

# Estate planning

Why planning for later life  
starts now

**CREATING YOUR LEGACY**

Many of us avoid later life planning. While we want to remove uncertainty about our futures, it can be difficult to talk about, especially with our loved ones.

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Estate planning can remain on your 'to do' list for years... until it becomes too late. Setting out a plan for later life can prevent stress later on. And you don't need to do it alone.

A financial adviser can support you through this process and help you answer the tough questions about your future – such as 'how long will my current provisions last?', 'can I afford the lifestyle I want?', 'what kind of legacy can I leave my children?' and 'what will happen if I can't make decisions about my care?'.

Whether you're looking to prepare your own finances (or support a friend or family member) talking to a Wren Sterling adviser can help.



# Why is later life planning important to do now?

## **YOU DECIDE ON THE CHOICE OF BENEFICIARIES**

If you do not set out in a Will whom you wish to benefit from your estate, then the state will do it for you. The results are not always what you would expect and can create unnecessary tax liabilities.

## **YOU DECIDE WHAT GOES TO WHO**

You might want to leave a particular item to a particular person. Without estate planning, those wishes may not become reality.

## **YOU DECIDE THE STRUCTURE**

Leave it to the state to distribute your wealth and normally anyone aged 18 or over will receive their inheritance outright. In some families, that will not be an issue, but in others placing some constraints on how an inheritance is handled could be essential.

## **IMPORTANT**

If you die without having a valid will, the laws of intestacy apply. These default rules can have surprising results. If your wishes are to be carried out, set these out in a will, and consider talking to a financial adviser or lawyer.



# Our service

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Wren Sterling is a nationwide independent financial planning business that specialises in all aspects of investments, protection, and retirement planning.



## HOW WILL YOUR PLAN HELP YOU ACHIEVE YOUR FINANCIAL GOALS?

Your adviser can create a bespoke financial plan, based on your goals for later life, analysis of your finances and the rules and allowances which will apply to you. Your adviser will present their recommendation to you – which may include a selection of legal and financial products, such as inheritance tax planning, Wills, lifetime trusts and lasting power of attorney.

### Holistic financial planning

We can discuss all areas of financial advice, creating bespoke financial plans that allow you to protect what you have, grow your wealth and achieve your financial goals.

### Portfolio and investment advice

Advice to help you grow your wealth, review or build your portfolio, with an understanding of your tolerance for risks and desire for rewards.

### Cashflow forecasting

Our advisers use cashflow forecasting tools to analyse your spending and saving habits, helping you prepare for your future financial journey.

### Pensions advice

Some pension decisions are irreversible. These choices will affect your income in retirement. Whether you're approaching retirement – or are already drawing on your pension – you can ask an adviser about the options you have.

### Inheritance tax (IHT) planning

Is your estate worth more than £325,000? Avoid paying unnecessary tax. Your adviser can help you make the most of the reliefs and exemptions which apply to you, reducing or even removing this bill.

### Care planning

Your adviser can consider strategies to finance any care you or your partner may need and highlight the effect this may have on your estate.

### Supported by specialist partners

We partner with a number of firms to provide access to specialist services – if your circumstances require the input of a lawyer, tax specialist, accountant, or mortgage adviser.

# Inheritance tax planning

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After a lifetime of working to grow your wealth, who would you like to benefit from your legacy – your friends and family, or the taxman? Each year the UK Government reviews the tax rates payable, the reliefs available, and how it treats gifts during your lifetime.

As the average inheritance tax (IHT) bill steadily approaches £200k, paying for the expertise of an adviser could be minor compared to your IHT bill. It's important to plan ahead, and review your plans each year, ensuring that your estate will pass smoothly to your beneficiaries.

## Simply, how is IHT calculated?

Once your estate has been valued, the amount under the Nil Rate band is ignored for IHT purposes. This is currently £325,000. After reliefs and exemptions, the remainder of your estate is then generally taxed 40%.

This is an extreme simplification of the IHT regime, as there are many methods, rules and reliefs available, such as:

### **TRANSFERRABLE NIL RATE BAND**

If a spouse (or civil partner) inherits everything on the first death – there will be no IHT to pay. On the second death, the survivor's estate will benefit from a double Nil Rate band. The rules are complex, but this could mean a combined Nil Rate band of £650,000 on the second death.

### **MAIN RESIDENCE NIL RATE BAND**

If you ultimately leave your main residence to a direct descendant (e.g. child) then up to an additional £175,000 (fixed until 2026) can be added to the standard Nil Rate band, including the amount carried forward, as described above.

# Gifting

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Depending on the IHT exemptions and reliefs that apply to you, one of the easiest ways to reduce your IHT bill is by making small gifts to your friends and family.

When you make gifts during your lifetime you will pay no tax initially. However, if you die within 7 years of making this gift, the value of the gift is brought back into your estate and may be liable to IHT.

## **ACT NOW**

Taking early action can ensure that more of your money goes to your beneficiaries – rather than the taxman.

Ask your financial adviser to help you with your IHT planning, working out how much money you will need, and how you can pass on your assets in the most effective way.

# Wills

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Without a Will, your estate will be distributed according to intestacy rules. These default rules can have surprising results, so it's important to make a Will – and keep it up to date.

Your Will can include instructions for:

- **Funeral arrangements** – a Will can be used to outline whether you want to be cremated, and perhaps where your ashes should be scattered.
- **Estate distribution** – The 'what, when and how' of how your estate will be distributed, and who you will appoint to do this.
- **Executor/trustee powers** – Your Will should include details of any legal arrangements you have put in place (such as Trusts) and the powers you have given to others.

## CAN I WRITE MY OWN WILL?

It is possible to write a Will using a simple form or online Will-writing services. However, as errors are only likely to emerge after it is too late for you to make changes – for your own and your family's peace of mind, in nearly all cases it is best to have your Will prepared by a solicitor or professional Will writer.

## WRITING YOUR WILL WITH PRIVATE CLIENT ONLINE

Writing your Will doesn't need to be difficult or expensive. We've partnered with Private Client Online to support you with your estate planning. Enter your instructions using their step-by-step form on their online portal, and receive a professionally drafted Will from their solicitors.

- No lengthy meetings
- 24/7 digital portal
- Online support team

Support is available via the [www.privateclientonline.co.uk/online-wills](http://www.privateclientonline.co.uk/online-wills). Wren Sterling clients also receive a 20% discount.

# Lasting Power of Attorney

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Close family or friends are not automatically able to make decisions on your behalf - even if you need them to. If you lose the ability to make certain decisions, a Lasting Power of Attorney (LPA) allows your chosen attorney/s to step in.

An LPA allows you to choose who can make decisions for you, what decisions they have authority to make, and when - and not just about your money. There are two types of LPA, which cover your property and financial affairs, or your health and welfare.



## HOW COULD A LASTING POWER OF ATTORNEY HELP ME?

A LPA can be of great relief to your family, giving them the peace of mind that your affairs are being handled as you would want. Just like intestacy, without an LPA there are a set of default rules which will be followed - but these may not align with your wishes, and can be slow, expensive and impersonal.

Making a LPA isn't just about getting older, or protecting yourself against terminal illnesses. You can use an LPA if:

- you need someone to act for you for a temporary period, such as when you're on holiday or in hospital
- you're finding your accounts difficult to understand or cannot access banking services



## REMEMBER

You must set up Power of Attorney while you have mental capacity. Once you've lost capacity, it's too late.

# Lifetime trusts

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Trusts are legal arrangements where you give up certain assets (cash, property or investments). These assets may only be used by the people you choose, for the purposes you set out when you create the trust.

There are two main types of trust:

- 'Will trusts' are created within your Will to protect property and assets you hope to pass on to your family.
- 'Lifetime trusts' are created during your lifetime, and start as soon as they are created. We're going to focus on Lifetime Trusts in this guide.

Your chosen 'Trustees' will be responsible for managing your assets as per your (the Settlor's) instructions. These assets may not be considered as part of your estate or your IHT bill and will avoid probate – and can therefore be given to your chosen beneficiaries more quickly.

There are nearly as many different types of trust as there are ways of using them. Here are a few popular examples:

- To **provide for vulnerable beneficiaries**
- To **ensure that your wishes are carried out**
- To **pass on control of assets** while the settlor is still alive
- To **protect assets** from creditors or even certain family members
- **Avoid probate**

## CAN I SET UP A TRUST MYSELF?

Trusts can have many different uses, and it is important that you set out your wishes carefully when creating a trust because in many cases trusts cannot be revoked – or are expensive to do so. We would therefore recommend that you get help from an expert to avoid costly fees from ambiguous wording. As there are fees associated with setting up a trust, it can help to talk to your adviser about what other options are available.

For example – you may find that a Will is a suitable vehicle for protecting your assets and ensuring that your wishes are carried out, depending on what you want to achieve.

# Making your plan

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Without a financial plan, it's easy to feel overwhelmed and uncertain about your future. As financial advisers, Wren Sterling can help you with your concerns, offering a guiding hand through the complex field of later life advice, and helping you put plans in place to achieve your goals.

## Advice from our specialist partners

As Independent Financial Advisers, regulated by the FCA, Wren Sterling is able to advise on all areas of financial advice. However, if our research highlights a need for specialist legal advice, we can refer you to our trusted partners, including accountants, lawyers and tax specialists.



### GET IN TOUCH

If you have a question about the topics in this guide, and would like to speak to an adviser about your estate plans, please get in touch.

**T:** 0370 1432 100

**E:** [contactus@wrensterling.com](mailto:contactus@wrensterling.com)

**W:** [wrensterling.com](http://wrensterling.com)

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# Where we are

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We have advisers throughout the UK, based in seven regional offices.

## Need to speak to us?

**T:** 0370 1432 100

**E:** [contactus@wrensterling.com](mailto:contactus@wrensterling.com)

**W:** [wrensterling.com](http://wrensterling.com)

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Glasgow	<b>T:</b> 0141 341 5240
Halifax	<b>T:</b> 0333 0438900
Nottingham	<b>T:</b> 0115 908 2500
Warwick	<b>T:</b> 0333 043 9001
Grantham	<b>T:</b> 01476 560 662
London	<b>T:</b> 0370 1432 100
Surrey	<b>T:</b> 01932 481069



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