

Safeguard the rainforests on this planet for future generation

GENERAL INFORMATION AND GUIDENANCE

Legacies - What are they?

A bequest in your will is one of the more traditional forms of giving to charity but remains a very important one. There are two types of legacies:

1. Residuary bequests - this means that once family and loved ones have been provided for, the remainder or a proportion of the deceased's estate is pledged to one or more charities.
2. Pecuniary bequests - this means that the deceased pledges a specific sum of money to a particular charity.

Legacies - What are the benefits?

A bequest to The Rainforest Foundation enables you to make a planned gift to a charity you care about, whilst ensuring dependants are provided for. Charitable legacies are paid before tax is deducted, reducing the total amount of inheritance tax due from your estate.

Legacies - How do they work?

You simply name The Rainforest Foundation as a beneficiary charity in your will or leave a sum of money to the executors with instructions as to how and to whom the sum is to be distributed. If you have a lawyer or



solicitor, they should be able to provide you with information as to how charitable legacies can be incorporated within your will.

Alternatively, the Charities Aid Foundation is able to assist with setting up a Legacy. Contact Details:

- Stephanie Moss on 01732 520357, or
- Write to: The Legacy Management Centre, Charities Aid Foundation, Kings Hill, West Malling, Kent, ME19 4TA, or
- Website:

<http://www.cafonline.org/individual/legacy/default.cfm>



MAKING A WILL

What about home-made wills?

Home-made wills can be disastrous. You may omit particularly important details, such as what you wish to happen if the main beneficiary does not survive. It's always worth talking to a professional to make sure everything you need to cover is included in your will.

What should I consider when writing a will?

Wills aren't solely about passing on your assets. You can also include specific funeral arrangements: for instance, burial, cremation or the use of your body for medical research. You may also want to appoint legal guardians to care for your children if you and your partner should die before they are 18.

One other important consideration is the appointment of your Executors – the people who will deal with your estate in the event of your death. Ideally, these should be business-minded family or friends or professional advisers. Three is an ideal number – for instance, two family members and a professional.

What else can I include in my will?

You may choose to use your will to pass on business interests: for instance, you could leave shares in the family company to a son or daughter who has come into the business. This is a very tax-efficient way to leave assets to your intended beneficiaries. Personal items like jewellery, paintings and heirlooms can also be covered in a will, as can any gifts you wish to make to charity.



Can I leave money to my favourite charity or cause in my will?

Yes, you can remember the **Rainforest foundation UK** in your will.

In fact many people who give to charity choose to leave something behind to their favourite cause or causes when they pass away. Not only does this create a fitting legacy, it also passes on some excellent tax advantages to the charity receiving it. Indeed, legacies from committed supporters make up a very important income stream for many charities.

If you do want to leave something to a charity, the donation can be as small or as large as you like. However much you decide to give, you can rest assured that the charity will not have to pay any Inheritance Tax on the donation.

On the other hand, you may wish to leave assets to a charity by setting up a Trust. Similar tax advantages apply, and you can also arrange for a charity to start benefiting from your donation before you die. If you feel that it would be appropriate to leave a charitable donation in your will, your solicitor will be able to advise you on what exactly is best suited to your circumstances.

What are the tax advantages in writing a will?

Under current legislation, if the estate you leave behind is less than £255,000 (the 'nil-rate' band) your beneficiaries will not have to pay Inheritance Tax.

However, if you leave an estate worth more than £255,000, they will have to pay Inheritance Tax of 40%



on anything beyond the nil-rate band. This is applicable on all your assets, including your house. So, for instance, if you leave an estate consisting of a house worth £300,000 and a further £100,000 of other assets, your beneficiaries will have to pay 40% of the amount over the nil-rate band, which works out at £58,000.

One way to avoid this is to leave your assets to your spouse, as they will be exempt from Inheritance Tax. However, this does not apply to couples living as 'partners' rather than married couples. Also, once your spouse dies, there can be no such exemption and his or her whole estate will be eligible for Inheritance Tax. A more effective way to limit Inheritance Tax is for you and your spouse to make the most of your nil-rate bands and set up a 'Discretionary Trust' in your will. Your solicitor will be able to give you more details about how to do this. Of course, another way to limit your estate's exposure to Inheritance Tax is to make a donation to charity – which will be totally free of tax.

What happens if my circumstances change?

It's important to review your will regularly – at least once every five years. After all, life never stands still. Your family circumstances may change, as may the relevant taxation laws.



ENDURING POWER OF ATTORNEY

Did you know you can also set up an arrangement to look after things if you become incapable during your lifetime? This is known as an 'Enduring Power of Attorney.'

How does it work?

To ensure that your affairs will always be taken care of, you can appoint an attorney to safeguard your interests and act on your behalf if necessary. You are entitled to appoint more than one attorney to act together or separately. If you ever do begin to lose your mental capacity your attorney applies to the Court of Protection and registers the Enduring Power of Attorney and they then take over the management of your affairs. Your attorney is always subject to the Court of Protection's jurisdiction.



TRUSTS

What is a Trust?

If you'd like a person or favourite cause to benefit from your assets – cash, shares or property – then a Trust could be the answer. A Trust transfers the assets to a small group of people or a Trust company (the 'Trustees') with instructions as to how they use them to benefit someone else (the 'beneficiary').

You can set up a Trust to come into effect after your death, or to function in your lifetime. If you choose the latter you can appoint yourself as a Trustee so that you retain some control of the assets.

Why should I think about making a Trust?

There are two main reasons for setting up a Trust. Firstly, you may want to reduce your exposure to Inheritance Tax. For instance, by placing assets into a Trust you are effectively reducing your wealth and consequently your tax liability.

And, if you use a Trust to give to charity, you can leave unlimited assets to your favoured cause, all of which can be free from all forms of tax.

The second reason for setting up a Trust is that it can be the perfect solution in certain domestic situations. For example, if you wish to leave something to children or grandchildren who are currently very young, a Trust can hold the assets until they are old enough and wise enough to receive them. Or, to take another example, if you are leaving your wealth to your spouse in your will, you may want to ensure that some of it remains for your



children. A will Trust can ensure that the capital is protected.

What types of Trust are there?

Most Trusts fall into one of two main categories. 'Interest-in-possession' Trusts are those where the income from the Trust must be given to the beneficiary you specify. 'Discretionary Type Trusts' are where the Trustees decide how to allocate the benefits.

The Charities Aid Foundation (CAF) has a scheme whereby it acts as a Trustee to manage your legacy as a Trust. The payment is used to benefit the types of charities set out by you in a Letter of Wishes.

Will a Trust be right for me?

Trusts are one of the most flexible ways to give. Indeed, it has been said that for every family situation, there is a Trust that can be constructed to suit the need.

Creating the right type of Trust to match your particular situation takes skill and expertise. If you are considering setting up a Trust it is worth talking to a professional to gain specialist help and advice.



Please use this page to jot down any thoughts or questions you would like to raise with your professional adviser on your next visit.

What have I got to leave?

If you own your own home, how much is it worth? Have you any savings or investments? Valuables? Jewellery?

Who do I want to help?

Of course you must make provision for your family and friends first. Make a list of their full names and addresses for your solicitor.

Executors and Guardians

Write down the full names and addresses of those you would like to be Executors and Guardians of your will.

