WSRA POLICY No F4: Legacies Policy

Introduction

Legacies are donations made in a will and distributed after the death of the legator. They can be specific items eg land or jewellery or they can be cash gifts. A Pecuniary gift is a specific amount of money, whilst a residual gift is normally a percentage of the remaining estate after all specific and pecuniary gifts are distributed.

Where the total estate value is over the inheritance tax threshold there are advantages in leaving gifts to registered charities, both in terms of reducing the taxable value of the estate and also reducing the rate of IHT payable.

As a registered Charity the WSRA relies on legacies as a key part of its budgeting and fundraising activities. The Charity would struggle to survive without legacies. Like all Charity income, legacies can be either restricted or unrestricted. Restricted income is income that has been given for a specific purpose eg restoring a named locomotive, whereas unrestricted income can be used at the Trustees discretion including covering overhead costs.

WSRA Practice

All legacy income donated for a specific purpose is placed into a restricted fund and ringfenced for that use. The WSRA has three long-term restricted funds and various smaller shorter term funds. Legacy income donated to the charity without instructions for use is processed as follows:

- Larger legacies (over £20,000) are placed into their own named Designated Fund to ensure a full audit trail and transparency. The funds are then spent on charitable purposes decided by the Trustees.
- Legacies of £20,000 or less are allocated to general funds to make small grants, fund small projects and to help cover overhead costs.

All legacies over £5,000 are subject to the WSRA's Admin and Fundraising Costs Policy, which allocates up to 9% of restricted income to help cover the charity's overheads and fundraising costs.

1% of all legacies over £5,000 is allocated to the WSRA Emergency and Contingency Fund which enables the Charity to respond quickly and effectively to any need for emergency repairs to its heritage assets or enables it to respond swiftly in respect of any equipment failure.

This means that at least 90% of all legacies received over £5,000 is used for charitable purposes.

Policy Author	Jacquie Green – General Manager
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