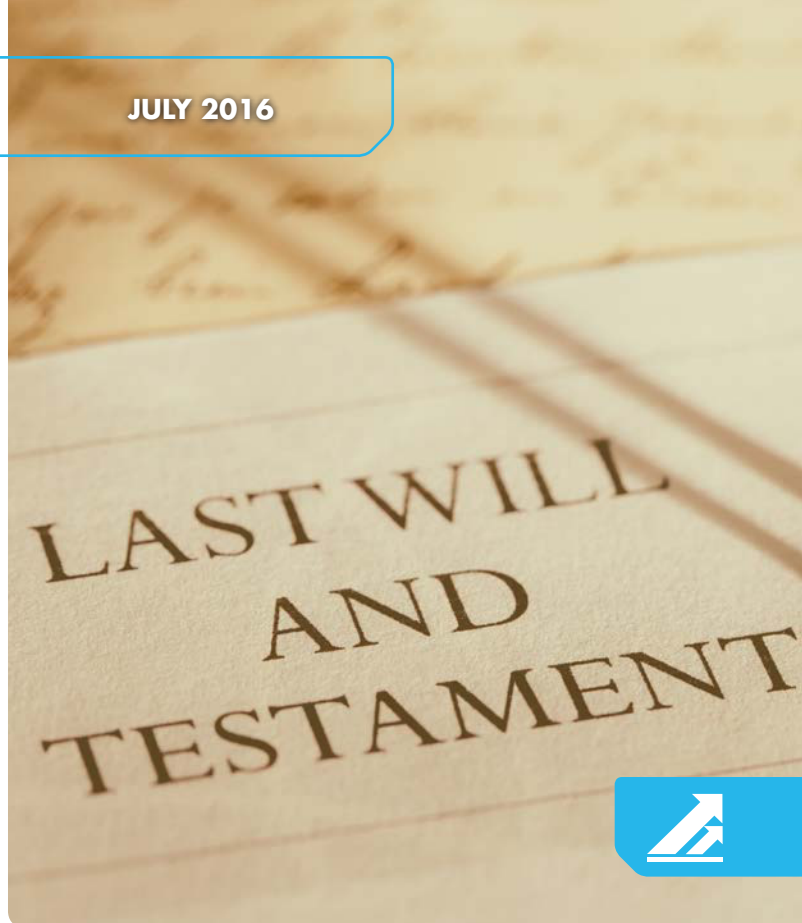


3D Financial Planning  
Independent Financial Advisors

## Wills and intestacy

A guide to making a valid will, updating it and what happens if you don't have one.



A will not only ensures that your estate is distributed according to your wishes but can also be used to reduce your liability to inheritance tax (IHT).

Despite the importance of estate planning many people haven't made a will. A 2015 survey by YouGov found that 62% of British adults do not have a will.

Similarly, Citizens Advice has reported a sharp increase in the number of enquiries about intestacy. Last year the charity received 3,747 queries about dying without a will, compared to 1,522 in 2011.

A valid and up-to-date will gives you peace of mind that your estate will go to who you intend. It can also save your loved ones stress and help ensure that you don't pay more IHT than you need to.

### Making a will

Your will should contain information on:

- how you want your estate to be distributed
- alternative arrangements if your beneficiaries die before you
- who should take care of any children who are under 18
- who should administer your estate when you die.

The first step of the process is to consider your assets and debts.

Having a rough idea of the value of your assets will help you decide how to split your estate. Many items will change in value over time and you may want to consider this when deciding who should inherit what.

There are 5 main ways to divide your estate and you can use a combination of them.

1. **Residuary bequests** leave a percentage of the estate to a person (after costs, tax, debts and other legacies have been paid). For example, a quarter each to your 2 children or everything to your spouse or civil partner. If your circumstances are simple, you may be able to use only residuary bequests.
2. Leaving a fixed sum of money to someone. This is known as a **pecuniary bequest**. For example, leaving £500 to a grandchild.
3. A **specific bequest** leaves a named item to someone. For example, leaving your car to your brother.
4. **Reversionary bequests** make alternative arrangements if a beneficiary dies before you. For example leaving your house to your husband but if he dies before you, the house will go to your daughter.
5. **Setting up a trust** allows money, property or other assets to be held and managed on behalf of named beneficiaries. Trusts are often used to hold assets for children under 18. There are many different types of trusts so it is wise to seek professional advice when including a trust in your will.

How you decide to divide your estate may affect your IHT position so it is useful seek advice before finalising your will.

### Property

How property is inherited depends on the type of tenancy.

**Joint tenancies:** You cannot pass on the ownership of this type of property to another person in your will. The surviving partner will automatically inherit the other partner's share of the property.



# Wills and intestacy

**Tenants in common:** Ownership of the property will not automatically pass to the other owner if you die. However, you can leave your share to someone in your will. They will become a tenant in common with the other owner.

## Choosing executors

You will need to choose an executor or executors - the people or person who will organise your estate when you die. Make sure whoever you choose is happy to take on the responsibility.

Naming more than 1 executor will make it easier for them to share the work involved in administering your estate.

Professionals such as solicitors or banks can also act as executors and can be particularly helpful in dealing with large or complicated estates. Solicitors and banks will charge for this service, and some may apply charges based on a percentage of the value of the estate.

Talk to us about your will.

## Legally valid wills

To make sure your will is legally valid, you must:

- be 18 or over
- make it voluntarily
- be sound of mind
- make your will in writing
- sign it in front of 2 witnesses who are over 18
- get it signed by the 2 witnesses in your presence. A witness (or their married or civil partner) cannot benefit from the will.

It is wise to seek legal advice to ensure that your will is valid, particularly if your situation or wishes are complicated.

Once you have made your will you need to store it in safe place and let your executor know where it is.

## Updating your will

The government advises that you should review your will every 5 years and any time your situation changes.

Significant changes that signal a good opportunity to revise your will include:

- having a child
- moving house
- getting divorced or separating
- if an executor, guardian, beneficiary or trustee dies
- getting married or entering into a civil partnership - this cancels any previous wills (this rule does not apply in Scotland).

There are 2 options for updating your will: making a new one or adding an official alteration called a codicil.

Codicils are suitable for small amendments such as change of address or increasing the value of a cash gift. There's no limit on how many codicils you can add.

Any codicils will have to be signed and witnessed in the same way as when the original will was produced.

For bigger or multiple changes such as creating a trust or changing your main beneficiary, it is more appropriate to write a new will.

To avoid any doubt your new will should say that it revokes any previous wills and codicils. You should also destroy your previous will and any codicils.

Creating a new will is a good opportunity to reassess the value of your estate and make any other changes accordingly.

Contact us to discuss financial planning if your circumstances have changed.

## Dying without a will

Your estate will be divided according to intestacy law if you die without a will, meaning it may not go to the people you intend.

Although intestacy rules differ between England and Wales, Northern Ireland and Scotland the principles are similar. In general spouses and civil partners have the greatest access to estates, followed by children and parents and siblings.

If you are in a relationship but not married or in a civil partnership, your partner has no automatic right to your estate.

Intestacy is an important consideration for people who do not plan on marrying their partner or those whose proposed beneficiaries fall outside of their immediate family.

## Get help

A will is part of the larger picture of estate planning. We can work with you to ensure that your will reflects your wishes and makes the most tax-efficient use of your assets.

We can help you create a suitable estate planning strategy.

### Important information

This document is solely for information purposes and nothing in this document is intended to constitute advice or a recommendation. The FCA does not regulate advice and services in respect of estate planning, establishing trusts and writing wills.

Whilst considerable care has been taken to ensure that the information contained within this document is accurate and up-to-date, no warranty is given as to the accuracy or completeness of any information.