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"Wills and Inheritance Tax"

John Costello
Orpen Franks Solicitors

28-30 Burlington Road, Dublin 4
E: John.Costello@orpenfranks.ie T: 01 637 6200

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Why should I make a Will if I am single?

- A. To nominate a number of beneficiaries
- B. To save inheritance tax

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Why should I make a Will if I am married?

- A. If you don't make a Will, your spouse/civil partner only inherits 2/3 of your estate (your children receive the remaining 1/3)
- B. Guardians should be appointed for children under 18

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What does an executor do?

- A. Carries out instructions in Will
- B. Pays all debts and liabilities

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What do trustees do?

- A. Manage financial affairs of beneficiary e.g. beneficiary who is under 18
- B. Make distributions to beneficiary when permitted

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When can a Will be challenged?

1. Undue influence
2. Lack of testamentary capacity
3. By surviving spouse/civil partner
4. By child

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Discretionary Trusts

Assets only distributed to a beneficiary when trustees decide
 Assets may be liable to the following additional inheritance tax:

- 6% of value of assets at date of death
- 1% of value of assets every year on April 5th

Letter of wishes

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Inheritance Tax

(Tax free thresholds as of from Oct 12th 2016)

Spouse/Civil Partner	None applies – total exemption
Surviving partner/civil partner	£310,000
Child/grandchild/nephew/niece	£32,500
Other individuals	£16,250

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Rates of Inheritance Tax

Amount of inheritance	Tax rate
Up to the threshold amount	Nil
Amounts from above	33%

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When is Inheritance Tax paid?

- Normally on or before October 31st in the year inheritance is received
- Interest charged on overdue tax

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What happens if I am separated or divorced from my spouse/civil partner?

- Examine separation agreement/order for divorce – your former spouse/civil partner may still legally be entitled to a share of your estate
- Children can claim a share of your estate
- Subject to exceptions 2nd partner may have legal rights of succession
- Subject to exceptions 2nd partner may be treated as a stranger for inheritance tax purposes
- A child born outside marriage has the same legal rights as any other child
- Check beneficiaries of pension scheme

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What happens to assets owned jointly on my death?

- Joint bank accounts – who provided funds?
Should be under £50,000
- Property
 - joint tenancy
 - tenancy in common