

Wills - Case Study Two: Homemade Will Resulting in Intestacy

The Facts

Miss Smith was an only child who died in her eighties, having never married nor had children. Her assets amounted to £600,000.

Without the advice of a solicitor she decided to write her own Will. She left her house to her cousin's daughter, 20% of her net estate to her two close cousins and the remainder of her estate to close friends and various charities that she regularly supported.

After deducting the nil rate band (currently £325,000) and the part of the estate going to charity (gifts to which are free of inheritance tax) the estate would have paid £55,000 inheritance tax.

The Problem

The Will was not valid as it was not signed in accordance with English law. This results in her estate being administered in accordance with the Intestacy laws. These laws specify which family members will inherit and do not make allowances for payments to friends and charities.

The estate is split 50% to her father's side of the family and the remaining 50% to her mother's side. A total of 21 cousins are now inheriting Miss Smith's estate.

The two cousins that she wished to leave 10% to each are now inheriting approximately 4% each.

The house is not going to the cousin's daughter, who is now not inheriting anything.

Likewise the friends and various charities are also not receiving a penny.

The inheritance tax bill has increased from £55,000 to £110,000.

The administration costs of locating the beneficiaries (many of whom live in Canada and Germany) and dealing with an estate where there is no Will are significant.

The Advice

Always have a Will professionally drafted as it will save time and money during the administration of the estate. It also ensures that those you wish to benefit do benefit.

Risk Warning: The past is not necessarily a guide to future performance. The value of your investment and the income from it can fall as well as rise and is not guaranteed. You may not get back the full amount invested.

Our views are based upon our understanding of current legislation in England & Wales. Levels and bases of, and reliefs from, taxation are subject to change and their value to you will depend upon your personal circumstances. You should not act on any of the information without seeking professional advice.

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