

New Inheritance Laws reinforce importance of setting up a Will - New Law from 1st October 2014.

The rules relating to intestacy (which govern who will inherit from a person who has left no will) have been in place since 1925 but from the 1st October 2014, these rules will change significantly.

New provisions in the Inheritance and Trustees' Powers Act 2014 change the way a person's estate is divided if they die without a valid will. A person who dies without a Will is said to have died "intestate" and the new laws are designed to simplify the previous rules on how a deceased's estate is divided or apportioned between their spouse, children and/or other relatives if there is no Will.

The change in the law will have considerable impact given that, still, almost two-thirds of adults in the UK have not written a valid Will and it is estimated that over 47% of UK adults will die intestate.

So what are the new rules? Here's how the new rules will affect your family if a family member dies without leaving a Will :-

Married with children

For Married people or those in a civil partnership with children with an estate worth more than £250,000, the first £250,000 will go directly to their spouse or civil partner. The remainder, in excess of £250,000, will be split with half going to the spouse or civil partner and the other half going to the children. Where before a 'life interest' rule would protect the capital, this rule no longer exists.

Married without children

According to the old rules, half of any amount over and above £450,000 would be inherited by blood relatives of the deceased, including parents and siblings. That rule is now abolished – and everything will go directly to the surviving spouse or civil partner.

Unmarried couple with children

As per the old rules, the estate will pass directly to the children. Unmarried partners including step-children are completely excluded.

Unmarried couple with no children

The surviving partner will not be entitled to a penny of the deceased's estate. Instead the deceased is treated as if he or she were single at their time of death, with all of their estate going to their closest blood relative whether this is a parent, sibling, cousin, second cousin - depending on the circumstances.

Whilst some may welcome the new rules, unmarried partners are undoubtedly the biggest losers. The new laws make no provision for people who fall within this category irrespective of how long a couple may have been together.

The new rules serve as a stark reminder of the importance of making a Will. Dying without a valid will could not only mean your final wishes may go unheeded, but a financial and emotional mess is often left for family to sort out often at great expense. To avoid this, it is important to make a Will.

By making a Will you can :

Appoint someone you know and trust to act as your Executor(s)

Nominate guardians for any young children who may be minors at the time of your death

Make specific gifts to relatives, loved ones, friends or favourite charities

Choose exactly what you want done with your property and assets after your death

Avoid your share of the estate from being used to fund your surviving spouse/civil partner's long term care

Save your beneficiaries from paying unnecessary inheritance tax

Protect your assets from the possible remarriage of your surviving spouse or new civil partnership of your surviving partner

Prevent beneficiaries who are in receipt of means tested benefits from losing those benefits

Express your wishes about your funeral and the disposal of your body

For most people, the new rules of intestacy, will prove unsatisfactory and we would advise everyone to ensure that they set up a valid Will. If you would like any advice regarding the setting up of a Will or even reviewing an existing one, please contact James Rousell or Susannah Griffiths at Wall James Chappell.

01/10/14 Wall James Chappell - James Rousell <j.rousell@wjclaw.co.uk>