

ROTHERHAM TAYLOR
LIMITED
Chartered Accountants & Registered Auditors

GUIDE TO MAKING A WILL

YOUR FORW7RD
THINKING ADVISERS

WHY MAKE A WILL?

How you divide your wealth and assets following your death will make a big difference to your family's financial future and the ongoing success of your business.

That is because HM Revenue & Customs (HMRC) levies Inheritance Tax (IHT) at different rates, depending on what you leave to different people and their relationship to you. Likewise, how you distribute shares in your business can be pivotal to the ongoing success of your life's work.

A valid Will is the only way you can control what you will leave to different people.

If you haven't prepared a Will, or your Will is not valid for whatever reason, the courts will divide your estate in strict accordance with the intestacy rules, which could mean that some of your loved ones are left without the financial support they need.

We have prepared this guide to give you an overview of the various considerations involved in preparing a Will that gives you peace of mind that it will provide for your family, loved ones and your business.



WHAT TO INCLUDE IN A WILL

Deciding what to leave and to who may seem like a decision driven by your own personal desires, but by carefully drafting a Will it may be possible to pass more on to the next generation.

Wills are typically made up of:

Bequests – Typically made up of a person's possessions, including property and treasured items.

Cash legacies – These are usually fixed sums left to named individuals.

Residue – After all the debts, tax and fees have been paid, this amount can be left to one person or it can be shared out among several individuals.

Funeral instructions – Your Will might be the only opportunity you have to set out your wishes for your funeral and for the disposal of your remains. This could include whether or not you want a religious ceremony and any readings or songs you would like. It could also include whether you wish to be buried or cremated.

Medical instructions – You can also use your Will to set out your wishes in the event that you lose the capacity to make decisions for yourself regarding medical treatment. For example, you could say whether you would wish to be resuscitated in certain circumstances.



PROPERTY

If you share ownership of a property with a spouse or partner, your worth is half its market value, less your share of the mortgage. Property is typically held in two ways:

Joint tenancy – your half of the property will pass to the surviving joint tenant automatically.

Tenancy in common – you can leave your share of a property to someone else in your will, who will then become a tenant in common with the other owner of your property.

Depending on your circumstances each model may have its advantages and disadvantages, so this arrangement is typically left up to personal preference.

However, in the latter case, it is important that the person drafting the will clearly identifies which beneficiary will gain your share of a property.

CHILDREN AS THE BENEFICIARIES

If you have children under the age of 18 it is important that you clearly define who their new legal guardian will be if both parents pass away. It is important that you also stipulate where the money will come from to look after them.

If children inherit money and/or property, it is held in trust until they are 18 (or until they get married, if earlier).

“ If you don't specify how the trust should be managed, it will be dealt with according to the 'trustee laws', which allow the executors to deal with the fund. ”

APPOINTING AN EXECUTOR

Executors are responsible for carrying out a person's wishes in accordance with their Will, so it is important that it is a trusted individual.

It is recommended that a Will includes more than one executor, or an executor and a substitute, to ensure the estate is dealt with properly.

An executor could be a relative, friend, or trusted professional adviser, whether they are a beneficiary or not. In most cases, individuals will select a family member or trusted professional to administer the estate. However, if they struggle with the process they can commission probate services to assist them.



IHT CONSIDERATIONS

Our knowledge of tax planning and our clients' financial arrangements means we are well positioned to advise on making tax-efficient bequests. For example, you can potentially save tens of thousands of pounds by leaving your main home to a direct descendent. You can also secure significant tax reductions through charitable donations.

THE FUTURE OF YOUR BUSINESS

Whether or not you run your business with your family, the provision you make in your Will can have a major influence on future decision-making.

Our distinctive perspective means we are able to advise on wider considerations, including structuring the business and navigating the potential tension between emotional bonds and commercial demands.

Our team can help you think through the options and understand the implications for management, providing effective incentives and managing your exposure to tax.

REVIEWING YOUR WILL

We can assist you in reviewing your Will periodically and following major life events such as marriages, divorces and birth of children to ensure that it reflects your current wishes.

Contact us today to find out how we can help give you peace of mind about the future of your family and your business.

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