

Inheritance Tax

Would you like to reduce the amount that you pay?



Wills

What if I Die Without Making a Will? Laws of Intestacy

If you die without a Will, then the Government will decide who will inherit your estate in accordance with the Laws of Intestacy. These were drawn up in the 1920s and are now somewhat out of date. However, these laws state that your spouse may end up sharing your estate with your children or parents. Or if you are an unmarried couple, then your partner may not get anything.

If you do not make provision for young children, then the authorities will decide

who is best placed to look after them, which may be hugely upsetting and disruptive. It can also mean that your partner (if you are not married) does not automatically become guardian of young children, even though he is the father.

If you die without making a Will, your ex-spouse may be entitled to claim part or all of your estate in certain circumstances. Even if your ex-spouse cannot make a claim, the assets you leave in trust for your children may fall under their control.

The Point of a Will

A Will only gives away what has not been taken from you or what you have not spent. Understandably, people have reservations regarding this delicate matter, but the process need not turn out to be as upsetting and difficult as you might think. In fact, having made a Will gives you a feeling that you have done everything correctly and provides inner warmth that only comes in the knowledge that you have tied up all those loose ends.

But making sure that you have a Will is not enough; it has to be the right type of Will - one that is professionally drafted to take into account your wishes, and your personal and financial circumstances.

The correct Will can allow you to:

- Specify whom you wish to inherit your estate, in what order and in what proportions so that you have comfort in the knowledge that your wishes will be carried out.
- Make specific legacies to family or friends or gifts to your favourite charities.
- Appoint suitable guardians for young children rather than leaving the decision to the Courts.



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- Set up maintenance trusts for children to protect their inheritance until an age specified by you.
- Ensure the inheritance of your children or other beneficiaries should the survivor re-marry.
- Protect your share of the property from having to be sold to pay for the survivors future care fees, thus still having assets to leave to your family.

Amending an Existing Will

If you already have a Will, it is recommended that you review it every 2 to 5 years. Sometimes your wishes may not have changed, but the value of your assets and the law may have. As such it is very important to ensure that your Will does exactly what you want it to do; that it protects your assets and investments, and most importantly that you have taken advantage of various areas of flexibility within the law of estate planning.

Children's / Grandchildren's Trusts

If you do not make provision for your children's financial future, then whilst the child is under the age of 18 years, their inheritance is held under a legal trust for their benefit. This is a complex and expensive legal procedure, as it involves an application to the courts to allow for the trust to be established. In addition to this expense, after the child reaches 18, they are quite free to spend (or worse squander) it.

Many people do not feel that this provision is suitable and therefore include this special and flexible trust in their professionally drafted Wills.

Through the Children's Trust, the parents can place an age restriction on the inheritance of 21 or maybe 25 years of age. In addition, they would also nominate trustees. These are people they have total confidence in to manage the trust for their children until they become of age and thus eliminate any costly and complex court fees.

These are also exceptionally flexible trusts. Should the trustees feel that it is suitable, they can advance funds to the children prior to the age of inheritance. For example, should a child need medical care or require funds for university.

If you have disabled or handicapped children, you can also make further long term, secure financial provision for them.

Inheritance Tax

Inheritance Tax is paid if a person's estate (their property, money and possessions) is worth more than the Inheritance Tax threshold when they die.

The current threshold to which you must pay 40% tax is currently **£325,000** for a single person or for people who are married, in a civil partnership or widowed, the threshold for Inheritance Tax is currently **£650,000 between them**. So, in the worse case situation, if your estate (everything you owned at the time of death, including your house value) was, say, £425,000 then you would have a taxable estate of £100,000. This would give rise to a tax bill of £40,000. £40,000 less going to your loved ones.



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The rules involved in inheritance tax are complex and it is for this reason alone it is important to discuss your situation with us, as only then will you be able to understand its potential effects on you, whether your loved ones will lose out on some of their inheritance and, more importantly, what can be done through us to reduce or even eliminate its effects.

We can only advise you on which option is the best for you if you discuss your circumstances with us



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