

Time to review or make your will?

At the top of the New Year to do list for many individuals should be to make or update their Will. Many think this is something to leave until later in life, but it is important to get things in place once property is acquired or when children come along.

In the absence of a will there are statutory rules which dictate how your assets are distributed on death. These statutory intestacy rules may not be tax efficient, and you might want to make specific provision in your Will for your unmarried partner or for the guardianship of your children.

People often think that if they die without making a Will, their spouse (or civil partner) will automatically inherit everything, but this is not necessarily the case. According to the laws of intestacy in England, for deaths occurring on or after 26 July 2023, the surviving spouse would inherit a statutory legacy of £322,000, all of the personal effects, and half of the remaining estate. The deceased's surviving children (or their descendants) would split the remaining half of the estate equally. If those descendants are under the age of 18, their inheritance is kept back for them until they turn 18. Note that intestacy rules are different in Scotland, Wales, and Northern Ireland.

Year End Inheritance Tax Planning

Many were expecting an announcement from the Chancellor in the Autumn Statement about cuts to, or the possible abolition of, inheritance tax (IHT). Maybe he is saving that for his Spring Budget, but in the meantime, it may be worth utilising the £3,000 gifts annual exemption for 2023/24 and, if available, the unused amount from 2022/23. Note that £3,000 is the overall exemption for the tax year, not the maximum amount for each gift. More generous amounts can be given away by taking advantage of the exemption for regular gifts out of income.



Visit www.gov.uk/make-will/writing-your-will for more information. If your will is not straight-forward it may be worth contacting a solicitor for advice.

Our article in next week's edition will cover passing on the family home, leaving money to charity, and how regular gifts out of your income can save IHT.

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