Estate Planning

Estate planning ensures that your assets are distributed according to your wishes after your death, minimising taxes and legal complications. This fact sheet covers the essentials of estate planning, the importance of having a will, and the role of Lasting Power of Attorney (LPA) in managing your affairs.

Wills: What? Why? How?

What is a Will?

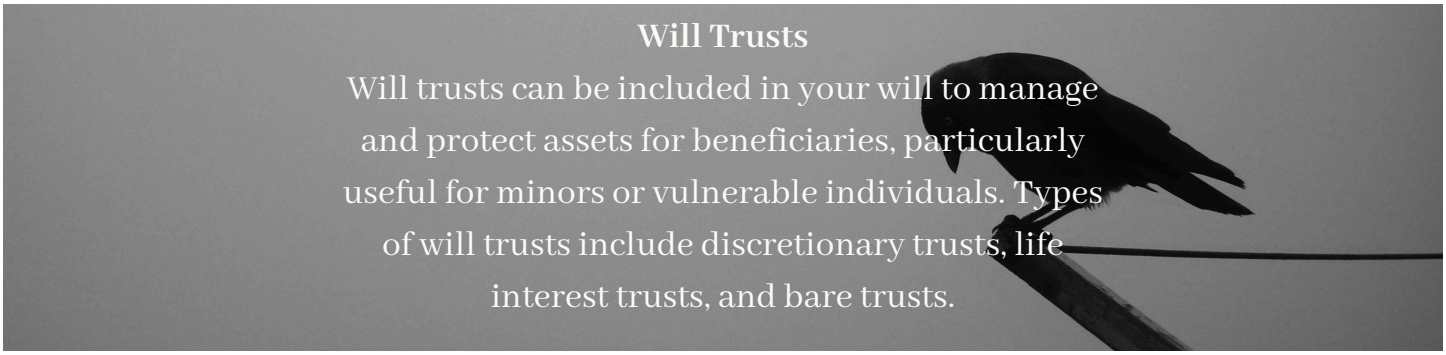
A will is a legal document outlining how your assets should be distributed after your death.

Why Have a Will?

- **Control**: Ensure your assets are distributed according to your wishes.
- **Protection**: Provide for dependents and minimise family disputes.
- **Tax Efficiency**: Help manage and potentially reduce inheritance tax liabilities.
- **Guardianship**: Appoint guardians for minor children.

How to Make a Will

1. **List Your Assets**: Identify all your assets, including property, savings, and personal items.
2. **Choose Executors**: Appoint trustworthy individuals to administer your estate.
3. **Decide on Beneficiaries**: Determine who will receive your assets and in what proportions. Don't forget about the tax benefits of legacy giving.
4. **Draft the Will**: We recommend engaging with a professional to ensure the Will is valid and covers all legal requirements.
5. **Sign and Witness**: The Will must be signed and witnessed by two independent adults who do not stand to benefit from the Will.



Lasting Power of Attorney (LPA)

What are LPAs?

LPAs are legal documents allowing you to appoint one or more people (attorneys) to manage your affairs if you become unable to do so.

There are two types: Property & Financial Affairs LPA and Health & Welfare LPA.

Finance & Property LPAs

Allows your attorney to manage financial affairs, including:

- Managing bank accounts
- Paying bills
- Selling property
- Handling investments

Health & Welfare LPAs

Gives your attorney authority over healthcare and personal welfare decisions, such as:

- Medical treatment
- Living arrangements
- Daily care decisions

Why Don't People Organise LPAs?

- **Awareness**: Many are unaware of the importance and benefits of LPAs.
- **Procrastination**: Delaying due to the assumption of sufficient time or not anticipating future incapacity.
- **Misunderstanding**: Confusion about the complexity and cost of setting up LPAs.

Why Should People Organise LPAs?

- **Control**: Ensure trusted individuals manage your affairs.
- **Preparation**: Protect against future incapacity due to illness or accident.

- **Peace of Mind**: Reduce stress for loved ones by providing clear instructions.

LPAs: Main Roles

- **Donor**: The person making the LPA.
- **Attorney**: The person appointed to act on the donor's behalf.
- **Certificate Provider**: An independent person confirming the donor understands the LPA and is not under duress.

LPAs: Practical Points

1. LPAs must be registered with the Office of the Public Guardian before they can be used.
2. LPAs can be revoked by the donor as long as they have mental capacity.
3. Attorneys must act in the best interests of the donor and follow legal obligations.
4. A letter of wishes can accompany an LPA, providing guidance to attorneys on how the donor would like their affairs managed, although it is not legally binding.

Inheritance Tax (IHT)

If you have an inheritance tax issue, the first step to mitigating the liability is reviewing your Will. It is possble to structure your Will and plan your estate to reduce or even avoid IHT altogether.

Key Points

- **Threshold**: The standard IHT threshold is £325,000. Above this, IHT is charged at 40%.
- **Main Residence Nil-Rate Band**: An additional allowance for passing on the family home, potentially increasing the threshold.
- **Gifts**: Gifts made seven years before death may reduce IHT liability.
- **Exemptions**: Certain gifts and transfers are exempt from IHT, such as those between spouses and civil partners.

Contact Us

For a relaxed chat about estate planning, why not take advantage of our complimentary estate planning review for your peace of mind? We can let you know what you might be missing to make the most of the options available to you. Please don’t hesitate to contact us if you would like to book or if you have any questions:

Phone: 0117 3636 212

Email: office@haroldstephens.co.uk

Website: www.haroldstephens.co.uk

HAROLD STEPHENS

LATER LIFE FINANCIAL PLANNING