,808.23 | 887 |

Notes

As a reminder, the "estate" refers to all assets owned by the bequestor at the time of death, from which they make gifts of bequests. We have excluded data from before 1/1/2017 to acknowledge the likely shifts overtime in estate value.

We generally only receive the asset list for residuary gifts, so this analysis excludes the estates where only a pecuniary gift was left to our charity clients. There may be differences in the estate value between those gift types that we are not aware of. In addition, while some states and territories capture both the assets and liabilities of the deceased, others capture only the assets – we have recorded the most accurate estimate of the estate value in each instance.

Analysis

From the estates analysed across all states, the mean estate value was \$2,403,214.16 and the median was \$1,124,808.23.

In Dr Baker’s research conducted in 2014, general estate values (not just estates with a gift to charity) were analysed. In that study, 60% of the final estates had a value of less than \$500,000 and a further 26% had a net value between \$500,000 and \$1m. The average estate value was found to be \$663,375 and the median to be \$388,504 (noting that this research is almost a decade old and focussed on analysing probate records from the year 2012). The research noted that those estates with net worth of more than \$2 million accounted for only 5% of all final estates by number, but 56% of all charitable dollars bequeathed. They reflected that there is a broad pattern of participation in charitable bequests increasing in line with increasing estate values. However, while the highest value estates did gift a higher proportion of their value to charity, there was no statistically significant relationship between the value of the estates and the proportion of those estates directed to charities.

The difference between our analysis and Dr Baker's can be explained by the period of time that has elapsed in between the studies and that his research looked at estates broadly as opposed to ours looking at estates that include a charitable bequest.

Chart J: Commonality of shares in bequests

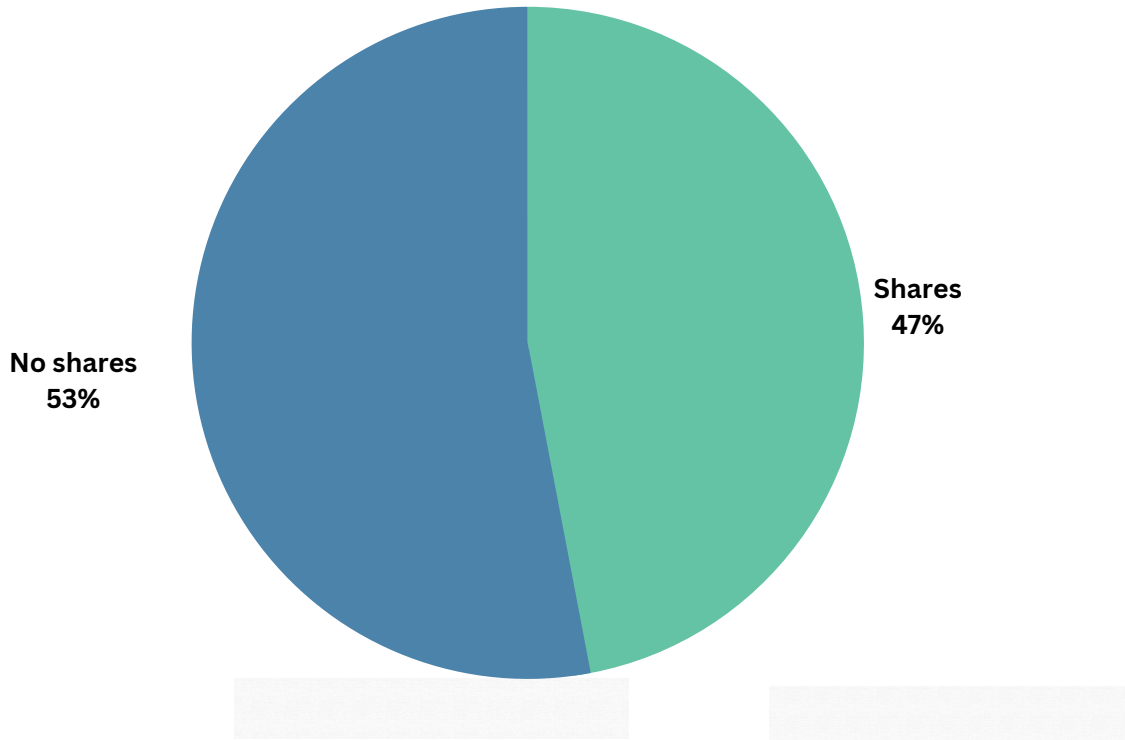
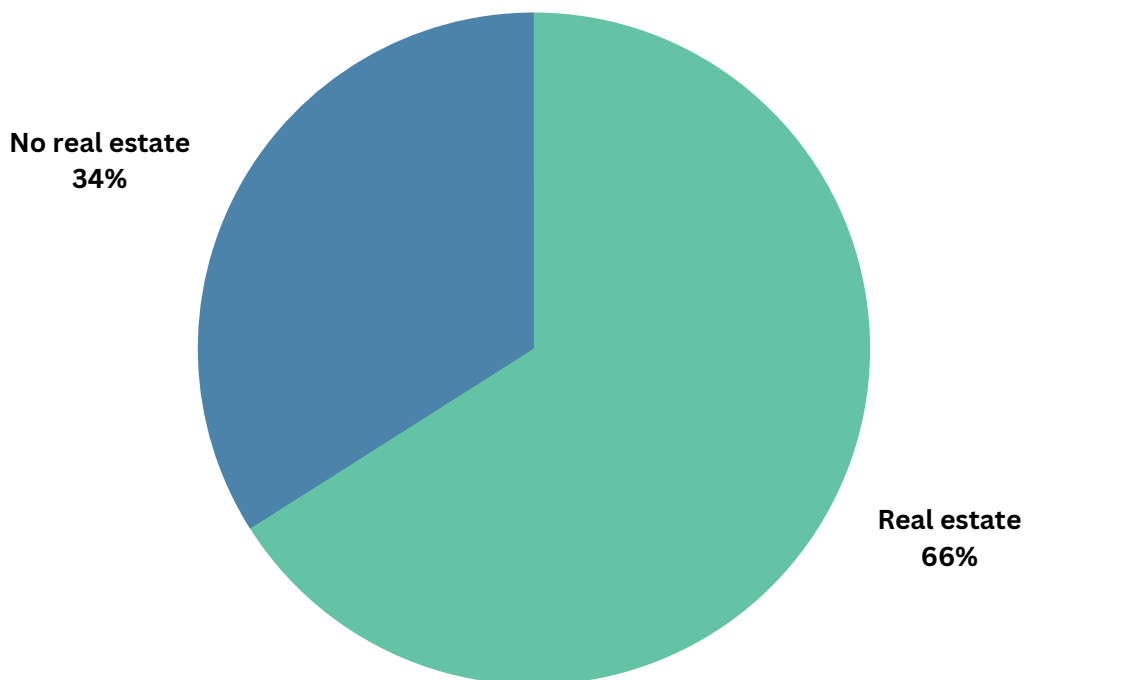


Chart K: Commonality of real estate in bequests



Notes

We generally do not receive an asset list for pecuniary gifts, meaning that this data is based largely off instances where a charity is receiving a residuary gift. There may be unknown asset differences between these sets of estates.

Analysis

At Bequest Assist, we record not only the total value of an Estate, but the specific assets that comprise it. There are a few key reasons for this:

- It allows us to better forecast how long it will take for a bequest to pay out as some assets can take more time for an executor to call in;
- It highlights assets that may result in Capital Gains Tax if not properly handled so that we can proactively contact solicitors and recommend they seek assistance from a deceased estate taxation specialist; and
- It provides greater oversight when the final statement is received to ensure all Estate assets were properly handled.

In total, across 1,276 estates:

- 47% had shares
- 66% had at least one piece of real estate

The frequency of these assets emphasises the importance of understanding Capital Gains Tax implications for charities and considering proactively assisting solicitors and executors in ensuring they are properly handled.

We also track but have not included here international assets and superannuation. The latter has been excluded because we have only added it to our tracking in the last year as a result of increasingly seeing it on asset lists. The Superannuation Guarantee was only introduced in 1992 so, increasingly over time, more estates will include it as the deceased individuals worked beyond that period in time. It has already been commented that baby boomers, who will not be the dominant generation passing away until the 2030s, will have larger superannuation balances at death.

There is variability in whether or not superannuation is included in asset lists, and its inclusion does not automatically mean that it will be called into the estate. For example, Bequest Assist had an estate where \$800,000 of superannuation was included in the asset list, but ultimately claimed directly from the superannuation company by a family member and it never formed part of the estate. In other instances, superannuation has not been included in the asset list, but has ultimately flowed into the estate and to charity beneficiaries.

Unlike shares and real estate, tax implications on superannuation are currently unavoidable under Australian law, a problem that Philanthropy Australia and Include A Charity's Wills & Legal Taskforce are advocating for change on.

Section 5: Will type, legal issues and estate administration speed

A comment on the prevalence of online wills

One of the things that charities frequently want to know from Bequest Assist is what percentage of the bequests in our system stem from online wills. It was suggested that we could include a chart detailing this information within this report.

Our data stretches across 2958 bequests from 2596 wills. So far, only one online will (with a total of two potential bequests for our clients) has been recorded in our system, and it has not yet been probated. No other online wills have yet crossed our desk. Writing wills online is a relatively recent evolution in Australia with a small, but growing, amount of the total number of wills being written in this way.

As time wears on, this metric will probably change, but notably our data shows that the majority of people (66%) re-write or write their final will within 5 years of death, on average at age 79.5. The lack of online wills in our database might be a reflection that users of online wills are younger and more technology literate, and therefore not the same population being analysed as part of realised gifts in 2023. This trend has already been commented on by Legacy Foresight, with their research finding that older generations were using online wills at a much lower rate. Legacy Futures interpreted:

“With so many users of charitable will making schemes being relatively young, charities should be conscious of the long length of time they will need to maintain relationships with these supporters, and the likelihood of their wills going through several revisions during this period.”

Table N: Frequency of legal issues and proportion of estate income lost

| Legal issue | % of bequests received | % loss of total estate income |
|-------------------------|------------------------|-------------------------------|
| Family Provision Claims | 4-5% | 3-4% |
| Other legal issues | 6-7% | 2-3% |
| Total | 10-12% | 5-7% |

Note

When charities have provided us with historical documentation of their bequests, it can sometimes be harder to identify legal issues and calculate the exact amount of funds lost. With improved recording and sharing of information relating to legal issues encountered by charities, we have excluded some data to come up with a more accurate estimation. We are confident that this data will continue growing more robust the longer we work for each charity.

Estimated costs include any settlements as well as legal fees (including paying to hire a solicitor) paid by the charity. Not all legal issues resulted in a loss to the charity, and those were recorded as \$0 lost, but they may have resulted in an investment of time and a delay in payment.

Note that these classifications include if a legal issue has been raised, even if it is ultimately not adjudicated.

Analysis

Across 2116 bequests analysed, Family Provision Claims were raised for around 4-5%. Ultimately, charities lost around 3-4% of their total estate income in settling these claims. We see very few occasions at Bequest Assist where there is no loss to a charity from a Family Provision Claim.

Notably, some charities experienced a higher proportion of Family Provision Claims than others – most notably one charity was a complete outlier with a higher number of bequests contested. However, this is a small charity with insufficient years of data to trust this as a true reflection of their rate of Family Provision Claims. Overall, the figures were largely consistent other than this one outlier.

Charities often report to Bequest Assist that they feel like the number of Family Provision Claims is much higher than this data would suggest. Based on what we can see, it would appear this is perception rather than reality. For example, if a charity with a small Gifts in Wills program receives two contested bequests in a year (which perhaps take eighteen months to finalise), these might receive a disproportionate amount of time from the charity and feel like a bigger problem than they actually are in reality.

Other legal issues includes a variety of sub-categories that could result in loss to the charity's income - for example, testamentary capacity issues, informal wills and codicils, executors being unable to act and life estates. Collectively these issues affected around 6-7% of total bequests and represented a loss of 2-3% of total estate income. Sometimes these other legal issues are raised by individuals who would like to make a Family Provision Claim but are not an eligible person, so seek to strike out a will on other grounds (although testamentary capacity represented less than 1% of this category).

Again, resolving these legal issues can seem to take up a disproportionate amount of time compared to handling estates that encounter no legal issues. But the reality is that only around 11% of estates in our analysis had any sort of legal complexity, and many of those did not result in any financial loss to the charity.

Table O: Rate of Family Provision Claims over a five year period

| Notification year | Number of Family Provision Claims | Total number of bequests | % of bequests affected by Family Provision Claims |
|--------------------------|--|---------------------------------|--|
| 2018 | 5 | 141 | 3.55% |
| 2019 | 5 | 192 | 2.60% |
| 2020 | 11 | 307 | 3.58% |
| 2021 | 18 | 395 | 4.56% |
| 2022 | 32 | 593 | 5.40% |
| 2023 (to date) | 11 | 371 | 2.96% |
| Total | 87 | 2072 | 4.20% |

Note

As Bequest Assist’s clients have come on at different times, we have differing numbers of new estates entered each year. For this analysis, the significant figure is the percentage of bequests affected by Family Provision Claims as the ratio is calculated using the same method for each year.

Analysis

There has been some media reporting that Family Provision Claims are on the rise in the general probate space as a result of cost-of-living rises and many charities have reported feeling like they are seeing more claims. Bequest Assist has been suspicious of these claims because we have not yet seen a clear trend in the data, but instead suggest that one or two Family Provision Claims in a year can feel very significant to an individual charity.

This data at best shows a marginal increase in Claims across 2021 and 2022 and this could very well be impacted by data coming from the one charity client with outlying data. So far in 2023, that uptick is not occurring. There is no clear trend that Family Provision Claims are on the rise for our clients, but we will continue to look at this data in future years.

Table P: Speed of estate administration from date of death to final payment

| Length of time (DOD to final payment) | Number of bequests | % of bequests |
|---------------------------------------|--------------------|---------------|
| 1 year or less | 1148 | 51% |
| 1 year - 18 months | 410 | 18% |
| 18 months - 2 years | 191 | 9% |
| 2 - 3 years | 210 | 9% |
| More than 3 years | 290 | 13% |
| Total | 2249 | 100% |

Note

We have measured the length of time from the date of death of the bequestor through to the date of final payment made by the estate because:

- when notification happens is inconsistent between estates; and
- the date of probate may vary if an estate is being administered more slowly.

Notably, this initial statistic includes both residuary and pecuniary gifts, but if the charity was a pecuniary beneficiary the time only represents how long it took them to get paid, not for the entire estate to be finalised. Note that these statistics are solely based on estates where at least one of Bequest Assist’s clients is receiving a bequest. We proactively work with solicitors and executors to administer the estate as quickly as possible, so for charities not actively seeking payments these statistics might be much slower.

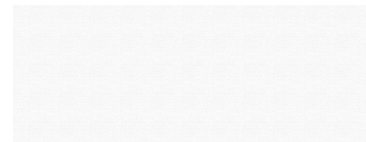
Analysis

When looking at both pecuniary and residuary gifts, the majority (51%) make final payment to the charitable beneficiary within a year of the death of the bequestor. This number changes dramatically when we look at just residuary bequests. In that case, only 27% are administered within one year of death with almost as many (24%) taking more than three years to make final payment. When it comes to pecuniary gifts, our data shows that 74% pay within one year of death, which makes sense given there is a statutory obligation to pay interest if the gift is any later (although many solicitors and executors do not adhere to this).

When we look to see the speed of estate administration depending on the administrator:

- Overall, 78% of estates made final payment within 2 years of death.
- Where a lay executor was primarily handling estate administration, 83% made final payment within 2 years.
- Where a solicitor was primarily handling estate administration, 79% made final payment within 2 years.
- Where a public trustee was primarily handling estate administration, 63% made final payment within 2 years.

This analysis emphasises the importance of understanding the length of time it takes to administer an estate in order to accurately predict when a charity can expect to receive distributions. Proactively working with solicitors and executors, such as requesting interim payments and reminding them of the 12 month due date on pecuniary gifts can significantly impact the time period in which a charity is paid.



Conclusion

Much of this report supports and reinforces some of the observations and conclusions that have been made in previous studies and corroborates what many Gifts in Wills fundraisers had previously suspected. Other findings are worth noting as they have a material impact on the proactive management of estates and future Gifts in Wills acquisition and stewardship work.

Things that stood out to the authors in particular include:

- A residuary gift is typically worth 12 times the value of a pecuniary gift on average.
- 70% of charitable bequestors did not have children and 86% did not have a surviving spouse or partner.
- Only 7% of bequests received are valued over \$500,000, but these big gifts represent 58% of total estate income received by charities.
- 4-5% of bequests are affected by a Family Provision Claim and charities only lose 3-4% of their total estate income through contested estates.

While there were some strong trends, one of the most interesting parts of conducting this analysis was seeing the diversity of estate experiences between charities alongside some of the commonality that exists in the sector. To us, this demonstrates the importance of charities looking at broad trends, but then carefully examining their own Gifts in Wills programs and estate administration practices that are employed within their charity to identify where they differ. As just one example, while the socio-economic classification of IRSD data shows the majority of overall bequestors live in areas of higher socio-economic wealth, for some charities analysed the exact opposite was true. For any individual charity seeking to develop the strongest possible supporter acquisition, conversion and retention activities within their Gifts in Wills program, being able to see where bequests are coming from is essential.

Key takeaway actions for charities based on this research include:

- Analysing your charity's data against this baseline could present a clearer picture of your potential bequestor pool;
- On average when one charity is receiving a bequest, there will be 4.4 *other* charities in the will also receiving bequests. Getting to know the charities that appear frequently in wills leaving a bequest to your charity provides a clear comparison point for your Gifts in Wills program's activities;
- The number of estates with shares, real estate and superannuation make it essential to understand taxation implications and how incorrect tax handling can be minimised; and
- Having clean CRM data about living supporters is essential to understanding the relationship bequestors had to the charity that may have motivated their gift.

There are an endless number of further explorations into this data and insights that can be gained to help shape and develop more effective Gifts in Wills programs in the future. As the number of charities Bequest Assist works for continues to expand over the coming months and years, we will be excited to share even more robust and nationally-representative data that more accurately reflects the wonderful diversity of the charitable sector. In particular, areas we would like to examine in the coming years include:

- Tracking confirmed bequestors who are suspected deceased and exploring what happens to their promised bequests;
- Diving into the data we already have on trusts and New Zealand charities;
- More closely examining notification and payments trends – for example, if the number of deceased confirmed supporters and the number of subsequent estate notifications trends downward over a period of years, does that mean the charity can expect to receive less estate income in the years that follow?;
- Digging deeper into how individual bequestors were known to charities including the value of their donations during their lifetime, the amount of time between their last donation and their bequest and how all of this impacts the value of the bequest that they are likely to leave to their chosen charities;
- The patterns of how charities are named alongside each other in wills and which charities or cause areas they appear alongside most commonly;
- The frequency with which a charity can expect a Family Provision Claim if a residuary gift is left to a charity and there is at least one surviving child;
- Correlations between the number of bequests a charity receives and what proportion of the charity's income comes from bequests;
- Quantifying the gains that charities receive from distributions of superannuation into estates and the loss to charities from superannuation taxation; and
- Trends within and across charities in terms of the number and value of bequest gifts (and which is anticipated to continue growing year on year as the number of deaths continues to increase with an ageing population alongside the proportion of Australians naming a charities as beneficiaries in their wills hopefully starts to increase).

Thank you to Include A Charity for commissioning this research and we look forward to sharing future analysis as Bequest Assist's data pool grows through helping more Australian charities maximise their Gifts in Wills income.

References

Baker, C., 2014. Encouraging Charitable Bequests by Australians. Asia Pacific Centre for Social Investment and Philanthropy.

Fundraising Institute of Australia/Include A Charity, 2022. Benchmarking Bequests FY20/21.

Giving USA, 2019. Leaving a Legacy: A New Look at Today's Planned Giving Donors, Chicago: Giving USA.

James, R., 2020. American Charitable Bequest Transfers Across the Centuries: Empirical Findings and Implications for Policy and Practice. Estate Planning and Community Property Law Journal, Volume 12, pp. 235-285.

James, R. & Baker C., 2015. The timing of final charitable bequest decisions. International Journal of Nonprofit and Voluntary Sector Marketing, Volume 20, pp.

Legacy Foresight, 2020. Charitable wills in the 21st Century. [Online] Available at: <https://www.legacyforesight.co.uk/documents/>.

Legacy Futures, 2022. What We Know About Legacy Giving: A Literature Review. Institute for Sustainable Philanthropy.

Smee and Ford, 2017. Legacy trends: discovering potential through data, s.l.: Smee and Ford.



Bequest Assist