LEGACIES

The College welcomes gifts by bequest, of any sum, and to support any aspect of its life and work.

It perhaps especially welcomes money left for its general purposes, for investment with the income applied wherever it is most needed. Such generosity enables the College to command its own resources as needs and opportunities, hidden from sight now, may demand. But whatever your wishes, you can be sure that the needs will not diminish, and nor will the College's gratitude for any assistance which you are able to offer. Whatever your wishes, the College undertakes to abide by them as a condition of accepting your legacy.

**Tax benefits for the legator**

At present many estates, even quite modest ones, will incur Inheritance Tax on their net value – that is, on the amount remaining after the payment of debts and fees, and the deduction of bequests to a spouse or to a charity or other exempt organisation. Because St Catharine’s College is a charity and legacies to charities are exempt from Inheritance Tax, it is thus possible to lower your total Inheritance Tax liability (see Example A below). If 10 per cent of the estate is left to charity, then the Inheritance Tax liability is reduced even further (see Example B below).

**Example A**

For example, an estate with a total value of £500,000 would attract Inheritance Tax at 40% after the first £325,000:

**Taxable balance:** £500,000 – £325,000 = £175,000

**Tax at 40%:** £70,000

**Net legacy to non-charitable beneficiaries:**£175,000 – £70,000 = £105,000

But if a legacy of £25,000 were left to the College:

**Taxable balance:** £500,000 – £325,000 – £25,000 = £150,000

**Tax at 40%:** £60,000

**Cost of legacy to your estate:** £15,000 (£25,000 legacy gift less the £10,000 saved in Inheritance Tax).

**If 10 per cent of an estate is left to charity**

A reduced rate of inheritance tax applies where 10 per cent of more of a deceased's net estate (after deducting inheritance tax exemptions, reliefs and the nil rate band) is left to charity. In those cases the current 40 per cent rate is reduced to 36 per cent. This applies where death occurs on or after 6 April 2012.

**Example B**

For example, for an estate with a total value of £500,000, if a legacy of £50,000 were left to the College (10% of the estate), then:

**Taxable balance:** £500,000 – £325,000 – £50,000 = £125,000

**Tax at 36%:** £45,000

**Cost of legacy to your estate**: £25,000 (£50,000 legacy gift less the £25,000 saving in Inheritance Tax)

In these examples, the figures assume no bequests to a spouse; such bequests are completely exempt from Inheritance Tax.

Gifts made to a charity in the seven years before your death are exempt from Inheritance Tax.

Please see [www.gov.uk/inheritance-tax](https://www.gov.uk/inheritance-tax).