

Families and legacies

Families are not as simple as they used to be. What is a family? We have step families, blended families and families (family and friends who are equally close). Oh how I hate that phrase – probably because I am from an “older generation” in other words a traditionalist.

Lifestyles are changing - as many of us personally witness (I am a Catholic and on my second marriage).

You might wonder why on earth I am writing about this. But massive lifestyle changes can have a major impact of legacy giving in three ways:

There is nobody around as a really close blood relative to inherit so there is an increased propensity to leave a charitable legacy

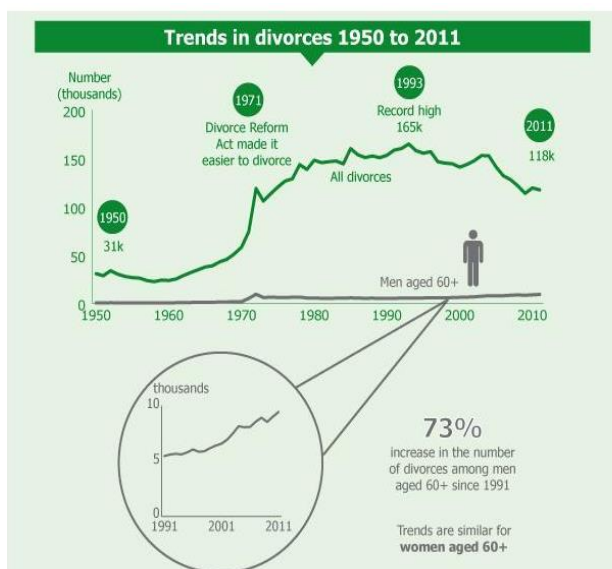
There are more “family members” (ie not spouses) to contest the Will because they need money

Lifestyles and finances are more transient and fragile

£2 billion is given annually to charities in legacies. In my focus groups at last 35% of donors and volunteers (from a selection of around 2000) are including a charitable legacy, but will they stay in? Or be taken out? Or both? Billions is up for grabs if we get legacy fundraising right. Billions is at risk if we do not get it right.

Lifestyle changes

Like many countries, the UK is witnessing a fall in divorces: 118,000 in 2012 compared to 141,000 in 2001. Mind you in 1901 there were only 501 divorces.



ONS: survey 2011

Divorces might be down but the graph shows the number of divorces of 60+ year old men are up 73% since 1991.

The ONS also says that the number of cohabiting couples has doubled from 1.6 million couples to almost three million in just 15 years. Perhaps a sign of less permanent lives.

In the UK there are 12 million married people and 45% of marriages are ending in divorce. Now 70% of all marriages are civil ceremonies but 88% of 65+ year olds define themselves as Christians. How do the older generations feel towards their children and ex-spouses?

But there are 7.4 million couples without children who must be prime legacy prospects

We are now less likely to marry and more likely to be a common law couple or live alone.

According to the General Lifestyle Survey by ONS 3.8 million older people live alone with 70% being female – but they might still have families of one description or another. 1.8 million of these are females over the ages of 75.

And then we look at grandparents: there are 14 million of them and 1.5 million grandparents are aged under 50. Blimey! As a Dad with two young kids I should have been a grandfather when I had my two youngest children.

Lifestyle changes and legacies

These lifestyles changes affect legacy giving in so many ways, and we are beginning to witness some quite scary trends which I think are due to get worse.

In the last few years some firms of lawyers have witnessed a 500% rise in contested charitable Wills (yes I do really mean 500%). These Wills are being contested by unhappy families. But from April 2014 legal aid cannot be given to contest Wills so will the number of contested Wills decrease?

These contested Wills can have a devastating effect on brand reputation because the media love nothing better than a greedy charity (or at least *perceived* to be greedy) taking a family to court to “get their bit”.

We also have a growing band of lawyers in the UK who are becoming increasingly antagonistic to charities and often recommending their clients do NOT leave a charitable legacy. Thankfully this is a minority and the work of Remember a Charity has resulted in more lawyers asking clients if they want to remember a charity in their Will.

Given the increase in blended/split families perhaps we ought to be focusing to a far greater extent on the way we deal with executors and next of kin to protect the brand.

There is also another dimension: it seems to be increasingly the case that some legacy giving is inherited. In other words: My Mum had cancer and left a legacy to the hospice which cared for her so I will too. So, possibly two or more legacies are at risk, or an opportunity, depending on our quality of communication with family members. This also affects in-memoriam givers who are possibly at a start of a relationship with the charity who is benefiting from funeral gifts. These gifts are given at the most sensitive of times – standards of communication will make or break a relationship which could result in no legacy or a huge one.

Legacies and family communications

Part of my work with clients is to review legacy communications with all stakeholders and when I look at some letters to executors and next of kin I want to cry.

Here is one:

"I was very sorry to hear your uncle has sadly passed away. Please accept our condolences.

It would be really helpful if you wouldn't mind please providing a note of your Uncle's date of birth and death to complete our records. I enclose a stamped addressed envelope for your reply"

There is more after this which is OK (actually I really hate the word condolences but I do not know why). BUT there are two important points:

Firstly, why on earth does the charity need to know the dates and why now in the first communication?

Secondly, the grammar is appalling and there is a total lack of punctuation; apart from two full stops. And I am still not sure if my last sentence merited a semi colon. And two sentences have now started with the word "and" which will drive an older person MAD – as will use of capitals.

Great communication enhances relationships and boy do we need great relationships with next of kin and Executors.

When you develop and implement your cultivation and stewardship programmes how high on the list are executors and next of kin compared to enquirers or pledgers? In my view executors and next of kin are the most important because they are the primary rumourmongers. They are also the gatekeepers to more legacies as much as pledgers.

Imagine for one moment your Mum has died (may be you do not have to imagine this - neither my wife Zoé nor I have any parents left so this is easy to imagine and sad). Now look at the letter you send to a personal executor. Are you really happy? Now imagine you had a terrible family row and found out your parent had left a good slice, or even all, of their estate to a charity. You are short of money and have two young kids and no husband/wife/partner. How does that letter feel now?

Please go and look at your communications. Next of kin = next legacy.

So what does this all mean?

But whilst on the subject of "next legacies" - how certain can we be in predicting legacy income? I do not think we can. Annual variances in legacy income for most charities are like a yo-yo. Up, down, up, down but sometimes the string gets caught and we do not know why.

The influences on financial planning are greater for older generations than ever before:

Massively increasing care costs: a recent article in the Daily Telegraph (10th January 2014) said that a survey showed over 1 million families in the last five years have had to sell their homes due to care costs. These costs are going to go through the roof (if you have one) as the population ages. These costs per year are around £12 billion.

We have almost 1 in 2 marriages ending in divorce resulting in huge financial changes. More older people are getting divorced.

We have more grandparents paying for University and using up their assets. According to Key Retirement Solutions over 1.7 million grandparents over 55 expect to pay for their grandchildren's university (at up to £9000 per year) at a time of falling annuity rates

Relationships are less permanent. Even the testamentary framework is less permanent because so many retired people are using a Letter of Wishes which is not legally binding and can be changed at a whim or at the sight of a really bad charity communication. So legacies are in and out and shaken all about.

The number of older people living alone is increasing.

Given all these fragile, family and financial influences on our lives can we really be expected to forecast legacy income?

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