

# Leaving a Gift in a Will

Many of our supporters have been committed to Suffolk 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 which charities to support.

A long term and viable alternative is for Suffolk 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 Suffolk

Do you have a client who is interested in setting up a charitable trust through their will, but is wary of the cost and the legal responsibilities they may be leaving for family and friends?

Has your client approached you with a request to leave a charitable bequest to help a variety of Suffolk based charities?

Do you have a client who would like to leave a gift to their local community, but hasn't been able to find the right vehicle?

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

## Types of legacy

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

Suffolk Community Foundation provides a uniquely flexible range of options and support for clients. Whatever the charitable interests of your clients, the Foundation can:

- Use its local expertise to match deserving causes with the criteria set by your client. For example, if your client has a particular wish to support young people in Lowestoft or mental health issues across the county, we can set up a fund agreement with them which states their wishes.
- Provide a solution for leaving a one-off legacy which benefits a wide range of deserving, local causes across Suffolk. ►



- Offer a way, through an endowment fund, to make a single gift that keeps on giving, in perpetuity, to the causes your client supports.
- Enable family and friends to be involved in the decision making process without the burden of legal or fiscal responsibility.

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

## Tax benefits

As an accredited community foundation, legacies made to Suffolk 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 client's estate, maximising what is available for their 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 leaves 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 they 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.

Suffolk 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 share with your clients to illustrate the tax benefits of leaving a legacy:

### Example 1

Robert 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 Robert 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, Robert's heirs will be better off if he leaves £17,500 to charity rather than just £15,000.



### Example 3

If Robert 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 Robert'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.

## CASE STUDY Private Legacy Fund

One of the Foundation's largest funds came from a mystery £1.2million donation from an estate in the Sudbury area. This was complemented by match funding, which brought the total up to £1.7million. The fund was brought to life thanks to the advice given to the donor from Wealth Advisor Darren Chaplin from Towry Ltd and Catriona Galloway from Birketts Solicitors, who helped their client fulfil her desire to help the people of Suffolk before she died.



*“ She was an incredibly private person, a widow with no children or close family and she had spent her life being very active in the community. She had lived in Suffolk all her life and wanted her estate to be used for charitable purposes but did not like the idea of her estate passing to just one or two national charities which already receive significant funding from other donors and where she felt there was a risk her legacy would be 'lost'. This special fund will not only help local communities for generations to come, it is also a fitting permanent memorial to a very generous lady ”*

**Darren Chaplin** Wealth Advisor from Towry Ltd

Darren and Catriona are now in the very special position of seeing her money in action as grant panel members. Among the charities that have benefitted are the Eden-Rose Coppice Trust in Sudbury, a woodland sanctuary for people with cancer or terminal illnesses, and The Bridge Project, also in Sudbury, which helps disadvantaged adults, including those with learning difficulties or mental health problems.



“ I’m sure they would be very pleased to know that there is a legacy that will go on helping people in Suffolk. It is only a small contribution but hopefully the grants will provide a much needed boost to projects, just as the grants we received at The Yard Project did ”

Clare Meade

