

Focus on Finance

NACAC, Durham -24 October 2015

Natalie Smith from Ladders Solicitors LLP
Jody Banks from Caple Banks Ltd



The Thalidomide Trust



Topics to be covered

Natalie Smith



- Wills
- Lasting Powers of Attorney (LPAs)

Jody Banks



- Managing your money
- Investing & Tax

We will both be available for the rest of the afternoon,
and will be delighted to speak with you if you have
any questions.

Wills

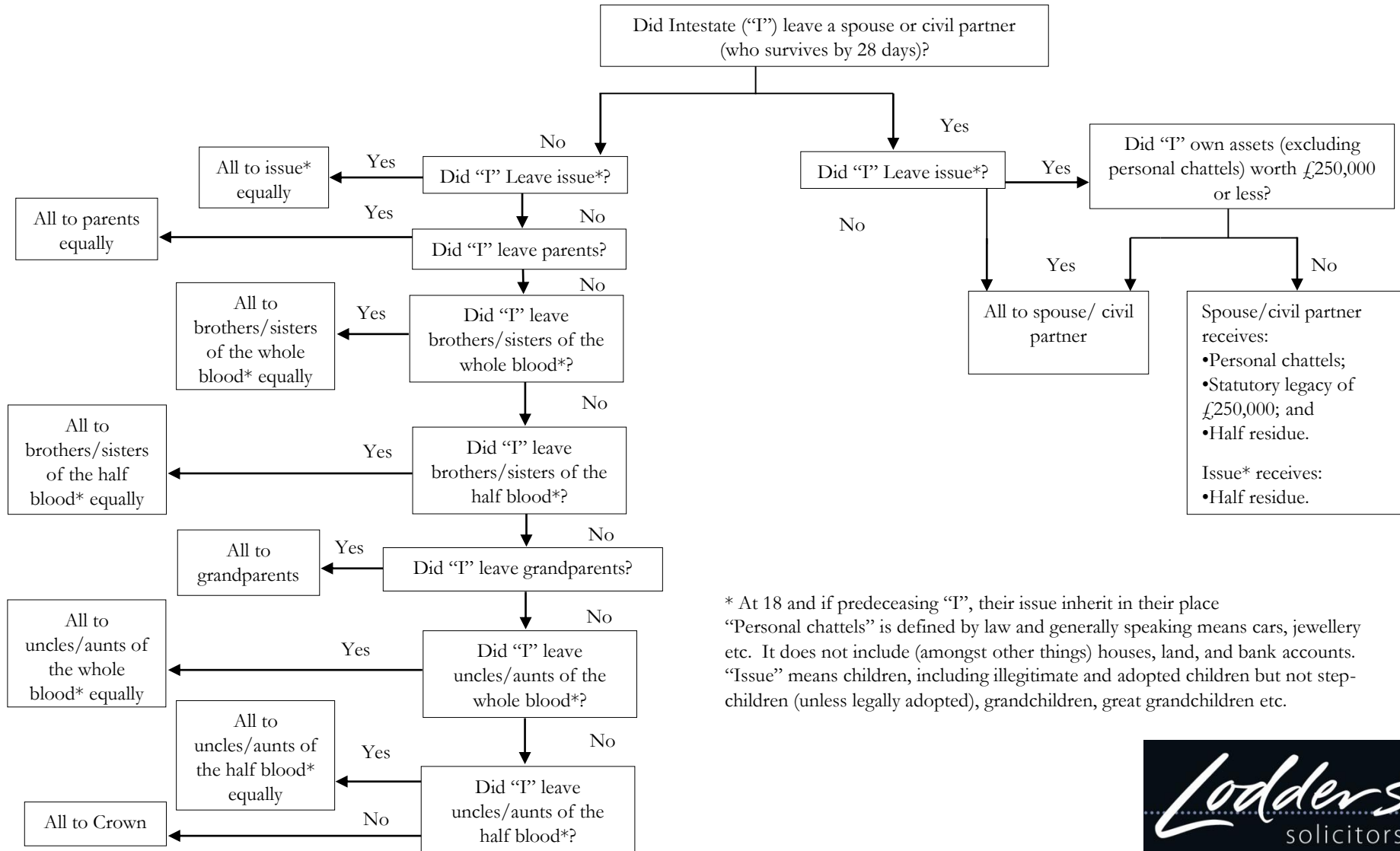
Natalie Smith
Associate Solicitor

The main problem areas:

- No will at all
- No proper advice about will
- Not keeping will under review

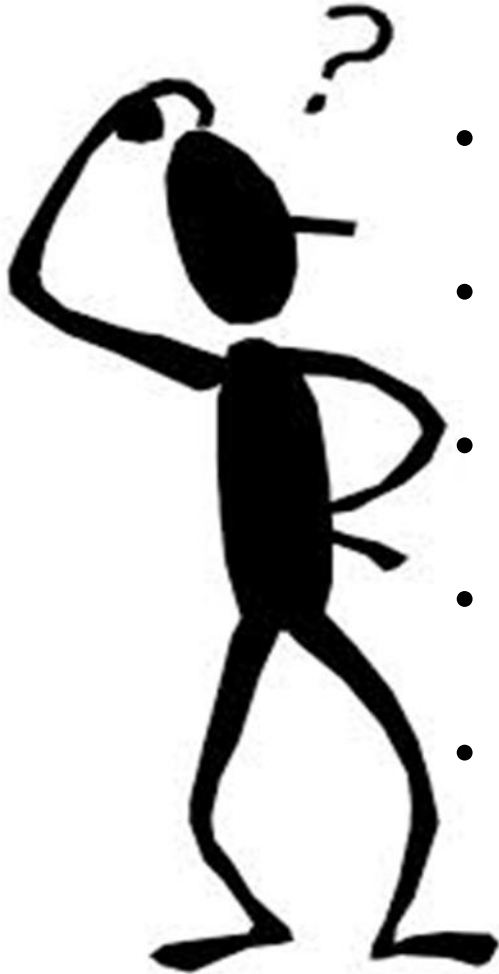


Intestacy Provisions



* At 18 and if predeceasing "I", their issue inherit in their place
 "Personal chattels" is defined by law and generally speaking means cars, jewellery etc. It does not include (amongst other things) houses, land, and bank accounts.
 "Issue" means children, including illegitimate and adopted children but not step-children (unless legally adopted), grandchildren, great grandchildren etc.

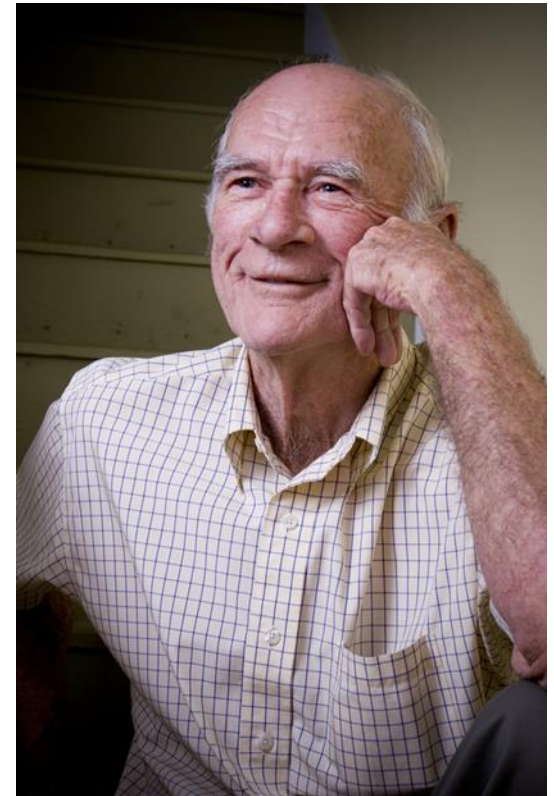
Why don't people make a Will?



- Not enough time to do one
- Not enough money to warrant having one
- Don't know what want to do in one
- Too expensive
- Don't want to contemplate own mortality
- Superstition – will tempt the grim reaper!

Case Study 1: David – no will

- Widower with no children
- Distant living relatives in Australia he has never met
- Home owner, house worth £300,000
- No mortgage
- Savings of £150,000
- Has a friend who has lived with him for 10 years and cared for him in later life



Case Study 2: Brian and Jane – no wills

Married couple in their mid sixties

Just retired

Two adult children

Estate worth over £1M

House worth £750,000



Issues that can arise without proper advice

Legal formalities to ensure validity

Dating and revocation

Mirror provisions

No substitute provisions if chosen beneficiaries have died

Suitability of choice of executors and guardians and substitutes for them

Administrative powers for executors and trustees



Case Study 3: Simon - -no proper advice



“I give to Mr & Mrs X and Mr & Mrs Y to each couple a half share in my estate i.e. my property ‘Property 1’, also savings and monies in my bank account at Barclays and the Halifax building society. Also property ‘Property 2’ after sale and payment of debts 50% to be divided equally between the above couples, the other 50% is Mrs Z’s.

I do not wish to leave my brother anything from my estate.”

Reasons your Will should be reviewed

- Changing family circumstances
- Changing financial circumstances
- Changing legislation



Case Study 4: Pam – Will not reviewed

- Made a Will through a Solicitor in 1982
- Died in 2012, having never amended the Will
- Executor died in her lifetime
- Family did not get along
- Grandchild missed out on a legacy



Other things to think about.....

Inheritance tax planning (more about this later)

Deeds of variation

Letters of wishes

- trusts
- chattels
- family issues

Foreign assets

Pensions, death in service benefits and life insurance



Powers of Attorney

Natalie Smith
Associate Solicitor

The big question:

If you couldn't make
your own decisions
any more, what would
happen?

There are two routes that open up

Power of Attorney	Court of Protection (COP)
<p>Enduring Powers of Attorney (EPAs) Lasting Powers of Attorney (LPAs)</p> <p>EPAs and LPAs allow someone you trust to look after things for you if you lose your mental capacity</p>	<p>Court of Protection Deputies:</p> <ul style="list-style-type: none">• The Court can appoint a Deputy for you if you don't have an EPA or LPA• Deputies can be family members, but can also be independent professionals• A Court application fee is required, plus legal fees and other professional costs

Property & Financial Affairs LPAs

- Buying or selling property
- Opening or closing bank accounts
- Claiming state benefits and pensions
- Dealing with tax affairs
- Paying bills and outgoings
- Dealing with investments and savings
- Making limited gifts



Health & Welfare LPAs

- Where the donor should live
- Day to day care
- Assessments for care and support
- Social and leisure activities
- Personal correspondence and papers
- Consenting to or refusing treatment



by wes & tony

<http://amazingsuperpowers.com>

Case study 5: Great Aunt Ethel



- Great Aunt Ethel never married and has no children.
- She inherited a vast collection of old shareholdings from her father.
- She lives in a large house that needs repair and renovation.
- She has a lot of very expensive jewellery, which she keeps in her attic.

Case study: Great Aunt Ethel

Great Aunt Ethel is diagnosed with dementia and moves into a care home.

	Attorney	Next of kin
Who can make arrangements with the care home?	Yes	No
Who can put the house on the market?	Yes	No
Who can arrange for safe storage of the jewellery?	Yes	No
Who can correspond with the share registrars?	Yes	No

Professionals working together

- Lawyers cannot give you financial advice
- Why may you need financial advice?
 - IHT efficient investments
 - Attorneys / Deputies have a duty to seek professional advice about decisions they make
 - Pensions
 - Financial Planning



Professionals working together – Client example

- Mr and Mrs Smith, both on their second marriages
- Want to protect their own children whilst still looking after each other.
- Clients required wills and LPAs and also needed IHT and investment advice



“Managing Your Money”

Jody Banks
Director, Dip PFS, MBA



CAPLE BANKS
WEALTH MANAGEMENT



Investing your money....



Investing your money....



- A – FTSE All Share
- B – UK Gilts
- C – RPI
- D – Retail Property
- E – Bank of England Base Rate

Source FE Analytics, Oct 15



Investing your money....



Investing your money....



Impact of Taxation

Income Tax	Capital Gains Tax	Inheritance Tax
20% (10%)	18%	40%
40% (32.5%)	28%	
45% (37.5%)		



Impact of Taxation & Solutions

Income Tax	Capital Gains Tax
Using your ISA allowance Structuring Pension Income Investment Bond income	Exempt between husband and wife Annual allowance



Inheritance Tax

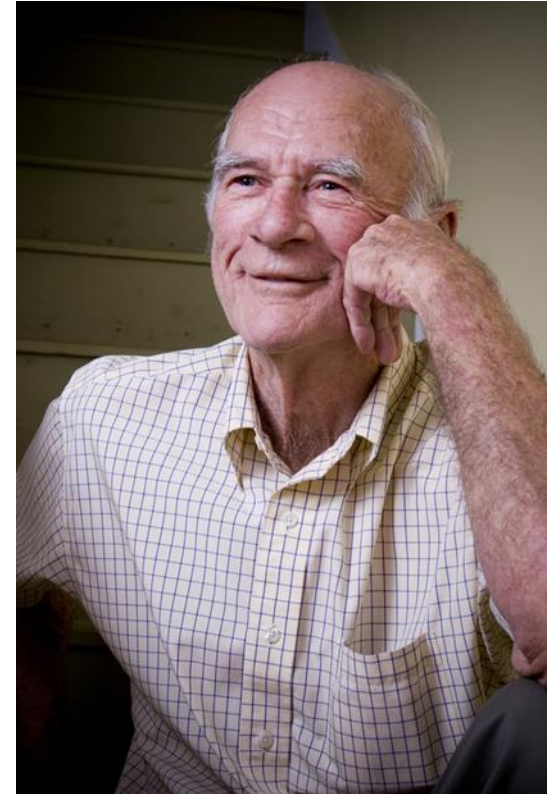


- Charged at at 40%
- Individual allowance of £325,000 – “nil rate band”
- New Transferable Main Residence Allowance
- One of the easiest taxes to mitigate



Case Study 1: David

- Home owner, house worth £300,000
- Savings of £150,000
- Nil rate band deducted from value of estate leaves residue of £125,000
- **£50,000 tax bill!**



Legal ways to mitigate IHT



Working together



CAPLE BANKS
WEALTH MANAGEMENT

Lodders
solicitors

Thank you!

Any Questions?



The Thalidomide Trust

