

Understanding charitable legacy structures

Professional Adviser webinar
22 April 2026



**REMEMBER A CHARITY
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Agenda

- Welcome and Introduction – Lucinda Frostick, Remember A Charity
- Understanding Charitable Legacy Structures – Eleanor Evans, Hugh James
- Sharia-Compliant Wills – Yasmin Hoque, AL-HQ Law & More
- Panel Discussion and Q&As

Today's speakers

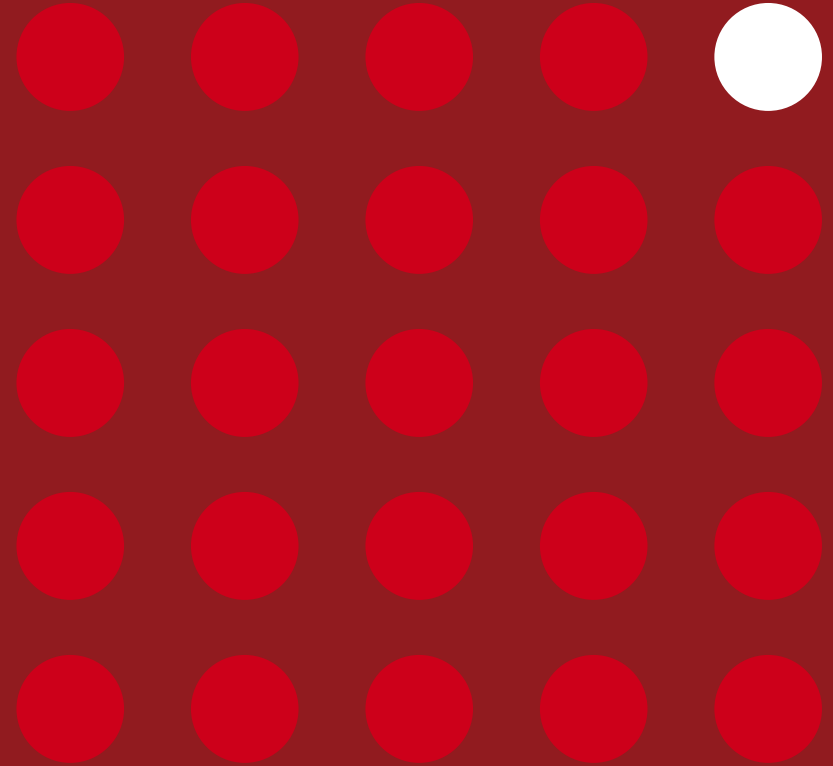


Eleanor Evans TEP
Partner at Hugh James



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Director at AL-HQ Law & More

Understanding charitable legacy structures



Introduction

- Eleanor Evans TEP
 - Partner, Head of Trusts and Estates Administration
 - Hugh James

Today's discussion:

- Types of legacy
 - Pecuniary legacy
 - Specific legacy
 - Residuary gift
 - Discretionary trust
 - Donor advised fund (DAF)
- Overview of tax implications



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Pecuniary legacies

- Sum of money.

Around 60% of all legacies, but only 10% of overall value of legacy income to charities is from pecuniary gifts.

Clearly identify the charity with:

- Correct charity name.
- Registered address.
- Registered charity number.
- Remember A Charity's Find a Charity Tool:
<https://www.rememberacharity.org.uk/find-a-charity>

Example clause:

(b) The sum of thirty thousand pounds to the EPILEPSY RESEARCH FOUNDATION of PO Box 3004 London W4 1XT (Registered Charity Number 326836) absolutely

Cy-près

- “Cy près comme possible” meaning “as near as possible”.

What is to happen if the original charitable purpose has become impossible, impractical, or obsolete.

STEP standard provisions 2nd and 3rd editions.

Example clauses:

8. Cy-pres

If I have made any gift to a charity that no longer exists at the date of my death I declare that the gift will not fail, instead my Trustees may pay it to such other charity with similar charitable aims as they shall think fit.

- (b) IF at my death any of the charities hereinbefore mentioned has ceased to exist or has amalgamated with another charity or has changed its name the Bank shall pay its share to the charitable organisation which it considers most nearly fulfils the objects of the charity intended to have been benefited

Specific legacies

- Gift of an item(s)

(c) The sum of ten thousand pounds and my collection of model ships to the ROYAL NATIONAL LIFEBOAT INSTITUTION of West Quay Road Poole Dorset BH15 1HZ (Registered Charity Number 209603) for the general purpose of the RNLI absolutely

I GIVE my tortoise FRED and all equipment that I own at the date of my death which is obviously provided and in my home for the benefit and maintenance of FRED to [REDACTED] (Registered Charity no. [REDACTED] and if they accept this gift I also give them the sum of £500 (Five Hundred Pounds) and I express the wish (but without seeking to impose a binding obligation on them) that they will use their best endeavours to find or provide a good home for FRED



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Residuary gifts

- Percentage or fraction of the estate.

90% of legacy income comes from residuary gifts.

For larger estates – potential tax benefits and a way to leave a lasting legacy.

- For both smaller and larger estates – where there is a mix of family and charities, ensures the beneficiaries continue to benefit in the same relative proportions.

Example clause:

vi) As to 5% to THE ROYAL BRITISH LEGION (Registered Charity Number: 219279) of 199 Borough High St, London SE1 1AA (hereinafter called "the Charity") absolutely and I **DECLARE** that the receipt of a person who appears to be a proper officer of the charity shall be a sufficient discharge to my Trustees and if at my death the charity has ceased to exist or has amalgamated with another charity or has changed its name this legacy shall not fail but my Trustees shall pay it to the charitable organisation which they consider most nearly fulfils the objects that I intend to benefit

Conditions and expressions of wish

- Example clauses

Conditions may involve some risk.

i. Two equal shares to The Royal British Legion (Registered Charity Number 219279) of 199 Borough High Street, London, SE1 1AA absolutely and I express the wish that one equal share is used for the benefit of the Poppy Appeal.

3. I GIVE free of inheritance tax and free of any mortgage or charge thereon the whole of my share and interest in the property known as [REDACTED] aforesaid or such other property as shall be my only or main residence at my death together with the property known as [REDACTED] to [REDACTED] of [REDACTED] (RCN [REDACTED]) absolutely ON CONDITION that they retain such properties and use the properties and not sell them.

Discretionary trusts

- Trusts where a number of charities are potential beneficiaries, with the trustees having discretion over which charities to benefit and by how much.
- Letters of wishes – mean the testator can change charities who could potentially benefit, without changing will.
- Following changes in Autumn Budget 2025, a charitable discretionary trust doesn't in itself obtain charitable exemption unless it meets the requirements to be registered as a charity, or results in funds passing to registered charities.
- Charitable exemption will only be available if the money in the trust is appointed out to registered UK charities within two years from the date of death (enabling reading-back under section 144 IHTA 1984).
- If the estate is chargeable to IHT until the appointment out, this becomes administratively tricky post-death.

Donor Advised Funds DAFs

- Charitable funds managed on behalf of the donor, usually by a sponsoring charity or financial institution.
- The DAF then arranges distribution of funds left by the donor to charities. This may be in accordance with a letter of wishes, and the DAF may consult with family members.
- The DAF is a registered charity so charity exemption is immediately available, and they handle the administration of the payments to charity.
- They typically charge an administrative fee to the funds left to the DAF.
- Charities Aid Foundation: <https://www.cafonline.org>
- National Philanthropic Trust: <https://www.nptuk.org/>
- Stewardship: <https://www.stewardship.org.uk/>
- Also, local Community Foundations which carry out a similar role.

Inheritance tax

- **Charitable exemption**

Section 23 Inheritance Tax Act 1984

Care: only charities registered in the UK are exempt, and some organisations do not qualify e.g. those with a political purpose.

[REDACTED] I request that all my property shall be divided equally between my mother-in-law [REDACTED] [REDACTED] THE ROYAL SOCIETY FOR THE PROTECTION OF BIRDS of The Lodge Sandy Bedfordshire SG19 2DG and the NATIONAL PARKS IN KENYA for the purpose of wild life preservation The last two bequests shall be known as [REDACTED]

Inheritance tax

- **36% rate**

Section 41D and Schedule 1A Inheritance Tax Act 1984.

- Available if 10% of net estate is left to charity. Calculation is not straightforward.
- Use a precedent clause e.g. STEP standard clause with specific wording referring to the Schedule 1A concepts.
- Wills and estate plans may need to be reviewed if there are pension funds that will aggregate to the estate for IHT from April 2027.
- HMRC calculator Inheritance Tax reduced rate calculator - GOV.UK <https://www.gov.uk/inheritance-tax-reduced-rate-calculator>

Inheritance tax

- **Grossing-up**
- Needs considering where:
 1. There are legacies to non-exempt beneficiaries expressed to be “free of tax” in the will and the residue passes wholly to an exempt beneficiary.
 2. There is a mix of exempt and non-exempt residuary beneficiaries in the will.
- If the will is silent, IHT is borne by the non-exempt part of the estate, so exempt beneficiaries take free of tax. This produces a Re Benham type distribution and no grossing up is required.
- If the will directs that IHT is to be paid from the residue generally, without preserving the exemption, this can produce a Re Ratcliffe type distribution. In that case, the non-exempt beneficiaries’ shares may need to be grossed up to determine the correct taxable value of their shares. This is a more complex calculation and can result in more IHT being due.
- HMRC calculator (does not cover all scenarios):
<https://www.gov.uk/guidance/inheritance-tax-grossing-up-calculator>

Thank you!

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Understanding the different charitable legacy structures

Sharia-compliant Wills

*Charitable perspective for
Muslim clients*

Yasmin Hoque | Director & Solicitor

22 April 2026



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Yasmin Hoque
Director & Solicitor
AL-HQ Law & More

- Private wealth matters & estate planning
- Alimiyyah qualification for Islamic legal matters, advising charities, individuals, UK organisations, lawyers, law firms, professionals and practitioners



Introduction

REMEMBER A CHARITY
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- Relevance of Sharia-compliant Wills, Islamic Wills & Muslim legacy giving
- Taking instructions from Muslim clients
- Essential components for Sharia-compliance for charitable legacies
- Post-death Islamic Inheritance distribution
- Wider considerations; Q & A

Topics

90% of British Muslims are without a valid professional Will in place.

Approx. 4 million Muslims across England & Wales.

Estimated to increase to 13 million by 2050.

86% of Muslims understand the need for Sharia-compliance when it comes to inheritance and succession planning.

The statistics highlight the importance of providing information to Muslim clients that wish to engage in faith-based estate planning to make informed decisions within the principle of freedom of testamentary disposition whilst being advised on the relevant law of the land as to the tax and charitable legal frameworks applicable on a case-by-case basis.

British Muslim charitable giving is at £2.2 billion annually.

Historically the giving has been international, noticeable shift to domestic and national causes and amongst the younger donors in recent times. Peak time is during the Islamic month of Ramadan.

One of the most active giving communities, 4x higher than UK average.

These statistics demonstrate the opportunity to increase legacy giving by asking the right questions and timing campaigns at the right times combined with sharing the correct knowledge to benefit local causes and fulfil faith-based estate planning choices.

Relevance of Sharia-compliant Wills, Islamic Wills and Muslim legacy giving

CONTEXT & BACKGROUND

- There is a difference between “Sharia-compliance” and “Islamic principles”.
- Sharia originates from divine guidance and results in Sharia-compliant Wills. The original source is found within the Quran and is the starting point to refer clients to for scripture content.
- Quran states *‘there is no compulsion in religion’* – it must come from a client request.
- Chapter 2, verse 180 and Chapter 4, verses 7, 11 and 12 of Quran for basic introduction to faith-based succession rules (primary provisions).
- There are supplemental rules of interpretation, and additional guidance found within collections of Hadiths of which there are approximately a range of 10,000 to 80,000 with some repetitions included plus case law of other jurisdictions (secondary provisions).



Relevance of Sharia-compliant Wills, Islamic Wills and Muslim Estate Planning

CONTEXT

Some examples of the scripture-based content (there are many more):

- *“Do not let two nights pass without writing your Will”* (Hadith)
- *“It has been ordained upon you, when death is near to one of you, leaving wealth behind, to make a Will in favour of parents and close relatives, impartially. This is incumbent upon the pious”* (Quran verse)
- There are *“only three things which can benefit the deceased; a pious child who prays for you, beneficial knowledge, perpetual everlasting charity”* (referred to as *Sadaqah Jariyah*) (Hadith)
- *“If you disclose your charities, it is well; but if you conceal them and give to the poor, it is better...”* (Quran verse)
- *“Righteousness is... to give wealth, in spite of love for it, to relatives, orphans, the needy...”* (Quran verse)








Relevance of Sharia-Compliant Wills, Islamic Wills and Muslim Estate Planning

PRACTICAL CONSIDERATIONS

- Great diversity of Muslims across the global population – that is where Islamic principles and Sharia-compliance influences occur.
- The UK has no Sharia ‘law’ jurisdiction or recognition. The principles operate within the framework of existing English laws as to domicile, succession, trusts and administrative law.
- Sharia-compliance can be found within financial and estate planning services, and some products and services are also available to non-Muslims seeking to implement Islamic ethical standards to their way of life e.g. those seeking to avoid usury (referred to as ‘*riba*’) which are interest-based products.
- Requests are gaining popularity due to being of benefit to society and the environment and those exercising sustainable choices e.g. ESG compliance needs.

Taking Instructions from Muslim Clients

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Zakat	Sadaqah
 Is an obligatory act of worship	 Is an entirely voluntary action
 Root literal meaning is 'to cleanse' and 'purify'	 Root literal meaning is 'righteousness' and 'sincerity'
 Is fixed at 2.5%, at annual intervals and only applies after reaching a threshold rate	 Has no minimum or maximum, can be as often as you like, encompasses both monetary and non-monetary items
 Usually dedicated for wealthy Muslims to benefit poor and needy Muslims	 Diverse pool which includes non-Muslims, environment, projects of multiple good causes.

Zakat vs Sadaqah

- Zakat is a set amount which can be included under the category of a specific charitable gift or a pecuniary legacy if identifying this as 'religious debt' or an unfilled lifetime obligation. To take priority as a category of 'tax'.
- Sadaqah can be any amount up to a maximum of 33.33% or 1/3 of the entire net estate. It can form part of the residuary estate or be specified within a discretionary trust due to its flexible nature of gifting. It can also be set out as specific gifts or pecuniary legacies but carries risk of non-compliance.
- A letter of wishes is essential when including charitable gifts to guide and support executors on where to seek expert Islamic/Sharia advice to avoid disputes or errors of distribution.

Taking Instructions from Muslim Clients



- Ask the faith question.
- Ask the domicile question.
- Obtain a larger family tree of beneficiaries including parents, grandparents and siblings.
- Request documents for evidence of payments of Zakat per annum and which charities.
- Explain the different types of Sadaqah covering local, national and international causes.
- Confirm Sharia-compliant distribution through use of online calculator or consult a specialist.
- Include governing law clause.

Essential components for Sharia-compliance

After the revocation clause there should be a **declaration of faith clause** to enable immediate identification of the testator's intention and instructions for a Sharia-compliant or Islamic Will. All Wills then have the specific funeral, burial and post-mortem instructions included; some may like to specify a school of thought or additional instructions.

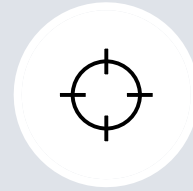
Sharia-compliance then requires payment of all debts and expenses but do note that UK courts may not classify **religious debts** as actual 'debts' so some lifetime planning support will be required to achieve this from a legal perspective.

There is then a **1/3 optional charitable gifting** relevant to Sharia-compliance and thereafter either the 2/3 or the full estate is set out with Sharia-compliant distribution levels. A final global clause should also include charity for best practice.

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Declaration of faith clause and identification as Muslim (this confirms intention) and is the first pillar of faith



Confirmation of non-invasive post-mortem, funeral rites and local burial instructions (helps identify school of thought if applicable)



Payment of debts, funeral expenses, testamentary expenses and religious debts (these will require evidence – see Australian cases of *Re Estate of Ahmed Abou-Khalid [2024] NSWSC 253* and *Re Haliem [2024] VSC 400*)

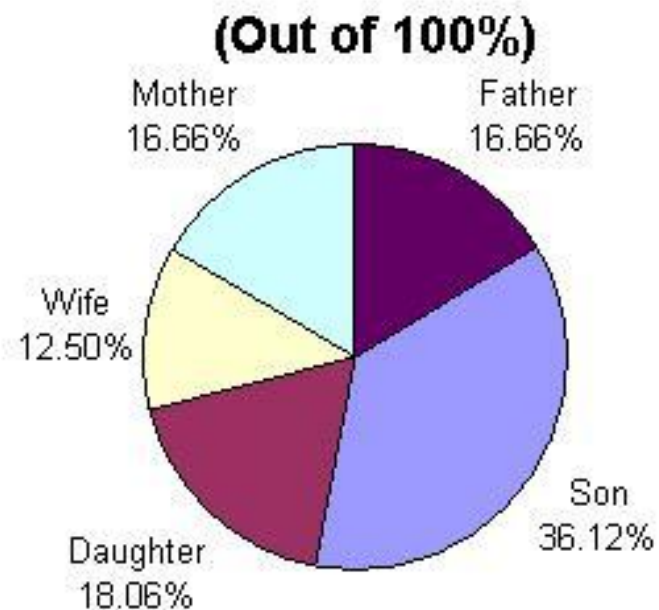


Sharia-compliance of distributing 1/3 of the estate which is the “Will” (referred to as ‘Wasiyyah’) can be non-heirs or charitable instructions. Thereafter the residuary estate according to eligible heirs and applicable shares

Essential components for Sharia-compliance

EXAMPLES

- Father ($1/6$) Mother ($1/6$) Wife ($1/8$) daughter ($13/72$) & son ($13/36$)



Essential components for Sharia-compliance

PRACTICAL CONSIDERATIONS

- It is possible to set out Zakat sums as a specific or pecuniary legacy gift provided the supporting evidence is included within a letter of wishes and the testator acknowledges the need to keep this updated annually. If the nature of the sum is unknown or likely to change, the better approach would be to arrange a discretionary trust of this aspect with reference to the supporting evidence (easier to keep updated).
- Sadaqah sums are more flexible and can be dedicated to a range of good causes such as building water wells, education, plants or animal charities, food banks and medication or healthcare for those in need or orphans and children generally – such preferences can be included alongside the details of the charity without being legally binding.
- The final or global clause if there are no eligible inheritors should be a registered charity which can qualify as ‘*Sadaqah Jariyah*’ (ongoing perpetual charity) or ideally as ‘*Zakat*’ (those in greatest need according to set eligibility criteria – *even Muslim charities have a separate ringfenced fund to meet this requirement*)



Essential components for Sharia-compliance

PRACTICAL CONSIDERATIONS

- Islamic Waqfs or charitable foundations are a popular choice for the final or global clause as they can meet the '*Sadaqah Jariyah*' category more easily and offer long term flexibility and the key component of achieving ongoing charitable benefit.
- Muslim specific DAFs (Donor-Advised Funds) are also increasing in usage due to the tax-efficient benefits for larger lifetime donations and saves on the expense and administrative work involved in setting up their own registered charities which some do individually or collaboratively.
- Every year, thousands of schools, clinics, orphanages, and homes for the poor are directly established overseas by HNW Muslims, without the involvement of a UK-registered charity. Often, these are built in honour of parents or departed loved ones to serve as a lasting legacy. However, this form of philanthropy misses out on valuable tax reliefs.
- DAFs allow donations to grow tax-free and be distributed at the donor's discretion, it is beneficial for those donating to overseas charities, as it enables them to benefit from tax reliefs usually reserved for donations made through UK registered charities. More awareness and support is needed for these gifting strategies.



Post-death Islamic Inheritance distribution

Examples

- Intestacy (full or partial) and family members are looking to fulfil Sharia-compliance can be advised of the charitable gifting option.
- Letter of wishes to provide guidance on distribution to fulfil via trusts or deeds of variation.
- Permissible to have charities as an executor, trustee or direct beneficiary to help support testator's instructions to be fulfilled. Often these are not traditional charities but local community mosques which operate as charities – greater support is needed for them to access specialist resources to achieve this role.
- Existing charities can work with local community to identify funds which may be eligible to meet the Zakat and/or Sadaqah categories and increase local legacy giving opportunities.

Wider considerations – a holistic approach

Looking at the bigger picture

- Is Zakat (compulsory charitable giving – one of the core pillars of faith (at 2.5% on income to those in greatest need/charity) being correctly calculated and paid annually?
- Two other core pillars of faith are fasting and prayer – missed content on these topics can be compensated via the 1/3 portion of the estate (the ‘wasiyyah’) to make up additional charitable gifting.
- Learning the lifetime charitable gifting behaviours can help increase and support charitable legacy giving by offering the different structures and options for ensuring Sharia-compliance including all-compassing clause being adjusted to circumstances so charity can win over taxation for greater afterlife rewards. If not done correctly, then Islamic principles require following the law of land and what is due to HMRC must be declared and paid early to avoid penalties or interest-based charges applying to those left behind. Early planning essential.



Thank you!



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Any questions?

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Your views needed on charitable Wills

- Can you spare a few minutes to share your insights on charitable Wills and estate planning?
- Your insight are greatly valued and will help build a clearer picture of current practice across the sector and identify where further guidance or resources could support advisers and their clients.

[Share your views and insights in this short survey.](#)

Stay in touch

We'd love to stay connected; here are a few ways you can keep in touch:



Sign up to our [monthly professional adviser bulletin](#) for all the latest news and developments in the world of gifts in Wills.



Join our [Legacy Friends Network](#) on LinkedIn, where you can share knowledge, ask questions, and collaborate with your peers.



If you haven't already, [join our Campaign Supporter](#) scheme for free, to access a range of resources to help you start these important conversations, including research, fact sheets and webinars.

Thank you!

We'd really appreciate it if you could complete our short feedback form for today's session.

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