****

**Leaving a gift in a will and ‘In memory funds’**

Many of our supporters have been committed to Norfolk for many years and don’t want that commitment to end when they die. While some people have a clear idea of the charities they wish to remember in their will, others may be unsure which charities to support.

A long term solution is for Norfolk Community Foundation (NCF) to be named as the recipient in a will, with the instruction to use the legacy in support of a particular cause or geographical area of the county.

**Leaving a legacy for Norfolk**

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 Norfolk Based charities?

Do you have a client that would like to leave a gift to their local community, but hasn’t been able to find the right way to do it?

If the answer is ‘yes’ to any of these questions, Norfolk Community Foundation can help!

**Types of legacy**

There are a number of ways that donors can support local causes via a legacy to Norfolk 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. 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 Great Yarmouth 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 or areas of interest across Norfolk.
* 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 Norfolk Community Foundation as the beneficiary in a will provides your client with the flexibility to support a wide variety of important local causes and respond to changing needs over time.

**Case study**

Mr A approached his solicitor in Norwich to discuss leaving the whole of his estate for the benefit of the parish where he was raised. He is the last living family member and his estate is worth £350,000. His solicitor did not feel that it would be appropriate to create a personal charity as it would be difficult to identify trustees to manage the funds in perpetuity, and the set up and running costs would be prohibitive. Mr A’s solicitor referred him to Norfolk Community Foundation and, following a discussion with the solicitor and Mr A, a legacy fund was established to provide small grants up to a maximum of £2,000, or larger grants at the Trustees’ discretion to support groups which promote health and wellbeing, tackle disadvantage, support local solutions to meet local needs, promote community cohesion and develop sustainable and supportive communities.

**In Memory Fund**

Sometimes after a family member has died, friends and family wish to set up a fund to continue supporting the issues that they cared about. As an alternative to a new charitable trust set up through the charity commission, a named fund can be established with NCF. By doing this monies can be managed by the experts at NCF and given to the groups that family and friends wish to benefit.

*See our ‘Comparative Table’ to compare setting up a Charitable Trust to a NCF Fund.*

**Tax benefits**

As an accredited community foundation, legacies made to NCF qualify as charitable donations. As you will be aware, charitable legacies are exempt from inheritance tax and could help reduce the amount of tax paid on your client’s estate. We can also accept gifts in cash, shares, land, property or other assets which can also be made tax efficiently.

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 will (currently) 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.

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

**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 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 examples 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.**

**To find out more about advising your clients with regard to leaving a legacy of a gift in a will please contact Norfolk Community Foundation on 01603 623958**