

LionHeart

FOR RICS MEMBERS AND THEIR FAMILIES

A Guide to Planning Your Will



This guide will help you to consider all the necessary elements of your estate and your likely benefactors in preparation for making a Will and provides a personal library of letters, documents and forms that are always ready to use.



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Why make a Will?

Making a Will is one of the most important acts in your life. Without a Will the law will decide what happens to your estate. This may cause distress and heartache to those you love and value most.

By making a Will your executors will ensure that your final wishes are faithfully carried out in respect of gifts to family, friends and favourite charities and also ensure your Will is as tax-efficient as possible.

Amongst the reasons for making a Will are marriage (which invalidates any previous Will),

to provide for a long-term partner who may not have rights unless included in your Will, birth of children or grandchildren, separation/divorce, death of beneficiaries or executors of your existing Will, or major change in financial circumstances.

This Guide is designed to give guidance and help you take stock in preparation for making your Will with a registered legal practitioner and does not constitute a legally binding document.

What happens if you don't make a Will?

If you die intestate (without having made a Will) and have no living relatives your estate will pass to The Treasury. The intestacy rules dictate:

1. If you are married with children and you die intestate your spouse gets everything up to £250,000 (for deaths after 01.02.09) together with your personal possessions. The remainder (if any) is split as to half to the children and half as a life interest to the spouse with the remainder to the children. When the spouse dies this half reverts to the children. The amount a spouse will receive under the intestacy rules if there are no children but there are other relatives is £450,000 (for deaths after 01.02.09).
2. If you are married with no children and you die intestate but there are other relatives, then the spouse receives everything up to £325,000 (at 06.04.09) and again takes your personal possessions. The rest is divided with half going to the spouse and the balance going to your parents. If your

parents are dead then this half is divided amongst your brothers or sisters or their children.

3. If you are unmarried, a shared home may have to be sold if it is not in joint names. The proceeds, along with the rest of the estate will go to your next of kin. The Order of Distribution for Intestate Estates is largely governed by the Administration of Estates Act 1925 and there are no provisions for co-habitees and stepchildren. To stop this happening your partner will have to resort to the courts to recover their share of the property and receive any financial support from the estate.

Scottish Will law varies - under Scottish law, spouses and children are better protected from being disinherited than they are in England. This is because automatic prior rights and legal rights give them more chance of inheriting. Legators are advised to consult their solicitor for further information if required.

Types of legacy

There are three main types of gift:

Pecuniary legacy

a cash gift of any size (ie £1,000)

Specific bequest

any item(s) eg car, house, antiques, jewellery, shares or other household effects

Residuary bequest

the balance of your estate after all debts, taxes, expenses and other legacies have been paid.

With the passage of time pecuniary (cash) legacies will lose value because of inflation and you may wish to index-link your cash gifts to family, friends and charity, or divide your whole estate into shares or percentages so that all of your beneficiaries will gain if the value of your estate increases between making your Will and death.

10 reasons to review your Will

1. To make sure your Will still reflects your wishes
2. Changes in law affecting a Will
3. Tax changes affecting a Will
4. Changes in family composition
5. Certain assets may have decreased in value
6. Certain assets may have increased in value
7. New assets may have come into the person's estate
8. The person may want to delete a charity from the Will
9. The person may want to add a charity to the Will
10. The person may want to change the type of charitable gift left in a Will

Make sure your will is valid

Do not risk making a mistake – consult your solicitor or legal advisor.

The appointment of one executor is sufficient but it is preferable to choose two people, such as your solicitor and a younger adult member of your family. An executor may benefit under your Will if you wish.

Remember, your Will may be declared invalid if it has not been signed and dated by you in the presence of two witnesses who must also sign the Will. Witnesses do not need to know the contents of your Will and should not be beneficiaries since being a witness, or spouse of a witness, could invalidate any gift bequeathed to them.

A new Will can be made at any time and for minor alterations you can add a codicil with the help of your solicitor or qualified legal advisor.

Banks and solicitors charge for the service of acting as executors. These charges themselves can be quite hefty and some people may wish to only appoint members of the family as executors if the Will is uncomplicated.

Codicils

You can make minor alterations to your Will without the necessity of drafting a new Will by using a document called a codicil. A codicil confirms a previous Will document but makes changes. Gifts can be revoked and new gifts can be added. If a small number of changes are required it is a simple alternative to re-writing the entire Will.

A codicil needs to be executed correctly and it is therefore recommended that you use a solicitor or legal advisor to help you. A few things to note about codicils:

- A codicil refers to a previous Will document. It details some changes to the Will but confirms the things that it does not change.
- If extensive changes are required to a Will do not use a codicil, make a new Will.
- The codicil identifies the Will it amends by referring to the date on which the original Will was written.

- A codicil must be signed in the same manner as the original Will with the same number of witnesses - two in England and Wales, typically one in Scotland. The witnesses need not be those who witnessed the original Will.
- A codicil should be kept with but not attached to the original Will it changes. This ensures the codicil is not overlooked.

It is a good idea to review and if necessary update your Will every few years just to ensure it is still relevant.

If you have already made a Will and want to just update it why not use this guide to summarise your estate in preparation for updating your Will with your solicitor or legal advisor?

Why make a charitable bequest?

Many people who have supported charities during their lifetime, or those who have not been able to afford to do so, gain satisfaction from making a bequest in their Will after providing for family and friends.

Over the years, LionHeart has benefited greatly from the generosity of hundreds of people who have made a bequest to LionHeart. LionHeart appreciates all bequests, large or small.

An estate in excess of £325,000 (as at 06.04.09) is subject to taxation at 40%. Married couples and civil partners can transfer their inheritance tax free allowance of up to £325,000 to the second to die, giving them a potential combined tax free allowance of up to £650,000. This is expected to rise up to £700,000 by 2010/11



(as at 06.04.09). Bequests to a charity, such as LionHeart, are free from inheritance tax.

LionHeart is heavily dependant on legacy income which varies each year and it is hoped that this amount can be increased.

Making a bequest to a charity can be tax-efficient since the amount bequeathed is exempt from inheritance tax and can reduce the amount of tax payable (if any).

How will LionHeart spend your bequest?

LionHeart is an active social welfare agency providing a range of services including:

24 hour helpline staffed 7 days a week by qualified Welfare Advisors and experienced volunteers providing confidential advice, information and support on a wide range of social welfare, family and financial matters.

Legal advice for those who need to know if there is a cost-effective legal remedy to their problem or to check their legal rights.

Visiting and Befriending through an extensive network of volunteer Stewards

Counselling, helping people come to terms with their difficulties, giving intensive support when it is needed the most, and helping them rebuild their lives and achieve maximum independence.

Money advice, helping people cope with changed financial circumstances.

Re-training scheme to help unemployed members update their skills.

Financial help by grant or by loan is given in appropriate circumstances including help with:

- Daily living expenses
- Replacement of essential domestic appliances, furnishings, re-decorations and repairs to property

- Aids, adaptations and equipment to promote the independence of elderly and disabled people, including children
- Recreational activities for disadvantaged children of beneficiaries of LionHeart
- Care in the community, residential and nursing home care for frail elderly and disabled people
- Holidays for individuals and families in need of a break which they cannot afford from their own resources
- Gifts and additional financial help for families and individuals in need at Christmas, including families and those who are alone

LionHeart is 'needs-led' not constrained by a pre-determined budget and will provide help in the most appropriate way speedily and in confidence, according to individual circumstances.

£1,385,000 was given in 2008 to beneficiaries in grants, counselling, advice and befriending services. LionHeart expects this figure to increase in the coming years. Your bequest really will make a difference to the lives of people in need.

How to leave a legacy to LionHeart



With the passage of time pecuniary (cash) legacies will lose value because of inflation and you may wish to index-link your cash gifts to family, friends and charity, or divide your whole estate into shares or percentages so that all of your beneficiaries will gain if the value of your estate increases between making your Will and death.

The following wording can be adapted to suit the type of gift you may wish to bequeath to LionHeart:

"I give devise and bequeath to (LionHeart, Surveyor Court, Westwood Way, Coventry CV4 8BF, Registered Charity No. 261245) the sum of £ (pounds) OR the whole (or a % share) of my residuary estate for its general charitable purposes and I declare that the receipt of the Chief Executive or other proper Officer of the Fund/Society shall be a sufficient discharge therefor."

The same format can be used for gifts to other charities. You may choose to make a residuary bequest to be shared amongst a number of other charities.

If you would like to inform us of your bequest please email wills@lionheart.org.uk or write to us at Surveyor Court, Westwood Way, Coventry CV4 8BF so that we can express our appreciation to you personally.

Consider all of your estate and record information on the sheets which follow.

LionHeart contact details

Tel 0845 6039057 or +44 (0)2476 466696

Fax +44 (0)2476 474701

wills@lionheart.org.uk

www.lionheart.org.uk

Registered office:

Surveyor Court, Westwood Way, Coventry CV4 8BF

Registered Charity No 261245

Company registered in England No 980025



Tax implications

As a general rule, if a testator's estate is worth less than £325,000 (as at 06.04.09) then no inheritance tax will be payable and the beneficiaries of the estate will receive the full amount of the estate (after payment of debts and testamentary expenses). The government has recently changed the tax laws to allow the tax free allowance to be transferred between spouses. This means that the second to die could have a tax free allowance of up to £650,000 (rising to £700,000 by 2010/11 as at 06.04.09). If you want to find out what implications the changes have for your estate you should contact your solicitor.

Only the spouse or civil partner of the testator or a UK charity are exempt from inheritance tax irrespective of the value of the estate.

Therefore, if the estate is valued at more than the tax free allowance and the beneficiaries do not include the deceased's spouse or charities, inheritance tax will be payable on the value in excess of the the tax free allowance (as at 06.04.07) at the rate of 40%. The amount each beneficiary will receive in this case will depend on how the deceased's tax affairs have been structured and how the Will has been drafted. As charities are exempt from tax, if the value of a deceased's estate exceeds the inheritance tax threshold, a bequest to a charity can be tax efficient.

Probate cannot be granted until the inheritance tax bill has been settled. A recent agreement between HMRC, banks and other financial institutions means bereaved relatives will be spared taking out costly loans to pay inheritance tax. Financial institutions will release money direct from the deceased's estate before probate.

Any bills outstanding at death, including funeral expenses, can be deducted from the tax liability.

There are ways to reduce the amount of tax payable on your estate, particularly if you are married. Your solicitor or legal advisor should be able to advise further as to how you can reduce the tax payable on your estate.

Lifetime Gifts

If you make large gifts in the seven years before death, these may also affect the inheritance tax liability of your estate.

If you want to give away the ownership of some of your possessions but carry on using them, this may not be considered as a gift for inheritance tax purposes and will be taxed after your death as though it hadn't been given away at all.

Inheritance tax is a complex subject. These notes are provided as a general guide only and LionHeart accepts no liability for any action taken or omitted to be taken in reliance on them.

If you are concerned about the inheritance tax implications for your estate, it is important to seek advice from a qualified solicitor or accountant.

Individual information

Personal Details *

Title
First name
Middle name(s)
Last name
Address
City
Postcode
Work tel
Home tel
Email
Date of birth
Place of birth
Date of marriage
Place of marriage

Next of Kin

Name		
Address		
City		
Postcode		
Tel	Work	Home
Relationship to *		
Name		
Address		
City		
Postcode		
Tel	Work	Home
Relationship to *		

Insurance information

	Insurance company details	Policy no	Policy start date	Cover provided	Monthly payment date	Annual renewal date
Life						
Death in service						
Health						
Pension 1						
Pension 2						
Pension 3						
Shell/buildings						
Home/contents						
Plumbing						
Car						
Pet						
Motorbike						
Boat						

Personal property lists

Mortgaged Property

Mortgage/ property address	Mortgage company contact details	Policy no	Policy start date	Mortgage value	Monthly payment date	Final payment due
Mortgage 1						
Mortgage 2						

Owned Property

Property	Purchase price	Purchase date	Current valuation price	Valuation date

Other Items (Antiques, heirlooms, etc)

Item	Purchase price	Purchase date	Current valuation price	Valuation date

Glossary of legal terms

Administrator

Someone who is appointed to arrange your affairs if you do not leave a Will.

Beneficiary

An individual or organisation who will receive a gift in your Will.

Bequest

A gift left to a person or organisation in your Will.

Codicil

An alteration or addition to your Will.

Chattels and moveables

Your possessions, including your furniture and car

Estate

All your possessions at the time of your death, including money and property.

Executor

The person who is appointed by you to make sure the instructions in your Will are carried out.

Intestate and intestacy

You are said to be intestate if you die without making a Will. Intestacy is the name for this situation.

Legacy

A gift left to a person or organisation in your Will.

Life interest

A two-stage form of legacy in which the first beneficiary is given, for example, the use of your house or the interest on your bank or building society account during their lifetime.

After their death, the house or capital passes to a second beneficiary named by you in your Will. Quite often a charity is the second beneficiary.

Pecuniary legacy

A gift of a fixed amount of money.

Power of attorney

A legal document which authorises one or more people to handle another person's financial affairs (including property, shares, money, etc), either generally or in relation to specific items.

Probate

The legal procedure to decide whether you left a valid Will.

Residue

The sum that is left from your estate when all debts, charges and gifts have been deducted.

Residuary legacy

A gift consisting of the residue or part of the residue of your estate. This is a particularly popular way to leave a gift to a charity.

Specific legacy

A gift of a particular item, eg a piece of jewellery or furniture.

Testator or testatrix

The person who is making the Will.

Witness

A person who witnesses the testator's signature and signs your Will in your presence, who must not be a beneficiary.

Useful contacts



LionHeart

www.lionheart.org.uk

Tel 0845 6039057 or +44 (0)2476466696

Fax +44 (0)2476 474701

Email wills@lionheart.org.uk

Surveyor Court, Westwood Way, Coventry CV4 8BF

Registered Charity No 261245

Company Registered in England No 980025



BBC News

www.bbc.co.uk/news



Directgov

www.direct.gov.uk



HM Revenue and Customs

www.hmrc.gov.uk



The Law Society

Law Society

www.lawsociety.org.uk

Tel 020 7242 1222

Fax 020 7831 0344

Email info.services@lawsociety.org.uk

113 Chancery Lane, London WC2A 1PL



NHS Organ Donor Register

www.uktransplant.org.uk

Organ Donor Line

Tel 0845 6060400 (lines open 24 hours a day)

NHS Blood and Transplant Organ Donation and Transplantation Directorate, Fox Den Road, Stoke Gifford, Bristol BS34 8RR



Probate Registry (part of HM Courts Service)

www.hmcourts/service.gov.uk/infoabout/civil/probate/index.htm