REMEMBER A CHARITY IN YOUR WILL
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Charitable Legacy Structures: Practical tips for Advisers

As charitable legacies grow and become a more established part of estate planning, professional advisers are playing a key role in helping clients move from intention to action, including good causes alongside their loved ones in their Wills.

Against this backdrop, supporting clients to understand how different legacy structures operate in practice is increasingly important. Clear guidance on the available options helps ensure charitable wishes are expressed effectively and carried through as intended.

This factsheet summarises some of the different legacy giving structures and shares tips for advisers to consider when supporting clients with their decision-making.

Different types of charitable legacy gifts & structures

The best way to structure a charitable gift in a Will will always depend on a client's circumstances and priorities, but the most common options typically include:

Lump sum gifts - Donations of a fixed amount (known as pecuniary gifts) are the most common form of charitable legacy. They involve leaving a set sum of money to a charity and are familiar and easy to understand, although their value can be affected by inflation or changes to the estate if the Will is not reviewed. To address this, some clients opt for donations that are index-linked, which can help preserve the intended value.

Percentage gifts - A percentage or residuary gift is where the charity receives a share of the estate rather than a fixed sum. These are often well suited for clients that want to benefit family members and charities in proportion and reflect changes in estate value over time. Gifts of 10% or more of the estate's net value can be particularly beneficial for tax planning, reducing the IHT rate on the entire estate. See more here.

Donations of assets or items - Clients may also choose to make gifts of assets or specific items, such as property, artwork or shares. These gifts however can raise practical considerations around valuation, ongoing costs or a charity's ability to accept and use the asset as intended, so it's always worth checking such requests with the charity.

Will trusts - More complex arrangements may also be appropriate. Will trusts, supported by a letter of wishes, can provide valuable flexibility by allowing trustees to take decisions after death in light of changing circumstances or evolving charitable priorities. This approach can be particularly helpful where clients want to balance charitable intentions with the needs of family members over time.

Donor Advised Funds - Increasingly, supporters are also choosing to incorporate Donor Advised Funds into their legacy planning, particularly for larger estates and for those who wish their charitable preferences to remain anonymous, while helping to simplify post-death administration.

Sharia Wills and faith based gifts- Some clients will also be looking for cultural or faith based Wills. In these cases, careful structuring and supporting letters of wishes are particularly important to ensure religious principles are observed within the framework of UK law. For further insight, read our blog written by Yasmin Hoque of Elite Law Solicitors on Will-writing, Sharia-compliance and Islamic law.

Letter of wishes - A letter or expression of wishes is a non-binding document which can be read alongside a Will helping to articulate the wishes of the deceased. It creates some flexibility around the gift and can provide additional context.

Deeds of variation - A Deed of Variation can be used after death to enable a beneficiary of the estate to vary their entitlement and effectively write their entitlement back into the Will for tax purposes. This can be beneficial where the beneficiary(ies) wish to honour the deceased's lifetime wishes and/or if they want to utilise some of the tax advantages associated to charitable giving.

Practical tips for advisers

When supporting clients to choose the right charitable legacy structure for them, here are some useful tips for advisers to consider:

Focus on clarity: Across all charitable legacy structures, clarity is critical. Using the correct charity name and registration details, alongside appropriate fallback provisions, can help avoid delays or disputes during estate administration and ensure charitable intentions are carried through as planned.

Addressing the myths: Advisers can help dispel common misconceptions by explaining to clients that they can leave a gift of any size to charity, and that charitable gifts can be structured to sit alongside provisions for family and loved ones.

Build in flexibility where possible: Where clients have preferences about how a gift should be used, expressing these as wishes rather than binding conditions can offer helpful guidance while giving charities the flexibility they need to accept and apply the gift successfully.

Changes in circumstances: It's worth bearing in mind that clients may wish to include charities as replacement beneficiaries too when considering what should happen if circumstances change. For example, in the event of marital changes or when an initial beneficiary passes away.

Charitable tax relief: While all donations to UK registered charities are free of tax, this doesn't apply to charitable organisations based overseas or those who aren't registered with the Charity Commission or Office of the Scottish Charity Regulator. Relatively small differences in drafting can therefore affect eligibility for reliefs or reduced rates, making careful review at the drafting stage essential to protect the intended tax efficiency of a gift.

Encourage regular review of Wills: Regular reviews help ensure Wills continue to reflect a client's wishes over time. This will become increasingly important as more estates fall within the inheritance tax net, particularly with unused pension funds set to be brought into the taxable estate from April 2027.

Account for cultural or faith-based requirements: When advisers encounter clients with specific cultural or faith-based requirements, careful drafting, clear supporting letters of wishes and an understanding of how these requirements operate within UK law can help ensure intentions are properly reflected and delivered.

Resources and further information

We offer a range of additional resources for professional advisers including:

- Watch our webinar where Eleanor Evans TEP and Yasmin Hoque explore the different charitable legacy structures
- Join our free Campaign Supporter scheme to access a wide range of tailored resources, training and promotional materials, and to have your firm listed in our Will-writing directory.
- Access our resources for advisers to high net worth clients from our wealth adviser hub.
- Sign up for our monthly Professional Adviser Bulletin, which brings you the latest news and developments in the world of gifts in Wills
- Join our Legacy Friends Network on LinkedIn, where you can share knowledge, ask questions, and collaborate with your peers.

Find out more at:

rememberacharity.org.uk/advisers