



# Have you safeguarded your legacy from Inheritance Tax for your family?

## **IF YOU DO NOT HAVE A CURRENT, CORRECTLY EXECUTED WILL – OR IF YOUR EXISTING WILL HAS NOT BEEN RECENTLY UPDATED – YOUR ESTATE IS AT RISK OF BEING DISPERSED ON YOUR DEATH IN WAYS THAT YOU WOULD NOT WISH.**

The only method of passing your property to your intended beneficiaries on death is to make a valid and binding Will.

Many people in the UK do not make a Will and die intestate (having made no disposition of property), so every item of financial value they have accumulated during their lives will not automatically pass to their intended beneficiaries, and the Rules of Intestacy will apply.

The situation is the identical where a Will is invalidly executed.

The Rules of Intestacy are strictly applied and progressively exclude surviving relatives from taking a share of an estate based on their closeness to the deceased. If there are no surviving relatives, bona vacantia applies and the estate becomes the property of the Crown, which can agree grants to individuals – but is not obliged to do so.

Unmarried partners, the non-civilly partnered, relations by marriage, close friends and carers have no right to inherit when there is no will, but they may apply to court for financial provision from an estate.

It is likely you will wish to leave money, goods and other specific gifts to family members, in-laws and friends – but they would receive nothing if no specific provisions are put in place during lifetime.

Likewise, it is important to ensure your will is up to date and reflects your current wishes. Beneficiaries may die, new beneficiaries may have been born or your wishes and values may have changed. Also, a will is made invalid upon a subsequent marriage.

You also need to consider the impact of Inheritance Tax (IHT) payments, which would reduce your family's potential benefits. IHT is payable on estates valued at £325,000 for individuals and £650,000 for couples (provided that the nil rate band of the first spouse to die has not been used). There is also an additional nil rate band of £150,000, rising to £175,000 by 2020 if your main residence is left to direct descendants such as children or grandchildren. The additional nil rate band will gradually taper away for an estate worth more than £2 million. The IHT threshold also takes account of any gift or gifts worth more than £3,000 made in the seven years before death.

IHT is charged at 40% on estates valued above a threshold set by the government. However, it is possible to reduce the tax due by making gifts to charity. If 10% of the entire estate is left to charity, the rate is effectively reduced to 36%.

IHT is not usually payable by a beneficiary, but in certain circumstances (for example, if the remaining estate cannot meet the liability) the responsibility will transfer. This can mean a beneficiary is dispossessed of a specifically granted inheritance, thereby defeating the intention of the testator.

There are additional considerations where an individual is non-UK domiciled and therefore is exempt from IHT on non-UK assets.

It is therefore vital to ensure you undertake (and regularly review) efficient estate planning early with a tax specialist to ensure you retain your assets and

mitigate the impact of IHT – and legally secure the provisions you make for estate disposal in a will.

This factsheet covers the main principles of wills and IHT. Please note that it should be taken as a general introduction only and our team would be happy to discuss this with you in further detail.

## **HOW WILSON WRIGHT CAN HELP**

Wilson Wright understands the vital importance of securing the succession of your assets for and of mitigating IHT and other duties. We provide a discreet estate planning service that includes:

- A free initial meeting with one of our tax specialists and a will drafting specialist from one of our preferred legal advisors, worth £500;
- Assistance with tax planning when drawing up and reviewing your Will;
- Making full use of exemptions and lower tax rates on lifetime transfers, including the normal expenditure out of income exemption;
- Optimising lifetime transfers between spouses;
- Acquiring agricultural or business property;
- Transferring assets into trust; and
- Arranging adequate life assurance to cover potential inheritance tax liabilities.

Wilson Wright has the experience and sensitivity to advise you on crucial estate planning and to undertake timely reviews in light of significant life events, thereby ensuring your Will is always appropriate to meet the needs of your family and friends.

**To find out more about what they can do for you, visit: [wilsonwright.com](http://wilsonwright.com) or call 020 7832 0444**



## MEET THE TEAM

If you require further information or guidance on any of the matters in this guide, do not hesitate to contact the Wilson Wright team.

**For full details of our services please visit [wilsonwright.com](http://wilsonwright.com) or call 020 7832 0444.**

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