



Private Client Law Bulletin

SURVIVORSHIP PERILS

Survivorship clauses are often inserted in Wills so, for example, a wife would only inherit if she survives her husband by 28 days.

Following the introduction of the transferable nil rate band IHT allowance, the inclusion or retention of such a survivorship clause can result in more IHT being payable if the wife does not herself own enough to utilise all of her IHT nil rate band.

For example:

Mr Bloggs owns £524,000 and his wife Mrs Bloggs owns £100,000. They have simple Wills leaving everything to the survivor with the common 30-day survivorship period clause. Mr Bloggs dies followed by his wife a week later. Because of the survivorship clause, his wife inherits nothing and £84,800 is payable in IHT on his death. No IHT is payable of her death since her estate would be covered by her IHT nil rate band of £312K.

If there were no survivorship clause, all of his estate would pass to his wife and be spouse exempt and because of the transferable nil rate band, his wife's estate of (then) £624,000 would be covered by the double nil rate band allowance.

Other news

We are pleased to announce that Duncan Bailey has been promoted to Partner of the Firm with effect from 1st May 2008. Duncan trained with the firm and qualified into the Private Client Department in Liverpool in 2000. His work is predominantly trusts and tax planning for individuals, trusts and owner managed businesses, although he also deals with will drafting, probate administration and power of attorney advice and drafting.

In other changes to personnel, Emma Barker joined the Private Client Department in Liverpool as a newly-qualified Solicitor, in September 2007. Emma trained with Brabners and has worked in the private client department since September 2006, assisting the team with a variety of work including estate planning and trust matters. Also, Lindsay Jones moved from the Liverpool office to the Manchester office in March 2008, to start her training to qualify as a solicitor. Lindsay joined the Firm as a paralegal in January 2006 and assisted the department with wills and probate matters.

If you would like an informal chat or require any specific advice in connection with the material contained in this bulletin, or on any other Private Client issues, please contact the Liverpool office on 0151 600 3451 or the Manchester office on 0161 836 8800.

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