

Why leave a legacy to charity?

Leaving a legacy in your Will is the only certain way you can be sure that your wishes are carried out. Yet only around 30% of adults have made a Will. Leaving a gift to your favourite charity (or charities) also means they can continue the work you supported during your lifetime.

Not only that, charitable bequests in your Will are free of tax. Also, by leaving a legacy to charity, you lower the amount of your estate on which your relatives would be liable to pay Inheritance Tax. This makes charity giving in your Will tax efficient for everyone.

The current Inheritance Tax threshold is £275,000, so, if the contents of your estate exceed this amount, then on every £1,000 over the threshold, there could be an Inheritance Tax liability of £400. With the recent rise in UK house prices, this now affects many people. However, you can minimise, or possibly even completely eliminate, this tax liability by leaving a gift in your Will to Mercy Corps.

Legacy to charity

Estate value of: £500,000
Charitable donations: £100,000
Inheritance Tax threshold: £275,000
Taxable amount £125,000
Tax due at 40%: **£ 50,000**

Estate value of: £500,000
Charitable donations: £225,000
Inheritance Tax threshold: £275,000
Taxable amount £ -
Tax due at 40%: **£ -**

No legacy to charity

Estate value of: £500,000
Inheritance Tax threshold: £275,000
Taxable amount £225,000
Tax due at 40%: **£ 90,000**

Remembering Mercy Corps in your Will

If you would like to leave a legacy in your Will to Mercy Corps, it is essential that certain pieces of information are properly included in your Will. This information sheet sets out some guidance on how to make your Will and gives ideas on suggested wordings that can be included in Wills to support Mercy Corps.

Wills are legal documents and if they are not worded properly then they may not have the effect which you wish. **We strongly recommend that Mercy Corps supporters seek independent professional advice when drawing up their Wills.**

What do you need to think about now?

When you are making your Will there are a number of things you should consider in advance. These include the following:

- Make a list of your assets – the best starting place is to calculate the assessed value of your estate. You should include the value of everything – your house, your house contents, savings, life policies, shares and all financial assets. Once you have assessed your potential Inheritance tax liability your solicitor can then advise you on steps which could save you tax.
- You should also think about the way in which you want to divide your estate and who you want to benefit from it at the end of the day.
- You should think about whom you wish to appoint as your executors. Your executors are the people who will actually look after your estate after your death and will ensure that your wishes are carried out.
- If you already have a Will which reflects your wishes, and you only wish to add a legacy to Mercy Corps, then it may be possible to add a simple written “Codicil” (an additional instruction to your existing Will). Your solicitor will advise you on this.

Mercy Corps would advise anyone making a new Will, or updating their existing Will, to contact a solicitor to help you to do this properly. If you do not have a solicitor, then our own solicitors Turcan Connell, Princes Exchange, 1 Earl Grey Street, Edinburgh, EH3 9EE (Tel 0131 228 8111) may be able to help you. You can also find a list of solicitors in the phone book or on the website of the Law Society of Scotland or the Law Society of England & Wales.

How can you support Mercy Corps in your Will?

When you remember someone in your Will, you are said to leave them a “bequest” or a “legacy”. There are different kinds of legacies which can be left in a Will.

The most common types of legacy are:

Residuary legacy

This allocates a set share or percentage of your whole estate after all of your debts and funeral expenses have been paid, and any other legacies have been made. It is called a “residuary legacy”. This type of gift in your Will means that however much your financial circumstances change, the proportion of your estate, by share or percentage, that each beneficiary receives will stay the same. This is the best possible way to leave a gift to Mercy Corps

Pecuniary legacy

A legacy to Mercy Corps of a fixed sum of money is called a “pecuniary legacy”. This is most appropriate where you wish to leave a definite cash sum to Mercy Corps. Because of the effects of inflation a legacy like this may have lost real value by the time of your death. You should always review your Will from time to time to ensure that it still reflects your wishes.

Specific legacy

It is possible to leave a specific item as a legacy in your Will. This is known as a specific legacy – for example, a piece of jewellery, or a painting. Normally, you would leave this to Mercy Corps because you know that we would be able to use the item for our work, or because we would be able to sell the item and use the sale proceeds towards our work.

Contingent legacy

A legacy in your Will can sometimes be made subject to a special condition. The legal term for this is a “contingent legacy”. This type of legacy usually depends upon a future event which may or may not happen. For example, you might leave your estate to a named relative but, if they die before you, you could leave your estate to Mercy Corps instead. The event in that case is the death of your relative, which may not happen prior to your own death.

There are some other types of legacies which can be included in Wills if your affairs are more complex or if the examples above do not cover the wishes you have in mind. Your solicitor will be able to advise which is most appropriate in your own circumstances.

Sample legacies

We have included some sample legacies below to show you how the legacy might read in your Will. We always suggest that you speak to your solicitor, however, before you prepare your Will as these samples may not suit your own particular circumstances.

Pecuniary legacy

“I direct my Executors to pay the sum of Pounds to Mercy Corps, 17 Claremont Crescent, Edinburgh, EH7 4HX (Registered Charity Number SC030289), free of all taxes and the expenses of settlement and without interest to the date of payment. The receipt of the treasurer or other officer at Mercy Corps shall be sufficient discharge of my Executors.”

Residuary legacy

“I leave the entire (or a specified %age share) of the residue of my estate wherever situated to Mercy Corps, 17 Claremont Crescent, Edinburgh, EH7 4HX (Registered Charity Number SC030289). The receipt of the treasurer or other officer at Mercy Corps shall be sufficient discharge of my Executors.”

Extra clauses

We suggest that these words should be added to your Will where you leave a legacy to Mercy Corps or any other charity:

“If any charity has been wrongly designed, has amalgamated with or has transferred its assets to any other body then my Executors shall pay the legacy to such other charity as my Executors shall, in their sole discretion, decide.”

Wills are legal documents and if they are not worded properly then they may not have the affect which you would wish. **We strongly advise that Mercy Corps supporters seek independent professional advice when drawing up or amending their Wills.**

For more information about legacies or on Mercy Corps’ work in general, please contact:

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