

gifts in wills to charity



information for executors and administrators

Thank you for administering the estate in which IFAW is a beneficiary. We understand that this can be a particularly difficult time and appreciate that administering an estate can be complex.

To help keep things straightforward for you, we have prepared this leaflet to guide you through common areas of estate administration which need to be dealt with in a particular way where a beneficiary is a charity.



If you encounter any problems during the administration, please inform the beneficiaries.

Many years' experience may mean that we have already met a similar issue and may be able to help.

IFAW Legacy Team

International Fund for Animal Welfare (IFAW),
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pecuniary gifts - a certain sum of money

It is very useful to let the charity beneficiaries have a copy of the Will (or an extract of the clause mentioning the charity) so that they can record the type of gift they have been bequeathed, and ensure they fulfil any obligations or wishes set out in the Will alongside their gift.

This is particularly important for IFAW as we are formed of two sister organisations, and must ascertain which one is legally entitled to the gift in the Will.

Pecuniary gifts will then usually be paid as soon as sufficient funds have been received by the estate.

What to do if there are not enough funds.

If there is not going to be enough funds in the estate to pay all of the pecuniary gifts in the Will, the gifts will 'abate' meaning that they reduce based on the value of the gift compared with the size of the estate. please let the charities know at the earliest opportunity if this is likely. When you are ready to make payment of the reduced gift you will need to provide the charities with a copy of the Estate Accounts. This should show all of the assets and income of the estate and the payments made by the estate, along with how the final gift values have been worked out. Charities request this to ensures that they meet audit and regulatory requirements imposed on them by law.



specific gifts - a specific asset such as jewellery, shares or property

To help the charity understand the asset bequeathed to them, please let the charity beneficiary have a copy of the Will (or an extract of the clause mentioning the charity).

This is particularly important for IFAW as we are formed of two sister organisations, and must ascertain which one is legally entitled to the gift in the Will.

Please also provide the charity with a valuation of the asset.

The charity should then be able to tell you whether they wish to take the asset 'in specie' (in its present form) or whether they wish for the asset to be sold and to simply receive the proceeds.

Please note that particular assets can carry tax implications (see over).

notes on specific gifts of property

If the gift includes land or buildings, it would be helpful if you would consult the charity beneficiary over the marketing, asking price and offers received.

To ensure that you get the best price for the property, you should obtain written valuations from at least two firms of estate agents. In certain circumstances, a property may have development potential, in which case the charity would request to be closely involved in any decisions taken.

Capital Gains Tax (CGT)

Charities have an exemption from CGT. However, it may be payable when assets such as investments or property are sold which have gained in value since death. This is because the Executor is deemed to be selling as an individual, even though the assets will benefit charities.

During the tax year of the death and the following two years, there is an annual allowance of £12,300 for the executor to make a gain on an asset without needing to pay CGT. If the gain is more than the allowance, then CGT will be payable.

Accordingly, if there is a danger of Capital Gain which will exceed the annual exemption, you can use your power to appropriate. This is a simple book-keeping exercise. You do not need to transfer the assets to the charity(ies) before sale. Instead, you confirm to the charities that you will appropriate the assets on their behalves with their agreement, and then sell as agent (Bare Trustee) for the charities. The easiest way to do this is by a Memorandum of Appropriation. Some Legacy Officers may be able to provide you with a template Memorandum to use, which simply needs to be filled in and signed in order complete the exercise and use the charity's exemption.

If property is being appropriated, be aware that the legal procedures will be slightly different in that the property may need a special valuation to be completed and that appropriation needs to take place before contracts are exchanged.

Again, Legacy Officers will be able to advise you on how to proceed.





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checklist of the information charities will ask for before they can give you proper receipt:

Pecuniary Gifts:

- ☐ A copy of the Will and any Codicils

Specific Gifts

- ☐ A copy of the Will and any Codicils
- ☐ A valuation of the asset (minimum of 2 valuations for property)
- ☐ Where a property is to be sold, a copy of the Estate Agents' sales particulars

The role of Executor is not always straightforward, and we should like to express again our gratitude for your help. Thank you.

This guidance relates to the estates of people domiciled in England and Wales, but the principles (and all of the tax information) relates equally to Scotland. IFAW accepts no responsibility for the information above, this is meant as helpful guidance only and is correct at the time of writing. If in doubt, please consult a solicitor.