

## Why Gifting up to 10% of your estate can be beneficial to you, your heirs and charities

Changes introduced from 6th April 2012 reduce the level of inheritance tax from 40% to 36% where 10% of the 'net estate' is gifted to charity. We believe each family should consider gifting 10% of the value of their estate, subject to affordability on death. In the case of a married couple, this would normally be on the second death.

<b>Without a donation</b>		<b>With a donation</b>	
Gross Estate	£1,000,000	Gross Estate	£1,000,000
Less: Nil Rate Band	-£325,000	Less: Nil Rate Band	-£325,000
Net estate on which charitable legacy is calculated	£675,000	Net estate on which charitable legacy is calculated	£675,000
Received by charity	£0	Received by charity	-£67,500
Taxable estate	£675,000	Taxable estate	£607,500
Less: Inheritance tax @ 40%	-£270,000	Less: Inheritance tax @ 36%	-£218,700
Remaining estate (inc. nil rate band)	£730,000	Remaining estate (inc. nil rate band)	£713,800

The estate's beneficiaries 'lose' £16,200 but the charity gains £67,500. This represents a benefit to the charity of four times greater than the value of the donation, or put another way, an effective tax relief of 76%