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## **TAKING STOCK OF YOUR AFFAIRS**

**NOW is the time for taking stock! Obviously some times are more significant, e.g. births, deaths, marriages, winning the Lottery, moving house, retirement and the like. However, if you wait for one of those significant events to occur, you may never act, so why not take stock of your affairs now?**

### **MAKE A WILL**

Only by making a Will can you decide what is to happen to your estate. In fact, even that may not strictly be true, unless you have made reasonable provision for those who are financially dependent on you.

#### **What happens if you do not leave a Will?**

- If you are married with children, your spouse will get £125,000 plus personal possessions: the remainder of your estate will be divided in two, with half passing to your children and half in trust for your spouse for life, payable thereafter to the children;
- If you are married but have no children, your spouse will get £200,000 plus personal possessions: any excess is divided in two, with half to your spouse and half to your family, e.g. parents or siblings or their children;
- If you are not married (e.g. widowed, divorced or single) your estate will go to your family, starting with any children, then your parents, your siblings or their children.

The above rules can be fraught with difficulty for those who are worth more than £125,000/£200,000 (your house alone is likely to be worth more than that) or who are not married to their partner. We would therefore like to encourage you to make a Will.

You may also wish to say that your children should inherit only at a greater age than 18. You may wish to say who is to administer your estate by appointing executors or who is to look after your infant children by appointing a guardian.

### **LIVING WILLS**

Living Wills or 'Advance Directives' are, in fact, no more than instructions relating to your health. The document can be paraphrased as a direction for your doctor: "Do not strive to keep me alive".

If you are interested in Living Wills, please ask for our special leaflet about them.

### **ASSET PROTECTION**

**Nowadays asset protection falls into two distinct headings:**

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## **1. INHERITANCE TAX PLANNING**

If you do nothing 40% of your estate over £300,000 will go to the Chancellor of the Exchequer! Put another way, your beneficiaries can receive £300,000 plus 60% of any balance. With a little forethought and the making of carefully drafted Wills, married couples can leave their children £600,000 plus 60% of any balance.

This figure can be increased again by re-organising your affairs in various ways such as:

- Giving assets away more than seven years before your death;
- Putting life assurance policies in trust so that they belong to your beneficiaries before your death;
- Putting your pension policy death benefit in trust of your beneficiaries;
- Putting into a Trust any funds inherited - but you must act within two years.

With a little judicious tax planning you may be able to pass a considerable sum down to the next generation while at the same time retaining benefit for yourself and your surviving spouse.

## **2. PROTECTION FROM THE COST OF OLD AGE**

There is now a growing understanding that in the future we will all have to look after ourselves in old age and not expect our fellow tax payers to pick up the bill.

For those who wish to do so, there is much scope for giving away assets to your family and throwing yourself on the mercy of your Local Authority. This can easily be done but the Local Authority may have to take into account those assets which you have only recently given away.

However, beware: firstly, you should consider whether you wish to keep your independence and freedom of choice which will be denied if the Local Authority were to look after you; secondly, do you want to be dependent on your children who may themselves die, become bankrupt or be involved in a divorce?

Proper advice taking into account all of the factors involved is essential.

## **LASTING POWERS OF ATTORNEY**

In general we are likely to live longer than our forebears so more of us will be unable to look after our financial affairs in later life. The result may be that an application will have to be made to the Court of Protection for the appointment of a Deputy. That is an expensive and heavy-handed procedure.

The alternative is for you to grant a Property and Affairs Lasting Power of Attorney. We suggest that virtually all clients should have a document which authorises a spouse and/ or children or other persons, to look after your financial affairs if the time comes when you are unable to cope.

Since the Mental Capacity Act 2005 came into full effect on the 1<sup>st</sup> October 2007, it is now also possible to grant a Welfare Lasting Power of Attorney to authorise another person to make decisions concerning your health and personal welfare. This can include instructions to your attorney as to whether or not you would wish to be kept alive in the event of serious injury or illness.

Please refer to our special leaflet "Lasting Powers of Attorney" if you would like more information on the subject.

## **COMFORTABLE RETIREMENT - PROTECTION OF DEPENDANTS**

Many people have not made proper provision for their retirement. We urge all our working clients to take full advantage of the tax concessions available to save as much as possible in an authorised pension policy or scheme.

Many also do not have adequate life cover even though death could leave their family short of money. It is not enough only to cover the mortgage - how is the family to live?

As indicated above, life assurance policies and death benefits arising from pension policies should often be put in trust so as to save the inheritance tax which would otherwise arise on death. You don't pay premiums with the intention of having 40% of any capital sum arising going in tax!

You may wish to consider how you may protect your family against the loss of your income if you become seriously ill. Other policies are available to cover the cost of long-term care.

Why not see an Independent Financial Adviser and ask what it might cost to get a decent pension, adequate life cover, cover against loss of income, or to cover the cost of long-term care. The cost of such policies is often less than you might think.

## **FREE FINANCIAL HEALTH CHECK**

This practice is a member of **Solicitors Financial Services**. That organisation was set up by the Law Society to assist solicitors in obtaining financial advice for clients. We can put you in touch with Independent Financial Advisers who can provide a comprehensive range of independent advice in the financial field from specialist Investment and Inheritance Tax planning, to Mortgage, Healthcare, Life Assurance and Pre-Retirement planning as well as providing investment advice.

We can also make arrangements for our clients' finances to be reviewed and if you simply wish to invest on the Stock Exchange we can introduce you to a stockbroker.

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*focus on...*

There are distinct advantages to you in approaching Independent Financial Advisers through us: firstly, we can keep an eye on the advice you are being given to ensure that as your solicitors we are happy with that advice; secondly, we will give you half of any commission we may receive from the financial adviser.

Like us, those Independent Financial Advisers we refer to are committed to providing a quality service aimed at delivering practical and cost effective solutions to meet your needs.

The following preliminary questionnaire is designed to enable a view to be taken on whether you may benefit from independent financial advice.

**rwp solicitors** Meadow House, 22 Reading Road, Pangbourne, Berkshire, RG8 7LY

**Tel:** 0118 9842266 **Fax:** 0118 9845133 **e-mail:** pangbourne@rwp-solicitors.co.uk

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**PRELIMINARY QUESTIONNAIRE**

*This form is designed to ascertain whether you may benefit from full financial counselling*

	<b>Self</b>	<b>Partner</b>
Name (in full)		
Date of birth		
Marital Status		
Ages of children		
Ages of other dependants		
Date of Will	None/	None/
Value of Home (if jointly owned each show a share)	£	£
<b>Value of other property</b>		
<b>Investments</b>		
Bank accounts	£	£
Building Society accounts	£	£
National Savings	£	£
Government stocks	£	£
Insurance bonds	£	£
Unit trusts	£	£
Personal Equity Plans	£	£
Equities	£	£
Other (please specify)	£	£
<b>Loans</b>	£	£
<b>Mortgages</b>	£	£
Repayment method and period outstanding	/ yrs	/ yrs

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	Self	Partner
<b>Income, per annum</b>		
Earned	£	£
Investment	£	£
<b>Pensions</b> , are you	Employed/self employed/ not employed	Employed/self employed/ not employed
Retirement age	Normal Desired	Normal Desired
Current Contributions	£ pa/pm	£ pa/pm
Are you paying AVCs	YES/NO, if yes £ pa/pm	YES/NO, if yes pa/pm
<b>Savings</b>		
How much are you saving?	£ pa/pm	£ pa/pm
Where are you investing?		
How much more can you save?	£ pa/pm	£ pa/pm
<b>Total life cover</b>	£	£

Please indicate below your main objectives by ticking the appropriate box(es) and also provide any further relevant information or identify any areas of concern you may have.

**Your Objectives**

- |                               |                             |
|-------------------------------|-----------------------------|
| 1. Planning for retirement    | 2. Inheritance Tax planning |
| 3. More effective investments | 4. Regular savings          |
| 5. Family protection          | 6. Other : please specify   |

**Would you like our advice on:**

- |                               |                          |
|-------------------------------|--------------------------|
| 1. Making a Will              | 2. Living Will           |
| 3. Inheritance Tax Planning   | 4. Asset Protection      |
| 5. Lasting Powers of Attorney | 6. Other: please specify |

*Completion of this form does not commit you to accepting advice or payment of a fee*

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