

# LEAVING A GIFT IN A WILL



## Leaving a **Gift in a Will**

Your gift can support your community. We can direct funds towards local groups and most critical community needs.

Northamptonshire Community Foundation offers the flexibility for you to decide whether to leave a gift to support a particular cause or people in a geographic area, or allow us to allocate your gift according to the most pressing current needs. You may choose to add to one of our themed funds. Or you may create a named fund that will develop your own unique charitable interests and ensure your name – or that a friend or relative – will live on as year after year your fund supports people working in local charities.

You can help to make a difference for many years to come by leaving a gift to your community, through Northamptonshire Community Foundation.

# LEAVING YOUR MARK A LASTING LEGACY

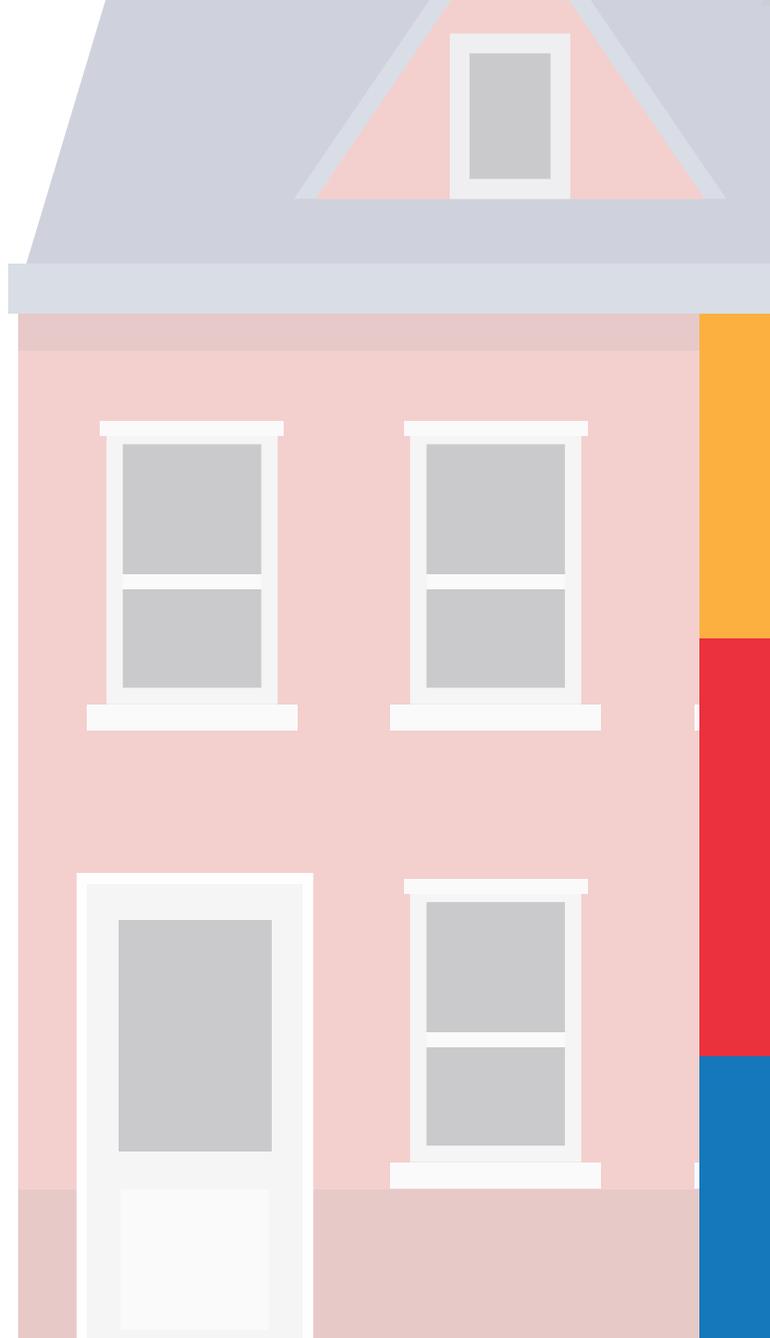
## Types of Legacy

There are a number of ways that you can support local causes via a legacy to Northamptonshire Community Foundation. Your solicitor can advise you on the different forms of gift. Whether a residuary legacy, pecuniary or specific legacy, the Foundation is able to manage legacies of all kinds.

Northamptonshire 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, you may wish to support young people in Northampton 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 Northamptonshire.
-  Offer a way, through an endowment fund, to make a single gift that keeps on giving, in perpetuity, to the causes you supports.
-  Enable family and friends to be involved in the decision making process without the burden of legal or fiscal responsibility.

Simply naming Northamptonshire 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. Northamptonshire 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 Northamptonshire Community Foundation qualify as charitable donations. 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

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.

Northamptonshire 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.

**We wanted to ensure that, upon our deaths, a contribution from our estates would help local people who are most in need. For that reason we decided to leave a legacy to the Foundation, to contribute to the needs of those people of this county, as a way of thanking the county for what we have personally achieved whilst living here.**

**Mr and Mrs Maskell**

### 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.