



ESTATE & TAX PLANNING

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Common Misconceptions About Lasting Powers of Attorney

A Lasting Power of Attorney or LPA is one of the best ways to protect yourself and your wishes should you become unable to make financial or health decisions for yourself.

But, all too often people fail to make an LPA because they are unsure about what it involves and why it is needed. Here are the most common misconceptions about LPAs:

1. I don't need an LPA because I am fit and healthy

Our individual circumstances can change in an instant. People lose mental capacity for many different reasons including accidents, strokes and heart failure.

So, rather than waiting until you are losing capacity to make an LPA, it makes sense to do so when you are still able to understand and sign the document yourself. Don't leave it until the moment an LPA is needed as that could be too late.

2. I have a Will so I don't need an LPA

While a Will sets out what happens to your estate after you die, an LPA deals with what happens if you can no longer make decisions for yourself while you are still alive. As such, they are very different documents that deal with very different circumstances. Both are needed to protect you and your assets.

3. My family will look after me, so I don't need an LPA

Even if your loved ones all agree on how best to look after your finances and health (and this often isn't the case), it can be hugely stressful for them if they don't know what your wishes are. An LPA reduces the likelihood of disagreements between those closest to you and gives them the confidence that they are doing what you would wish. For example, you can decide whether your attorney has the power to accept or refuse life-sustaining treatment on your behalf or set out what you would want.

4. My family will make decisions that I don't approve of

With an LPA, you not only retain the right to look after your own affairs for so long as you are capable, but you can also limit the powers an attorney is given, and, include specific guidance to help them make decisions you would approve of.

5. I already have one LPA, I don't need another one

There are two kinds of LPA: a Property & Financial Affairs LPA and a Personal Welfare LPA. Both deal with very different matters and having just one will not cover all the different decisions you might need to be made for you.

6. I have a joint bank account, so my spouse or my partner can look after our finances

Even if you hold a joint account, you could face issues accessing your cash. In fact, banks often freeze accounts to protect the vulnerable person until they see a copy of a registered LPA.

To protect yourself against becoming unable to manage your financial affairs, and to make informed decisions about your long-term health arrangements, you can speak to David by calling 020 8670 0917 or email david@marcus-bishop-associates.co.uk

6 life changing events you should update your will for

Astonishingly, 55% of UK adults do not have a Will. This means that over half of the population have not safeguarded their future wishes.

Without a Will you will not have a choice about what happens to your estate when you die. Instead, the state allocates it to the next of kin which is usually a husband and wife. However, changing patterns of family life, for example, cohabiting couples who have not got married, and the ever-increasing second families has meant that loved ones (such as an unmarried surviving partner) who you wish to be a beneficiary might lose out. Consequently, the change in family structure makes it even more important to have a Will in place which can address the potential complexity of your arrangements.

Furthermore, it also allows for estranged family members to dispute and potentially have a claim to part of your estate.

Preparing a Will ensures that children are provided for which is especially important, for example, if you have step-children as they would not receive anything if you have not made your wishes clear in your Will. Plus, you can name charities, friends and others, if you wish, and you can also record details, such as personal possessions allocated to family or friends and funeral arrangements, that you would like carried out.

If you have never made a Will or have not looked at it in a long time it would be prudent to write a Will or make sure it still reflects your wishes and circumstances. If you do not prepare a Will for the future it could leave your family and friends nothing but acrimony, confusion and potentially costly legal battles.

If you already have a Will, you may not need to pay for a new one if only small changes are required and instead you can pay for an edit called a 'Codicil'.

Do you need to prepare a new Will?

If your Will needs changing considerably, you will need to start again. A simple Will drawn up by a Will professional can cost between £200 and £300. This could cost more for a couple, depending on your location. The more complex a Will is the more it will cost. You will also need to clearly state that any previous older Wills or Codicils are revoked and destroy any previous versions you possess. It is also important to let your executor know where your new Will is being stored, so they know where to find it when the time comes.

So, which big life events should you update your Will for?

1. **Getting married** - any existing wills are revoked when you marry in England and Wales (not Scotland)
2. **Getting divorced** - your married Will isn't automatically revoked but your exes won't benefit in England or Wales
3. **Having children or grandchildren** (and step-children) - you may want to include them as beneficiaries
4. **Buying a house** - the biggest purchase you'll ever make in your lifetime, it's good to mention - especially when downsizing
5. **Coming into some money** - say who you want to leave it to
6. **Losing a loved one** - you may need to update a beneficiary or executor

If you would like to discuss your Estate & Tax Planning, call David on 020 8670 0917 or email him at: david@marcus-bishop-associates.co.uk.