

Supporting the Royal Medical Foundation through a Legacy Gift

What is a Charitable Legacy?

A charitable legacy is a donation made as part of your Will. By remembering the RMF in your Will, you can create a legacy of support, and help to contribute to the future success of the RMF.

How do I establish a Legacy?

To establish a legacy you should speak to your solicitor about adding the RMF to your Will. They will advise you on the type of legacy that is the most appropriate for you and prepare the Will or Codicil to achieve your wishes.

What may I leave to the RMF?

The RMF welcomes monetary gifts, items of value such as jewellery, property or shares, artwork, etc, or the residue of your estate - that which is left after you have provided for your family and others. It can be a good idea to specify a proportion rather than an actual amount because it is difficult to predict what your estate will be worth or how much your family will need at the time of your death.

Are there tax advantages for my family or me in leaving a Legacy to the RMF?

The short answer is yes, although each situation is different. Generally speaking, when someone dies all their assets and liabilities pass to their estate. If the estate value, after the settlement of funeral expenses and any debts exceeds a certain amount (£325,000 at November 2010), inheritance tax of 40% is charged on the balance. Certain assets, including anything left to a husband or wife are excluded from the calculation, as are assets left to a UK charity, such as the RMF.

Example of how a Legacy may help:

Value of Estate, say	£750,000
Inheritance tax threshold (at November 2010)	<u>£325,000</u>
Amount liable to tax	£425,000
Potential payment to Inland Revenue @ 40% above threshold	<u>£170,000</u>
Estate available to Beneficiaries	£255,000

But a Legacy to the RMF would reduce the net value of your estate before it is assessed for tax.

Value of Estate, say	£750,000
Legacy to The RMF, say	<u>£50,000</u>
Revised value of estate	£700,000
Inheritance tax threshold (at November 2010)	<u>£325,000</u>
Amount liable to tax	£375,000
Potential payment to Inland Revenue @ 40% above threshold	<u>£150,000</u>
Estate available to Beneficiaries	£225,000

A Legacy to the RMF of £50,000 will only cost the Estate £30,000, due to a reduction in Inheritance Tax payable by the Estate.

What exactly ARE these different types of Legacies?

Different types of legacies have different names and your solicitor can help you decide which makes the most sense for you:

- **Bequests of Money:** the RMF is a registered charity with the Inland Revenue. All bequests of money to the RMF are exempt from inheritance tax. Money that would normally go to the Inland Revenue may be directed to the RMF. Currently the rate of Inheritance Tax is 40%.
- **Specific Bequests:** Gifts to the RMF of jewellery, shares, property, artwork or any other items that have monetary value attributed to them reduce the taxable value of your estate just as in leaving money.
- **Residuary Bequests:** As mentioned above, it is a good idea to specify a proportion of your estate rather than an actual amount, as it is difficult to predict what the future will hold. A residuary bequest is an attractive method as it maintains the stated percentage of your estate that you have gifted to the RMF, other charities, family, friends, etc. This type of bequest protects each party equally against a decline in the value of your estate as well as allowing all to enjoy any gains in your estate over time. The value of the residuary estate is the value of your taxable estate after specific bequests and inheritance tax that is retrospectively adjusted downwards to take into account that which is left to the RMF and others.
- **Reversionary Bequests:** Individually identified assets are willed to the RMF with the understanding that the RMF will receive them after their use by your nominated beneficiary. The assets are taxable on your death, but not on the death of the nominated beneficiary.

N.B.: All legacies need to be specified in your Will.

Can I direct how the RMF will use my Gift?

All preferences noted in your estate plans will be respected to the full extent possible. Unless you make a specific request, your gift will go directly to help our beneficiaries. If, however, you wish to consider designating your gift to a specific area, such as education or pensions, this will need to be specified on the Legacy form.

Is there a form of words I can use in my Will or as an amendment or Codicil?

You should always consult your solicitor about items relating to your estate plans, as there are many requirements to meet and many variations in personal circumstances. However, the following form of words can be used in your Will or as an amendment or Codicil:

"I give free of tax to the Trustees of the RMF Development Trust ('xxxxx') (Charity Registration No 312046) *the Index-Linked sum of** £xxx lxxx% of the residue of my estate absolutely for the advancement of the RMF and I direct that the written receipt of the person appearing to my Trustees to be the Director or other proper officer for the time being of the Development Trust shall be a full discharge to my Trustees who shall not thereafter be concerned as to the application of this gift."

May I remain anonymous in relation to my intentions?

The RMF will honour the privacy of any legacy donor who wishes to remain anonymous.

Should you wish to support the RMF with a legacy, please contact us on 01372 821011 or complete a Giving a Legacy form and send it to the Royal Medical Foundation.