

KEY FEATURES AND BENEFITS 101

Death Planning Solution for:

- ✓ MARRIED COUPLES/CIVIL PARTNERS WITH ESTATES VALUED LESS THAN 2 X NIL RATE BANDS (NRB), AND NON-MARRIED COUPLES (ANY ESTATE VALUE)

If you do not have a valid Will when you die, your assets will be distributed in accordance with the Intestacy Rules, laid down in the Administration of Estates Act 1925 and the Inheritance & Trustees' Powers Act 2014. The people that you would want to inherit your assets may not and your estate's tax position could also be affected.

TYPICAL EXISTING PLANNING

CLIENT 1

Basic Mirror Will

Leaves everything to spouse/partner on first death, then to the next line of beneficiaries on second death.



Family Home

(Held Jointly)
Savings &
Other Assets



Savings and other assets

CLIENT 2

Basic Mirror Will

Leaves everything to spouse/partner on first death, then to the next line of beneficiaries on second death.



IF YOU DIE WITHOUT A VALID WILL, OR YOU HAVE A BASIC MIRROR WILL IN PLACE, YOUR ASSETS COULD BE EXPOSED TO THE BELOW RISKS AFTER FIRST DEATH:

! Marriage After Death (MAD)

Following first death all of your combined assets are then solely owned by the surviving spouse or partner. What if the surviving spouse or partner remarries? The entire combined estate passes to the new spouse, potentially disinheriting your children and grandchildren.

! Creditors or Bankruptcy

If the surviving spouse or partner were to be subject to creditor claims or bankruptcy, then the entire combined estate could be at risk.

! Care Costs

Should your surviving spouse or partner need care, your entire combined estate, including the family home, could be assessed to pay for the cost of that care.

FOLLOWING SECOND DEATH THERE ARE FURTHER RISKS TO YOUR ASSETS THAT YOU WANT YOUR LOVED ONES TO BENEFIT FROM:

! Divorce

If your children or other chosen beneficiaries are subject to divorce proceedings, part of what you intended them to receive is at risk from a divorce settlement.

! Creditors or Bankruptcy

If any of your children or other chosen beneficiaries are subject to creditor claims/bankruptcy, the inherited assets are at risk.

! Generational Inheritance Tax IHT

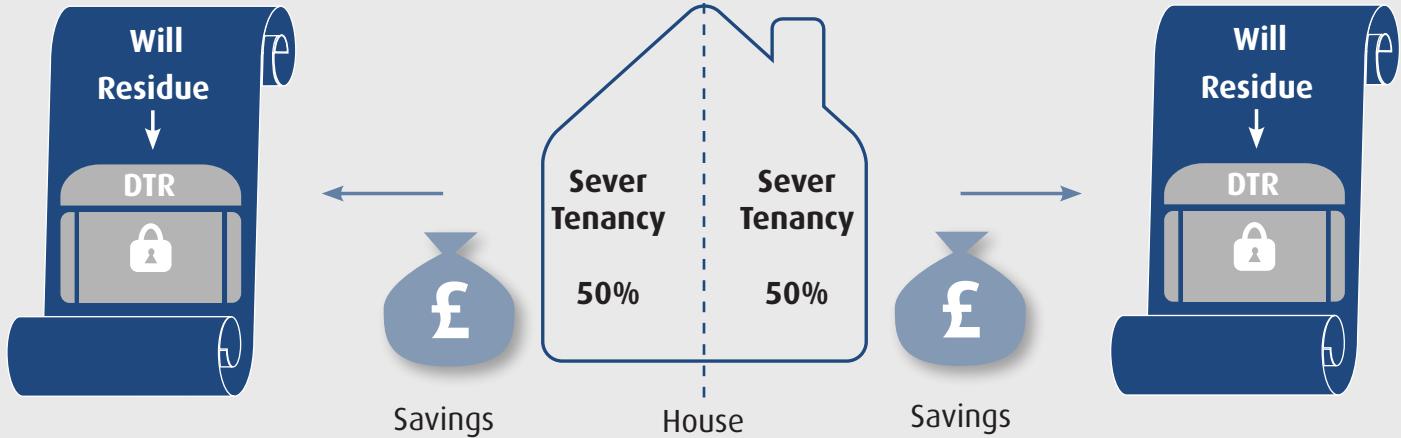
Following second death your remaining assets are likely to be directed by the Will (or via intestacy) to your children or other chosen beneficiaries. This then adds to the beneficiaries' estates and could impact on their own IHT.

! Their own future Care Costs

If the inheritance has been passed to your children or other chosen beneficiaries, these assets could later be assessed for their own care costs.

OUR SOLUTION

SEVER THE TENANCY ON THE JOINTLY OWNED FAMILY HOME AND ANY OTHER PROPERTIES (IF APPLICABLE), TO BECOME 'TENANTS IN COMMON'. EQUALISE SAVINGS AND INVESTMENTS INTO SOLE NAMES RATHER THAN JOINT NAMES.



Following first death, the deceased's share of the assets are directed into their Discretionary Trust of Residue (which deals with their NRB & RNRB) via the Will. The surviving spouse or partner can continue to live in the family home and benefit from the other assets, and is still able to move house, if they choose to do so. In the event that the survivor enters care, the survivor's assets only include a half share of the family home plus any other assets they own.

YOUR BENEFICIARIES HAVE ACCESS TO THE TRUST FUNDS BUT THE TRUSTEES CAN ENSURE THAT THESE ASSETS DO NOT ENTER THEIR BENEFICIARIES ESTATES AND THEREFORE ARE MORE PROTECTED FROM THE FOLLOWING:

✓ Marriage After Death (MAD)

Placing half of the family home and other assets into a Discretionary Trust of Residue on first death can ensure that should the surviving spouse/partner marry in the future, those assets have a much greater level of protection should they subsequently divorce and can reduce the threat of your own children being disinherited. The survivor is still able to have use of the trust assets.

✓ Creditors or Bankruptcy

Similarly, if any of your beneficiaries are subject to creditor claims/bankruptcy then their inheritance could be protected from such claims.

✓ Further or Generational IHT

Holding the assets in the Discretionary Trust of Residue can ensure that they do not add to the beneficiaries' estates and impact on their own IHT.

✓ Divorce

Assets entering the trust on death can ensure that if your children/chosen beneficiaries were subject to divorce proceedings, what you intend them to receive could be more protected from any divorce settlements.

✓ Residence Nil Rate Band (RNRB)

The Discretionary Trust of Residue ensures that if there are lineal descendants as beneficiaries, the RNRB can still be claimed. See further information on Key Features and Benefits Sheet 25.

✓ Care

If assets are held in the Flexible Family Trust, they could also be protected against the beneficiaries' own care costs.

In some cases it may be beneficial to use multiple trusts. Multiple trusts can increase flexibility and autonomy, as it enables each beneficiary to have and be 'in control' of their 'own Trust'. There are also various options open to trustees following death to try and reduce the impact of future tax charges in some cases. See also Key Features and Benefits Sheets 122 and 122a.

This sheet contains only general guidance and is not to be construed as advice for any personal planning. Any planning should be based on bespoke advice tailored to your specific circumstances.