

## A brief guide to the language of wills and legacies

When it comes to making a will, you may come across some terms you haven't heard before. These are some of the most frequently used.

### 1. Beneficiary

This is a person, or an organisation, to whom you leave something in your will.

### 2. Bequest

This is the official term for a gift that you leave to a person or organisation in your will. There are a number of types of bequests, including:

#### a. Residuary bequest

A gift made of the remainder of your estate after all other gifts have been handed out and debts paid off. The gift may be of either the total of the remainder or a percentage of it.

#### b. Pecuniary bequest

A gift made of a fixed sum of money. Unfortunately, the value of a pecuniary gift will decrease over time, as the cost of living increases.

#### c. Specific bequest

A particular named item left as a gift in your will. This may be a piece of jewellery, furniture or a painting

#### d. Reversionary bequest: a gift of assets to a chosen beneficiary subject to the rights of a named person or persons to receive the benefit of those assets during his or her lifetime. The assets would then pass to the Foundling Museum on the death of that person.

#### e. Conditional bequest: this ensures that in the event that none of your named dependants were to survive you, your estate would be left to the Foundling Museum.

### 3. Codicil

A codicil is a document used to change a will that has already been made.

### 4. Estate

Your estate is the total sum of your personal possessions, property and money once all your debts have been paid.

### 5. Executor

This is the name given to the people that you appoint to ensure your final wishes are carried out. These can be professionals, friends or family.

### 6. Inheritance Tax

Each tax year the government decides the limit above which the value of your estate will be taxed at 40%. The threshold for the 2009/10 Tax Year is £325,000. Gifts to charity are a good way of reducing the amount of your estate subject to inheritance tax (source: <http://www.certainty.co.uk/inheritance-tax/>). The inheritance threshold is always being adapted to tax legislation. Please find more information on <http://www.hmrc.gov.uk/rates/iht-thresholds.htm> or go to <http://www.direct.gov.uk/en/MoneyTaxAndBenefits/Taxes/BeginnersGuideToTax/InheritanceTaxEstatesAndTrusts/index.htm?CID=Money&type=sponsoredsearch>

### 7. Legacy

A legacy is just another word for a gift left in your will.

### 8. Probate

When somebody passes away, their executors will usually need to apply for probate. Once granted by the courts, the executors can distribute the gifts that have been left.

### 9. Residue

What's left of your estate after any outstanding debts have been paid off and gifts distributed to beneficiaries.

### 10. Testator

The person making the will.