



Lifetime Planning Checklist

10 ways to help protect you, your business and the income you derive from it.

What follows should ensure 'winding up' your estate takes no longer and costs no more than is necessary and that those responsible suffer the minimum of stress and uncertainty. It should help to ensure that your intended beneficiaries aren't disappointed and avoid future family disputes.

1 Transferring assets to your spouse



Married couples benefit from what are known as 'inter-spousal exemptions'. This means your assets can transfer to your spouse or civil partner on death and can also be transferred to your spouse during your lifetime with no immediate tax liability.

Your unused nil rate bands (the value your taxable assets have to exceed before inheritance tax is payable) also transfer on death to your spouse.

Un-married couples do not receive these benefits.

2 Nominate your Pension Funds



To preserve your tax-free pension tax wrapper for your spouse, children and grandchildren when you die, your pension contract(s) may need updating or the funds transferred to newer contracts.

You should complete an Expression of Wishes Form for every pension fund and lodge them with the relevant pension companies, together with an accompanying Letter of Wishes and keep copies of both with your Will.

3 Write your life cover in trust



This will ensure that the value of your life policies won't form part of your estate when you die, so avoiding delays usually associated with obtaining Grant of Probate.

Life companies can provide the necessary blank trust deeds free of charge.

4 Record your login details



Maintain an up to date record of login details, usernames, passwords and pin numbers for all your devices and online accounts, including online banking, social media, online shopping, and phone or utility companies.

Keep this record, together with your Will and Letter of Wishes in a fireproof filing box.

5 Make a valid Will



In the absence of a valid Will your estate would be subject to UK Intestacy rules, which may mean that your assets won't pass in line with your wishes.

Choose Executors whom you trust, who know you and your business well and make sure you appoint legal guardians for any minor children.

6 Ensure your Will is IHT efficient



Recent changes to rules on Inheritance Tax (IHT) mean that many older Wills now need to be reviewed and updated. This is to ensure you and your spouse / civil partner benefit from the Residence Nil Rate Band for IHT, which can be worth up to £350,000 per couple from 06 April 2020, in addition to the standard combined £650,000 transferable Nil Rate Band.

7 Maintain a schedule of assets



You will save your Executors, Trustees and professionals time and effort by maintaining a schedule of your assets and liabilities. This should include amounts, relevant reference and account numbers.

The schedule should include tangible assets, e.g. property, land, cars, other deadstock and chattels worth more than £6,000, plus full details of your savings and investment, and details of your life and pension policies. You should also keep a record of any lifetime gifts made during the previous 7-year period, to be updated annually.

8 Life cover



There are some insurance policies (such as Family Income Benefit) that can be used to provide a tax-free income to your spouse or partner. If you operate a limited company, it can fund personal life cover of between 15–30 times your earnings, depending on your age. The company pays the premiums, they are an allowable expense for corporation tax purposes, there is no associated benefit of kind and cover can continue until your normal State Pension Age.

Other policies, such as Whole of Life, can be used alongside a trust to mitigate your estates inheritance tax liability.

9 Appoint an Attorney



The financial consequences of not appointing an Attorney and then suffering a serious accident, illness, or loss of mental capacity could be catastrophic. Banks will often now not deal with spouses or business partners unless they are the appointed Attorney, registered with the Office of the Public Guardian (OPG), a process which can take 3–4 months to conclude. We recommend you seek advice from a private client lawyer on how to appoint Attorneys, as it involves completing complex documents

Lasting Powers of Attorney (LPAs) replaced Enduring Powers of Attorney (EPAs) in Oct 2007. LPAs are more robust and designed to ensure you avoid risking having your bank accounts frozen or your business interests paralysed. Trusted Attorneys can act jointly, or 'jointly and severally', meaning they can act independently of each other. LPAs can also be vital if you travel abroad extensively.

10 Draft a Letter of Wishes



It is vitally important that you draft a detailed Letter of Wishes (LOWs) to accompany your Will, this letter acts as a 'quick start guide' for your Executors

It helps them understand, for example, how you wish to help your children / grandchildren when you want them to receive funds (and when not), your priorities, likes and dislikes. A private client solicitor can assist you with the wording of this letter if need be.

Keep related documents together and make sure your Executors know where they are!

How can Westcotts help you?

For further advice on any related matter call: 01392 288 555 (Devon), or 01934 620 428 (Somerset).

The Financial Conduct Authority (FCA) does not regulate tax advice, trust advice, estate planning or Will writing

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