



myers&co solicitors news

Autumn 2015

Our new state of the art website is now live!



The Myers & Co new responsive website, can now be seen at www.myerssolicitors.co.uk.

With more and more of us accessing the internet on our smartphone or tablet the decision to create a new website, designed to be used on any mobile device, was a natural move to take us forward.

Since Myers & Co was established in 2005, we have grown into an established Staffordshire law firm with an enviable reputation. We are always looking for new ways to improve our service for their clients.

Partner Stephen Myers says "It is part of the ethos of our firm that we listen to our clients and adapt to their needs. The new website means people can easily access legal advice wherever they are on their mobile devices."

The website includes full details of all our services for individuals and businesses, from expert advice in residential conveyancing to corporate law – all now easily accessible on our responsive website.

Stephen continues "We are thrilled with the results of the new website, which represents the high standards of skills and service we always aim to provide for our clients. We hope both existing and new clients find it useful, informative and an easy way to get in touch with us."

We always appreciate feedback from our clients and welcome any suggestions on how we can improve your online experience and the delivery of legal services.

So once you have had a look at our new website, why not get in touch and let us know what you think. Just click on the contact us link or email info@myerssolicitors.co.uk

In this issue

- 2 ➔ Good news for married couples
➔ Inheritance tax threshold up to £1million

- 3 ➔ Pension changes
➔ Estranged daughter wins share of mother's estate

- 4 ➔ New EU regulations on inheriting property abroad

Good news for married couples - Inheritance tax threshold to go up to £1million



In the first budget from the new Conservative government, the chancellor has made good his earlier pledge to extend the inheritance tax nil rate band thresholds - allowing married couples or civil partners to potentially pass on up to £1million tax free.

The announced measure is designed to limit the number of estates affected by inheritance tax. Government forecasts had predicted that the estates of over 63,000 people in the UK would have fallen liable to pay inheritance tax liability by 2020 /2021. It is hoped that raising the threshold will reduce this to about 37,000 estates, which is the estimated level for the 2014/2015 tax year.

The current threshold

The current inheritance tax threshold is £325,000 per person. This threshold will be frozen until 2021.

Inheritance tax is paid at 40 per cent, on the value of the estate if it exceeds the inheritance tax threshold.

The new threshold

The chancellor has added an additional nil rate band of a further £100,000 per person for deaths on or after 6 April 2017 applied to the deceased person's residence. This will be gradually increased up to £175,000, potentially giving homeowners an individual threshold of £500,000 each by 2021/2021.

The rules for couples

Married couples and civil partners are allowed to pool their nil rate band thresholds together, provided they give the whole of their estates to each other on the first death, giving them a greater allowance on assets that they can pass on to their beneficiaries tax free on the second death. Under the chancellor's reforms this could potentially allow a married couple to pass on up to £1million worth of assets without paying a penny of inheritance tax by 2020/2021.

However, whether a married couple maximise the use of their full joint nil rate bands depends on how their wills are drafted, and the timing of gifts to children and other beneficiaries.

If they leave everything to each other in their wills, then the full joint nil rate bands can be applied on the second death. If, however, the wills give gifts to children or relatives, on the first death, then the allowance will be reduced by the amount of that gift.

Getting legal advice from an experienced wills solicitor is vital to ensure that your will reflects your personal circumstances and wishes as well as minimises inheritance tax.

How it works

The new additional threshold of £100,000 per person will only apply to deaths on or after 6 April 2017. From that date there will be an increase to the nil rate band - an Additional Nil Rate Band (ANRB) - which can be applied when a residential property is passed on to direct descendants of the deceased.

This means that for the tax year 2017/2018, a married couple could pass on £650,000 to be applied to the value of their joint estate plus a further £100,000 each against the value of their residence to mitigate the impact of inheritance tax. However, for estates worth more than £2million the ANRB will be reduced.

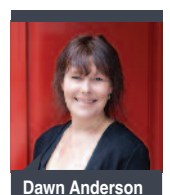
Also, if the deceased has an interest in more than one residential property, then the personal representatives can nominate which property the ANRB is to be applied to provided that the property has been occupied by the deceased at some time.

It is important that the effect of this new measure is considered carefully against your individual financial circumstances and the contents of your existing will. Taking independent legal and tax planning advice and reviewing your will is advisable.

For more information on inheritance tax or making a will contact Susan Hall or Dawn Anderson.



Susan Hall



Dawn Anderson



More flexibility with your pension pot – should you spend or save?

New pension flexibilities mean that you can now withdraw your entire pension fund once you reach the current eligible pension age of 55 without the need to purchase an annuity. The relaxation of the rules could potentially free up substantial amounts of money, and allow greater freedom to plan your future, but should you spend or save your pension?

Whilst the new pension freedoms have generally been good news, an area which has gone a little under the radar has been the change to taxation of pension death benefits. Peter Jarvis, from Myers Asset Management team, explains how pensions can now play an important role in inheritance tax planning.

In the past, a 55 per cent tax charge would have been levied on a pension fund passed to a non-dependent beneficiary post age 75, as well as crystallised monies before age 75. Under the new rules, it is now possible for your entire pension fund to potentially be passed on to your chosen beneficiaries in a tax privileged manner.

The new rules also allow your beneficiaries to subsequently pass on any of these inherited pension funds to their own successors, which gives the potential to pass pension funds down through the generations without ever falling into anyone's estate for inheritance tax purposes. Technically, there is no end to this planning as a successor could also pass their remaining funds down to their own beneficiaries.

This beneficial tax change might make you reconsider the usage of your pension monies. For example, if you have sufficient income from non-pension assets to meet your retirement needs, you might decide to reduce or even stop drawing money from your pension pot and allow the pension funds to accrue. This strategy could effectively enable you to pass more onto your beneficiaries inheritance tax-free. As you spend more of your chargeable estate as a result, it could reduce your inheritance tax bill even further. Such a strategy is not suitable in all cases, and of course could be detrimental if pension rules were to change again in the future.

However, there is a potential sting in the tail where a discretionary trust has previously been nominated to receive the death benefits.



These were often used so the death benefits remained outside of your beneficiary's estate and also allowed you to retain an element of control from the grave.

If a trust exists beyond age 75 then there is an unavoidable 45 per cent tax charge when the lump sum death benefits are paid over to the trust, which is potentially subject to inheritance tax charges.

Whereas, if the pension monies were passed directly to the potential beneficiaries, the pension monies could be retained within a pension wrapper and an income drawn from it, thus only paying tax at their marginal rates on any withdrawals. However, control would be lost over how the monies can be used and the future distribution of subsequent death benefits thereafter.

If you have a trust in existence, it should be reviewed to ascertain whether it is still required within the new regime, and especially whether it is appropriate beyond your 75th birthday.

For advice on pensions and inheritance tax planning contact Peter Jarvis at Myers Asset Management on 01782 557 233.

Estranged daughter wins share of mother's estate

In a recent landmark case, the Court of Appeal ruled that an estranged daughter who had been deliberately excluded from her mother's will should be awarded a share of her £486,000 estate.

Heather Ilott, who ran away from home when she was 17, had a strained relationship with mother Mrs Jackson for over 20 years. In her will Mrs Jackson left the entirety of her estate to three animal charities with which she had no previous connection. She left nothing to her daughter and gave instructions for her executors to defend any claim made by Heather as fully as possible.

Following her mother's death, Heather applied to the court for financial provision under the Inheritance (Provision for Family and Dependents) Act. The court decided that the late Mrs Jackson had acted out of spite and that she had 'unreasonably excluded' her daughter from her will.

Claims like this can only be made by specified categories of dependants such as the spouse, civil partner or children of the deceased.

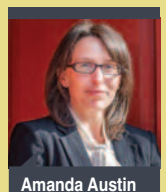
The Act also allows for any person who was being maintained by the deceased for the whole of two years before their death to make a claim.

If you are a dependant and have not been provided for under a will or the intestacy rules, or you consider that the amount you will receive is not sufficient, you might be able to bring a claim against the estate to ensure you receive a share or a greater proportion of it.

The time limit on making a claim is very strict - it must be started within six months of the grant of probate. If you think you may be entitled to make a dependency claim, take early legal advice as you will not have much time to consider your application. For advice on making a dependency claim contact Tim Newsome or Amanda Austin.



Tim Newsome



Amanda Austin



New EU regulations on inheriting property abroad

On 17 August 2015, a new EU directive came into force making it essential for anyone who owns property abroad to review their will.

Stephen Myers, partner and head of wills and probate at Myers & Co, explains the implications of the new European laws on inheritance.

Owning a property abroad, whether as your second home or an investment, can be a dream come true - offering the potential of a holiday home for friends and family, as well a place to escape the British weather. If you are working or studying abroad you may have decided that buying a property was a better alternative than renting.

Although the UK has opted out of this particular directive, it will still affect anyone who owns property or lives abroad. Each European country has a different approach on inheritance and succession rights.

Many EU countries have 'forced heirship' rules that insist you cannot leave everything to your spouse and you have to leave a certain

percentage of your estate to your children. Some countries, like France, insist that you have to follow their rules even if you are not French.

The advice for anyone who owns property or lives abroad is to take legal advice to make sure your will covers your overseas property. Under the EU directive you are allowed to choose which law should be applicable to your estate – that of your habitual residence or that of your nationality.

By making a will, you can choose which jurisdiction should apply and make sure your loved ones are provided for as you wish.

If you live, work or own property abroad it is vital for you to make a will, or review your existing will to ensure you are protected.

For more information contact Stephen Myers.



Stephen Myers

Legal advice for you and your family

- ➔ Dispute resolution
- ➔ Wealth protection
- ➔ Employment problems
- ➔ Wills and probate
- ➔ Residential conveyancing

Legal advice for your business

- ➔ Corporate
- ➔ Dispute resolution
- ➔ Commercial agreements
- ➔ Employment law
- ➔ Commercial property
- ➔ Intellectual property