



Law in order

Colin Lawson believes that simply having legal documents in place is not enough.

It is, of course, important to have the right legal documents in place to ensure your affairs are left in good order. By this I mean your wills, trusts, pension nomination forms and lasting power of attorney (LPA).

But what really counts is making sure these documents work in practice, which is why we have put together our “Law in order” experience.

We start with the basics:

- 1 Checking you have all the right documents.
- 2 Recording where the originals are stored.
- 3 Checking that the executors/ trustees/ attorneys have the right information, knowledge and time to fulfil their roles.
- 4 Making sure that the beneficiaries are clearly identified/still relevant.
- 5 Ensuring that we have up-to-date contact details for the individuals listed under point 3.
- 6 Discussing the importance of letters of wishes and ‘Letters of Love’.

These are the easy bits. Where the real value in our “Law in order” experience is unlocked is in what we call the “dress rehearsal.” It might seem a bit morbid as it simply involves working through what happens (in practice) if either you, a spouse, or both of you died or lost capacity tomorrow.

Sometimes one of the biggest issues that this can highlight is the assets that are not covered by your will, which can sometimes deplete the estate to such an extent that the wishes in the will cannot be carried out.

Assets held in joint names, such as properties and investment portfolios, are outside the scope of the will as they automatically pass to the remaining joint holder under what is known as the ‘right of survivorship’. Holding some assets jointly can be beneficial as they can be accessed without the wait for probate, but too much can be a hindrance.

Pension funds do not form part of your will and are dealt with by a separate document known as a ‘nomination form’ so choosing the right beneficiaries to maximise tax efficiency is essential.

Consideration can be given to any assets subject to business relief, which are exempt from inheritance tax (IHT), are left in a trust on first death rather than being passed to a spouse, to mitigate IHT.

On the flip side, we often see ISA funds being left in trust, whereas, if they were left directly to a spouse, the tax-efficient status of this vehicle can be maintained.

Every rehearsal we’ve carried out has highlighted some key changes that need to be made to either the structure of the assets or the legal documentation. When legal documents finally come into play, it will no doubt be a difficult and emotional time for those dealing with them. Ensuring your affairs are in good order minimises stress, reduces costs and ensures your wishes are carried out exactly as planned.

This article is intended as an informative piece and should not be construed as advice. If you have any further questions, please don’t hesitate to get in touch with us.

Find out more

For further insights and guidance on **law in order - power of attorneys**, book your place at our next available masterclass - visit equilibrium.co.uk/events.

