

REPRESENTATION TO AUTUMN BUDGET 2025

INTRODUCTION

Remember A Charity and the **Chartered Institute of Fundraising** are making this joint submission in our representative capacity for hundreds of UK charities that rely on charitable gifts in Wills for vital long-term income.

SUMMARY

With the Government having announced significant reform to Inheritance Tax (IHT) in the last Autumn Budget Statement, this submission focuses on the importance of gifts in Wills in funding charitable services across the UK, and of protecting the tax incentives that encourages this form of philanthropy. Generating long-term, sustainable income streams for charities and community-based organisations at a national and regional level, gifts in Wills are a meaningful and deeply valued way for supporters to sustain good causes beyond their lifetime. Our proposal aims to enable government to:

1. Ensure the continued growth of this vital income stream, which thousands of charities have come to rely on;
2. Enable charities to develop long-term sustainable income to meet current and future demand for charitable services; and
3. Align to the Government's objectives of supporting philanthropy, regional impact and environmental sustainability.

This submission calls on Government to nurture the growth of charitable legacy giving in the UK by protecting the Inheritance Tax incentives for supporters who choose to remember a charity in their Will, and to remove the barriers that can prevent people from donating their unused pension in the same way.

BUILDING CHARITIES' CAPACITY AND RESILIENCE THROUGH LEGACY GIVING

As one of the largest single sources of charitable income for an increasing number of charitable organisations, [gifts in Wills raise £4.5 billion annually](#) for charities and community-based organisations across the UK¹. This income is essential to sustaining services for future generations, with the collective impact of gifts in Wills creating long-term and largely unrestricted income streams for charities, enabling them to survive challenging economic times and to plan ahead and budget for the future.

Against a difficult economic backdrop – with high living costs and increased need for charitable services – legacies bring resilience and hope. Current market estimates predict that legacy giving will continue to grow and, [by 2050, such gifts will raise over £10 billion a year](#)². With 1,000 charities in England and Wales already relying on legacy gifts for an average of £3 in every £10 raised from public donations³, and more charities depending on legacies for funding, that growth will be crucial to the future of charities

¹⁻³ Legacy Futures, Legacy Giving Report 2025

and charitable services. This in turn alleviates the pressure on Government and supports many of the organisations through which public services are delivered.

Charitable bequests currently fund:

- Over 50% of the British Heart Foundation's lifesaving research to save and improve lives, bringing hope to families, and keeping hearts beating across the UK.
- Palliative care and bereavement support from the charity Sue Ryder, where Gifts in Wills fund the compassionate end-of-life care given to one in six patients supported in their hospices or in their homes.
- 6 in 10 lifeboat launches delivered through the RNLI, saving lives and engaging local communities in voluntary action.
- Smaller charities like Young Sounds UK, which was founded through a charitable gift in a Will. That gift alone has funded more than 5,000 talented young musicians from low-income families.

Government can support this vital income stream for charities by protecting the tax incentives for charitable legacies, and by making it easier for people to donate their unused pension wealth to charity tax-effectively too.

PRESERVING THE FISCAL INCENTIVES FOR CHARITABLE BEQUESTS

Against the backdrop of inheritance tax (IHT) reform, we are urging the government to preserve the fiscal incentives for charitable bequests.

Under the current IHT framework, not only are charitable bequests tax-free, but the tax rate reduces from 40% to 36% if a person leaves 10% or more of their net estate to charity. These incentives are a crucial contributor to legacy income. While a minority of estates face an IHT tax bill, around 10,000 estates utilised IHT exemptions on transfers to charities in 2021/22. [HMRC data](#) indicates that these incentives accounted for £2.1 billion of legacy donations to charities that year. In fact, almost half of this figure (£931 million) was raised from estates giving 10% or more and paying the 36% tax rate.

While the IHT incentives can encourage people to give more generously than they would do otherwise, they play a wider strategic role in normalising legacy giving. And this is where the impact of the tax breaks really is crucial.

According to our annual professional adviser tracking study carried out by Savanta, tax incentives are the most prevalent reason solicitors and Will-writers give for raising the option of legacy giving with clients. In fact, 4 in 5 professional advisers surveyed (82%) said they always or sometimes inform their clients of the charitable Will-writing incentives. These conversations are essential in driving behaviour change and inspiring the public to give. This is demonstrated by [research from the Behavioural Insights Team](#), which found that simply referencing the option of leaving a gift doubles the chances a client will do so.

At a time when legacy giving is growing and charities so urgently need this funding, our concern is that any change to IHT that reduces or removes the fiscal incentives could have devastating consequences for both the organisations that rely on these donations and their beneficiaries. Should the Government

choose to review these tax incentives, it is imperative that they consult with the charity sector and fully take into consideration the risks to charitable income.

MAKING IT EASIER FOR PEOPLE TO GIVE TAX-EFFECTIVELY FROM THEIR PENSION

With pensions coming into the scope of IHT from April 2027, we urge Government to make it easier for people to donate unused pension pots tax-effectively. Current legislation on donating a charity lump sum death benefit from a pension is a barrier to philanthropy. It prevents those with dependants (including adult spouses) from doing so, creating a lack of harmonisation and added complexity around how to apply the 10% charitable tax incentive.

We believe that the rules should be simplified and barriers to tax-effective giving from a pension removed, enabling everyone to be able to donate their charity lump sum death benefit tax-effectively. This would make it easier for taxpayers to donate to good causes while taking care of their loved ones, underlining this government's commitment to philanthropy, and to a fair and proportionate tax regime.

Alongside the opportunities to make legacy giving more accessible, the recent changes to the IHT framework also present opportunities to encourage and enable giving through pensions during a donor's lifetime. Under the current rules, it is not possible for a donor to make an authorised payment during their lifetime directly from a pension pot to a charity. With the tax framework being amended, we believe that this is key opportunity to unlock pension giving, enabling people to make authorised lump sum donations to charity during their lifetime.

PROVIDE CLEAR GUIDANCE AROUND INCOMING INHERITANCE TAX CHANGES

Even if the fiscal incentives applying to charitable bequests are unchanged, the incoming changes to IHT will have a considerable impact on the landscape of legacy giving. Our view is that there is a need to inform people about the changes and how they will work, and to ensure that the consequences for charitable giving are understood.

ALIGNMENT WITH GOVERNMENT AGENDA

Charitable tax incentives for legacy giving in the UK play a pivotal role in helping the Government achieve its broader goals of regional development and environmental sustainability, encouraging individuals to leave philanthropic legacies in their wills. These incentives not only foster a culture of giving but channel significant resources into charitable organisations that are often at the forefront of delivering community-based services and sustainability initiatives. Many charities operate at a community level in underserved regions, aligning with the Government's focus on addressing regional inequalities and of delivering long-term solutions.

Legacy gifts increasingly support environmental causes, from conservation efforts to climate resilience projects. The tax-efficient nature of these donations makes it easier for individuals to contribute meaningfully to long-term sustainability goals. Moreover, the incentives strategically mobilise private wealth to support national priorities in environmental stewardship and equitable regional growth.

CONCLUSION

By protecting and enhancing the charitable tax incentives applicable to IHT, Government would play a key role in safeguarding charitable gifts in Wills and driving sustainable long-term income streams for decades to come. The fiscal incentives for donating in this way are a vital component that has enabled legacy giving to flourish at a time when charities, community-based organisations and their beneficiaries are so urgently in need of support.

ABOUT REMEMBER A CHARITY

[Remember A Charity](#) was established in the year 2000 as a consortium of charities working to inspire more people to consider leaving a gift to charity in their Will. Now with 200 charity members, we work with Government, the legal profession, and financial advisers to grow legacy giving across the UK, supporting charities in developing this long-term sustainable income stream. Remember A Charity is part of the Chartered Institute of Fundraising.

ABOUT THE CHARTERED INSTITUTE OF FUNDRAISING

The [Chartered Institute of Fundraising](#) (CIOF) is the professional membership body for UK fundraising. We champion our members' excellence in fundraising. We support fundraisers through professional development and education. We connect fundraisers across all sectors and skill sets to share and learn with each other. Together we can best serve our causes and communities both now and in the future. The CIOF is incorporated by Royal Charter (RC000910) and is a charity registered in England and Wales (No. 1188764) and Scotland (No. SC050060).

FURTHER INFORMATION

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