



IM, irwinmitchell
private wealth



Planning for later life

Embracing exceptional



“Truly outstanding and really took the time to understand my needs. Adopted a highly effective approach in order to meet my objectives. Providing legal advice was just the beginning, what made the difference was their ability to give first class support and guidance, constantly going that extra mile. Attention to detail and intellectual vigour cannot be overstated.”

Caroline Round

Introduction

No-one likes to think about ourselves as growing old. The thought of potential health issues, loss of independence and the caretaking of our legacy is daunting indeed.

Our many years of experience in helping people to effectively plan for later life, through practical and expert legal advice, is key to ensuring a comfortable future for our clients, and giving them peace of mind to dedicate their time to what matters most to them.

At Irwin Mitchell, we take time to get to know our clients, and so what is important to them becomes important to us.

Whether it is writing wills or preparing trusts, making arrangements for Power of Attorney or planning for inheritance tax, we're here to help you. A little planning now, regarding your estate and who you want to make decisions on your behalf should you be unable to, will leave you confident that your needs and wishes will be fulfilled down the line, as well as making the process easier for your family and friends.

Our specialists can help you in the following areas:

Making a Will

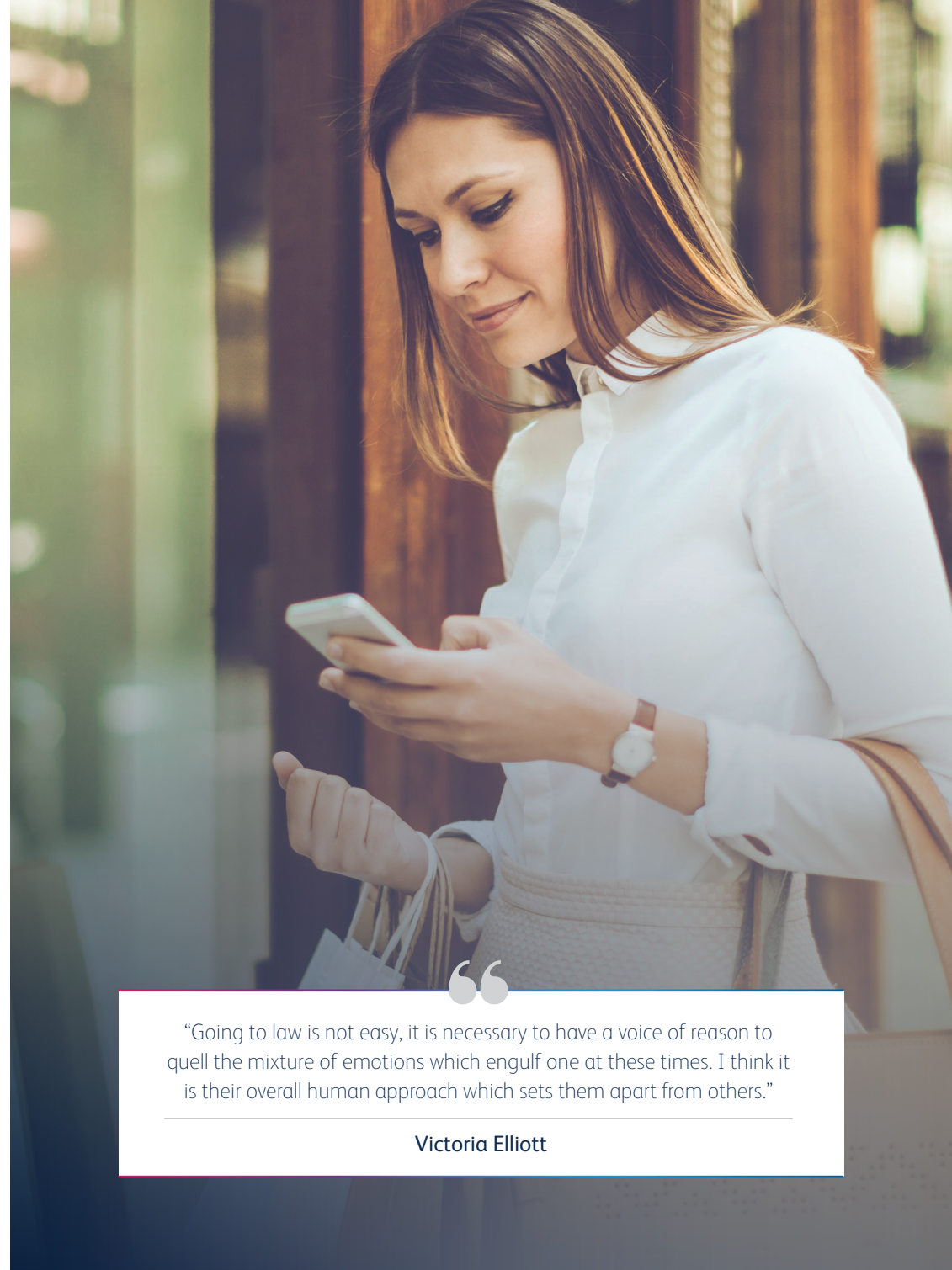
Establishing a Trust

Preparing for Inheritance Tax

Establishing a Lasting Power of Attorney

Pensions

Family matters.



“Going to law is not easy, it is necessary to have a voice of reason to quell the mixture of emotions which engulf one at these times. I think it is their overall human approach which sets them apart from others.”

Victoria Elliott

Making a Will

Wills are essential for effective later life planning, by helping with effective tax planning, and protecting your assets for future generations.

If you do not have a Will in place, then upon your passing, the law decides what happens to your estate; making what is already a difficult time a lot harder for your family. By writing a Will, you leave your loved ones clear instructions on your wishes, from who will receive specific items to the kind of funeral you would like.

There are many good reasons why you should make a Will, including:

You can make sure that your loved ones receive all of the money or property you want them to receive

You may be able to reduce the amount of inheritance tax paid

You can appoint a guardian to care for your children if they were orphaned

You can give particular items or keepsakes of sentimental or financial value to named people

You can donate money to charity

You can make sure that your children inherit from you even if your surviving spouse re-marries

You can provide for a disabled person in a way that will not affect their benefits and will not put them at risk of being taken advantage of by dishonest people

If you are living with someone but are not married, you can make sure they are able to stay in your house if you passed away and receive whatever inheritance you want them to have.

Keeping your Will updated

Whilst Wills are normally drafted to take account of likely future circumstances, it is wise to review your Will every few years to reflect changes in your life and taxation. You should review your Will on any of the following events:

Entering into a marriage, registered civil partnership or co habitation

The birth of children in the family

The death of your spouse, partner or other member of your family

Divorce or separation within the family

Receiving a significant inheritance or a personal injury award

Moving abroad, moving house

Changing jobs or considering a sale of your business.

How we can help

Will drafting is a highly specialised area of law, and there are often hidden complexities not appreciated by an individual when making a Will and which only come to light on a proper review and consideration of personal circumstances.

Our team makes the process as simple as possible. We communicate clearly and without the use of legal jargon. We will give you clear information about the costs up front so that you know exactly how much you'll pay, and we will draft you a bespoke Will, tailored to suit your individual requirements.

We can provide peace of mind that your estate will be distributed to your loved ones correctly and your wishes fulfilled.

Establishing a trust

Most people want their Will to be simple and straightforward. But this is not always the best thing for your children, or whoever is to benefit from your Will.

One of the difficulties is that we rarely know, at the time a Will is made, when it will take effect and what the circumstances of the intended beneficiaries will be at that time.

Suppose one of those you want to benefit:

Has died, leaving young children or young adults to inherit in their place

Has suffered illness or some other event which affects their ability to deal with their inheritance

Is at risk of claims from an estranged spouse, from creditors of a business in difficulties, or from credit card companies

Wants to use their inheritance to benefit other members of their family in a tax efficient way

Has assets of their own which already give them inheritance tax (IHT) issues

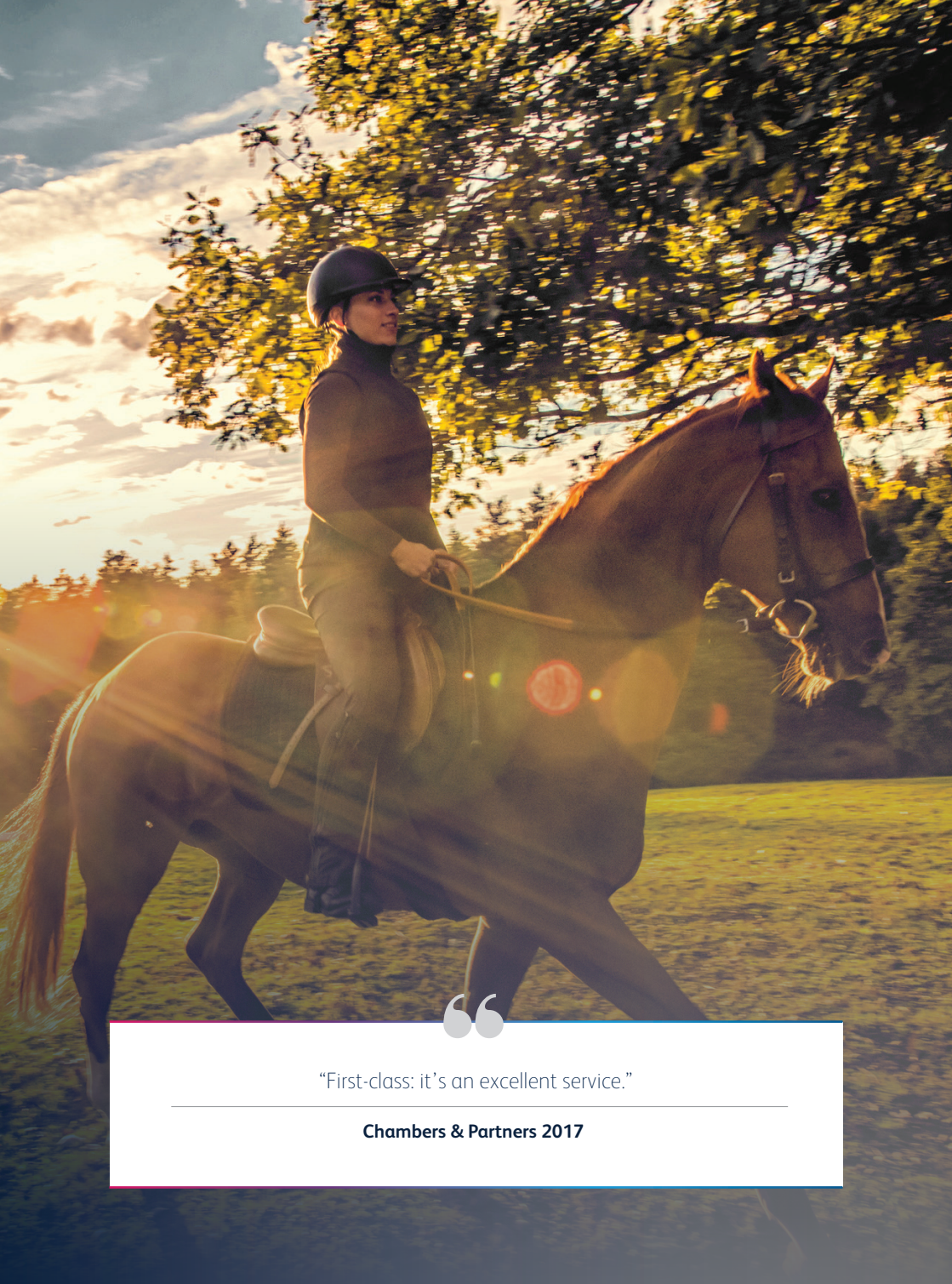
Might suffer a reduction in benefits they receive from other sources as a result of their inheritance.

In any of these cases it may be better for your chosen beneficiaries to inherit within a 'flexible trust'.

The beneficiaries of the flexible trust do not have to use it, it can be cancelled without tax penalties if it is better, when the time comes, for them to inherit outright (i.e. outside of the restrictions afforded by the trust).

How we can help

We are an experienced, friendly team who specialise in handling all kinds of trusts and related tax issues. Whether you are a trustee who wants some support and advice, or you are looking to set up a trust and appoint a trustee, we have the knowledge and experience to provide you with the best possible advice.



“First-class: it’s an excellent service.”

Chambers & Partners 2017

Preparing for Inheritance Tax

Inheritance Tax (IHT) is a tax paid on your property and belongings (estate) when you die. It has to be paid before probate is granted and the inheritance is released.

Your estate, for IHT purposes includes:

Your home and any other properties you own
Your possessions
Bank and Building Society accounts
Investments
ISAs
Insurance policies not paid out under trust arrangements.

The following are normally free of IHT:

Most gifts made more than seven years before you die
Gifts to spouses
Gifts to UK charities
Certain small lifetime gifts
Some business and agricultural assets.

The sum you leave your loved ones can be greatly impacted by the amount of IHT that is payable on your estate after your death. However, there are ways you can minimise the tax bill and ensure the best possible financial outcome for your loved ones including:

Lifetime Gifts

The first £325,000 (in 2016/2017) of a person's assets are free of IHT when they die. This is known as the "nil rate band".

A widow or widower may have also inherited their spouse's nil rate band, and so in that instance you may be able to pass on up to £650,000 (in 2016/17) tax free.

Above the nil rate band(s), IHT* is payable at 40%. Any gifts made within the previous seven years are included in the valuation of your assets.

Small lifetime gifts

Everyone has a £3,000 annual exemption each tax year. This can be carried forward to the next year if it is not used and can be used to make gifts to your loved ones.

Gifts of up to £250 to any other individual, in any one tax year, are exempt, provided that the recipient has not received any part of the £3,000. This exemption usually covers birthday and Christmas presents and gifts on similar occasions.

There are special exemptions for gifts to those getting married. These must be made either on the occasion of the marriage, or immediately beforehand. Each parent or step-parent can give £5,000 each.

* Subject to the new relief for homes. (RNRB - see page 16)

Gifts to charity

Gifts to UK charities are also exempt from IHT, whether made prior to death or under a Will.

It is also possible to claim Gift Aid on lifetime gifts to charities, which will reduce your taxable income and mean that higher-rate tax payers can claim relief on their donations.

Regular gifts from income

This is an extremely useful way of making substantial gifts without incurring any IHT. There is no limit to the amount that can be given away under this exemption but the following conditions must be satisfied:

The payment(s) must be made as part of your "normal expenditure" in the relevant tax year.

Payment(s) must be made out of your income for the relevant tax year (i.e. not using savings or other capital).

After the gift(s) is made, you must be left with sufficient income to maintain a usual standard of living in each tax year (without reliance on savings or other capital).

Recording commitments to making gifts and keeping records of income and expenditure - to show you how surplus income is critical. We can advise on how to do this effectively.

IHT update

Extra allowance for Home Owners from April 2017

With effect from 5 April 2017 there is to be an additional IHT allowance – the Residence Nil Rate Band (“RNRB”). This will mean that when you die, all or part of the ownership of your home will pass to a direct descendant.

Additionally, if you no longer own property which makes full use of the allowance, you may be able to count the value of a previous home, provided you owned it at some time after 8 July 2015. However, the RNRB will be restricted, and, in many cases, lost altogether, for those whose assets are worth more than £2 million when they die. It means an effective marginal IHT rate of 60% on the band over £2 million.

The RNRB allowance is available only on deaths occurring after 5 April 2017. The allowance will be phased in and is currently expected to be:

£100,000 in 2017/18;
£125,000 in 2018/19;
£150,000 in 2019/20;
£175,000 in 2020/21; and
Increased in line with inflation in years after that.

Widows and widowers will be able to claim an extra RNRB if it was not “used” on their spouse’s earlier death. The effect will be that, from 6 April 2017, most widows and widowers will have double RNRB, because there will have been no opportunity for a spouse who died before 6 April 2017 to use it.

From April 2020, the RNRB of £175K added to the normal £325,000 IHT allowance will mean you can keep £500,000, free of IHT. For a married couple (including civil partners) this would double up to reach the magic £1 million!

More information on the practicalities of this change are available upon request, but clearly this adds a whole new dimension to IHT planning, especially for married couples. In many cases updated advice will be needed, to ensure your affairs are structured effectively and you use assets tax effectively.

How we can help

Setting up and managing your tax affairs can seem a confusing and complicated process. Our team will work closely with you removing the stress, leaving you with piece of mind that you have maximised all avenues available to you whilst also remaining fully compliant. You will have direct access to a dedicated lawyer, who can help with all or some of the following services, and introduce you to the right adviser where needed:

Making gifts
Structuring Wills to minimise IHT
Trusts
Restructuring your inheritance plans following a marriage, or a divorce
Structuring your affairs to make the most of reliefs
Reviewing arrangements of assets and wills between married couples to maximise the benefit of RNRB.
Investments with favourable Inheritance Tax treatment
Deeds of variation (where a will, or part of it, can be varied after death in order to save IHT).

Establishing a Lasting Power of Attorney

If you are worried about losing the ability to manage your finances or who will make decisions about your welfare in later life, you may want to consider making a Lasting Power of Attorney.

A Lasting Power of Attorney is a legal document that allows you to plan what should happen to you and who would be able to make decisions for you, if you become unable to make decisions for yourself in the future. Putting a Lasting Power of Attorney in place offers security for you and your loved ones and lets you decide what should happen if old age, illness or injury leave you unable to deal with your own affairs.

By making a Lasting Power of Attorney you can:

Choose a person who you trust to look after your affairs and welfare in the future

Specify your wishes and what powers your attorneys should have

Choose who is told about your Lasting Power of Attorney, allowing people to raise concerns now should they wish to do so

Reduce the likelihood of conflicts in the future by ensuring that your signature and the signatures of your attorneys are witnessed.

Who to appoint as your attorney

As with any power of attorney, it is an important document and you should take care who you appoint as they should be trustworthy and have appropriate skills to make the proposed decisions. If you appoint more than one attorney you can appoint them to always act together or independently. You may even appoint them to act together for some things and together and independently for others, although this should only be done with advice as it may cause problems when using the power.

You may also choose to appoint a successor to your attorney, in case they die or otherwise cannot act for you. Selection of a suitable attorney is a decision our advisers can support you in making.

When can the attorney act?

The attorney will only be able to act when the Lasting Power of Attorney has been signed by you both, and it is certified that you understand the nature and scope of the Lasting Power of Attorney and have not been unduly pressured into making it. It must then be registered with the Office of the Public Guardian before it can be used. The Financial Decisions Lasting Power of Attorney can be used both when you have capacity to act as well as if you lack mental capacity to make a financial decision. The Health and Care Decisions Lasting Power of Attorney can only be used if you lack mental capacity.

How we can help

Without a Lasting Power of Attorney, your family and friends may find it difficult to manage your affairs and they may not know your wishes. They may need to apply to the Court of Protection for a deputyship order, which can be costly and time-consuming.

Our friendly and approachable team has a great deal of experience in establishing Lasting Powers of Attorney. We will offer support and clear advice, advising you on what action to take to ensure your wishes are followed and your best interests are looked after.

Family matters

Once the family has flown the nest we are left with plenty of free time, which can mean that our perspective is open to change, and can lead to the breakdown of relationships.

For the older generations the accumulation of assets is often greater, making separation more complicated. Dealing with property, savings and pensions needs careful consideration and complex legal advice, especially for those on a second or third marriage and if their wealth has increased.

Divorce within the family can leave Grandparents without the legal right to spend time with their grandchildren. But Courts can make orders to help maintain contact to allow Grandparents to play an important role in their grandchildren's lives.

Many older people starting a new relationship now set up prenuptial agreements to protect their assets and children's inheritance.

We can help with:

Marriage v Co-habitation

Pre/Post Nuptial Agreements

Living Together Agreements

Contact Arrangements for Grandchildren

Separation Agreements

In the event of a divorce or separation we can help with the following issues:

What happens the matrimonial home and any other properties

How should capital be divided

Is maintenance appropriate

How should pensions be dealt with, especially if they are in payment

Can and should any particular contributions brought into the marriage be ring-fenced (i.e. properties, inheritances etc.)



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Assurance and confidence when you need it most

Our leading expertise is what makes us great at what we do; it's our approach that makes us different. When you work with us, you are safe in the knowledge that you will receive the best advice, most proactive service and the assurance that your affairs are being handled with the utmost respect and discretion. Working with us is not simply business or personal, it's a relationship with a human touch.

Here are some of the ways we help our clients, but the exceptional part is the way that we do it.

Safeguarding your wealth

- > Wealth Structuring
- > Family & Divorce
- > Wills & Estate Planning
- > Probate & Estate
- > Administration
- > Vulnerable & Elderly
- > Personal Brand Reputation
- > Charity & Philanthropy
- > International

Enhancing your wealth

- > Wealth Structuring
- > Property
- > Rural Business & Estates
- > International

Supporting your business interests

- > Corporate & Commercial
- > Succession Planning
- > Asset Protection
- > Intellectual Property
- > Employment
- > Commercial Disputes
- > Corporate Tax
- > Commercial Property
- > International Family & Divorce



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