

Wills and Tax Planning

None of us wish to imagine the state of our family after our death. But it is an inevitable thing, and it certainly does leave a lasting effect on the families. However, it is recommended that you should contemplate and plan about distributing your assets while you are still alive, as otherwise it might increase the problems of your already anguished family that they will have to deal with.

What is the purpose of Will?

A Will is a legal declaration by which a person names one or more persons to whom he/she wishes to dispose of his/her property at death. Will is ambulatory and revocable throughout the lifetime of the executant, and it can be altered any time.

However, one needs to abide by certain requisites to make sure that the Will is valid. Being a confidential document, you are never ordered to produce the Will and it is made public at the time of your death.

What if, I don't have a Will?

If you do not make a Will, then your property will be inherited by legal heirs as per the laws of inheritance. There are certain rules that will be applicable while determining the allocation of your money, property and other assets. However, one needs to understand that these rules might not be according to a person's wish, and most would like to dispose of their properties as per their desires. Moreover, unmarried partners or partners who are not registered as civil partnership will not inherit your property automatically.

What are the requisites for making a Will?

While planning to create your own Will, it is extremely important that you identify and figure out your worth comprising bank accounts, investments, properties, pensions and other valuables. You should also categorize the possessions that you would like to transfer to a particular person or to an organization.

With all these things in place, it will be easy for your solicitor to estimate if your estate is liable for paying any Inheritance Tax. Moreover, based on the calculation the solicitor might guide you to employ certain procedures so that you can avoid the Inheritance Tax liability completely or try to minimize the amount.

Be cautious while selecting your Executors

Executors are the persons who have the liability to distribute or allocate your estate in strict accordance with your Will and obviously it is an extremely responsible job. Therefore, it is of utmost importance that you select a reliable and trustworthy person for the same.

In case you are thinking of choosing a family member or a friend as 'executors', then ensure that they are glad to become one. Moreover, do check if they are capable of taking upon such big

responsibility and can confidently manage large amount of money or handle the sale of property. Contemplate if appointing an experienced and reputable solicitor as 'executor' will be a better idea.

Appointing Guardians

If you have children under the age of 18, then you should consider about appointing Guardians for them in your Will. Especially if there is no other living parent and there are no possibilities of anyone else being appointed as the Guardian of the child automatically.

Creating special gifts

If you have any particular items that hold monetary or sentimental value for you, then you should consider making specific gifts in your Will. You can do that even if you have some family heirlooms, which your family have passed on to generations. If you do not name any particular person for such items, then your executors are likely to dispose of them after your death.

Signing the Will accurately

Seeing the sensitivity and significance of a Will, strict rules have been set by the law about the procedures to be followed while signing a Will. If a person fails to abide by these rules and regulations, then the Will might not be considered as valid or a probable beneficiary might not receive your proposed gift.

What is residuary estate and how do I dispose it?

Everything that is left with you after making payments for all your debts and accounting for the specific gifts is considered to be your residuary estate. You can make provision for dividing your residuary estate in your Will. Consider various points carefully about the allocation of your assets, like making arrangements for giving the residuary estate to their children considering demise of the proposed beneficiary before your death, or giving certain share of your estate to a charitable institute or some other organization.

Is it mandatory to set up a Trust?

There are certain conditions in which it is recommended that you set up a Trust. For instance, if your beneficiary is under the age of 18 at the time of your death, or you are leaving your assets to a disabled beneficiary, then creating a Trust is a good idea.

You can even have a Trust to support someone you would like to have a life interest or providing that the person make use of your assets but do not have complete possession of it. Many people also set up Trusts to decrease or avoid liability for Inheritance Tax. It is advised that you consult with a reputable solicitor about the need of having a Trust.