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# Strategy 8

## - Charity

Unlocking the Benefits of Charitable  
Giving for Your Legacy

How giving away money can save tax, preserve family harmony, and leave a lasting legacy

Charity and tax planning aren't two words most people put together, but they should be.

When it comes to inheritance tax, the government offers generous relief for those who give – and yet very few people take full advantage of it.

Giving to charity is one of the rare areas of tax where everyone wins. The charity benefits, your family can benefit, and you leave behind a mark that lasts longer than any number in a bank account.

### **Why Charity Still Matters**

For many families, the idea of giving to charity after death feels a bit abstract.

You've worked hard your whole life to build up your wealth – why give it to people you don't know?

But I see it differently.

Charity isn't about giving your money away; it's about deciding who deserves it most.

You can either give it to HMRC, or you can choose a cause you believe in.

If your estate is likely to be hit by inheritance tax, charitable giving can reduce that bill and redirect your wealth toward something meaningful.

### **The Tax Rules Behind Charitable Giving**

There are two main tax advantages when it comes to leaving money to charity through your estate:

**1 Anything you leave to charity is 100% free from inheritance tax.**

If your estate is worth £2 million and you leave £200,000 to charity, that £200,000 is completely outside the IHT calculation.



**2 If you leave 10% or more of your estate to charity, the IHT rate on the rest drops from 40% to 36%.**

That might not sound like much, but it can make a huge difference on larger estates.

Here's a simple example:

Estate Value	£2,000,000
<b>Gift to Charity</b>	£200,000 (10%)
<b>Taxable Estate</b>	£1,800,000
<b>IHT Rate</b>	36%
<b>IHT Due</b>	£648,000
<b>Without Gift</b>	£680,000 (at 40%)

So even after donating £200,000, your family's net inheritance only drops by £168,000 — while a cause you care about receives £200,000.

You've reduced your tax bill and made a difference. That's what I call a smart use of money.

### A Win for Both Sides

This isn't just about numbers.

There's something deeply satisfying about knowing part of your legacy goes toward something good — helping others, funding research, or supporting a local community project.

Many people I've worked with find that once they understand the impact of charitable giving, it becomes a core part of their estate plan.

It's not about leaving less to your family; it's about leaving meaning behind.

### Choosing the Right Charity

The key is to choose charities that actually reflect your values.

There's no point in leaving money to an organisation you've never interacted with or one that doesn't represent what matters to you.

Start by sitting down with your family and having an open conversation. Ask them:

- Which causes mean the most to us as a family?
- Have we ever supported a charity in the past that made a real difference?
- Do we want to focus on local causes, faith-based organisations, or something international?

Here are some broad categories to consider:



- » **Faith & Community**: Churches, temples, charities, community centres
- » **Health & Medical**: Cancer research, heart foundations, hospital trusts
- » **Education & Youth**: Scholarships, mentoring programmes, school funds
- » **Poverty & Relief**: Food banks, humanitarian aid, disaster relief
- » **Animals & Environment**: Wildlife sanctuaries, clean water projects, sustainability initiatives

When your family is involved in that decision, it removes confusion or resentment later. Everyone understands your wishes, and it becomes something shared -- not something argued over.

### Why This Conversation Matters

I've seen too many situations where people leave charitable instructions in their will that come as a complete surprise to the family.

It can lead to tension, suspicion, or even disputes.

By discussing it openly while you're alive, you avoid all of that.



It's also a brilliant opportunity to teach your children about generosity -- not in theory, but in practice. When you involve them in the process, you show them that wealth has a purpose beyond accumulation.

### Charity and Family - A Perfect Balance

There's a misconception that you have to choose between leaving money to your family and leaving it to charity.

You don't.

In many cases, charitable giving can actually increase what your family receives -- especially when it brings the IHT rate down from 40% to 36%.

It's one of the few times where doing good and doing smart planning go hand in hand.

So rather than thinking of charity as a deduction, think of it as redirection.

You're still giving the money away -- but to people and causes that align with your values, not to a faceless tax office.



## How to Structure Charitable Gifts

There are a few ways to include charitable giving in your inheritance plan:

### 1 In your will.

Specify a fixed amount or a percentage of your estate.

### 2 Through a charitable trust.

Set up a trust that continues to give donations over time, managed by your family or trustees.

### 3 Via lifetime gifts.

You can also make charitable donations while you're alive, which can reduce income tax in the year you make them.

### 4 Through your pension.

If you nominate a charity as one of your beneficiaries, pension funds can be passed directly without IHT or income tax.

Each method has different advantages depending on your financial situation, but the principle is the same -- the money goes where you want it to go.

## A Final Word on Intent

Money has power -- not just in how it's earned, but in how it's used.



For many of us, wealth isn't just about security. It's about responsibility.

Charitable giving is one of the few ways to ensure that the work of your life continues to do good after you're gone. It's not about being saintly. It's about being deliberate.

And when your family is part of that conversation, you create a legacy that's not just financial — it's cultural, moral, and emotional.

#### My View

In my experience, the people who include charitable giving in their plans tend to have the smoothest family discussions and the clearest sense of purpose.

It's not about giving away everything — it's about balance.

Give what makes sense, make sure your family understands why, and take advantage of the generous tax reliefs that come with it.



As I often say, you can't take your money with you -- but you can decide where it goes.

That's real financial control.

#### Important Note

I'm not a qualified tax expert, and I'm not FCA regulated. Nothing in this report -- or in any of the videos or materials in the Market Insider INT series -- should be taken as personal tax advice.

Everything here is purely educational, based on what I've personally seen work for families who want to protect their legacy.

If you'd like regulated guidance, I can connect you with one of our FCA-approved INT specialists who can help you structure your giving correctly.

This report -- like all others in the Market Insider INT series -- is designed to educate, not advise.



## Strategy 8 -...

Discover how strategic charitable giving can not only reduce your inheritance tax but also create a meaningful legacy that aligns with your values. By choosing to support causes you care about, you ensure your wealth serves a purpose beyond mere accumulation, fostering family harmony and generational understanding. Embrace the power of charity as a smart financial strategy that benefits both your loved ones and the community.