

The Future of Legacy Giving: Boomers and Beyond

Executive Summary for IAC

01 December 2023



Contents

Introduction	2
A quick recap of the generations	3
Key messages	3
Learnings from desk research	4
Learnings from our consumer survey	6
Propensity to leave a gift	6
Confidence in the future	7
What does the future look like for bequest income?	8
Sizing the gifts in Wills market	8
Gifts in Wills growth over time	9
Impact of the key drivers on future growth in gifts in Wills	9
Key takeaways	10
Working with uncertainty	10
The importance of connection to charities	11
Providing for increasingly diverse audiences	11
Appendix	12
Quantitative research methodology – consumer survey	12
Charity bequest income analysis	12

Introduction

This report brings together and summarises the learnings from our 2023 research programme on the Future of Legacy Giving – Boomers and Beyond and outlines the opportunities and challenges facing charities and gifts in Wills fundraisers in the future.

Baby Boomers are long established as the key audience to grow gifts in Wills and are a generation that Legacy Foresight in the UK has been studying for the past 15 years. We have run 5 consortium research projects at regular intervals (the last being in 2019) charting boomers changing attitudes and behaviours to life in general, their finances and their future plans, in order to understand the potential impact these have on bequest giving.

Legacy Foresight and the wider Legacy Futures group have worked closely with Include A Charity for a number of years and in 2023, we embarked on a project to update the Australian Gifts in Wills Market Forecasts and to carry out specific research on boomers in Australia. The project coincided with a similar piece of research running in the UK which aimed to update thinking on boomers and to start looking further into the future by considering Generation X, who represent the next important cohort for gifts in wills.

In this first Australian research programme, we have increased our understanding of the key boomer and Generation X cohorts. We have explored the differences between the generations as well as the opportunities and challenges they represent to charities and legacies. We have considered how different they are as cohorts – both in terms of numbers and in terms of value, we have looked at what unites them and what pulls them apart and we have quantified the impact of these insights in terms of their impact on bequest giving, in order to update our market forecast for bequest income to 2050.

The programme had 3 key elements:

- Desk research - bringing together key information on UK boomers and Gen X in terms of numbers and demographics (including sexuality, marital status, family/ child status, faith and ethnicity), life expectancy, working patterns, wealth, education levels and digital attitudes and behaviours.
- Consumer research – exploring the attitudes and lifestyles/ behaviours of boomers and Gen X via a consumer survey as well as focusing on more specific questions relating to their interest and ability in leaving a charitable bequest.
- Analysis and modelling – using the latest demographic and economic data along with additional insights gained from the consumer research to size the Australian gifts in Wills market and update our market forecasts to 2060.

A quick recap of the generations

Baby boomers and Generation X both represent large cohorts in the Australian population. According to ABS statistics, boomers – born between 1945-1964 make up 19% of the population and Gen X – born between 1965-1980 make up 20% of the population.

Legacy Foresight UK research in 2019 identified two distinct cohorts within the boomer generation – older, core boomers and younger, shadow boomers.

Core boomers, now aged 65-76, have children who are grown up and living independently and the majority have lost the responsibility for ageing parents. They have already made their decisions about retirement and most have already transitioned into this phase of life, whatever that looks like.

Shadow boomers, aged 58-64, are nearing retirement or newly retired. Some will still have children who need their support and ageing parents, but those responsibilities are starting to diminish and this group is transitioning into (and coming to terms with) their new phase of life.

And **Generation X**, aged between 43-58 are now the sandwich generation. This cohort spans a much wider spectrum of life stages. They are juggling the needs of dependent children and ageing parents, while dealing with the pressures of work and the cost-of-living crisis.

Key messages

- Gifts in Wills for the top 150 charities in Australia is estimated to have reached \$0.8bn in 2022
- Based on applying learnings from extensive analysis of the UK market, we estimate that the total value of bequest giving in Australia could be as much as \$1.6bn
- The market outlook for gifts in Wills in Australia is very positive, with values forecast to triple by 2050
- A buoyant property market and a rising death rate will see the baby boomer generation drive most of this growth
- Unlike similar markets around the world, Australia has a unique long-term growth opportunity due to the size and affluence of Generation X, who will further grow the market beyond this point
- As the generations change, they are increasingly diverse in terms of faith, culture, sexuality and family structures. This will affect both their propensity to leave a bequest and the types of charity they will leave to. Charities need to carefully consider and respond to this in terms of their approach to marketing and communications.
- Only around 6% of the Australian core boomer population report that they have written a charitable Will, which is much lower than in the UK (17%). This generation report low levels of connection with charity, which is a key lever to growing bequest giving and presents a significant opportunity if this can be increased over time.
- All generations are feeling uncertain about their future which is leading to a delay in making long-term decisions including will making and bequest giving. Charities need to use this time to carefully steward and nurture donor relationships to stay front of mind until they are ready to make their will.

Learnings from desk research

This programme started with comprehensive desk research bringing together public data sources and published research covering key information on boomers and Generation X. From all the data gathered, there were a number of slow moving, long term trends identified that will change the shape of bequest giving in Australia over the coming decades.

Death rates are expected to increase significantly over time

Death rates are expected to increase significantly over the next 3 decades with deaths set to be 50% higher by 2040. Boomer deaths will climb rapidly between now and the 2040s, peaking in 2046. By contrast, Gen X deaths will start rising gradually from 2030, more rapidly from 2040 and will overtake boomer deaths by early/mid 2050s.

Life expectancy is increasing and key milestones are being reached later by younger generations

When looking at population statistics by generation, it's evident that life expectancy is increasing for younger generations. When comparing builders, boomers and Generation X cohorts, there's an increase as you go down the generations with e.g. Gen X women expected to live almost 5 years longer than builder women.

Younger generations also seem to be hitting key life milestones later. Boomers got married earlier than Gen Xers (age 21-25 Vs 24-29) and had their first child earlier (20s Vs late 20s early 30s). There's a higher percentage of Gen X who are not married (43%) compared to boomers (36%) and when it comes to having children, a similar pattern exists, with Gen X less likely to have children than boomers (16% of Gen X women are child free compared to 12% of boomer women).

Younger generations are increasingly highly educated

Levels of education also show differences by cohort with younger generations being increasingly educated – especially women. When comparing the number of people achieving a bachelor degree across boomers and Gen X – 24% of men aged 65-74 have one compared to 31% of men aged 45-54 and the difference is even bigger for women with 22% of women aged 65-74 having a bachelor degree compared to 39% of women aged 45-54.

The Australian population is becoming more diverse

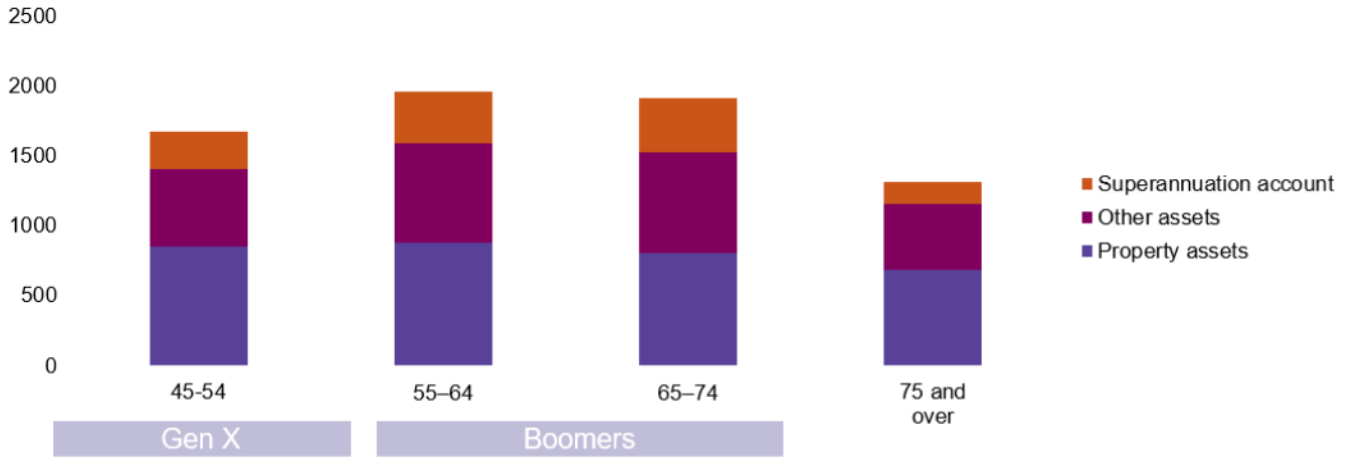
From a diversity perspective, the Australian population is changing. Levels of faith and religiosity are decreasing and this decrease correlates with age. Younger generations are less likely to identify as Christian and more people are identifying as secular/ no religion while other religious and faith groups such as Islam, Hinduism and Buddhism are increasing due to changing patterns of immigration. Cultural identity is also changing and there are increasing numbers of people identifying as LGBTQ+.

Boomers are the wealthiest generation

When looking at levels of wealth across the different cohorts we can see that boomers are the wealthiest generation.

Despite the fact that home ownership is consistently lower for Gen X (when looking at home ownership by birth cohort and age over time), boomers and Gen X seem to have similar property wealth. The differences come in other assets and superannuation accounts, where Gen X are still at the stage of building up their assets.

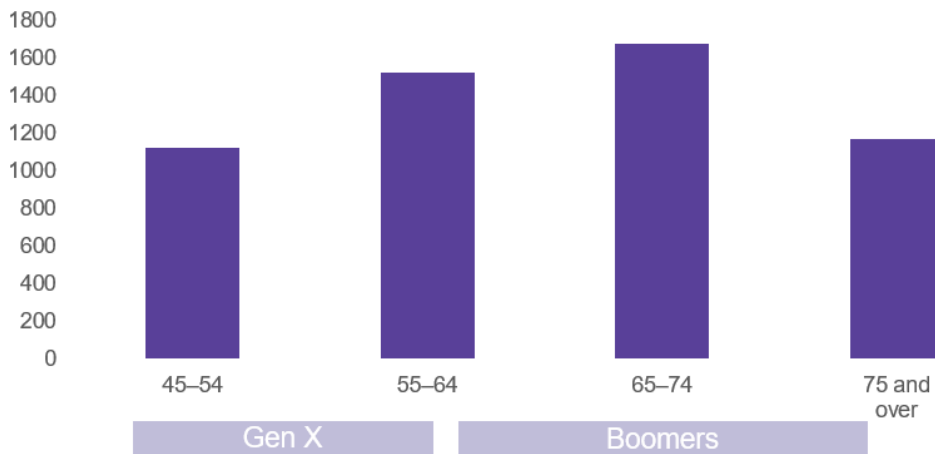
Mean household wealth, \$'000s, 2019-20



Source: ABS statistics, 2019-20 Survey of Income and Housing, excludes liabilities

However, when looking at net worth data across the generations we can see that boomers are significantly wealthier than Gen X, who are highly leveraged and still paying off their mortgages.

Mean net worth (assets minus liabilities), \$'000s, 2019-20



Source: ABS statistics, 2019-20 Survey of Income and Housing, excludes liabilities

Learnings from our consumer survey

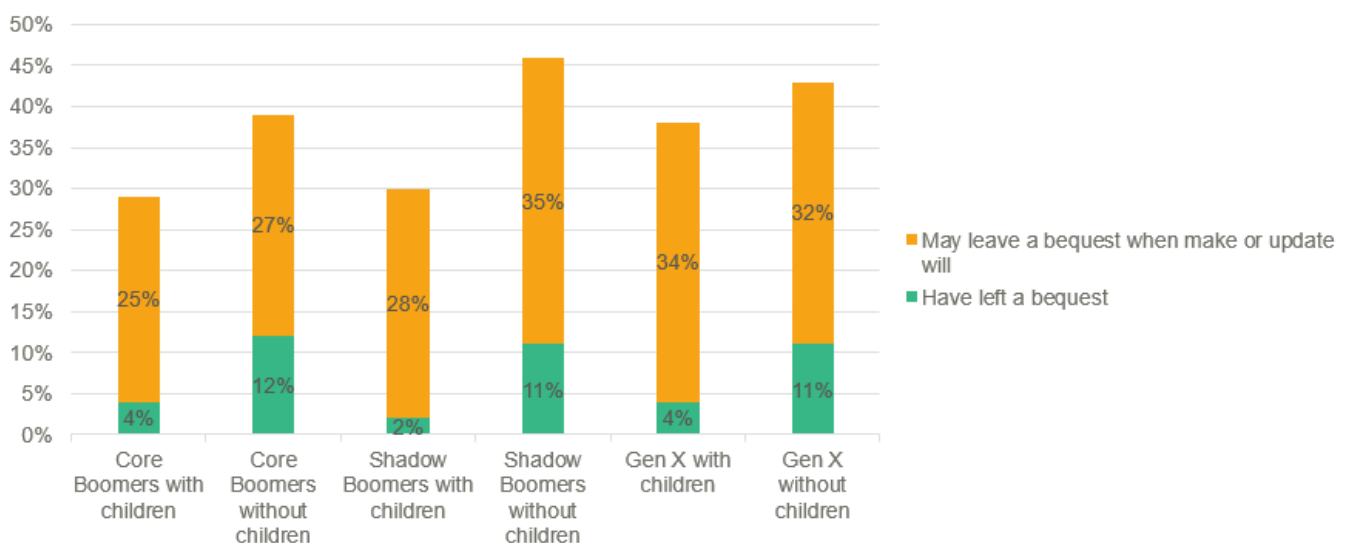
In August 2023 we undertook a consumer survey with a nationally representative sample of over 2200 respondents, in order to get a snapshot of the mood and situation of boomers and Gen X and understand more about their attitudes to life, their futures, their financial situations and their relationships with charities.

Propensity to leave a gift

Will writing and pledging a gift

We found that will writing closely correlated with age, with 79% of older 'core' boomers having made a will compared to just 40% of Gen X. When it came to leaving a bequest, levels were similarly low across both the boomer and Gen X cohort (6%), however, Gen X were more likely to be considering leaving a gift (33% of Gen X compared with 25% of older 'core' boomers).

Digging deeper into the data it was clear that people without children were far more likely to have left a gift or consider leaving a gift than people with children (see graph below) and sexuality also had an impact with people identifying as LGBTQ+ also being more likely to consider leaving a gift (23% of LGBTQ+ are open to leaving a bequest when they make a will compared to 15% of heterosexual/straight people).

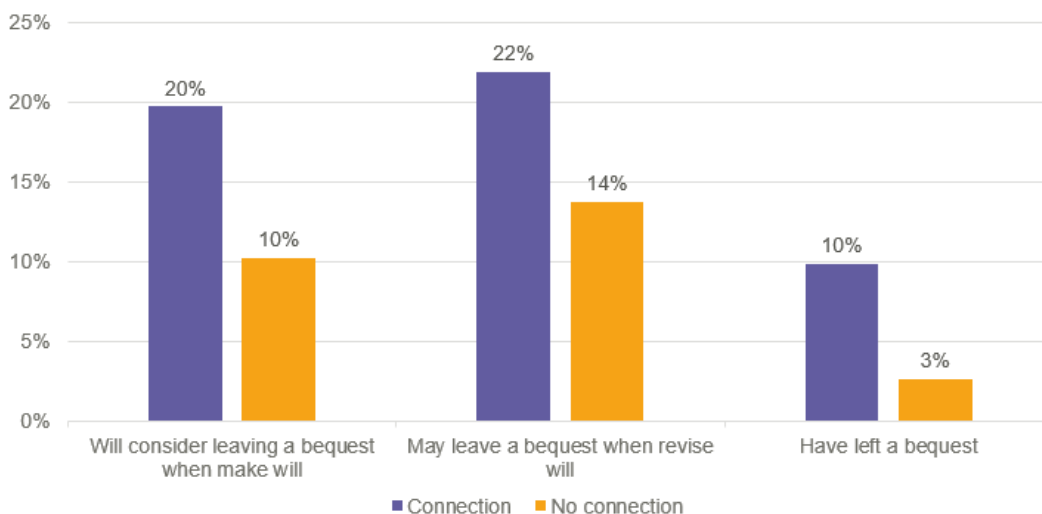


Feeling a connection to charity has an impact on propensity to leave a bequest

In order to try and understand more about people's relationships with charities, there was a question in the survey about connections to charity. Interestingly, just under a quarter of boomers and Gen X felt they had a personal connection to a charity/ies, however older 'core' boomers were more likely to feel they had **no** connection with charities (59% of boomers have no connection to charities compared to 48% of Gen X). We also found that religious or spiritual people felt a greater connection to charities than people who identified as not religious or spiritual (this was similar across all cohorts).

When looking at the effect connection to charity had on the propensity to leave a gift, it was clear that feeling a connection significantly increased the likelihood of leaving a bequest across the cohorts.

% will behaviour by connection, Boomers & Gen X combined



Confidence in the future

The survey also included a number of questions about how people feel about the economy, their financial situation and their plans for the future.

Overall there was a feeling across both cohorts that the economy would get worse over the next three years. However, when asked about their own financial situation, there was more of a generational difference. Boomers were more pessimistic than Gen X with 50% of older 'core' boomers feeling like their own situation would get worse compared to just 34% of Gen X. And Gen X were much more likely to expect their situation to get better over the next three years (36% compared to 16% of older, core boomers). This could be due to the fact that the majority of boomers have retired so their financial situation was relatively fixed and stable, without much scope for significant improvements, whereas Gen X are in the prime of their working lives with real potential for their situations to change for the better.

Interestingly (although maybe not surprising), when digging deeper to look at correlations between confidence in their future finances and propensity to leave a gift, it was clear that having confidence in their future finances made all cohorts more likely to consider leaving a gift.

Across both cohorts there was a strong feeling that the world was and is more uncertain than it used to be and the majority of respondents were thinking more carefully about how they spend their money (88% of Gen Xers, 86% of core boomers).

Feelings of uncertainty were also affecting behaviour, with people reporting being wary of making longer term commitments because of uncertainty and putting off buying or doing things because of uncertainty. This was particularly acute for Gen X where 74% were wary of making long-term commitments compared to 61% of older 'core' boomers and 69% of Gen X putting off buying/ doing things compared to 55% of core boomers.

And finally when it came to helping others, over half of all cohorts felt it was important to help others in need as well as your own family.

What does the future look like for bequest income?

The final stage of this project was to explore the market opportunity. We worked on sizing the Australian gifts in Wills market and develop a forecast illustrating market growth to 2050 by providing an assessment of the current scale of the gift in wills income and quantifying the impact the key factors driving bequests might have on gifts in Wills income over time.

Sizing the gifts in Wills market

To date it has been hard to quantify the gifts in Wills market in Australia due to gaps in available data, so for this stage we carried out some additional analysis to inform our market size estimation.

We segmented Australian charities into 4 segments by donated income:

1. The top 20 charities
2. 21st – 150th charities
3. 151st – 1000th charities
4. The smallest 50,000 charities

We carried out an extensive review of published financial accounts to identify the total amount of reported bequest income for each of the groups. (We looked at the annual reports of all the top 150 charities and then used random sampling for last 2 groups to try and draw out any reported bequest information and values).

Our research found that approximately half of the top 150 charities reported gifts in Wills income separately from other income (50% of the top 20 charities and 48% of the 21st-150th largest charities), just under a quarter of the 150th-1000th charities reported bequest income separately (23%) and only 3% of the smallest 50,000 charities reported income bequest separately.

To build a picture of the size of the market we narrowed our focus on the top 150 charities, for whom we had reliable information on the size of the bequest market via half of the charities. We then worked to apply some assumptions in order to estimate bequest values from the remaining charities and deduce the overall size of the market.

For the unreported half of the top 150 charities, we assumed they received half as much bequest income as charities that do report their bequest income separately – which we felt would cover the variations of bequest amounts from those charities receiving no income to those charities receiving income of the same values as the charities that did report their bequest income separately.

Bringing the two sets of data together, we estimate that **the top 150 charities (for donated income) received bequest income in the region of \$800m in 2021/22.**

In order to put a value on the total gifts in wills market in Australia, given that we were lacking enough reliable data from charity accounts, we instead applied our understanding of how bequest income is distributed from our extensive knowledge of the UK market data.

When looking at the total charity income in Australia, we found that the top 150 charities account for 18.4% of total income. Comparing that to the UK, the top 18.4% of all UK charity income accounts for 47% of bequest income. So, if we assume that the distribution of bequest data for the UK is similar to

Australia and we apply the same logic, **\$800m of bequest income for the top 150 Australian charities would equate to a total market size of around \$1.6bn in 2022.**

It appears that there is a lot of gifts in Wills income that is hidden from charity accounts, making the potential size of the market much larger than previously anticipated.

Gifts in Wills growth over time

Looking forwards, we believe the future for gifts in wills is very positive. Focusing back on the top 150 charities, gifts in Wills are likely to account for \$0.8bn in 2023 and is likely to grow to \$3.5b by 2050 – approximately tripling in size in real terms.

Looking so far into the future it's impossible to be certain, however, when looking at the key drivers for gifts in Wills there are good reasons to be positive and expect significant growth.

Impact of the key drivers on future growth in gifts in Wills

As part of our analysis, we broke down the different key drivers to identify the most important ones and the contribution each would make to the growth of bequest income over the next 25 years.

A buoyant economy will increase estate values

The first and most important is the **economy**. Over this period we expect house prices to more than treble and the value of shares to more than double. The growth in the economy and the growth in the value of assets people are holding are likely to contribute significantly to the value of bequest income charities receive over time. **We estimate that this could add in the region of \$1.4bn per year to the value of bequest income**, providing substantial growth from the economic factors alone.

Rising death rates will lead to more Wills and therefore more bequests

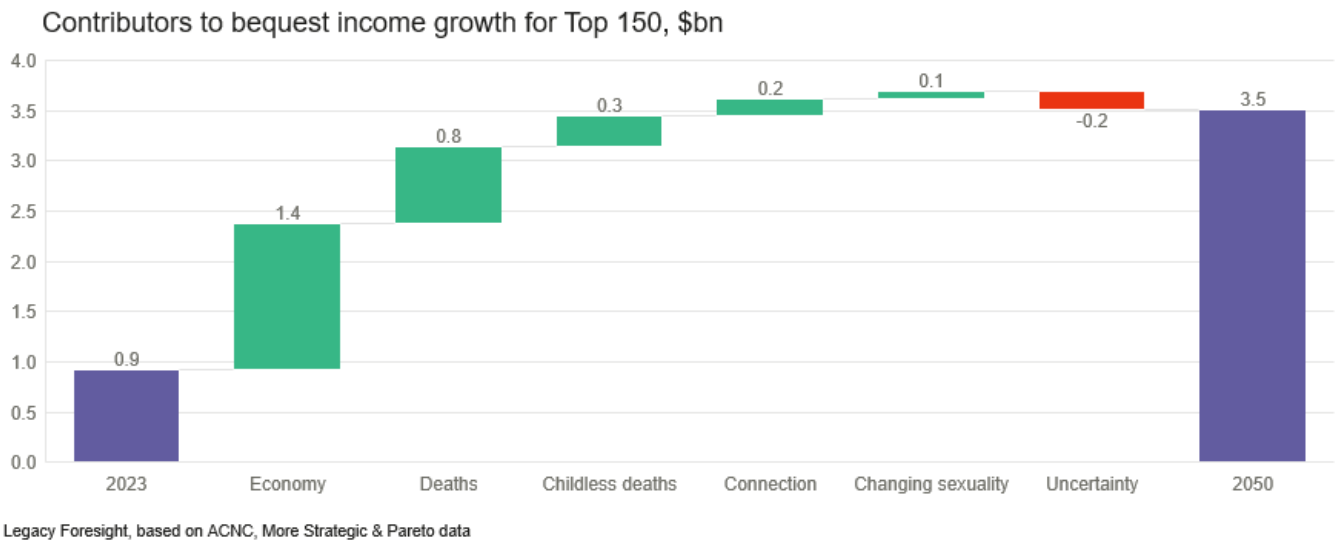
In addition, we also expect the **number of deaths** to rise substantially from 185,000 to more than 300,000 by 2050. The sheer growth in deaths, which in turn will lead to more people leaving Wills and gifts, will have a significant contribution to bequest income and **could equate to an additional \$0.8b per year for top 150 charities**. In addition, the growth in deaths is likely to continue post 2050, due to Generation X being a larger cohort than boomers.

Changing demographics will lead to an increase in the likelihood to leave a bequest

Then there are a range of other factors e.g the number of child-free deaths, connections to charities and sexuality which will all have a smaller but still significant impact on future gifts in Wills growth. See graph below.

Uncertainty is likely to act as a drag on gifts in wills Finally, we identified one factor that was felt to have a negative impact on gifts in Wills growth – **the impact of uncertainty**. Whilst the impact is likely to be relatively small, based on evidence from findings in the UK as well as Australia, uncertainty over the future outlook of the economy may be delaying decision making and delaying Will writing. People seem reluctant to want to make big financial decisions and with their financial future uncertain, they are holding off long term planning until they improve in confidence.

Although whilst we found that uncertainty may be impacting on timings of Will writing and therefore committing to a bequest, it doesn't seem to be having a significant impact on whether or not people leave a gift per se. Hence we have allowed for a small reduction in income due to uncertainty but we would expect these short-term economic concerns to improve over the course of our long-term forecast.



In summary, putting all of these drivers together, it is clear that the positive factors significantly outweigh the negative one with the outcome in real term growth of over \$2.5bn between now and 2050. The biggest contributors will be the economy, number of deaths and the number of child-free deaths, all of which we can be relatively confident in when it comes to growth, as they are informed by good robust data over time and they are factors that have well established relationships with the likelihood to leave a gift.

Key takeaways

Drawing all the learnings from this programme together, there are three key takeaways emerging which will have implications for charities.

Working with uncertainty

Uncertainty has been on the rise since we first started focusing on boomers in the UK in 2008 and has increased to unprecedented levels in the last few years with COVID, the war in Ukraine and turmoil in the Middle East. Uncertainty is driving short term thinking and is driving people to put off and delay decision making (until things feel more certain the future) which in turn is affecting will making and bequest behaviour. With so much uncertainty, people don't want to commit to decisions that could change, so rather than saying no altogether, they are pressing pause and are putting it off making wills or bequests until the next major life event. And for Generation X, with all the needs and responsibilities they are juggling, it's an even more challenging time for them to be thinking about pledging a gift.

As we saw from the market forecasts, while we don't expect it to have a huge impact over time, it is causing a drag and it's very important that charities understand how uncertainty is affecting their supporters and keep the issues in mind as they develop gifts in Wills strategies. There may also be an opportunity for charities to work with uncertainty.

- What role could charities play in helping supporters in uncertain times. Are there opportunities to foster connections and encourage other types of giving (e.g. volunteering/ advocacy) that could pay back in the future?
- Or could Will making and pledging be reframed as something which can help give supporters a small sense of certainty and control in an otherwise uncertain time?

The importance of connection to charities

We've seen through this research that feeling a connection to a charity increases the likelihood of leaving a bequest across all cohorts. Core boomers present the biggest opportunity, as they report lower levels of connections to charities and therefore have the biggest opportunity. Increasing these levels of connection could grow bequest incomes further and sooner given they are closest to the end of their lifespan.

The importance of connection and the relationship it has with gifts in Wills reinforces the importance of good supporter stewardship and getting the basics right. How can you strengthen connection with your supporters and bring them closer to your cause and your charity?

- Is there an opportunity to segment your supporter base to identify key groups to focus on?
- Can you use story-telling to increase levels of connections with supporters?
- Could you create more of a sense of community around your supporters/ service users/ volunteers to enhance and retain connection?
- What volunteering opportunities do you offer and how can you enhance the volunteer experience to draw people in and build close, valuable, long term connections with them?

Providing for increasingly diverse audiences

Population demographics are changing and diversity and inclusion are becoming increasingly important for future gifts in Wills audiences. Generation X and younger generations are becoming increasingly diverse in terms of faith, culture, sexuality and family structures, in part due to the changing shape of immigration and in part due to overall changes in social attitudes.

And as Generation X have reached key adult milestones much later than boomers, their children span a wider age range which further impacts on the diversity of their outlook and experience. Some still have young children while others have children in their twenties and even grandchildren. Not to mention the growing percentage without any children at all.

These changing life experiences lead to different values and future outlooks so it's imperative to ensure your communications are fully inclusive and representative.

- Is your website and all your communications inclusive in terms of imagery, language, accessibility and cultural sensitivity?
- Are you sharing diverse stories? Can your supporters see themselves reflected in your communications? Bequest donors want to see that 'people like me leave gifts like this'
- Can you take time to understand different cultures and their needs?
- Can you segment your audiences to better understand different groups of supporters and how best to reach them?

Appendix

Quantitative research methodology – consumer survey

The consumer survey was carried out via Yonder’s Omnibus Survey on 21st-29th August 2023. The survey was fielded to a nationally representative sample of 2300 respondents and included a boost of 100 additional boomers (mix of shadow and core) and 100 additional Gen X.

Gender	
Male	49%
Female	51%
Age	
18-34	30%
35-49	28%
50-59	17%
60-75	20%
Over 75	5%

Regionality	Sample	Popn%*
New South Wales	32%	31%
Victoria	25%	26%
Queensland	20%	20%
Western Australia	10%	11%
South Australia	8%	7%
Tasmania	2%	2%
Northern Territory	1%	1%
Australian Capital Territory	2%	2%

*Australian Bureau of Statistics, National, state

Charity bequest income analysis

A special thank you to More Strategic for sharing their analysis of charity gifts in Wills income which provided approximately 60 of the 350 charity accounts that we analysed for this project. All published accounts were taken from the [ACNC website](#) and we based the analysis on financial reports for 2022.



Legacy Futures

Legacy Futures is a specialist group of gifts in wills and in-memory giving consultancies, helping over 300 charities worldwide to harness the transformative power of legacy giving.

[Legacyfutures.com](https://legacyfutures.com) | [@talkinglegacies](https://twitter.com/talkinglegacies)

Legacy Foresight

Legacy Foresight are legacy and in memory insight specialists. Best known for their market forecasts and research projects, often working with consortiums of charities who join forces to gain greater insight into specific areas of the Legacy and In-Memory markets.

legacyforesight.co.uk

Legacy Voice

Legacy Voice is a consultancy that helps charities improve their legacy marketing strategies and develop effective communications. Legacy Voice works with charities large and small, UK and international; turning research and insight into deliverable solutions.

legacyvoice.co.uk

Legacy Link

Legacy Link works with over 100 charities each month, supporting them through the whole estate administration process. With a bank of over 30 expert consultants Legacy Link helps to maximise the gifts left to a charity, adding value each step of the way.

legacy-link.co.uk
