

Wills and estate planning

Practical advice about making
and updating your will

**Money
matters**



Why is it important to make a will?

There are many reasons why you should make a will.

- **Reassurance.** A will is the only way to make sure your savings and possessions (your estate) go to the people and causes that you care about.
- **Avoiding disputes between relatives.** Disputes over wills can cause arguments among family members and may even need a solicitor to resolve them. Leaving a will should remove any doubt about who you want to leave your estate to. (Close relatives and dependants may still be able to make a claim on your estate, but a solicitor can advise you on how likely this is and the best way to prevent it.)
- **Looking after your loved ones.** Although it's hard for loved ones to talk about death, making it known how you would like your estate to be distributed can save everyone a lot of worry. Deciding who you want to leave your possessions to (your beneficiaries) can help you make sure they go to the people you intended.
- **Protecting your assets for future generations.** A will can ensure that assets are kept within the family and are passed on down the generations. Many people are concerned that new spouses or second families will inherit their assets in the future, and a well-structured will can help to prevent this.

- **Saving on Inheritance Tax.** With a carefully planned will, it might be possible to reduce the Inheritance Tax bill that may be payable on your estate after your death. For example, Inheritance Tax will usually not need to be paid on anything you leave to a spouse or civil partner who has their permanent home in the UK. Inheritance Tax is only payable if your estate is worth more than a certain amount.
- **Your funeral.** Your will can be a way to let people know whether you would prefer to be buried or cremated, and the type of funeral service and music you would like. For more information about funeral options, see our free guide *When someone dies*.

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What happens if I don't make a will?

If you don't make a will, in legal terms you will die 'intestate' and your estate may not go to the people you intended. In this case, there are special rules for how your estate will be distributed, called the Intestacy Rules. Your estate means everything you own, including money, property, possessions and investments. These will only be distributed after all of your debts and funeral expenses have been paid.

Under the Intestacy Rules, if you have a spouse, or civil partner and children, your spouse or civil partner will inherit all of your personal possessions and at least the first £250,000 of your estate. The rules around how anything over £250,000 is divided up are complex, and the person dealing with your estate would need to take professional advice.

If you have a spouse, or civil partner, and do not have children, but leave parents, siblings, or nieces and nephews, your partner will be entitled to at least the first £450,000 and all your personal possessions, plus half of the rest. Then, either your parents, siblings, or nieces and nephews will be entitled to the other half.

what next?

See our free factsheets *Making a will* and *Dealing with an estate* for more information. To find out more about who inherits your estate if you die without making a will, contact the Probate Service (see page 21).

Choosing executors

When you make your will, you will need to choose your executor(s). These are the people who will deal with distributing your money and property after your death. Being an executor can involve a lot of work and responsibility, so consider carefully whether the people you want to appoint would be suitable. Explain to them what's involved and check that they're willing to act on your behalf. You could give them a copy of our free leaflet *How to be an executor* to read more about the role.

You can appoint any number of executors, but only a maximum of four may apply for the Grant of Probate, the official document that is needed to deal with your estate. It's a good idea to choose more than one executor, so that they can share the responsibility of your estate, and in case one of them dies before you do. The same people you choose to act as your executors can also inherit something from your will, but they aren't paid for their work as executors.

Executors are usually appointed as trustees as well, in the event that a trust is created within your will. If anyone under the age of 18 is to be a beneficiary of this trust, you should appoint at least two trustees/executors. Take professional advice about creating a trust.

Acting as an executor is not an easy task and it may be that your family and friends would prefer not to take on the role. Another option is to appoint a professional executor, such as a solicitor or an accountant. They could be especially useful if your estate is particularly large or complicated. They will charge for their services and this will be paid for out of your estate.

Valuing your estate

Before arranging to have your will written, it's worth drawing up a list of your assets and debts. This will give you a clearer idea of what your estate will be worth.

Assets that typically make up an estate include:

- your home, and any other properties you own
- savings in bank and building society accounts
- insurance, such as life assurance or an endowment policy
- pension funds that include a lump sum payment on death
- investments such as stocks and shares or investment trusts
- motor vehicles
- jewellery, antiques and other personal belongings
- furniture and household contents.

Debts may include:

- mortgage
- credit card balance
- bank overdraft
- loans
- equity release.

Get your assets valued regularly. You may find that your house price or pension fund, for instance, has increased dramatically without you realising.

**what
next?**

For more information, see our free factsheet *Dealing with an estate*.

What to include in your will

You should make sure that it's absolutely clear what you want to happen to your whole estate. You can make specific gifts to particular people and then state where the residue of the estate (any property or money left over) is to go. Alternatively, you could divide your estate between a number of people in certain proportions, for example, half to your spouse and a quarter each to your two children. You should also state what you want to happen if a beneficiary should die before you do. You can leave money to charities in your will, too.

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Leaving a legacy

A will is a way to remember those who are important to you. Once they have provided for their family and friends, if they have any money left over, many people choose to leave legacies to their favourite charities.

A legacy is simply a donation made in a will.

Different types of legacies include:

- residual – a proportion of your estate
- pecuniary – a set sum of money
- specific – a named item, such as a house, gold watch, or piece of furniture.

If you plan to leave a legacy to a charity, make sure you include the charity's full name, address and registered charity number. Incorrect information may result in the charity not receiving the legacy.

If you are interested in leaving a legacy to Age UK, Age Cymru or Age NI or one of our local partners, please see the insert in the middle of this guide for more information.

**what
next?**

See our free factsheet *Making a will* to find out more about legacies.

(Continued on page 13. The following four pages can be pulled out to keep.)

How to change a will

You should review your will at least every five years and after any major change in your life, such as having a new grandchild or moving house. If you don't, it can lead to complications and upset for your family, for example, your will may refer to a house you no longer own, or mention older grandchildren but not younger ones. Arrange a new will if you marry, separate or divorce. Be aware of changes in the law that may affect your will.

If you want to change a will, you can either revoke (cancel) the old will and make a new one or add a codicil to the original will. A codicil is a supplement to the will that details amendments or additions and must be signed and witnessed in the same way as an original will.

If you revoke a will you should destroy it and state on the new one that it revokes all previous wills. If you marry, remarry or enter a civil partnership, this will usually revoke a previously existing will. Divorce does not automatically invalidate a will made during the marriage.

Important documents relating to your will

It may help your executors to know where you keep important documents, such as:

- the will itself
- deeds to your property
- insurance policies
- documents relating to savings accounts
- passport
- driving licence
- television licence.

what next?

Age UK produces *LifeBook*, a free and simple way to record your details, contacts, and the location of important documents. Call 0845 685 1061 for more information and to order your free copy.

Making a will is vital if you want to be certain that your wishes will be met after you die. It can be easy to put off making a will, but the process may not be as difficult as you think.

