

# Administration of Estates

## Administration of Estates

When a person dies someone has to be given authority to sort out the estate, collect the assets, pay any debts and pay the estate to the right people. Where there is a will, that authority is called a grant of probate, where there is no will, it is called a grant of letters of administration. The grant is obtained by making an application to the Probate Court. Although there are differences in all estates, the usual process can be summarised as follows:

### Stage 1

**Meeting you** to understand how the estate is made up, what are the assets, what are the debts and checking the funeral arrangements. At this stage we will explain your responsibilities as the executor or personal representative.

### Stage 2

**Valuing the estate** by contacting the banks, building societies and other investment holders and any creditors. We obtain valuations of properties and shareholdings.

### Stage 3

**Preparing the application** for the grant, the Statement of Truth and the HMRC account of all the assets and liabilities. At this stage any Inheritance Tax has to be paid. We will work with you to agree how that payment is made.

### Stage 4

**Grant of Probate/Letters of Administration.** This is the formal authority for the personal representatives to have access to the estate assets.

### Stage 5

**Registering the grant.** The grant has to be sent to all the asset holders to enable the estate assets to be sold or transferred.

### Stage 6

**Paying the debts.** When the estate assets have been collected in, any outstanding debts and taxes are paid.

### Stage 7

**Paying legacies and completing gifts.** Any specific gifts of money or items are made to the relevant individual or organisation. Property and share transfers are completed.

### Stage 8

**Final Accounts.** A detailed set of accounts are prepared to set out the financial history of the estate administration. Final payments are made to the residuary beneficiaries.

---

## Where we add value

- We take away the administrative burden of winding up of the estate
- We have huge experience of the process, making it easy for you at a time when you least need the additional work and stress
- There are a number of pitfalls and potential issues that might arise during the course of the administration of an estate and a number of potential planning opportunities, some of which may be apparent and some of which may not. If executors obtain professional advice to assist them with the administration of an estate, those issues and opportunities should be spotted and taken into account at an early stage. Some examples of areas in which professional advice can produce savings and benefits for executors and the beneficiaries of estates are:
  - The use of a deed of variation to redirect the distribution of the estate in a manner that is efficient for inheritance tax (IHT) purposes;
  - Advice on how to deal with properties to minimise Stamp Duty Land Tax (SDLT) liabilities for beneficiaries and to help preserve the right to First Time Buyer Relief for beneficiaries;
  - Ensuring that the capital gains tax (CGT) allowances available to the executors and the beneficiaries of an estate are properly utilised to minimise CGT liabilities;
  - The registration of the estate with HM Revenue & Customs Trust Registration Service to avoid penalties for non-registration;
  - Protecting executors from potential claims from disappointed beneficiaries;
  - Making sure that Business Property Relief and Agricultural Property Relief are claimed at the right time and in the right way;
  - Making claims for the residence nil rate band and the downsizing relief.

## Timescales

Grant only applications can usually be completed within 4 months. Full estate administrations will take longer, but most estates can be completed within 12 months. Simpler estates can be dealt with in a shorter timescale. Complex estates, and those that set up or administer long term trusts or where there are disputes, can take longer. When we meet you we will provide our best estimate of the timescale.

## What it costs

Our charges are calculated by our best estimate of the amount of work required and depending on the qualifications and experience of the person dealing with your matter. To be cost effective and competitive, day to day work will be done by a Probate Executive. More complex and high value work will be done by a Solicitor or Partner in the team. Whoever does the work, it is all supervised and reviewed where necessary by a Partner in the team. We find that this produces a competitive price without in any way compromising the quality of our work.

The amount of work is usually dependant on the number of assets and the number of beneficiaries and debtors.

We are able to work on the basis of completing all the estate administration or taking it to the stages of applying for and obtaining the grant of probate/administration and leaving it to you to take on the remaining stages. If we work on that basis the below charges can be reduced.

These figures do not include the cost of:

- Variations of the will terms for tax planning or other reasons
- Disputes about the estate or specific assets
- Share transfers
- Assents and Property sales/transfers
- Ongoing administration of trusts set up in the will
- Completion of tax returns to date of death or for the administration period

There are a number of expenses that have to be paid in addition to our charges. There is a Probate application fee payable to the Probate Court, currently £155 and £1.50 per copy of the grant.

Professionals that we use to value assets such as properties and shareholdings charge their own fees, which depend on the value of the asset.

## Factors that could cause the administration to become more expensive

- Unclear terms or ambiguities in the will
- Family disagreements about the assets, their value, funeral arrangements or whether the will is fair
- High value or estates with large portfolios of properties and shareholdings
- Estates involving family companies
- Asset valuations that are disputed by HMRC
- Where there are or have been family trusts
- Where there have been substantial pre-death gifts that affect the tax liability
- Large numbers of beneficiaries or where an exercise of tracing distant relatives is needed

## Help us to help you

Our charges are based on the amount of time we spend on the work. Our timescales are based on the time it takes to get information from you and others and to process that information. You can help both by:

- Collating complete lists of assets and debts and bringing to meetings documents to support valuations
- Obtaining date of death valuations for bank accounts/building society accounts/assets and liabilities prior to our meeting with you
- Providing full names and addresses of all beneficiaries
- Resolving any disagreements within the family
- Responding promptly to requests for information/instructions from us
- Resolving income tax returns for pre-death liabilities
- Having one point of contact for communication

| Estate type   | Average legal fees for obtaining Grant of Probate only | Average legal fees to complete the administration of the Estate following issue of Grant |
|---|--|--|
| <b>Simple Estate (IHT205 only)</b>  | <b>£950 to £1,250</b>                                  | <b>£1,000 to £2,000</b>  |
| <b>Simple Estate (Non –taxable but IHT400)</b>  | <b>£1,250 to £1,750</b>                                | <b>£1,500 to £3,000</b>  |
| <b>Taxable Estate</b>   | <b>£1,500 to £2,000</b>                                | <b>£2,000 to £4,000</b>  |
| <b>Complex Estates (including but not limited to estates including businesses/international assets)</b> | <b>£3,000 to £6,000</b>                                | <b>£4,000 to £8,000</b>  |

Notes: 1) All price estimates are exclusive of VAT, expenses and Court Fees

2) The pricing shown reflects the average cost for work undertaken during the 12 month period up to November 2020 on an hourly rate of between £190 and £300 + VAT

3) Before any work is carried out we will send you a comprehensive pricing proposal providing you with the option of having the work done on an hourly rate basis or by way of a fixed fee or a combination of both

4) Please note that any reference to VAT is at the current rate of 20% unless otherwise stated