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## New inheritance tax rules

Nobody wants to see their hard-earned cash go to the tax man when they die but, until recently, if your estate was worth more than £325,000 you faced the prospect of having to pay inheritance tax at a rate of 40 per cent.

The good news is that, on 6 April 2017, the government introduced a new inheritance tax allowance called the 'residence nil rate band' to allow home owners to pass on more of their assets to the next generation and reduce their inheritance tax liability with a bit of forward planning in their will.

### How does the allowance work?

The allowance can be used in addition to the existing inheritance tax allowance of £325,000, and enables a certain proportion of the value of your main residence to be passed on to direct descendants. The amount will vary, as follows:

Date of death	Tax free nil rate band allowance
6 April 2017 – 5 April 2018	Up to £100,000
6 April 2018 – 5 April 2019	Up to £125,000
6 April 2019 – 5 April 2020	Up to £150,000
6 April 2020 – 5 April 2021	Up to £175,000
6 April 2021 onwards	Will rise with consumer prices index

So, for example, when someone dies it should be possible for them to pass on up to £425,000 before any tax becomes due: £100,000 relating specifically to their main residence plus the usual £325,000, which can also be set against the main residence if needed as well as other assets. For estates worth more than £2 million the amount of the allowance will be reduced on a sliding scale.

### Who is eligible for the allowance?

To be eligible for the allowance you will need to have owned a residential property that you have occupied as your main home, sometime before your death. This ensures that people who have chosen to downsize or have had to sell their home to fund the costs of a care home may still benefit from the allowance if there is any money left over from the sale proceeds when they die.

### What do I need to do to ensure my family benefits?

To ensure your family benefits from the new allowance it is advisable to review the terms of your will to ensure there is nothing that might prevent the allowance being claimed.

**For further advice contact Stephen Myers on 01782 525010.**



Employment



Business



Litigation



Commercial Property



Residential Property



Wills & Probate



Wealth

# Abandoned mother's wishes upheld in inheritance dispute

If the terms of your will are likely to be controversial, the importance of preparing a letter of wishes is highlighted by a recent Supreme Court case. Hannah Kennedy explains what the judgment means for anyone who is thinking about challenging a will.



On Wednesday, 15 March 2017 the highest court in the UK upheld the wishes of a mother who had chosen to exclude her daughter from her will and leave everything to charity. The judges confirmed that people should be free to give their money to whoever they want when they die and adult children who object to this should only be able to bring a challenge in limited circumstances.

## Background

Mrs Iltott had been estranged from her mother, Mrs Jackson, for 26 years, having left home in 1978 aged 17. There was very little contact between them, despite a few failed attempts at reconciliation, until Mrs Jackson's death in 2004.

Disgruntled by the 26 years of separation, Mrs Jackson decided to disinherit her daughter and leave her money to three charities instead. She left a will, accompanied by a letter of

wishes explaining her reasons in which she specifically left instructions for her administrators to fight any attempt from her daughter to challenge the will.

Mrs Iltott and her husband did not have a lot of money. They lived in housing association accommodation and were reliant on state benefits. Four of their five children still lived at home, they had an old car which kept breaking down, they had never been on a family holiday and they could not afford to redecorate or replace old and worn out household goods. On this basis, Mrs Iltott decided to challenge her mother's decision to leave her out of the will.

The challenge was brought under the Inheritance (Provision for Family and Dependents) Act 1975, which allows a court, in exceptional circumstances, to interfere with the terms of a will where it can be shown that reasonable financial provision has not been made for a husband, wife or child, and occasionally some other person, in circumstances where it should have been.

When the matter first came before the court, it was recognised that some reasonable provision should be made for Mrs Iltott and she was awarded £50,000. However, Mrs Iltott was not happy with this and argued that she should be entitled to more. The case was referred to the Court of Appeal which agreed with her and increased the amount to £163,000.

The charities objected to this and took the case to the Supreme Court, which agreed with the original award of £50,000 to Mrs Iltott.

The Supreme Court ruled that the wishes of a deceased person should be respected, even where that decision is to disinherit family members. However, a claim to vary the terms of a will for reasonable financial provision is allowed.

**For more information about inheritance disputes or challenging a will contact Hannah Kennedy on 01782 525015.**

## Thinking about challenging a will?

If you are concerned about the validity of a will, or involved in an inheritance dispute you should act quickly and take legal advice as soon as possible as there are strict time limits to make a claim. We can help you with...



**Challenging the validity of a will**



**Disputes between executors and beneficiaries**



**Removal of executors**



**Disputes relating to the ownership of the property**



**Claims arising from the Inheritance (Provision for Family and Dependents) Act 1975**



# Where is your will stored?

Once you have made a will, it is important to make sure that it is kept safe and that the people close to you know where to find it. That is why at Myers & Co, we offer all our clients free wills storage and automatic registration for added peace of mind.

If your relatives do not know whether you have made a will or, if you have, where it might be stored, it can be very difficult for them to find out whether a will exists.

Enquiries will usually have to be made with any banks or building societies you had accounts with, and with any firms of solicitors or will writers you may have used. Your home may also be searched. Having to go through this process can be extremely wearing at an already distressing time.

Myers & Co are founding partners of Certainty, the national wills register and database. When you make your will with us, we will store your will for you free of charge and register it with Certainty. By doing this, all your loved ones will need to do after you have died is to contact us.

Our secure, fire-proof storage facility can be used free of charge to store:

- ☒ Your will
- ☒ A letter of wishes
- ☒ Lasting power of attorney
- ☒ Property deeds



**For more information on our free will storage facility contact Andrew Willott on 01782 525006.**

# Investment portfolio management

The past few years have not been good for the savings market, however, good returns are still possible if you are willing to take a more structured approach to dealing with your money via a portfolio management service.

A portfolio management service ensures that your financial advisor gets to know you and your priorities, and keeps your portfolio focused upon achieving your objectives. With access to numerous resources and in-house research you can be assured that your investments are in good hands.



**1**

**Personalised service** – your financial advisor will work hard with you to build up a portfolio based on your specific personal circumstances, objectives and attitude to risk. A key feature of this active management approach is that your adviser can act quickly to changes in market conditions, unlike passive investments or trackers which just track an index. This is extremely important in turbulent market conditions as seen in recent years.

**3**

**Investment research** – thorough research identifies the appropriate collective investment funds for use with clients, along with the asset allocations in accordance with your attitude to risk.

**4**

**Flexibility** – portfolios can encompass a wide range of investments. They can be used alongside other savings vehicles such as ISAs, personal pensions (including SIPPs) and offshore bonds, depending upon your individual circumstances.

**2**

**Monitoring** – an active approach enables the portfolio to be monitored and keep the 'asset allocation' (the proportion of the different asset classes in the portfolio) in line with your investment goals, objectives and risk profile. This is important as different assets grow at different rates and without close monitoring your portfolio can move away from where it needs to be.

**For further information please contact Peter Jarvis at Myers Asset Management on 01782 557233.**

Performance: While investment returns are not guaranteed, an example of our typical portfolio for a medium risk investor would have returned 12.95 per cent (after our costs) over the last 12 months. The value of any investments and any income from them can fall and you may get back less than you originally invested. This information is for illustrative purposes only and is not intended as investment advice.



# Don't let the risk of flooding affect your house purchase

One in six homes in Britain are at risk of flooding, and it is not just properties close to rivers or the sea that can flood. Over three million homes are susceptible to flooding from surface water or from blocked drains and overflowing sewers.

**Kerry Dundas**, director of conveyancing at Myers & Co, looks at some of the implications and explains how your conveyancer can help.



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## Surveys and specialist advice

Commissioning a specialist flood survey can give you a better understanding of the possible impact on your prospective new home. It can also often suggest ways of physically reducing the risk of flooding.

1

## The importance of establishing the flood risk

If you are buying a house it is a good idea to consider the risk of flooding at an early stage. Flooding could affect your enjoyment of your new home and will have an impact on the cost of insurance and your ability to obtain a mortgage.

You should also consider the possible impact when you come to sell. That picturesque cottage by the water's edge may be your dream home and you may be willing to accept the risk of it flooding, particularly if you can get insurance cover. However, a history of flooding or high insurance premiums could deter prospective purchasers in the future.

2

## Finding out about the flood risk

If you are interested in a property, ask the sellers if any part of it has ever flooded. If you make an offer, and the purchase progresses, your conveyancer will ask about flooding in their standard pre-contract enquiries. If the sellers give a false statement then they may be liable to pay you compensation.

3

## Environmental and other conveyancing searches

Your conveyancer will carry out a number of searches and enquiries to assess the risk of flooding objectively and provide peace of mind. For example, the Environment Agency publish maps which show generic information about the likelihood of flooding from watercourses and surface water. The Land Registry also provides a flood risk indicator.

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## Insurance

Since April 2016, the government sponsored scheme, Flood Re, has made it easier for home owners whose properties are at a higher risk of flooding to get insurance cover on reasonable terms. However, the scheme does not extend to all properties. For example, it does not cover some flats or homes built after 2009.

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## How your conveyancer can help

An experienced conveyancer will make the right searches and enquiries and liaise with your surveyor. They will ensure that you have all the necessary information to make an informed decision and advise how to take steps to mitigate the risk.

**For more information contact Kerry Dundas on 01782 577000.**