

26 April 2022

Guidance



Options for charitable giving

Philanthropy note (1)

There are different ways to support your favourite charitable causes. This note sets out some of the options.

1 Donate to existing charities

Gifts may be made during life or under the terms of a Will.

You may choose to make a gift from your personal estate or (if the owner of a family business or investment company) directly from a company

Gifts can be for the general charitable purposes of the recipient charity (for the charity to use as it sees fit) or on restricted terms (for example requiring the gifted assets to be used for a particular purpose, or providing for the capital value to be preserved and only the income applied).

Generous tax benefits may be claimed if you gift during life (income/corporation tax, inheritance tax and capital gains tax advantages) and/or on death (inheritance and capital gains tax advantages). The application of these reliefs should be considered when planning the timing and structure of your giving. It may, for example, be beneficial to spread gifts across tax years, in the interest of maximising tax relief. See Philanthropy note (2) on the tax benefits of charitable giving for more information on this.

2 Create your own charity

There are many reasons for creating your own charity:

- to establish a structure for promoting the philanthropic interests and wishes of family members;
- to create a legacy that can be passed on down the generations, with which the family name can become synonymous;
- to educate children/grandchildren on financial responsibility, social value and decision making;
- to engage the next generation in a family project that allows them to pursue and support matters of genuine interest and concern; or
- simply to “build something” to be proud of.

3 Gift into a Donor Advised Fund (DAF)

As rewarding as establishing your own charity may be, the administrative work and management that goes with it will be an ongoing responsibility.

Whilst for some, particularly those looking to engage and educate the next generation, that may be part of the appeal, for others, who are only interested in the “giving” aspect, it may be a burden.

Those that fall into the latter category may instead wish to consider gifting into a DAF.

A DAF is essentially a charitable trust run by a professional organisation. The organisation deals with the administration and compliance, allowing you, the individual donor, to concentrate solely on which charities the money should be used to benefit. Although ultimate control over the application of the funds sits with the DAF provider, you would be invited to put forward your wishes in terms of how the donated funds should be used. Provided the recipient is a UK charity (and in some cases overseas charities are permitted), those wishes should be followed.



In summary, a DAF offers the opportunity to set aside funds for charitable purposes but enables you to avoid the work and responsibility that comes with establishing and running your own charity.

4 Give time

Charities are encouraged to adopt diverse trustee boards. Ideally, they should comprise individuals that offer a broad range of experience and expertise, with each individual contributing a different skill set and perspective.

In a similar way to creating your own charity, giving your time as a trustee would enable you to directly influence a charitable cause that you feel passionately about and for the charity, that may prove invaluable.



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