



East Cheshire Hospice

Legacy Factsheet 1: **WHY MAKE A WILL?**

INTRODUCTION

A properly executed Will ensures that you can make sure that your loved ones are provided for, instead of your assets going elsewhere. Without a Will your assets could go to people you never intended to benefit, or ultimately to the State if you have no family. A correctly prepared Will can also enable you to mitigate the effects of Inheritance Tax.

CREATING A NEW WILL

- a) Issues that you can consider when writing a Will include
- Passing on your assets
 - Specific requests – for instance funeral arrangements
 - Legal guardians for your children
 - Executors – business-minded friends/family (consultation recommended), professional advisers or a selection of all three
 - Business interests
 - Personal effects – heirlooms, paintings, jewellery
 - A Gift to a local or national charity

As well as passing on your assets, your Will can also include any specific requests you may have, such as your funeral arrangements. Wills are often associated with older people, but are relevant for most people over the age of 18. For instance, if you have children you may wish to appoint legal guardians who would care for them if you should die before they are 18.

The appointment of Executors in your Will is also very important. These are the people who will ensure that your wishes are carried out in the event of your death. It is a good idea to select business-minded friends or family, professional advisers or a selection of all three. Remember to consult with friends and family before appointing them. One benefit of using a professional adviser is that it is possible to appoint a partner in the firm of professional advisers, rather than an individual, so that the appropriate person can deal with the estate at the time.

It is very important to deal with any business interests you may have in your Will, especially if a family member has joined the family company and there are shares in your estate.

Personal effects, such as heirlooms, paintings and jewellery, can also be included in your Will, as can any specific gift you may wish to make to charity.

Before making your will it is advisable that you make a list of your assets and debts so that you are aware of the full extent of your estate.

Assets

- i. Property
- ii. Cash Savings
- iii. Bank/Building Society/Savings Accounts
- iv. Shares
- v. Bonds
- vi. Life Policies
- vii. Pension Funds
- viii. Household Contents
- ix. Personal effects – eg jewellery

Debts

- i. Mortgage
- ii. Loans
- iii. Credit Cards

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to seek independent advice from a solicitor*



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Legacy Factsheet 2: **CHANGES IN CIRCUMSTANCES**

Your Will needs to be reviewed regularly – preferably about once every three to five years; as we all know, lives change and this can often affect your family circumstances. Taxation laws may change too, and all of these things need to be taken into consideration on a regular basis.

For instance, you may need to change your Will if you have recently separated, divorced, moved house or if there has been a birth in the family or the death of a friend or family member.

Remember! If you marry, any Will you have previously made is automatically revoked (unless it was specifically made in contemplation of that marriage).

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Legacy Factsheet 3: **WHAT CAN I LEAVE TO MY FAVOURITE CHARITY OR CAUSE?**

You can leave anything from a specific amount of money, to business shares, to jewellery, to a house – all of which pass on excellent tax advantages to the charity receiving it and create a fitting legacy. Many people choose to leave something to their favourite cause or charity when they die as a sign of their appreciation and such gifts provide significant much-needed income to many charities. If you do choose to make a gift to a UK registered charity, any donation will be free from Inheritance Tax.

There are a number of ways that you can leave a charitable gift in your Will.

- 1) Specific Legacy: a particular asset or specific goods (shares, jewellery)
- 2) Pecuniary Legacy: a specific sum of money
- 3) Residuary Gift: the remainder or a portion of the remainder of your estate after payment of all liabilities and expenses and any legacies you have given

It is important to ensure that your Will contains specific wording if you intend to leave a gift to charity, **as well as the charity's full name and registered charity number.**

Deeds of Variation

If you are the beneficiary of a Will, it is possible for you to vary the terms of the Deceased's Will after their death if there are reasons for you wanting to do so. For instance including a charitable gift may provide some tax advantages. However, Deeds of Variation can only apply in specific circumstances and legal advice should always be sought first.

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Legacy Factsheet 4: **WILL-WORDING**

If you do wish to leave a gift in your Will to East Cheshire Hospice then you should discuss this with your solicitor who will include the relevant wording. An example of the relevant wording might be as follows:

- 1) Specific Legacy: you can leave a gift of particular assets or goods (shares, jewellery)

"I give to East Cheshire Hospice of Millbank Drive, Macclesfield, Cheshire SK10 3DR ("The hospice"), registered charity no 515104, the [describe item you wish to leave to the hospice] for the general charitable purposes of the hospice and I declare that the receipt of the Finance Director or other proper officer of the hospice shall be a full and sufficient discharge."

- 2) Pecuniary Legacy: you can leave a specific sum of money

"I give to East Cheshire hospice of Millbank Drive, Macclesfield, Cheshire SK10 3DR ("The hospice"), registered charity no 515104, the sum of £..... free of all tax (repeat in words) for the general charitable purposes of the Hospice and I declare that the receipt of the Finance Director or other proper officer of the Hospice shall be a full and sufficient discharge".

- 3) Residuary Gift: you can leave the remainder, or a portion of the remainder, of your estate

"I give to East Cheshire hospice of Millbank Drive, Macclesfield, Cheshire SK10 3DR ("The hospice"), registered charity no 515104, all (or an x% share of) the residue of my estate, for the general charitable purposes of the hospice and I declare that the receipt of the Finance Director or other proper officer of the hospice shall be a full and sufficient discharge".

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Legacy Factsheet 5: **TAX ADVANTAGES FROM WRITING A WILL**

Current legislation dictates that your beneficiaries will not have to pay any Inheritance Tax if the estate you leave behind is less than £325,000 (the current nil-band). However, any estate worth in excess of that amount will be liable to inheritance Tax of 40% on anything over the nil-band rate. This applies to all assets, including your house.

For example, you may own a house worth £300,000 plus £50,000 other assets in savings, shares, investments, which immediately take you past the £325,000 threshold. Everything over £325,000 would currently be liable to Inheritance Tax at a rate of 40%.

Inheritance Tax is not payable if you leave assets to your spouse or civil partner. *No exemption applies in the case of co-habiting couples.*

Where one spouse or civil partner dies without making full use of his or her nil-rate band, the nil-rate band of the survivor will be increased by adding the unused proportion of the nil-band rate of the first to die.

Seeking advice from a solicitor about your Will could help you and your spouse to maximise the use of your nil-rate bands.

Another way to limit Inheritance Tax on your estate is to make a gift to charity in your will. This would be completely free of Inheritance Tax as charities are exempt from this tax.

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Legacy Factsheet 6: **TRUSTS**

What is a Trust?

A Trust is ideal if you would like a person or favourite cause to benefit from your assets – cash, shares or property – and this can come into effect at your death or during your lifetime. A Trust transfers the assets to a small group of appointed people or a Trust Company (the 'Trustees') with instructions as to how your assets should be used and who you would like to benefit.

If you choose for a Trust to function during your lifetime, you can appoint yourself as a Trustee so that you retain some control of the assets, although for tax reasons you and your spouse (during your lifetime) would not usually be able to benefit from the assets transferred to the Trust.

Reasons for making a Trust

Setting up a Trust has the following main benefits:

- It can reduce your exposure to Inheritance Tax.
- It can solve a number of domestic situations.
For example,
 - if your children or grandchildren are very young at the time you set up a Trust, the assets can be held by the Trust until they are older and hopefully wise enough to receive them;
 - or, on a second marriage, a Will Trust can ensure that your spouse has an immediate right to the income, but allowing your Trustees to decide whether he or she should also benefit from capital, or whether part or all of the capital is retained for the benefit of the children.

Trusts can be extremely flexible arrangements. Your solicitor will be able to advise you on whether a Trust might be suitable in your circumstances.

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Legacy Factsheet 7: **GLOSSARY OF TERMS**

Assets	Everything you own
Beneficiary	A person or organisation who will benefit from your Will
Codicil	A document which alters the contents of a Will if properly legally executed
Deed of variation	A way to vary the terms of a Will from which you are a beneficiary
Debts/liabilities	Everything that you owe or monies outstanding
Estate	Your assets less your liabilities
Executor	A person who administers your estate after your death
Inheritance Tax	Tax payable on your estate
Legacy	A gift left in a Will
Contingency legacy	A gift left should particular events occur
Pecuniary legacy	A specific gift of money left in a Will
Probate	The legal procedure to establish that a Will is valid and genuine
Residuary Gift	A gift made up of what is left after the payments of all debts, taxes, administration expenses, pecuniary legacies and other legacies made under the Will
Specific legacy	A gift of a specific object under a Will
Testator/Testatrix	The person making the Will/Female form of the word
Will	A legal document that instructs how someone wishes to dispose of their assets on death

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