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TAKING STOCK OF YOUR AFFAIRS

NOW is the time for taking stock! Obviously some times are more significant, e.g. births, deaths, marriages, winning the Lottery (some hope!), moving house, retirement and the like. However, if you wait for one of those significant events you may never act, so why not take stock of your affairs NOW.

MAKE A WILL

Only by making a Will can you decide what is to happen to your estate. In fact, even that is not strictly true unless you have made reasonable provision for those who are financially dependent on you.

What if you don't leave a Will:

- If you are married with children, your spouse will get £125,000 plus personal possessions: the remainder of your estate will be divided half to your children, when 18, and half in trust for your spouse for lifetime and to the children in due course;
- If you are married but have no children, your spouse will get £200,000 plus personal possessions: any excess is divided half to your spouse and half to your family, e.g. parents or siblings or their children;
- If you are not married (e.g. widowed, divorced or single) your estate will go to your family starting with any children then your parents or your siblings or their children.

The above rules can be fraught with difficulty for those who are worth more than £125,000/£200,000 (perhaps your house alone is worth more than that) or who are not married to their partner, so do make a Will.

You may also wish to say that your children should inherit only at a greater age than 18. You may wish to say who is to administer your estate by appointing executors or who is to look after your infant children by appointing a guardian.

LIVING WILLS

There has been considerable recent interest in Living Wills which are, in fact, no more than directives relating to your health. The documents can be paraphrased as a direction to your doctor: "do not strive to keep alive".

A Living Will may not be as effective as you had hoped, for the medical profession, perhaps understandably, seems reluctant to follow the directive. If you are interested we can supply what we think is a very good precedent for you to complete.

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ASSET PROTECTION

Nowadays asset protection falls into two distinct headings:

1. INHERITANCE TAX PLANNING

If you do nothing 40% of your estate over £255,000 will go to tax. Put another way, your beneficiaries can receive £255,000 plus 60% of any balance. With a little forethought and the making of carefully drafted Wills, married couples can leave their children £510,000 plus 60% of any balance.

This figure can be increased again by re-organising your affairs in various ways such as:

- Giving assets away more than seven years before your death;
- Putting life assurance policies in trust so that they belong to your beneficiaries before your death;
- Putting your pension policy death benefit in trust of your beneficiaries;
- Putting into a Trust any funds inherited - but you must act within two years.

With a little judicious tax planning you may be able to pass a considerable sum down to the next generation while at the same time retaining benefit for yourself and your surviving spouse.

2. PROTECTION FROM THE COST OF OLD AGE

There is now a growing understanding that in the future we will all have to look after ourselves in old age and not expect our fellow tax payers to pick up the bill.

For those who wish to do so, there is much scope for giving away assets to your family and throwing yourself on the mercy of your Local Authority. This can easily be done but the Local Authority may have to take into account those assets which you have only recently given away.

However, beware: firstly, you should consider whether you wish to keep your independence and freedom of choice which will be denied if the Local Authority were to look after you; secondly, do you want to be dependent on your children who may themselves die, become bankrupt or be involved in a divorce?

Proper advice taking into account all of the factors involved is essential.

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ENDURING POWERS OF ATTORNEY

In general we are likely to live longer than our forebears so more of us will be unable to look after our financial affairs in later life. The result may be that an application will have to be made to the Court of Protection for the appointment of a Receiver. That is an expensive and heavy-handed procedure.

The alternative is for you to grant an Enduring Power of Attorney. We suggest that virtually all clients should have a document which authorises a spouse and/ or children or other persons, perhaps your family solicitor as we suggest, to look after your financial affairs if the time comes when you are unable to cope.

The cost of creating the Deed is only a few pounds. When you are no longer capable of looking after your own affairs the Deed simply has to be registered with the Court, with a fee of only £50, after notice is served on you and members of your family. This procedure is so much easier and cheaper than the appointment of a Receiver and you decide who will look after your finances.

COMFORTABLE RETIREMENT - PROTECTION OF DEPENDANTS

Many people have not made proper provision for their retirement. We urge all our working clients to take full advantage of the tax concessions available to save as much as possible in an authorised pension policy or scheme. Start as young as possible - the fund should grow dramatically over the years. If you can afford to save more buy a Personal Equity Plan for extra tax-free benefits.

Many also do not have adequate life cover even though death could leave their family short of money. It is not enough only to cover the mortgage - how is the family to live?

For only £18 a month a 30-year-old couple could provide £100,000 if either dies. At 40 the cost is still only £38 per month.

As indicated on the previous page, life assurance policies and death benefits arising from pension policies should often be put in trust so as to save the inheritance tax which would otherwise arise on death. You don't pay premiums with the intention of having 40% of any capital sum arising going in tax!

You may wish to consider how you may protect your family against the loss of your income if you become seriously ill. Other policies are available to cover the cost of long-term care.

Why not take advantage of our free financial health check and ask what it might cost to get a decent pension, adequate life cover, cover against loss of income, or to cover the cost of long-term care. The cost of such policies is often less than you might think.

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FREE FINANCIAL HEALTH CHECK

This firm is regulated by the Law Society to conduct investment business and is a member of **Solicitors Financial Services**. That organisation was set up by the Law Society to assist solicitors in obtaining financial advice for clients. Solicitors Financial Services recommend **Towry Law Financial Services Limited** who have an office in Bracknell and who provide a comprehensive range of independent advice in the financial field from mortgage and healthcare provisions to personal finance, life assurance, pre-retirement and inheritance tax planning.

We can also make arrangements for our clients' finances to be considered by a more local company **Winser Financial Services** who have an office in Goring. If you simply wish to invest on the Stock Exchange we can introduce you to stockbrokers such as **Charles Stanley and Company Limited** of Reading, **Capel-Cure Sharp** of Oxford and **Redmayne Bentley** of Henley-on-Thames.

Like us, all of the above companies are committed to providing a quality service aimed at delivering practical and cost effective solutions to meet your needs.

If you are interested please let us know. Below is a simple questionnaire we would ask you to complete. This will enable the advisor to consider and then advise whether you should have a more detailed consideration of your finances.

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PRELIMINARY QUESTIONNAIRE

This form is designed to ascertain whether you may benefit from full financial counselling

| | Self | Partner |
|---|-------------|----------------|
| Name (in full) | | |
| Date of birth | | |
| Marital Status | | |
| Ages of children | | |
| Ages of other dependants | | |
| Date of Will | None/ | None/ |
| Value of Home (if jointly owned each show a share) | £ | £ |
| Value of other property | | |
| Investments | | |
| Bank accounts | £ | £ |
| Building Society accounts | £ | £ |
| National Savings | £ | £ |
| Government stocks | £ | £ |
| Insurance bonds | £ | £ |
| Unit trusts | £ | £ |
| Personal Equity Plans | £ | £ |
| Equities | £ | £ |
| Other (please specify) | £ | £ |
| Loans | £ | £ |
| Mortgages | £ | £ |
| Repayment method and period outstanding | / yrs | / yrs |

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| | Self | Partner |
|-----------------------------|---|---|
| Income, per annum | | |
| Earned | £ | £ |
| Investment | £ | £ |
| Pensions, are you | Employed/self employed/ not employed | Employed/self employed/ not employed |
| Retirement age | Normal Desired | Normal Desired |
| Current Contributions | £ pa/pm | £ pa/pm |
| Are you paying AVCs | YES/NO, if yes £ pa/pm | YES/NO, if yes pa/pm |
| Savings | | |
| How much are you saving? | £ pa/pm | £ pa/pm |
| Where are you investing? | | |
| How much more can you save? | £ pa/pm | £ pa/pm |
| Total life cover | £ | £ |

Please indicate below your main objectives by ticking the appropriate box(es) and also provide any further relevant information or identify any areas of concern you may have.

Your Objectives

- | | |
|-------------------------------|-----------------------------|
| 1. Planning for retirement | 2. Inheritance Tax planning |
| 3. More effective investments | 4. Regular savings |
| 5. Family protection | 6. Other : please specify |

Would you like our advice on:

- | | |
|--------------------------------|--------------------------|
| 1. Making a Will | 2. Living Will |
| 3. Inheritance Tax Planning | 4. Asset Protection |
| 5. Enduring Powers of Attorney | 6. Other: please specify |

Completion of this form does not commit you to accepting advice or payment of a fee