Leaving money to a charity in your Will has never been more popular. According to recent research from Saga, half of us are planning to leave a charitable legacy when we die, with over 40% of those planning to leave a substantial sum of £1,000 or more.

Leaving money to a charity is a commendable act but may be more complicated than you realise. If not planned properly, a simple act of generosity could have serious implications for your loved ones once you’re gone.

To help ensure you leave a charitable legacy in the way you want, Saga Legal Services has created a comprehensive Q&A to guide you through the process.

**Charitable legacies – frequently asked questions**

**Q: What types of charitable legacy can I leave and what are the pros and cons of each?**

**A:** When leaving a legacy, there are three main types: pecuniary, residuary or specific. The same is true for charitable legacies.

1. **Pecuniary – leaving a fixed sum of money**

   According to Saga Legal Services’ research, 80% of people who plan to leave a charitable legacy plan to do so using a fixed sum. This may seem like the most natural option but can also be the most problematic as the amount stays the same even if your personal circumstances change over time.

   For example: the total value of your Estate is £100,000 and you want to leave £10,000 to a charity with the other £90,000 split between your two children. If you subsequently enter a care home, which shrinks the value of your Estate to £20,000, potentially only £10,000 of this will go to your children, or just £5,000 each.

   Inflation rates are another consideration as fluctuations could ultimately overvalue or undervalue your charitable gift. £100 today is much less valuable than the same amount 30 years ago. This means that, if you leave a fixed sum amount, it’s important to regularly assess the situation and to update your Will accordingly.
ii. Residuary – leaving a percentage of the net value of the Estate

Bequeathing a set percentage of the net value of your Estate can be much more flexible if you are concerned about changes to the value of your Estate. This would mean other beneficiaries are taken care of as well as the charity, reducing the possibility of leaving less than you realise to family and friends.

For example: the net value of your Estate is £100,000 and you decide to leave 10% to a charity. Even if the Estate is reduced to £20,000 through care home fees, your other beneficiaries would receive the lion’s share, with the charity receiving a proportional £2,000.

iii. Specific – leaving individual possessions

You can also leave assets such as land, property, shares and valuables. As with pecuniary gifts, it’s important to remember that the value of an asset can vary enormously over time, meaning you’ll have to keep a close eye on your affairs.

In addition – if you gift a property, and on your death that property is no longer owned by you (i.e. it has been sold in your lifetime), that gift would fail.

Q: What are the risks of leaving a donation to charity and how can I avoid them?

A: Many people don’t realise that Wills are made public and can be viewed by anyone when you die. Understandably, some charities can be quite proactive in tracing the families of the recently deceased who have left assets to them to request the money. This could be quite a distressing experience at a time of bereavement.

To avoid this, you can leave a bequest in your Will but not specify the exact charity. Then, in a Letter of Wishes (a non-legally binding document that can accompany your Will but is not made public) you can name your charity, requesting the gift to be made by your Executor.

Another risk of leaving a charitable legacy is that family or friends may be disappointed they are getting a smaller share than they thought – particularly if the donation is substantial. To help avoid this issue, it’s a good idea to talk through your decision with your beneficiaries, ensuring they understand and accept your reasoning.

Q: Do charitable legacies affect my tax position?

A: Charitable legacies can have an impact on Inheritance Tax (IHT). Currently you will pay 40% IHT if your Estate is worth a total of £325,000 or above, though any gift to charity is deducted from the total value. Unlike gifts to friends or family, this is true even if the gift was made less than seven years previously.

It’s also worth noting that if you donate 10% or more of your Estate to charity, your IHT rate is reduced to 36% which could be a significant incentive for an act of philanthropy.

Q: How can I leave a charitable legacy in my Will?

A: Usually, the safest way to leave a charitable legacy is by nominating a set percentage of the net value of your Estate as this provides the most flexibility. If you are concerned about charities chasing next of kin for money, it may be an idea not to specify which charity you want to donate to in your Will, but rather, in a Letter of Wishes which is stored alongside. This allows your Executor to carry out your wishes in their own time, preventing potential stress and aggravation.
Bear in mind that a Letter of Wishes is not legally binding and it’s possible that the money could go to a different charity of your Executor’s choosing. This is why choosing your Executors carefully is so important. To find out more visit www.saga.co.uk/legal/wills/choosing-an-executor

**Q. Will I need a new Will to leave a charitable legacy?**

**A:** Whether you want to add a charitable legacy to your Will or update the one you currently have, the easiest way to do so is with a ‘Codicil’. This avoids having a new Will drawn up by simply amending the terms in your current one. It’s probably a good idea to speak to a legal expert to ensure this is done correctly. For expert and impartial advice, speak to Saga Legal Services on 0800 656 9927.

**Q. What happens if my chosen charity has closed down by the time I die?**

**A:** If, by the time you pass away, your chosen charity has ceased to exist, your Executors should be able to choose a similar charity but this can sometimes be tricky. To ensure things go smoothly, it’s a good idea to include a part in your Will which specifies that Executors can gift to another charity which closely reflects your wishes. Another way to avoid this would be to specify a charity in the Letter of Wishes rather than in the Will.

**Q. Can I specify what I want my charitable legacy to be used for?**

**A:** Some people may want their donation to be used for a particular purpose, such as leaving money to a hospital, but only wanting it to go to the paediatric ward. This is known as a ‘conditional’ or ‘restricted’ gift and would make the legacy subject to ‘binding obligations’ which may or may not be possible for the charity to meet.

According to the Institute of Fundraising, an organisation must accept the terms of the binding obligation before accepting the donation. If they are not able to do so, they are required to contact the Estate Executor or Administrator to inform them before accepting the gift.

The best way to avoid confusion or disputes is, again, to request that the donation is used in a particular way in your Letter of Wishes, but leaving it up to your Executor’s discretion.

**Q. I’m worried my family will be unhappy with me leaving money to a charity, what can I do?**

**A:** Sometimes there’s no easy answer and the best thing you can do is to talk to your family about it to explain your reasoning. Leaving money to a charity is an incredibly worthwhile thing to do and, if explained carefully, your family should understand this. Ultimately, your Estate is yours to do with as you wish. For advice on how to deal with difficult conversations visit www.saga.co.uk/legal/wills-and-estate-planning/difficult-conversation-tips

**Q. How can Saga Legal Services help in planning for my charitable legacy?**

**A:** Everyone's situation is different and Saga Legal Services' Wills and estate planning experts can offer you friendly and sensitive advice on what solution best fits your needs. For more information, call us on 0800 656 9927.
Top tips for leaving a charitable legacy

1. Leave a set percentage of the net value of your Estate to a charity – this will protect your other beneficiaries’ inheritances if your Estate is reduced between now and when you die.

2. Don’t specify which charity you want to leave money to in your Will – specify it in a Letter of Wishes instead as this will provide more control.

3. Consider how a charitable legacy might affect your tax position – leaving a little more than you plan could reduce the rate of Inheritance Tax you pay.

4. Ensure you talk your decision through with your family – this will avoid disputes and legal wrangling after you’re gone.

5. Pick your Executors carefully – this will help to ensure your wishes, including the charitable legacy, are carried out in the way you intended.

6. Seek legal advice from an expert if you are planning to update your Will – the easiest way to do this is using a Codicil.

7. Review your Will regularly and update when necessary – changes to personal circumstances, fluctuations in the size of your Estate and the status of your chosen charity are all reasons to review your Will.

About Saga Legal Services

Saga Legal Services provides a range of affordable and accessible legal products and services for over 50s at competitive fixed prices. Products include: Wills and estate planning, probate and conveyancing.

For initial free advice or for more information, visit www.saga.co.uk/legal or call: 0800 656 9927.