Hewitsons' Private Wealth
LEGAL UPDATE

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Long-term Care Funding for the Elderly


Carolyn Bagley
Partner

The Conservative Party manifesto puts forward a new plan for funding long-term care of the elderly in England and Wales.

Care home fees average £40,000 a year and can sometimes be significantly more, meaning the assets of those needing care can be rapidly depleted.

Currently elderly people are means-tested by their local authority and if their assets total less than £23,000, the local authority pays for their care. If their assets are above £23,000 then they must pay a contribution, until the point when their assets drop to £23,000.

The Conservatives will increase the threshold to £100,000. However, the Conservatives have also confirmed that the value of the family home will now be taken into account for care provided at home. Previously it had only been taken into account for residential care.

The Conservatives had previously proposed a lifetime cap on care home fees of £72,000 but the new manifesto contains no cap. Theresa May has since promised to include one, but has yet to confirm what it will be.

The result is that those receiving residential care or care in their own home will be expected to fund the fees themselves, less their final £100,000 of assets, unless a cap is put in place. These payments can still be deferred until death, so that no one will have to sell their home in their lifetime to pay for care.

If you would like advice, please contact Carolyn Bagley on 01908 247015 or click here to email Carolyn.

Labour Drops Plan to Repeal the Residence Nil-Rate Band

Elizabeth Davies
Partner

The Labour Party had previously indicated it would repeal the Inheritance Tax Residence Nil-Rate Band but has now dropped the plan from its manifesto.

The Residence Nil-Rate Band applies to individuals who die on or after 6 April 2017 and leave their residence to their direct descendants (or their spouses/civil partners).

The Residence Nil-Rate Band is currently £100,000 per person and will increase to £175,000 by 2020, Each person already has a £325,000 Inheritance Tax free threshold. The effect of these two Nil-Rate Bands is that a couple will be able to leave £1 million of assets between them to their children/grandchildren free of Inheritance Tax if the second death occurs on or after 6 April 2020, provided certain conditions apply.

If you would like advice, please contact Elizabeth Davies on 01223 532715 or click here to email Elizabeth.

Inheritances Due to Rise by 60% over the Next 10 Years

Emma Satterly
Associate

New research suggests that the total annual values of inheritances will increase by 67% by 2027.

The Centre for Economics and Business Research has carried out research which indicates that the average value of an inheritance will rise from £62,000 to £91,000 by 2027. The Office of National Statistics has predicted that due to the current ageing population, there will be a 7% increase in the number of deaths by 2027, from around 566,000 to 606,000 per year.

The combination of these two studies indicates that the total amount of inheritance will increase from £69 billion to £115 billion. A large amount of the UK's wealth is held by those over 65, due to the housing boom.

Currently each person has an Inheritance Tax free threshold of £325,000, which can be reduced by any gifts made in the 7 years before death. Careful Inheritance Tax planning can reduce the amount of Inheritance Tax payable by your estate on your death.

If you would like advice, please contact Emma Satterly on 01223 461155 or click here to email Emma.

Carer Jailed for Stealing over £100,000

Antonia Cooper
Senior Solicitor

A carer has been jailed for 32 months for stealing over £100,000 from his elderly, disabled employer. Myles Roberts admitted he had defrauded Reginald Lucraft for a 10 year period before his death in 2014, aged 99. The total amount he stole is unclear, but Mr Lucraft's family believe it was around £340,000.

The carer withdrew large sums of money from Mr Lucraft's accounts, sold his shares and borrowed £82,500 in Mr Lucraft's name, which was secured against his home. Mr Lucraft's family have criticised the bank and other providers for not picking up on the irregularities in his accounts. Mr Lucraft's great-niece spotted the unusual transactions whilst acting as his executor following his death.

Charity Action on Elder Abuse estimates that there are approximately 120,000 cases of elderly people being financially abused in England each year. One way to help avoid this kind of abuse is to create a Lasting Power of Attorney for Property and Financial Affairs, appointing attorneys that you trust. Your attorneys will be under an obligation to act in your best interests at all times.

If you would like advice, please contact Antonia Cooper on 01604 463314 or click here to email Antonia.

Launch of Public Trusts Register

Eric Wardle
Chartered Accountant

HMRC plans to launch the Trusts Registration Service in June 2017. The Fourth EU Anti-Money Laundering Directive requires EU member states to operate national registers of beneficial ownership of trusts. All trusts with a UK tax consequence will need to be registered with the new Trusts Registration Service. The register will include details of the trust assets, and the identities of the Settlor, trustees and beneficiaries. This will include their name, date of birth and National Insurance number.

In its current form, the power to inspect the register is limited to law enforcement authorities in the UK and information may be disclosed to another EU member state's money laundering authority. However, the Members of the European Parliament have voted to amend the Fourth EU Anti-Money Laundering Directive to allow full public access to registers of trust beneficial ownership, and to remove the requirement for access to beneficiaries' details to be subject to a 'legitimate interest' criterion. This will mean that any EU citizen can access this information, without having to give a reason. The Information Commissioner's Office has warned the government that this will make beneficiaries vulnerable to identity theft.

If the amendments are voted through before Brexit, then the new Directive with have to be transposed into UK law. It will also continue to impact trusts in the UK after we leave the EU, as national registers in other EU member states would include trusts set up in the UK for those based elsewhere than in the UK.

If you would like advice, please contact Eric Wardle on 01604 463110 or click here to email Eric.

Undue Influence Claim Fails

Katherine Hague
Solicitor

The High Court has ruled in favour of a widow who was left half of her late husband's £18 million estate.

Richard Thornton married his second wife in 1989 and they remained married until his death in 2013. Mr Thornton executed a Will in 2009, leaving half of his estate to his second wife and half to be held on trust for his family, including his three adult children from his first marriage and his grandchildren, with the income from that half being paid to his second wife for the rest of her life.

After his death, Mr Thornton's two daughters disputed his Will. They claimed that he was under the undue influence of his second wife when he executed the Will, that he did not know or understand the contents of his Will, and that he had been pressured into writing his Will on those terms by Mrs Thornton. The two daughters also wanted Mrs Thornton removed as an executor of the Will, so that she did not have control over the trust.

The Court, however, ruled that there was no evidence that Mrs Thornton had pressurised her husband into executing his Will. The documents provided by his solicitors showed that the Will represented Mr Thornton's testamentary intentions.

Having your Will prepared by a solicitor can help to protect your final wishes from being disputed. If you would like advice, please contact Katherine Hague on 01223 532749 or click here to email Katherine.