

A Guide to Estate Planning



SUCCESSION
WEALTH

Welcome to Succession Wealth

Our Wealth Planners are here to help you take control of your finances and provide you with the confidence you need to go after the things that matter to you.

Succession Wealth Management Limited is a large national UK financial advice firm. Our teams of Wealth Planners deliver high-quality independent advice to thousands of clients throughout the UK, and we're committed to helping people achieve more with their money.

Our clients are at the heart of everything we do and looking after their wealth journey is a privilege to us. The relationships we build last longer than a lifetime, and we are proud to provide advice across generations. When you choose to work with us, we promise to provide an exceptional personal service tailored to your unique financial aspirations.

What is an Estate Plan for?

Would you like to:

- Know how to pass on wealth to those you love in the most effective way possible?
- Understand your Inheritance Tax liability and reduce a future Inheritance Tax bill?
- Gain the most from your tax allowances?
- Gift some of your assets to loved ones in a tax-efficient way?
- Gain greater clarity on what kind of lifestyle you can afford to live?

If you answered yes to any of those questions, then you could benefit from creating an estate plan.

What is an estate?

In the context of estate planning, an 'estate' refers to everything you own – your money, home, property and assets. It also refers to anything you have an interest, or stake in, such as business interests, investments such as stocks, bonds, and mutual funds, your pension, life insurance policies, annuities and certain trusts.



What do we mean by Estate Planning?

Estate planning does not refer to one single task and is not used to achieve one single aim.

Some people think of estate planning as just another way of talking about making a Will.

While estate planning will include consideration of what will happen to your wealth after you die, there is much more to an estate plan than just thinking about who gets what in your Will. Others assume the sole focus of estate planning is to reduce an Inheritance Tax bill.

Again, although estate planning is also likely to address your Inheritance Tax liability, it is far broader in scope than just tax mitigation.

While the main purpose of estate planning is to ensure the effective transfer of your wealth to others, it is also about how you can get the most from your wealth whilst you are still alive.

Why is Estate Planning important?

People approach estate planning for many different reasons.

For some, starting a family is the spur to create an estate plan. For others, planning for retirement, or sudden ill health can be the impetus to think about the protection of their money and their loved ones' financial future.

Some of our clients come to us because they are concerned about the Inheritance Tax burden their loved

ones will face when they die. For others, it is a question of understanding how much they can afford to spend living life to the full now, while maintaining a multi-generational, long-term view to their family's financial security and stability.

At Succession Wealth, we will help you build a plan that is unique to you. By taking the time to fully understand what matters to you, we can help you achieve the goals that are important to you.

What does Estate Planning involve?

No two individuals or families have the same financial circumstances or aspirations for themselves and their loved ones.

That is why, at Succession, Inheritance Tax planning and estate planning normally start with understanding your current estate and any potential Inheritance Tax that might be due, calculating how much you can afford to spend and assessing whether you can leave a legacy or make gifts during your lifetime.

Asset Preservation and Wealth Transfer

Inheritance Tax (IHT) planning

Inheritance Tax is a tax on the estate (the property, money and possessions) of someone who has died. Your estate will be subject to IHT if, when you die, it exceeds the individual nil-rate band which currently stands at £325,000. An additional 'residence nil-rate band' (RNRB) allowance is available if you leave your interest in the family home to direct descendants (such as children, step-children and/or grandchildren). This can apply to any individual property that has been your main residence at some time. For the current tax year, the maximum RNRB additional allowance is £175,000, potentially increasing your total Inheritance Tax allowance to £500,000 (£1,000,000 for a married couple). The aim of Inheritance Tax planning is to ensure as much of your estate as possible is passed on to those you choose and as little as possible is lost in tax.

Many people come to us because they want to know how to reduce the Inheritance Tax bill their loved ones will be asked to pay. Reducing an Inheritance Tax bill can be achieved through use of allowances, making gifts, setting up life insurance or, simply, spending more money during your lifetime. But it is a complex area of financial planning and to feel confident you are getting it right, you are likely to require expert advice.

The best way to avoid paying more than you need to in tax is to plan ahead. With the right advice, you may be able to keep more of your money to enjoy, invest, save, or pass on.

Pension planning

Many IHT planning strategies centre around reducing the amount of taxable assets. One way of achieving this is by making contributions to registered pension schemes for others. Pension planning and making contributions for others can be an effective way of reducing your taxable estate while, at the same time, increasing someone else's pension pot. Our Wealth Planners can provide more information on the suitability of this strategy for your needs and objectives.

Insurance planning

Life insurance can form an integral part of an estate plan, providing financial protection to loved ones. Insurance policies can help provide immediate funds to family members to replace lost income, cover funeral costs, and pay off debts in the event of your death. They can also protect wealth that would otherwise be subject to Inheritance Tax.

Inheritance Tax

Inheritance Tax (IHT) is a tax applied to the estate (money, assets and property) of a person who has died.

Under current rules, Inheritance Tax is due when the value of an estate is above a threshold of £325,000. Depending on your circumstances you may also be able to benefit from the additional 'residence nil-rate band' (RNRB) amount of £175,000, increasing your total Inheritance Tax allowance to £500,000 (£1,000,000 for a married couple). The current standard Inheritance Tax rate is 40%, which is only charged on the part of an estate that falls above the threshold.

There are some legal exemptions to IHT. They include:

- leaving everything above the £325,000 threshold to your spouse or civil partner
- leaving part or all of your estate to a charity or a community amateur sports club

You can find out more about IHT in our Guide to Inheritance Tax.

Asset Preservation and Wealth Transfer (cont'd)

Gifts

One of the simplest ways to reduce an Inheritance Tax bill is to gift assets to individuals while you are still alive. However, there are some important considerations that you will need to factor in before you choose to gift a sum of money. Firstly, if you make a gift within seven years of your death, it will usually be included in your estate for Inheritance Tax purposes so other methods of transferring wealth may be more suitable in certain circumstances. Your Succession Wealth Planner will be able to help you understand the options available and the tax implications of each. Your Succession Wealth Planner will also be able to help you explore another important limitation on gifting; how much you can afford to give away or spend without it affecting your own financial security. A financial plan that incorporates cashflow forecast analysis will help you answer questions about how much you can afford to gift, and when. Our Wealth Planners will work with you to provide this analysis.

Generational planning

Generational planning is all about taking steps to facilitate a smooth transfer of your wealth to your loved ones.

When doing this, we will look at how to structure your assets in a tax-efficient way and consider when the most opportune time for a transfer of wealth to take place to ensure that you can sustain your standard of living.

This process may involve introducing your beneficiaries to your Wealth Planner. Helping them in their financial planning journey will give them, and you, confidence that your legacy will be well looked after when you are no longer around.

Trusts

A trust is a legal way of managing assets (money, investments, land or buildings) for the benefit of others. When you set up a trust, you are arranging for the transfer of some of your assets to another person or group of people (called 'trustees') whose role it is to look after those assets on behalf of the 'beneficiaries' you ultimately want the assets to go to.

Trusts are used to look after assets for other people – for example, young people or vulnerable adults – and they can also be helpful in managing an Inheritance Tax liability.

Preparing for future costs of later life care

Healthier lifestyles and better medical care mean more of us than ever before are living into our 80s, 90s and beyond. While that is certainly good news, it also means more thought is needed into how to fund our later lives, particularly if additional support or nursing care is required. Our experts will help you understand your options when it comes to care costs and provide advice and guidance on protecting your assets from the escalating costs that can arise when care is required.

Ensuring your intentions are known and recorded

Making a Will

Deciding how you want those you leave behind to benefit from your wealth is, of course, a very personal decision. However, making a Will is something everyone should do because it is the most important way to ensure your estate goes to the people and causes you choose.

Dying without a Will (known as dying 'intestate') runs the risk that those you love will not receive the inheritance you wish them to receive. Writing a Will can also help reduce uncertainty about your intentions and prevent disputes between family members after your death.

You should always ensure any Will you have is reviewed by a legal expert to ensure it is legally binding.

Power of attorney

A Lasting Power of Attorney (LPA) is a legal document that lets you appoint one or more trusted people ('attorneys') to help you make decisions, or to make decisions on your behalf, should you become unable to make decisions for yourself.

Creating an LPA gives you the ultimate control over what happens to you if you have an accident or an illness and lack mental capacity to make decisions about your finances and/or the management of your health. There are two types of LPA: health and welfare, and property and financial affairs.

It's worth noting that any Lasting Power of Attorney arrangements only remain valid during the lifetime of the person who made it/them.

Advance Decisions

An Advance Decision (sometimes known as an 'Advance Directive' or 'Living Will') is a document detailing any medical treatments you do not wish to receive. It is used to communicate your wishes should you become unable to make or communicate decisions for yourself. Advance Decisions are legally binding in England and Wales providing they meet certain criteria. In Scotland, adults with capacity to make decisions may choose to refuse a medical treatment. Making an advance directive means you will still have the right to refuse treatment if you lose capacity and can no longer tell others what you want.

Although not tested by the Scottish courts, an advance directive is likely to be treated as legally binding if it meets certain criteria. This means your healthcare team will almost certainly follow it, if they know about it.

These are examples of criteria that the advance directive must meet:

- You must be able to make the decision in the first place (legal capacity).
- The treatment you have chosen to refuse in your advance directive applies to your specific circumstances.

Achieving more with your money

Financial planning

Financial planning with a Succession Wealth Planner will provide you with:

- Clarity on your current financial position.
- A comprehensive overview of our recommendations to plan for your financial goals.
- A visual representation of your potential financial future based on our recommendations.

Your financial plan is a bespoke roadmap personalised to your financial future. It is intended to provide you with the peace of mind of knowing you are on the path to achieving your goals. And, where you aren't, it will recommend ways to get you back on track.

Cashflow modelling

Cashflow modelling is an important part of the financial planning process. Many people hold back from spending their savings in retirement and put off achieving long-held ambitions because they fear it will leave them financially vulnerable further down the line. Cashflow modelling can help to answer big questions about what you can afford and how your financial picture may change under different scenarios.

A cashflow model is a graphic representation of all your assets, investments, debts, income and expenditure, projected forward, year-on-year. With the help of carefully calculated assumed rates of growth, interest, inflation and wage rises, our Wealth Planners can show you a range of potential outcomes and help you understand and better organise your finances, manage your tax liabilities, and show you the potential impacts of big financial and lifestyle decisions. They could also help you realise that you could be spending more on enjoying life now, without it affecting your long-term security and wealth transfer goals.



Contact us

If you would like to discuss making your estate plan, or any other aspect of financial advice with one of our Wealth Planners, feel free to email us at hello@successionwealth.co.uk or call us on 0800 051 4659 and we will arrange for someone to contact you.



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Important Information

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Succession Wealth Management Ltd is registered in England at The Apex, Brest Road, Derriford Business Park, Derriford, Plymouth PL6 5FL: Registered Number 07882611.

Please note, The Financial Conduct Authority does not regulate advice on taxation, Trusts, Estate Planning, lifetime cash flow planning or Will writing.

Please note: This guide is for general information only and does not constitute advice. The information is aimed at retail clients only.

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Any levels and bases of, and reliefs from, taxation are subject to change and tax implications will be based on your individual circumstances.

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