

# Charitable Giving

## Q & A

*Leaving a charitable gift in your Will can support good causes close to your heart, and be tax efficient.*

*Q&A with Charlotte Parsons, Private Client Executive at Humphries Kirk Solicitors in Dorchester*



### **Why do people leave charitable gifts in their Wills?**

In the UK we have the freedom to decide who we wish to inherit our assets on death without any restrictions, assuming you have considered your financial dependants. Charitable bequests are included in Wills for a number of reasons. More often than not, the person preparing the Will has a particular affiliation with the charity and/or its charitable cause. Charitable donations can represent a dedication or tribute to loved ones lost, or supported by the charity. They help fund research, support events, and the work of the charity in general. There are also some tax benefits to charitable gifting which I will address in more detail below.

### **What type of gifts can be made to charities?**

You can benefit a charity in your Will in a number of ways:

1. Specific legacy – this is a gift of a particular item, for example personal chattels, such as a painting, items of furniture, jewellery; or a particular asset such as a property, funds held in a specific bank account or a shareholding.
2. Fixed cash sum – this is fixed amount, for example, £1,000, but can be index linked to rise with inflation.
3. Residue – the residue is “whatever is left” after the payment of any gifts, expenses and liabilities of the estate. You can leave the entire residue to charity beneficiaries or instead, a fixed share.





## Is there anything else to consider when including a charity in your Will?

It is advisable to consult with a regulated professional when you are preparing a Will. However, 'simple' your affairs may seem, you want to know that you have the peace of mind of knowing your Will carries out your wishes and your chosen beneficiaries are provided for. Homemade Wills including gifts to charities often pose problems where the gift fails due to the charity changing its name, ceasing to exist or amalgamating with another charity. Gifts including restrictive conditions can also result in a failed gift if the charity are unable to comply with the conditions or there is ambiguity regarding the gift.

## What are the Inheritance Tax implications of charitable bequests a Will?

Gifts to UK charities are exempt from Inheritance Tax (IHT), regardless of their value.

Charitable gifts can also be used as part of an estate planning exercise and reduce a potential IHT liability on an estate. If a minimum of 10% of a taxable estate is gifted to charity, this will reduce the rate of IHT payable from 40% to 36%. Depending on the way the Will is drafted, this could mean that both the charity and the taxable beneficiaries receive more than they might have otherwise received if the charity had received less.

## How can we help?

Our expert Solicitors can advise you on the different types of gifts available, how to ensure the gift is used by the charity in line with your wishes and the most tax efficient way to prepare your Will.

If you have any further questions regarding including charitable beneficiaries in your Will, please contact Charlotte at [c.parsons@hklw.uk](mailto:c.parsons@hklw.uk) or on 01305 251007.

Humphries Kirk LLP has offices in Parkstone, Poole, Southbourne, Wareham, Swanage, Cranborne Chase, Crewkerne and Dorchester.



For more detailed advice on **Charitable Giving** and how it can affect you and your personal circumstances, **please contact your nearest Humphries Kirk office.**

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