

Private Client News

HBJ Gateley Wareing

SUMMER 08

Welcome

Welcome to our new look newsletter which comments on a range of items in a shorter format.

If any of the items are of particular interest you will be able to contact us to request a client information sheet which deals with that topic in greater detail. In that way, we

hope that the newsletter will become shorter and more accessible yet at the same time delivering to you the information that you need.

The transferable nil rate band for inheritance tax purposes

The inheritance tax threshold for the current tax year is £312,000. If a person dies then the first £312,000 of their assets will be liable to inheritance tax at 0%. In the past, if a person left all of their assets to their husband or wife they would be wasting the IHT nil rate band. This is one reason why we encouraged married clients to have in their Wills a nil rate band discretionary trust. Since October 2007, if a married person leaves the whole of their estate to their spouse then when the surviving spouse dies they will have the benefit of a double nil rate band, i.e. £624,000 at current rates.

For clients whose only major asset is the family home, simple Wills leaving everything to each other on the first death may well be appropriate. If it is a second marriage, your affairs are more complicated or if you own business assets then other Will strategies are likely to be appropriate.

We have separate information sheets designed to guide both married couples and civil partners through the Will making maze. Please ask for a copy.

Widow's bonus

If a widow (or widower) has the benefit of her late husband's unused nil rate band then, if she remarries, she and her new husband between them have potential access to a total of three nil rate bands. However, without careful planning the extra nil rate band can very easily be lost. If you are a widow or widower who has remarried, we can advise you how best to structure your Will.

Succession planning and inheritance tax for business owners

Anyone who owns a business or shares in an unquoted trading company potentially has access to very considerable inheritance tax savings in the form of business property relief.

However, if you sell the business that relief will disappear immediately. If you are planning to sell the business (whether in 6 months or 6 years) talk to us now about steps you should take to capture any available business property relief. If you plan to

hold on to your shares for the rest of your lifetime please be aware that a poorly drafted Will can again result in the inheritance tax relief being thrown away.

If you are the sole director and shareholder in your company then this creates particular dangers in the event of your death. We can advise you how best to safeguard the position. Further details will be found in our guide to succession planning for business owners.

Will planning for unmarried couples

Please remember that there is no such thing as "common law marriage". If your partner dies without a Will you will receive nothing at all under the intestacy laws as the estate will pass to the next of kin.

To receive anything at all you would need to go through the

courts to bring a claim against the estate. A Will, therefore, is essential.

In addition, if you are buying your home with your partner we can advise you regarding the preparation of a declaration of trust so as to protect your interest in your home.

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Meet the team



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Divorced or separated?

We have a new client information sheet designed to help anyone who is newly divorced or separated to understand what sort of Will they should put in place. Please feel free to ask for a copy.

Lasting powers of attorney

It is now nearly 12 months since enduring powers of attorney were replaced by the new lasting powers of attorney (“LPA”). The new LPAs are more complicated. This was designed to reduce the scope for financial abuse of vulnerable older people. The reality is that the process has been made more difficult for everybody because the new forms are so much longer

and more complicated. Apparently, just failing to tick one box on the 25 page form can make the whole document invalid.

We now have substantial experience of drawing up LPAs and dealing with the Office of the Public Guardian. We can advise you further and have a range of fact sheets available.

Help with winding up the estate of a deceased person

Perhaps you have been named in the Will as the executor, or you are the next of kin of a relative who has died without leaving a Will. One of the questions that you will need to answer is whether you should handle the winding up of the estate entirely on your own, or whether you would like to use a solicitor to deal with some or all of the administration of the estate. Ours is not an “all or nothing” service. We are happy to work with you to agree as to how much this firm will be involved in dealing with the estate. This leaves

you to deal with those aspects of the estate that you are comfortable with while you get the benefit of our expertise and experience in all matters concerning Wills and probate. In particular, if you ask us to prepare estate accounts this will help you to provide proof to the other beneficiaries that they have received everything that they are entitled to.

These issues are explored in greater detail in an information sheet which we will be happy to send to you without obligation.