



Leaving a Gift in a Will

Many of our supporters have been committed to Worcestershire for many years, and they don't want that commitment to end when they die. Although some people have a clear idea of the charities they wish to support through leaving a gift in their will, others may want to give back to their local community but are unsure exactly how to do this best.

A long term and viable option is for Worcestershire Community Foundation to be named as the recipient in a will, with the instruction to use the legacy to support a particular cause or a particular area of the county.

Leaving a Legacy for Worcestershire

Do you have a client, or are you someone who is interested in setting up a charitable trust through your will, but is wary of the cost and the legal responsibilities?

Are you interested in leaving a charitable bequest to help a variety of Worcestershire based charities?

Would you like to leave a gift to your local community, but hasn't been able to find the right vehicle?

If the answer is yes to any of these questions, Worcestershire Community Foundation can help.

Types of Legacy

There are a number of ways that donors can support local causes via a legacy to Worcestershire Community Foundation; we work closely with you and with professional advisors to agree the most appropriate solution for you and your clients. Whether a residuary legacy, pecuniary or specific legacy, the Foundation is able to manage legacies of all kinds.

Worcestershire Community Foundation provides a uniquely flexible range of options and support, whatever your charitable interests are. The Foundation can:

- Use its local expertise to match deserving causes with the criteria set by you. For example, if you have a particular wish to support young people in a certain district of Worcestershire or mental health issues across the county, we can set up a fund agreement with you which states your wishes.
- Provide a solution for leaving a one-off legacy which benefits a wide range of deserving, local causes across Worcestershire.
- Offer a way, through an endowment fund, to make a single gift that keeps on giving, in perpetuity, to the causes you wish to support.
- Enable family and friends to be involved in the decision making process without the burden of legal or fiscal responsibility.

Simply naming Worcestershire Community Foundation as the beneficiary in a will provides you with the flexibility to support a wide variety of important local causes and to respond to changing needs over time. Worcestershire Community Foundation guarantees to use the donation in the best and most effective way to improve lives in the local community whilst adhering to your wishes.

Tax Benefits

As an accredited Community Foundation, legacies made to Worcestershire Community Foundation qualify as charitable donations. As you will be aware, charitable legacies are exempt from inheritance tax and could help reduce the total amount of tax paid on your estate, maximising what is available for your heirs. We can also accept gifts in cash, shares, land, property or other assets which can also be made tax efficiently.

Case Study Examples for Clients

The basic principle is that if an individual wishes to leave 10% or more of their estate in their will to charity, the rate of inheritance tax (IHT) will be reduced from 40% to 36%. However, this doesn't necessarily mean that you have to leave 10% of the whole estate - the rules are more generous than this. In short, it is only necessary to leave 10% of the net value of their estate. This is the sum of all the assets after deducting any debts, reliefs, exemptions and the tax free band.

Worcestershire Community Foundation is not qualified to provide tax advice to individuals and we always advise any potential donor to discuss the tax implications with their professional advisor. However, we set out below some examples of how the rules governing the IHT exemptions on charitable gifts work, which show how favourable they are.

You might find these examples helpful to illustrate the tax benefits of leaving a legacy:

Example 1

Charles dies leaving an estate worth £500,000. He has a full tax free band of £325,000 so his taxable estate is £175,000. To qualify for the reduced rate of tax he needs to leave 10% of £175,000 to charity i.e. £17,500. The £17,500 qualifies for the charitable gift exemption leaving £157,500 which is taxable at 36% making a tax liability of £56,700. This leaves £425,800 for his heirs.

Example 2

Had Charles left a legacy of £15,000 to charity his estate would not have qualified for the reduced rate as £15,000 is less than 10% of the net value. After making a deduction of the tax free band of £325,000 and the charitable gift exemption of £15,000, his taxable estate would be £160,000. This would be taxed at 40% making a tax liability of £64,000 leaving just £421,000 for his heirs. So, interestingly, Charles's heirs will be better off if he leaves £17,500 to charity rather than just £15,000.

Example 3

If Charles left nothing at all to charity his taxable estate would be £175,000 and the tax charged at 40% would be £70,000 leaving £430,000 for his heirs. So whilst Charles's heirs would be better off if he left nothing to charity at all, as can be seen in points 1 and 2 above, by reducing what is available to his heirs by just £4,200 the charity benefits by £17,500.

The Foundation has specimen wording available to help solicitors ensure that we can manage your client's gift according to their wishes.