

## GREENWELL CONSULTANCY

**'PROFESSIONAL WILL WRITING & ESTATE PLANNING YOU CAN TRUST'**



### Newsletter 3 – October 2014

In this latest Newsletter we are looking at areas which we feel are of interest to our clients but also to people you know who may not have kept their knowledge of matters concerning Estate Planning as up to date as you.

The recent changes to the rules of 'Intestacy' (not having a Will) affect everyone in that category, unbelievable as it may sound there is still around 55% of the population who have still not made Wills. We will look at the main areas of change later in the newsletter.

Finally a very recent case where our visit had a very unusual result for the couple concerned!

#### **Thank you**

I big thank you to all our clients who continue to refer new clients to us, we have always taken the attitude that this is the best way of developing new business and your recommendations are always very appreciated.

#### **Email and postal addresses**

If you have yet to confirm an email address to us or indeed change your email or postal address please let us know so we can keep our records up to date and continue to keep you informed.

#### **Reasons to make/amend your Will**

These are just 6 key areas you should seriously consider when looking at amending your existing Will or if someone you know wants to make their first Will;

1. **Children** – appointing Guardians for those under 18 years of age. Never an easy task and the fact is that most people forget that if no appointed Guardian(s) on the death of the parents the children would go into care until the Court decide who is appropriate.
2. **Divorce** – with almost half of all marriages/civil partnerships in the UK ending in divorce, have you ever considered what would happen to your children's inheritance if they got divorced in the future?
3. **Long Term Care Fees** – one in four of us will require long term care of some respect at some point in our lives. If you own more than £23,250 in assets you are liable to pay all of the care costs, even if you have to sell the family home to do so (but not if your spouse still lives there).
4. **Marriage after Death** – if your partner re-marries, everything you leave them will become jointly owned with their new spouse. Have you considered what will happen if that new marriage breaks up? or if the marriage lasts and the new partner outlives your former spouse?
5. **Inheritance Tax** – latest estimate is that £3.4bn is paid each year in inheritance tax, with some simple Estate Planning and advice this could be reduced or in some cases eliminated completely.
6. **Bankruptcy/Creditors** – without proper professional Estate Planning what you leave to your children/beneficiaries could be swallowed up by creditors if your children were to get into financial difficulty, either personally or via any business they may have involvement with.

#### **Will Reviews**

We mention this in every Newsletter because it is important for you to ensure your Wills are up to date and reflect your current wishes. The list above also could spur you into looking again as to possible changes that may help you and your family. If everything in order that's great, if not or you want to talk things through call us.

## **New Intestacy Rules with effect from October 1<sup>st</sup> October 2014**

### **Summary of main areas of change**

#### **Unmarried Couples**

**No change** – despite pressure from various areas the new law still makes no provision for ‘common law’ partners, irrespective of how long they have lived together and whether or not they have children together.

The only way non married partners can inherit from each other is to make a Will.

#### **Married couples/civil partners with no children**

**Old Law** – only the first £450k of the estate plus half the remainder would go to the surviving partner. The other half would be split equally between the deceased’s blood relatives.

#### **New Law**

– Married/civil partnership spouses are now entitled to whole estate if their partner dies without a Will and they have no children.

#### **Married couples/civil partners with children**

**Old Law** – Surviving spouse would receive the first £250k of the estate and a life interest in 50% the remaining estate, the deceased children would receive the other 50%.

**New Law** – Surviving spouse received the first £250k of the estate, instead of receiving a life interest in 50% of the remaining balance, they now receive it as an outright payment. The remaining 50% goes to the deceased’s children.

#### **Adopted Children**

**Old Law** – if children were legally adopted they effectively would lose any inheritance from their blood parents.

**New Law** – any child of the deceased will inherit even if they are subsequently adopted.

#### **If a person dies and has no surviving children or direct descendants, the order of inheritance is now;**

- Your parents
- Whole blood brothers or sisters, or their children if your siblings have not survived you.
- Half blood brothers and sisters, or their children if there is no surviving parent.
- Your grandparents
- Your whole blood Uncles & Aunts, or their children.
- Half blood Uncles & Aunts or their children.
- Failing all of the above your estate goes to The Crown!!

#### **The following is a real life case which occurred in the past few weeks;**

A couple approached us wanting to update their existing Wills which were made 14 years ago – what looked on the surface to them as pretty straight forward ended perhaps not as they had envisaged!

They had both been previously divorced and now live as partners and had done so for some considerable time, marriage was just something they never got round to. Having gone through their wishes the area of Inheritance Tax (IHT) was discussed. The vast majority of their assets were held in their own names or in respect of their properties what is known as tenants in common (each owned an equal share of property concerned).

In essence an IHT calculation was made if they remained as they were.....they were shocked at the result....I jokingly suggested if they married the picture would look much better to the tune of **£142,000!!**

The gentleman looked at his partner and said lets get married then, she agreed and as far as I am aware arrangements are in hand!!

For help or advice or any of the areas in this Newsletter or indeed other matters please call and speak to Darrell or Grahame.

**Contact Number: 07770 358040**