

# Leaving a legacy

**We help people establish a legacy of giving beyond their lifetime, helping them decide how they want to be remembered and the impact they will make.**

Although some people have a clear idea which charities they wish to support through 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 Oxfordshire Community Foundation to be named as the recipient in a will, with the instruction to use the legacy to support a particular type of issue, or help a particular area of the county.

## Benefits of leaving a legacy via a community foundation

OCF provides a uniquely flexible range of options and focuses of support for people interested in leaving a legacy. Whatever the charitable interests of you or your clients, we can:

- Use our **local expertise** to match deserving causes with the criteria set by the person leaving the legacy
- Provide a solution for leaving one **straightforward legacy** that benefits a wide range of deserving local causes
- Offer a way to make one **gift that keeps on giving**, in perpetuity, to the causes important to the person leaving the legacy
- Enable family and friends to be involved in the decision-making process, **without the burden** of legal or fiscal responsibility



## Types of legacy

We work closely with professional advisers to agree the most appropriate solution for their clients. Your bequest could create a named fund, which will have specific charitable objectives requested by you, or you may simply name Oxfordshire Community Foundation as the beneficiary and the gift will be incorporated into our general fund, which supports social and community activities and projects through the county.

We are able to manage legacies of all kinds, including residuary or reversionary legacies, a pecuniary legacy, or a specific item or asset, such as cash, land, property or stocks and shares.

If you have one or more favourite local charities, you can leave a gift in your will to OCF with instructions to distribute the income between them, perhaps over a period of years. If for any reason one of your charities closes down in the future, we will redirect your gift towards another organisation that best matches your interests.

## Tax benefits

As an accredited community foundation, legacies made to OCF qualify as a charitable donation. As you will be aware, charitable gifts are exempt from inheritance tax and could help reduce the total amount of tax paid on an estate, maximising what is available for heirs.

**"In this world nothing can be said to be certain, except death and taxes."**

Benjamin Franklin

## RUNNING THE NUMBERS

### An overview of inheritance tax

The basic principle of inheritance tax is that if an individual leaves 10% or more of their estate in their will to charity, the rate of inheritance tax 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.

#### For example:

- 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 ie £17,500.
- The £17,500 qualifies for the charitable gift exemption, leaving £157,500 that is taxable at 36%.
- This makes a tax liability of £56,700.
- A total of £425,800 is therefore left for his heirs.



We have specimen wording available to help solicitors ensure that we can manage a client's gift according to their wishes.

*NB OCF is not qualified to provide tax advice to individuals, and we always advise any potential donor to discuss the tax implications with their professional adviser.*