



St Hugh's College, Oxford

## Frequently Asked Questions About Legacy Gifts

### **Q: Why should I make a will?**

A: With a valid, up-to-date will you can have peace of mind that the people and causes that matter to you have been looked after the way you choose. Without a will expressing your wishes, your whole estate could end up belonging to the Crown or government.

You can also leave a Letter of Wishes but while this outlines your wishes, it is not legally binding.

Bequests are also tax exempt, so they can reduce the tax payable by your estate.

### **Q. How do I go about writing a will?**

A. When you decide to write, update or add a codicil to your will you should work with a solicitor to prepare one. Unless your affairs are complex it need not be expensive and you will have the peace of mind that comes with knowing your wishes are clear.

A solicitor will be able to advise you on legal aspects, the different ways in which you can make sure all your beneficiaries are provided for - including leaving a donation to a charity - as well as ensuring that the will is correctly drawn up in law.

### **Q: I already have a will. Is it simple to change my existing will?**

A: Yes. Even if you already have a will, you can still leave a legacy to St Hugh's through a codicil (a document that amends a will). If you are changing your will through a codicil, it is advisable that you seek advice from a solicitor. The codicil must be signed and witnessed and should be kept with the will.

For your convenience, we have posted a sample codicil you can download on our website.



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### **Q: Is it tax efficient?**

A: A legacy to a registered charity such as St Hugh's College (Registered Charity No. 1139717) is free from Inheritance Tax (IHT) and could reduce your overall Inheritance Tax liability if this applies to your estate. This means that any gift you make to St Hugh's in your will is deducted from the value of your estate and goes to charity before it is assessed for tax. Where 10% or more of a net estate is left to charity, the Inheritance Tax rate is reduced from 40% to 36%.

### **Q: I don't think my estate adds up to much. Is it still worth making a will or leaving a legacy?**

A. You might be surprised about your wealth, especially if you own your own home and have life insurance or savings. Making a will is the only way to ensure that the people you love and the causes you care about benefit from your estate as you want them to.

### **Q. I live in the USA and would like to include a tax-efficient gift in my will.**

A: Residents in the US may include St Hugh's in their will without negative tax implications. Taxable estates will qualify for an estate tax charitable deduction. Gifts from our US donors are received by Americans for Oxford, Inc. (AFO) which is a 501(c)(3) tax-exempt organization recognized by the U.S. Internal Revenue Service. To find out more about tax-efficient planned giving in the US, please visit:

<http://www.oxford.planyourlegacy.org>

### **Q. I live in Hong Kong and would like to include a tax-efficient gift in my will.**

A. In Hong Kong, the University of Oxford China Office Limited is a registered charity under Section 88 of the Inland Revenue Ordinance. Gifts of HKD 100 or more may be claimed for tax deduction purposes. Further details can be obtained from the Oxford China Office in Hong Kong at [info@oxfordchina.org](mailto:info@oxfordchina.org).



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**Q: Can St Hugh's claim Gift Aid on a gift in my will?**

A: Unfortunately the Gift Aid scheme does not apply to gifts in wills.

**Q: Can my legacy be used to support my area of interest?**

A: Yes - we understand that donors may prefer to direct their legacy to areas that interest them. Here are some of the most common areas that legacies are used to support:

- Greatest need
- Student Support
- Endowment

**Q: What types of legacy can I leave?**

A. There are a various types of legacies but the most commonly used ones are:

**A pecuniary legacy**

This is a gift of a fixed sum of money.

**A residuary legacy**

This is a percentage of what remains of your estate after all other gifts and expenses have been made. A gift of just 1% of your estate is an affordable way to help invest in the future of research and teaching excellence at St Hugh's.

**A specific item or asset**

A particular asset – such as property, stocks and shares, property, works of art, or other fixed assets. This can also include life assurance from your employer's pension scheme or your pension fund.

**A conditional legacy**

This gift provides for your loved ones first and then benefits St Hugh's after your loved ones have passed away.



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### **A Reversionary Legacy (A Life Interest)**

St Hugh's fully appreciates the concern all of us have for those we leave behind, and our wish to ensure that first and foremost proper provision is made for those close to us. In this case, what is known as a Reversionary Legacy can be used, whereby you leave money or your Estate (or a percentage thereof) to St Hugh's after the death of your spouse or relative. This means that they enjoy your assets during their lifetime, but afterwards everything, or a designated portion, reverts to St Hugh's.

### **Q. Are there other ways I can leave a legacy gift?**

A. Yes. There are a number of alternative ways you can support St Hugh's through a legacy gift.

### **Legacy Gifts through the Charities Aid Foundation (CAF)**

Some donors who donate to a number of charities prefer to leave their legacy through CAF. By leaving a gift to CAF, donors are able to change their charity details without updating their wills.

### **Alternative Secured Pension**

Alternative Secured Pensions offer people over the age of 75 an alternative method to secure income if they do not wish to purchase an annuity. If they are not survived by a spouse or dependant, then residual funds are taxed at 82%. St Hugh's can be nominated as a beneficiary of this residual fund. If you are considering supporting St Hugh's in this way, we strongly advise you to seek professional advice from your solicitor.

### **Life Insurance and company pensions**

As an exempt charity, St Hugh's can be nominated as a whole or joint beneficiary of a life insurance policy or company pension.



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### **Will trusts**

If St Hugh's is included as one of the beneficiaries of a long term Will Trust, we will need to contact the trustee from time to time to make sure our information is up to date. As a trustee, it would be useful if you could initially send us a copy of the Will, and the estate accounts and then the annual trust accounts once it has been set up.

### **Royalties**

If you receive royalties or copyright payments, you can gift these to St Hugh's. As a legacy, royalty payments given to us will be exempt from Inheritance Tax.

### **Q: What happens if one of my beneficiaries dies before me?**

A: Your solicitor can draft the will in such a way that if one of your beneficiaries dies, either the gift reverts to the main estate (reversionary will) or that another person is nominated (conditional). Your solicitor can advise you on both options.

### **Q: I would like my legacy to be invested in perpetuity as an endowed gift. How can I do that?**

A. Setting up an endowment is one way of ensuring that your donation will make an impact on people's lives for many generations to come. Because your gift is invested, the capital of your gift would remain untouched, and the interest it generates would be used to continue your legacy indefinitely for the future.

### **Q: What happens if I change my mind?**

A. You are free to change your mind about leaving a gift in your will to St Hugh's at any time, and we understand this is a personal decision and one you take into consideration with your loved ones. If you have told us you are intending to leave us a gift, it would be helpful if you could tell us if you have changed your mind.



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### **Q: Do I have to let St Hugh's know if I am leaving a legacy?**

A: If you intend to leave a legacy to St Hugh's, we would very much like to hear from you so that we can thank you. You can let us know by completing a legacy pledge form which can be found on our website. This is not a legally binding document; it simply enables us to thank you, and to communicate with you appropriately in the future. There is no obligation for you to tell us any of the details of your legacy, although this can help us ensure your gift is directed according to your wishes.

### **Q: How will my legacy pledge be recognised?**

A: Each gift and every legacy pledge, large or modest, is very important to the St Hugh's. We would like to recognize your generosity in investing in the future. The 1886 Society celebrates those who have pledged a legacy to the future, as those whose legacy helped St Hugh's to become what it is today.

As a member of the 1886 Society you will receive invitations to attend special events and receive communication updating you on how legacies are making a difference today and tomorrow. Your name will also be included in the Chronicle annually, unless you specify otherwise.

### **Q: I require more information about legacy giving. Whom do I contact?**

A: Please contact the Development Office at St Hugh's College at +44 (0)1865 274958 or at [development.office@st-hughs.ox.ac.uk](mailto:development.office@st-hughs.ox.ac.uk).



## St Hugh's College, Oxford

### **Glossary of Terms**

**Beneficiary:** A person or organisation who benefits from a gift in your will.

**Bequest:** A gift included in your will (also known as a 'legacy').

**Codicil:** A document making a simple change to your existing will. It must also be drawn up legally and witnessed.

**Estate:** The total sum of all your possessions.

**Executor:** A person (or persons) you nominate to be responsible for fulfilling the terms of your will. Executors can also be beneficiaries.

**Endowment:** Funds or property donated to an institution, individual, or group as a source of income.

**Inheritance Tax (IHT):** The tax that is liable on your estate if the total value is more than the Inheritance Tax (IHT) threshold. This is currently 40% of everything above £325,000 (2010-2011 tax year). Gifts to charity are exempt from IHT and could help reduce your liability to tax.

**Intestate:** The term for someone who died without making a will.

**Legacy:** A gift to a person or charity (see also 'bequest').

**Letter of Wishes:** A letter which can be drawn up to accompany a will but, unlike a will, it is not legally binding. It sets out your wishes for the distribution of your estate on death. Its purpose is to provide posthumous guidance to executors, trustees and family members and provides an opportunity to set out your thought process either at the time of making the will or at a later date. Its flexibility and confidentiality means it can evolve in tandem with your life.



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**Lifetime gift:** A bequest which the testator gives during his lifetime. If the Testator dies within seven years of making his gift, Inheritance Tax might become payable on some or all of the gift.

**Pecuniary Legacy:** A gift of a specific sum of money.

**Pledge:** To promise a gift (not legally binding).

**Probate:** The legal process of 'proving' your will. This has to be completed before bequests may be given out.

**Residue:** The remainder of your estate after all the debts have been paid and all your pecuniary and specific bequests made.

**Residuary Legacy:** A gift from the residue. As the total amount available cannot be known in advance, this is usually referred to as a percentage share of the residue. As it is a percentage, it ensures that your loved ones are taken care of and you won't have to keep changing your will as circumstances change. This is a particularly popular way to leave a gift to a charity.

**Reversionary Legacy:** Used where you wish the gift to revert to the main estate if the beneficiary predeceases you.

**Solicitor:** You can find your nearest probate solicitor at the Law Society who can provide contact details of local specialists who can advise on estate matters.

**Specific Legacy:** The gift of a specific item such as property, shares, works of art or other valuable items.

**Testator:** A person who has written and executed a will that is in effect at the time of their death.

**Will:** A legal document which sets out precisely how you wish your affairs and property to be handled after your death.





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The wording to be used in your will is very important. We advise you to seek legal advice so that your will is properly worded and valid and to ensure that your wishes and can be carried out.

Witness: A witness to your signature on your will. A witness cannot be a beneficiary.