

HOW TO PROTECT YOUR AND YOUR FAMILY'S WEALTH.



VYMAN
S O L I C I T O R S

Why you should read this

When thinking about your and your family's future estate and tax planning and wealth management may not be your highest priority. Yet without proper arrangements in place, money that you have worked hard for and saved up over the years could end up going to the taxman after your death. The lack of proper planning can also lead to disagreements and be emotional and stressful for your family during what is already a difficult time.

This brochure sets out some of the options that could help protect your assets and enable you to take greater control of your future.

Vyman Solicitors can assist you with:-

- The preparation of Wills and Lasting Powers of Attorney
- Applications to the Court of Protection
- Ownership of property
- The creation and administration of Trusts
- Obtaining Probate and dealing with the administration of estates

We act for individuals, Attorneys, Executors, Trustees and businesses.



Testimonials

"Vyman are a very responsive legal firm and their work is meticulous, I have used them on numerous occasions for my clients and myself, on property and litigation matters, and nothing is too complicated for them. I would definitely recommend them."

Ali, Greenford

"...I relied on Matthew's knowledge and advice when making complicated wills and LPAs. He always detangled complex strands of law in a way that I understood which gave my confidence that I was making the right decisions."

Margot, Harrow

"Being clients for many years we would never use another solicitor."

Laurence, London

Preparing a Will

Nobody likes to dwell on what will happen after they are gone, but failing to leave clear instructions can lead to uncertainty, stress and added expense for your loved ones. It can also open up the possibility of disputes.

If a person dies without a valid Will they are said to have died intestate, in which case their estate is distributed in accordance with a series of strict rules. Many believe that if you die without a Will then all your assets will simply pass to your spouse or civil partner. This is not true. If you have children they may also be due a share. If you are unmarried and have a long-term partner then they are not due anything from your estate under the intestacy rules.

A carefully written Will ensures that your wishes are met, often in the most tax efficient way, without confusion or disagreement. It also enables you to take control of what happens to your assets and who receives them and avoids the unintended consequences of the intestacy rules.

When it comes to Inheritance Tax (IHT), only assets passing to the spouse or to a charity are exempt from IHT. We have seen the rules of intestacy force families to liquidate valuable assets in order to meet IHT which could have been avoided, had the deceased put a tax-efficient Will in place.

It is also important to finalise matters particularly where property or business assets are jointly held.



Research shows that around 70% of people over the age of 40 have no Will in place. This may be due to them never having considered the matter or being under the false impression that they do not need a Will.

Case Study

David and Sarah have been in a relationship for 15 years. David is an IT consultant and Sarah is an architect. They bought a property together in South West London as tenants in common nearly 10 years ago. They have a small joint bank account but retain the rest of their money in separate deposit, savings and investment accounts. They spoke about marriage a few years ago but never got around to it; their arrangement suits their busy lifestyles. They do not have children.

Following a bout of ill-health, David and Sarah took our advice and were surprised to learn that, as common law partners, neither of them had any right to the estate of the other under the intestacy rules. Their respective estates would instead pass to their family members. Where a house is involved, and especially if this is owned as tenants in common, the survivor of them could end up owning their property with distant relatives of their late partner. They therefore decided to put Wills in place so that they could provide security for each other and control what happens to their assets after their deaths.

Lasting Powers of Attorney

A Lasting Power of Attorney is a legal document that allows you to appoint individuals to act on your behalf or make decisions for you if you lose the capacity to do so in the future. This can provide peace of mind and gives you the assurance that you will be looked after in the future.

If you do not have a Lasting Power of Attorney in place and you lose your capacity in the future then a family member will need to apply to the Court of Protection to make decisions for you. This is an expensive and lengthy process, taking several months to resolve. In other cases the local authority may step in and assume control over your affairs.

There are two types of LPA: one for Property and Financial Affairs and the other for Health and Welfare. You may make either or both. You can provide guidance for your attorneys and place restrictions and conditions on the actions they can take.

Your LPAs will normally need to be registered with a Court (the Office of the Public Guardian) before your Attorneys can connect start to act on your behalf. Vyman solicitors can assist you with preparing LPAs and make the application to the Court on your behalf.



Case Study

Mukesh was 83 years old when he sought our advice. Mukesh was concerned about dementia and was worried about how he would manage if he lost the ability to make decisions in the future. He had assets of approximately £1million.

Following our advice Mukesh decided to put both types of Lasting Power of Attorney in place, appointing his three children as his Attorneys, and we registered these as soon as they were signed. Mukesh had specific concerns about his needing to go into a care home and wanted his Attorneys to know about his feelings and concerns. With our advice he was able to guide his Attorneys in his Lasting Power of Attorney.

By putting Lasting Powers of Attorney in place Mukesh could appoint people he trusted to look after his finances and his care and have the peace of mind in knowing his affairs were in good hands.

Inheritance Tax (IHT)

Inheritance Tax (IHT) often needs to be paid to the Government from your estate after you die. Your estate includes everything you own, ranging from your house and your savings to less-obvious assets such as your personal possessions (including your car and jewellery), minus your debts at the time of your death.

If the value of your estate does not exceed £325,000 then there is normally no IHT to pay. This threshold has been fixed since 2009 and is unlikely to raise until 2021 at the earliest. IHT is usually taxed at 40% on the part of your estate that exceeds this threshold. The Government introduced a new additional allowance in 2017 that applies where you leave your main residence to certain descendants. This threshold is currently £125,000 and is increasing to £175,000 by April 2020. However, it does not apply in all cases and careful advice needs to be sought.

If you leave all your estate to a spouse or civil partner or to a charity then there is not normally any IHT on your death.

There are certain rules that allow you to give away part of your estate free from IHT. This includes giving £3,000 worth of gifts each tax year (or rolling this amount over to the following year up to a maximum of £6,000). You can give away greater amounts or make gifts of assets, such as property, but these may have IHT consequences. IHT may also need to be paid on certain gifts, such as transfers into trusts.

Other taxes could also apply in any estate or lifetime planning.

Vyman Solicitors can advise you on how to preserve your estate and ensure you pass on as much of your wealth as possible on your death.



Creation and Administration of Trusts

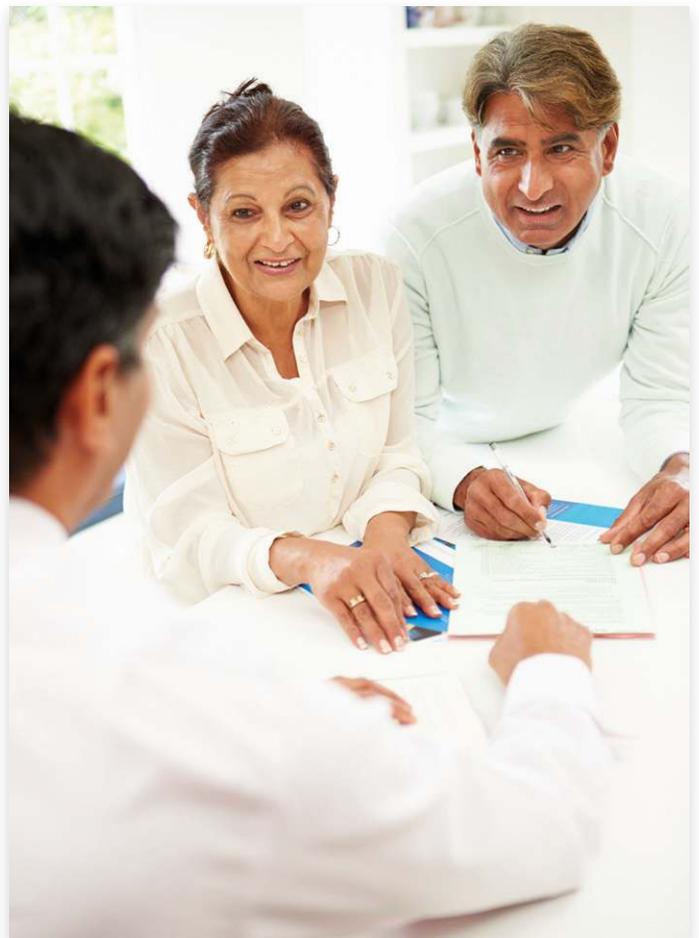
Assets can be held in trust, which can be a valuable tool for:-

- Protecting family wealth;
- Mitigating taxation;
- Providing for a vulnerable or disabled person;
- Safeguarding and managing assets for young people until they reach a certain age; and
- Exercising discretion over when a beneficiary is to receive funds (be that capital or income) during their lifetime.

Trustees have various roles and responsibilities, such as:-

- Dealing with assets in accordance with the trust Deed
- Paying any tax due
- Managing the trust and deciding where to invest funds.

Vyman Solicitors can advise you on the tax planning benefits of trusts and providing for beneficiaries through trusts. We can also assist you with setting up trusts and the ongoing administration of existing trusts, whether these are created under a Will, intestacy, or in your lifetime. We also have experience in advising Trustees on their duties and responsibilities in managing Trusts and advising beneficiaries on their rights and entitlements.



Case Study

Martin and Joanna have recently retired and are planning their estates for the future. They have assets totalling around £2M. They are concerned about Inheritance Tax and wish to ensure their three children and their young grandchildren inherit as much as possible from their hard-earned wealth.

After consulting with us they decided to put tax efficient-Wills in place and pass some of their cash wealth down by way of gifts. They also set up a discretionary trust and intend that this can be used in the future to help pay for their grandchildren's studies.

Probate and Estate Administration

When someone you love dies it can be a very difficult time. Not only is this a highly emotional period but you may also have to deal with the responsibility of acting as the Personal Representatives of a person's estate. This can be more complicated and stressful if the deceased did not leave a Will.

Whether there is a Will or not, administering a deceased person's estate is usually known as 'obtaining Probate.' This term is used when applying for the rights to deal with the estate.

For some estates you do not need to obtain Probate but there are many circumstances where it will be necessary, such as:-

- Where the deceased owned property with another as tenants in common
- Where the deceased held stocks and shares or investments
- Where the estate is worth more than £5,000
- Where the deceased held above a certain amount of money in a bank or building society
- Where the deceased is involved with a dispute

As Personal Representative, you are also legally responsible for making sure that the assets of the estate are recovered, that all debts, expenses and taxes are paid, and that the estate is distributed correctly.



With no Will in place, your right to deal with the estate will be dealt with by the Intestacy rules.

Should there be a legal challenge on the Will or on Probate, then you may be involved in this too.

Vyman have extensive experience in this field, including obtaining Grants of Probate (where the deceased left a Will) or Letters of Administration (where the deceased did not make a Will). We also have experience of dealing with estates with a foreign element.

Grieving for a loved one can be much harder if the deceased's Will is contested. Our experts can help bring any disputes to a quick, cost-effective resolution whether you are bringing or facing a dispute.

Case Study

We were recently consulted by Dhiru and Alpesh who were dealing with the administration of two linked estates - that of their late brother, Jay, and his late wife, Reena. Jay and Reena were married for 30 years. They did not have any children. Two years ago Reena suddenly became ill and died only a few months later. Jay never got over the shock and his health began to deteriorate also. He died less than a year after Reena. Reena left a valid Will appointing Jay the sole Executor and leaving her entire estate to him if he survived her by 28 days.

Her estate consisted of a half share of the family home, which she and Jay owned as tenants in common in equal

shares, approximately £50,000 in a cash ISA and £15,000 Premium Bonds. Jay made a Mirror Will in similar terms. Jay was informed by the financial institutions that he needed to obtain Probate to access Reena's funds and deal with her estate.

Although Jay survived Reena for 28 days and had begun to obtain valuations for Probate, he died without having made an application for a Grant. The right to obtain a Grant in both estates fell to Jay's Executors (Dhiru and Alpesh). They approached us for advice and successfully obtained Probate for Jay's estate and then Reena's.



What steps you should take now

You should start planning today to protect your assets to pass on to your loved ones as efficiently as possible.

If you would like to review your Will and existing arrangements or need help in dealing with the estate of someone who has died then please contact our Private Client Solicitor, Matthew Whaley on 0208 427 9080 or by email: matthew.whaley@vyman.co.uk.

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