

A photograph of three people in a meeting. A woman with curly hair is smiling and looking towards a man in a blue shirt who has his hands clasped and is listening intently. A woman with her hair pulled back is seen from the side, looking towards the man. They are in an office setting with a bookshelf in the background.

FOR ADVISORS

TAX-EFFECTIVE GIVING FROM AN INHERITANCE

A CAF Deed of Variation to a Will is a flexible, tax-effective way for your clients to create a charitable giving fund from a legacy that they have received.

If your clients have received a legacy, they may decide that they would like all or a part of it to be donated to charity. However, they may not want to donate the money all at once and they may want some time to choose which causes to support. In these circumstances, Charities Aid Foundation (CAF) can help.

Creating a Deed of Variation to a Will in favour of CAF enables your clients to arrange a philanthropic fund out of that legacy. They can distribute it to single or multiple causes either immediately or over a period of time.

A Deed of Variation to a Will, also known as an Instrument of Variation, is a document that can change the distribution of an estate, mostly for tax purposes. The Deed must be executed within two years of the date of death, everyone affected by the change to the Will must agree and no-one can be compensated for the amount they give up. The Deed must also be signed by all of the executors and by those beneficiaries affected by the changes being made.

Create a flexible gift for your clients in 3 simple steps

1. Draw up your client's Deed of Variation to the Will in favour of CAF.

We then let HMRC know that we have seen the Deed, so they can arrange any tax refund due.

2. Ask your client to decide on their preferred way to give:

- CAF Legacy Service
- CAF Charity Account
- CAF Charitable Trust

See www.cafonline.org for details or contact us for more information.

3. Send the money to CAF.

We will place this in your client's chosen fund for CAF to give to the charities of their choice when they are ready, subject to the relevant Terms and conditions of business.

Whilst a Deed of Variation to a Will does not avoid tax, it does help your client take advantage of the reliefs that are available. Donating a legacy to a charity can help reduce liability to Inheritance Tax and, in some cases, Capital Gains Tax. Furthermore, since 6 April 2012, if your client is able to redirect 10% or more of the deceased person's net estate to charity, the rest of the estate can benefit from a reduction in the Inheritance Tax rate from 40% to 36%. To enable your client to work out how much they would need to donate to charity to benefit from this reduction, HMRC has helpfully provided a calculator at <http://www.hmrc.gov.uk/tools/iht-reduced-rate/calculator.htm>. The wording that your client will need to include in the Deed of Variation for the charitable gift to qualify for the reduced rate of 36% is available at <https://www.gov.uk/hmrc-internal-manuals/inheritance-tax-manual/ihtm45008>

If your client already has a **CAF Charitable Trust** or a **CAF Charity Account**, they can use a Deed of Variation to a Will to create a charitable legacy to increase the value of their fund.

HOW CAF CAN HELP YOUR CLIENTS

By giving through us, charity supporters can:

- Build relationships with their favourite charities or choose to give anonymously through our **CAF Charity Account**.
- Make ad-hoc donations and support fundraising efforts from friends and family with **CAF Charity vouchers**.
- Fulfil individual and family charitable ambitions over a lifetime and beyond with a **CAF Charitable Trust** (also known as a Donor Advised Fund).
- Enjoy easier and tax-effective cross-border giving as a UK/US citizen through the **CAF American Donor Fund (CADF)**.
- Benefit from personal banking and apply for development loans through **CAF Bank**.
- Make planning a legacy easier with our **CAF Charitable Legacy Service**, to help reduce the burden of administration and inheritance tax.
- Give regularly and tax-effectively via payroll through **CAF Give As You Earn®**.
- Rest assured that giving is only to recognised causes through our UK and international charity validation service.

We are CAF and we exist to make giving go further, so together we can transform more lives and communities around the world.

We are a charity, a bank and a champion for better giving, and for over 90 years we've been helping donors, companies, charities and social organisations make a bigger impact.

We are CAF and we make giving count.

Please call our Legacy team on **03000 123 108** or email legacies@cafonline.org to find out how we can help you and your clients with tax-effective giving via a Will or a legacy.

Telephone calls may be monitored or recorded for security/training purposes.
Lines are open Monday to Friday 9am-5pm (excluding English bank holidays).

www.cafonline.org/legacies

Registered charity number 268369

CAF
Charities Aid Foundation