

Legacy giving

Many of our supporters have been committed to Buckinghamshire for many years, and they want to ensure that their commitment doesn't 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. This can make finalising or frequent updating of wills problematic.

A long-term and viable alternative is for Heart of Bucks to be named as the recipient in a will, with the instruction to use the legacy to support particular causes or a particular area of the county.

Leaving a legacy for Buckinghamshire

Are you interested in setting up a charitable trust through your will, but wary of the cost and the legal responsibilities you may be leaving for family and friends?

Do you want to leave a gift to your local community, but haven't been able to find the right vehicle?

If the answer is yes to either of these questions, Heart of Bucks can help.

Types of legacy

There are a number of ways that you can support local causes via a legacy to Heart of Bucks and we can work closely with you to agree the most appropriate solution. Examples include:

- **Pecuniary** – where a specified sum of money is given
- **Specific** – specified item, such as shares or property
- **Residuary** – where the Foundation receives all or, more usually, part of the Estate, after any other legacies have been paid

With the ability to manage legacies of all kinds, Heart of Bucks provides a uniquely flexible range of options and support. Whatever your charitable interests, we can:

- Use our local expertise to match deserving causes with the criteria set by you. For example, if you want support young people in High Wycombe or mental health issues across the county, we can set up a fund agreement which states this.
- Provide a solution for leaving a one-off legacy which benefits a wide range of deserving, local causes across Buckinghamshire.
- Offer a way, through an endowment fund, to make a single gift that keeps on giving, in perpetuity, to the causes you support.
- Enable people named by you to continue to be involved in the decision-making process with regard to the distribution of funds, without the burden of legal or fiscal responsibility. Alternatively, if preferred your heirs need never be in the uncomfortable position of having to make the choice between a number of good causes and perhaps having to refuse some applications, as we are able to handle this.
- Provide specimen wording to help solicitors ensure that we are able to manage your gift according to your wishes.

Simply naming Heart of Bucks 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.

Tax benefits

As an accredited community foundation, legacies made to Heart of Bucks qualify as charitable donations. As charitable legacies are exempt from inheritance tax, this could help reduce the total amount of tax paid on your estate, maximising what is available for your heirs. We can 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 the assets after deducting any debts, reliefs, exemptions and the tax free band.

Heart of Bucks is not qualified to provide tax advice to individuals and we always advise any potential donors to discuss the tax implications with their professional advisor. However, we have set out below some examples of how the rules governing the IHT exemptions on charitable gifts work, which shows how favourable they are. You might find these examples helpful to illustrate the tax benefits of leaving a legacy:

Option 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.

Option 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.

Option 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.

Whilst Robert's heirs would be better off if he left nothing to charity at all, as can be seen in examples 1 and 2 above, by reducing what is available to his heirs by just £4,200 the charity benefits by £17,500.

To find out more

Please get in touch on 01296 330134 or email info@heartofbucks.org