

Planning finances to help your family

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insight

There's never a bad time to make sure our personal finances and assets are in order and our wealth is protected, should something happen to us or our business. Our minds tend to be more focused in the case of poor health or when finances are squeezed.

The current economic climate is certainly focussing our minds on such matters. How should people plan their personal or business assets?

Plan for incapacity

Many of us are living longer than we used to, so mental health and capacity issues arise more often than before.

A key step, therefore, is making a Lasting Power of Attorney (LPA). This enables you to decide who you want to appoint as your trusted person, known as your attorney, to have the legal authority to make decisions in relation to your property and finances and/or your health and welfare.

Many people wrongly assume this is something for older people. But anyone can lose capacity at any time because of a stroke, an accident or illness. Making provision for this happening is just good sense. It can make it much easier for your family and loved ones if this were to happen. A finance LPA can be used before incapacity - useful if you travel regularly.

If you own a business, you should also consider putting a separate LPA in place for it. Business LPAs are less well known than personal LPAs, but are equally important. The sudden

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incapacity of the owner could have serious ramifications for running the business and its workforce. Who else would have authority to operate the business bank account, for example?

Plan for death

The number one priority should always be having a will, or reviewing and updating it regularly if you already have one.

Having a will gives you control over what happens to your money, possessions and property after you die. It is the only certain way to ensure that your spouse, partner or relative inherits what you intend them to, hopefully tax efficiently, with your business passing to those you want it to go to. A will clearly sets out your intentions and helps to avoid arguments, disruption and upset after you've gone.

If you don't have a will, the intestacy rules will apply. These rarely leave your assets in the way that you would want. Under the intestacy rules if you co-habit with your partner

rather than being married or in a civil partnership with them, they would not be entitled to anything on your death.

If you are part of a blended family, own a business, own property abroad, are married to someone from another country or have a large and complex estate it is vital that you have a will to make sure you have provided for everyone.

Any complexity makes it incredibly important to take advice from a qualified advisor to ensure that your will is effectively drafted. A badly drafted will could result in problems down the line, including disputes and potential adverse tax or business implications.

Depending on your needs, and those of your family, you may want to include a trust within your will. Trusts can be used very effectively to manage inheritance and provide greater control over what happens to your assets after you pass away.

Plan during your lifetime

If you are 'lucky' enough to have an inheritance tax liability on death, simple steps can be undertaken during your lifetime to minimise the eventual inheritance tax. Gifts are the main tool.

However, using a trust may be more appropriate than outright gifts to individuals, depending on their circumstances. People can spend the money, get divorced, be made bankrupt or die, so the money goes elsewhere. Lifetime planning and especially the use of lifetime trusts need careful consideration so specialist advice should always be obtained from a suitably qualified adviser.

One size does not fit all

We are all individuals with different families and priorities. We each have our own assets, hopes, dreams and ambitions. What works for your colleague, friend or neighbour will likely not be the right solution for you, your family and your business. The key is to work with qualified specialist advisors to find the best solution to your specific circumstances to ensure your wealth is protected both now and for future generations.



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