


Five fundamentals of estate planning

Start making plans now to ensure your loved ones are prepared for the future. By planning in advance you can ensure that your intentions are respected, your family is protected and everything goes according to plan. In this short article you'll find some tips to help you take the first steps.

 a 5-minute read

1. Start planning early

Planning what happens to your money and possessions when you die aims to:

- make sure your money goes to the people whom you want to give it to
- reduce or even eliminate inheritance tax to leave more to those you love
- ensure that your wishes are carried out without unnecessary expense or delay.

This might sound simple, but managing the transfer of your money and possessions after you're gone is a complicated area with many financial and legal hurdles. The best way to avoid unwanted consequences is to start making plans as soon as you can.

2. Make a will and review it regularly

Do you know that if you don't have a will, then your estate will be shared according to set rules which may be different from your wishes? The consequences can be devastating for those you leave behind.

If you've already made a will, that's great. Please just make sure it's kept up to date. A change in family circumstances, changes in inheritance tax rules and wider legislation can all affect your will.

It's recommended that you review your will at least every five years.

You may need a solicitor to draft your will, but we recommend you speak to your financial adviser to make sure your will and overall estate plans align.



3. Set up a Power of Attorney

Sometimes people wrongly think because they have a will they don't need a Power of Attorney (POA), but this isn't true. The POA lets you appoint someone you trust to make financial and/or medical decisions for you if you're not able to do so. For example, if you become ill.

It might help to think of a will as something that helps your loved ones after you die, whereas a POA is designed to help you while you're still living.

Another common mistake people make is thinking that the POA means you've automatically handed over control to someone else, but again this simply isn't true. It can start immediately or you can opt for it to kick in when you're no longer able to act in your own best interests. It's important to note if you're giving someone POA, there are restrictions on gifts they could make from your estate.

While this rule is there to help keep you safe, it does also limit the ways to help reduce IHT. This is a specialist area and those involved should always speak to an adviser.

You may need a solicitor to draft your POA, but we recommend you speak to your financial adviser to make sure your will and overall estate plans align.

Please note that neither wills nor POA are regulated by the Financial Conduct Authority.

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4. Make sure you know who stands to inherit your pension

It's a strange anomaly, but your will doesn't decide who inherits your pension. When setting up a pension, you normally have to complete a "nomination of beneficiary" form. The people you list on that form will normally inherit your pension when you die.

Over the years, it can be easy to forget who you've nominated to inherit your pension. This information can also change and quickly becomes out of date if your circumstances have changed. If you're not sure who inherits your pension, your financial adviser can help.

5. Speak to your loved ones about these documents

This is often the step that's forgotten about. It's really important to have these documents and keep them up to date, but it's even more important your loved ones know how to get hold of them when they're needed.

By letting your loved ones know in advance you've done this important planning, it can make it a lot easier on them at what could be a very difficult time.

The five basic steps to help you get started planning for what you leave behind

1. Start planning early.
2. Make a will and review it regularly.
3. Set up a Power of Attorney.
4. Know who stands to inherit your pension.
5. Speak to your loved ones about your plans.

What to do next ?

Managing the transfer of your money and possessions after you're gone is a complicated area with many financial and legal hurdles. But it doesn't have to be difficult. Contact your financial adviser to get started.

