money matters

Ancojada Group are Proud Sponsors of

In This Issue....

© Ancojada Group
Tel. 0333 433 0246
Web. www.ancojadagroup.com

Contentious probate

Avoid the strain and financial losses that contested wills can cause.

Contentious probate claims are a type of legal dispute that can happen when people don't agree about how to divide a deceased person's estate. It can be very upsetting and can cause long legal battles that can harm relationships and use up estate resources. In this article, we will look at why these disputes happen and what can be done to avoid them.

One common reason for contentious probate claims is when someone feels that the estate's assets have been unfairly distributed. This can happen when one person gets more than another, and the one who received less may feel cheated. For example, if a parent leaves a bigger share of the estate to one child, the other child may feel that it's not fair. Similarly, if a spouse or partner is left out of the will altogether, they may feel hurt and seek legal action to claim a share of the estate.

Another reason for contentious probate claims is when the will doesn't accurately reflect the deceased's wishes. This can happen if the will was created under pressure, or if the deceased was not in the right mind when the will was created. For example, if a family member is forced to change their will by someone else, it can cause a dispute. Similarly, if the deceased had dementia or another mental illness when the will was created, there may be questions about their ability to make sound decisions.

A third reason for contentious probate claims is when the executor of the estate has acted improperly or in their own interests. This can happen when the executor is biased or has a conflict of interest. For example, if the executor is also a beneficiary of the estate or has a close relationship with one of the beneficiaries, it can raise questions about their fairness. Similarly, if the executor takes actions that aren't in the best interest of the estate, such as selling assets at below market value, it can cause a dispute.

To avoid contentious probate claims, it's important to make sure that the will accurately reflects the deceased's wishes and that the distribution of assets is fair and clear. This can include involving all beneficiaries in the creation of the will, being transparent about any differences in the distribution of assets, and selecting an unbiased executor who is not a beneficiary of the estate. Additionally, it's important to make sure that the will is created when the deceased is in the right mind and witnessed and signed by people who are not beneficiaries.

In conclusion, contentious probate claims can cause a lot of stress and financial strain. By taking steps to ensure that the will is fair and clear, it's possible to avoid these disputes. Seek professional legal advice and guidance when creating a will to ensure that it's legally sound and to avoid any potential disputes in the future.

Future wealth

Ready to start saving for your grandchilds future?

Investing in the future of your grandchildren is a great way to help them prepare for their financial needs in life. By setting aside money now, you can provide them with added security and increased opportunities in the years to come. Investing for grandchildren can be used to help fund college tuition, make a down payment on their first car or home, or even start a retirement fund.

The earlier you invest, the more time your funds have to grow and compound over time. This means that a relatively small contribution today could lead to much larger returns over the long run. Furthermore, it’s important that you consider professional advice when making decisions about investing for your grandkids. This will enable you to take advantage of all available tax deductions and legal rules that could make your investment even more bene icial to your grandchildren.

Helping a grandchild prepare for their financial needs in life

By investing for your grandchild’s future, you can provide peace of mind knowing that you are helping them prepare for their financial needs in life. Not only will this give them the chance to pursue their dreams and goals, but it also allows you to create a lasting legacy that will be remembered for years to come.

Investing now may help ensure a bright future for your grandchildren. In addition, investing is an effective way to pass down wealth from one generation to the next. This can help reduce Inheritance Taxes due on large estates and enable families to retain more of their assets into the future.

No tax is due on any gifts you give if you live for seven years after giving them

As well as providing your grandchildren with financial support, investing can also be an effective way of reducing an Inheritance Tax liability. Gifting out of surplus income is a strategy for reducing an Inheritance Tax liability when investing for grandchildren. This involves gifting money from any excess income generated over and above what you need to cover your day-to-day living expenses.

No tax is due on any gifts you give if you live for seven years after giving them – unless the gift is part of a trust. This is known as the seven year rule. If you die within seven years of giving a gift and there's Inheritance Tax to pay on it, the amount of tax due after your death depends on when you gave it. When making gifts out of surplus income, it's important to ensure that the money is treated as a gift and not used as an investment.

Just one way to reduce your inheritance tax liability when investing

HM Revenue & Customs (HMRC) has very specific guidelines on what constitutes a 'gift', so professional advice should be sought before gifting any money to your grandchildren. We can help you create an effective Inheritance Tax mitigation strategy for investing for grandchildren that meets all relevant legal requirements.

Gifting out of surplus income is just one way to reduce your Inheritance Tax liability when investing for your grandchildren; there are other options available too. It's essential that professional advice is sought in order to find the best approach for your individual circumstances.

Putting money into a pension could be an ideal solution

If you're looking to build long-term wealth for your grandchildren, putting money into a pension is an ideal solution. However, there are some limits that you should know before taking this route. The earliest your grandchild can access the money in their pension is age 58. Therefore, it's important to think about how much time you have to allow the investments to grow and compound interest over the years until they reach adulthood.

You can open a Junior Self-Invested Personal Pension as soon as your grandchild is born. It's protected from Income Tax and is usually exempt from Inheritance Tax, too. You can pay in a maximum of £3,600 a year (tax year 2022/23) and the government will top it up by 20%, up to £720 a year – so that maximum contribution will actually only cost you £2,880.

If you start investing in a Junior Self-Invested Personal Pension at birth, then by age 58 a child or grandchild will have had 58 years of growth potential if contributions are made regularly. This should help build significant capital which can then be used as desired once mature enough to do so.

A highly tax-efficient way to save or invest for the future

Junior ISAs (JISAs) are another option. A Junior ISA is an Individual Savings Account that can be opened by anyone on behalf of a child under the age of 18, when they can gain full access to it. A Junior ISA is tax-efficient way to save or invest as it is free from any Income Tax, tax on dividends and Capital Gains Tax on the proceeds.

The Junior ISA subscription limit is currently £9,000 for the tax year 2022/23. This means that if you start investing in a Junior ISA when your grandchild is young, by the time they turn 18 they could have had considerable growth in the funds you have contributed towards them. It also allows you to make sure that any money that you have saved for them is in a secure environment, with professional money management.

A children's savings account also provides an easy and convenient way to start investing in your grandchild's future. These accounts come with various features that make them ideal for long-term investments, such as tax-free growth on earnings and no contribution limits.

Maturity needed to responsibly handle any money

Additionally, you have the lexibility to choose how much money you want to invest and when you want to add or withdraw funds from the account. With these advantages, children's savings accounts provide a secure and practical option for diversifying a child's portfolio.

When investing for your grandchildren, professional advice should be sought to ensure that all legal requirements are met. It is important to consider the legal ownership of the money and when your grandchild will become eligible to access it. Consideration should also be given as to whether your grandchild will have the necessary skills, knowledge and maturity needed to responsibly handle any money they may receive.

Safeguard your grandchildren's financial security

Parents or guardians should take advice in order to make informed decisions about what is best for their child's long-term financial future. By taking our professional guidance you can ensure that you are making the best decisions possible when investing on behalf of your grandchildren.Taking the time to make it part of your annual review will give you peace of mind knowing that you are taking steps towards building a solid financial foundation for your grandchildren.

With professional guidance, you can tailor an investment strategy specifically for them. Investing in their future today can have long-term benefits as they grow into adulthood. Start planning now and make sure your grandchildren's future is secure.

Create lasting financial security for the next generation in your family

Investing for your grandchildren will prepare them for their future financial needs. With our guidance you can create lasting financial security for the next generation in your family. Doing so can be both rewarding and beneficial for everyone involved. Start investing today and watch the investments grow for generations to come. For more information, please contact us.

Busting the myths about inheritance tax (IHT)

Inheritance tax (IHT) is a complex subject that can be costly if not navigated properly.

Although there are rumours that the government is considering cutting or reforming IHT, it is likely to remain an issue for taxpayers for years to come. At the moment, IHT is levied at a rate of 40% on estates worth more than £325,000, but there are ways to lower your IHT tax bill.

Here are six common IHT myths, debunked by experts, to help you save money:

1. IHT raises a large amount of money for the government.
In reality, IHT raises a relatively small amount of money for the Treasury in comparison to other tax levies.

2. Only the very wealthy pay IHT.
n fact, IHT can apply to those who are merely well-off rather than very wealthy, especially in areas like London where property values have increased significantly.

3. A property can be gifted, meaning no tax will be payable on it.
While it is possible to gift a property tax-free, there are conditions that need to be met. Professional advice is important as other taxes may apply.

4. IHT only applies to property.
Almost every asset within an estate is liable for IHT.

5. Assets abroad are not counted for UK IHT.
If you live in the UK and are domiciled here, your entire estate worldwide is potentially taxable on your death regardless of where it is situated.

6. Everyone will pay some form of IHT.
In reality, only a small percentage of estates have to pay, although most estates will have to prove to HMRC there's no IHT to pay before the distribution of assets can begin.

To lower your IHT liability, there are several strategies you can use. For example, making full use of any allowances, gifting wisely, considering a transfer, and diversifying your investments. However, it is important to seek professional advice as this is a complex area.

At Ancojada, we understand that IHT can be confusing and stressful. That's why we offer expert advice to help you navigate this complex subject and minimize your tax bill. Contact us today to find out how we can help you.

Wealth succession

Making the right preparation for future generations.

Financial planning can be a daunting and uncomfortable conversation for many, but thankfully attitudes towards talking about money are changing.

Wealth succession should be an integral part of your financial plan as early as possible – because the right preparation now can have positive long-term impacts on future generations.

Despite the uncertain economic climate, families are doing their utmost to ensure they can leave behind a secure financial future for their children and grandchildren.

According to predictions, the amount of wealth passed on in the next two decades could double, with estimates this figure could be as high as £5.5 trillion by 2047.

Worryingly, an astounding £15bn inheritance still remains unclaimed due to people not informing their beneficiaries about the existence of these funds. With careful planning, you can ensure that your assets are passed on securely for generations to come.

When it comes to transferring wealth between generations, having an open dialogue is paramount for creating the best outcome for everyone.

Before you start this process, consider the following questions:

- When do I want to transfer my wealth?
- How much wealth do I want to pass on?
- Whom do I want to pass my wealth on to?
- How do I want to transfer my wealth?

These four questions are closely interconnected – and with careful planning and discussion, you can ensure that your assets are handed down as simply and tax efficiently as possible.

1. When do I want to transfer my wealth?

Keeping your Will up to date is an important part of planning for the future. Not only does it ensure that your wishes are carried out, but having a Will that reflects the current legal landscape where you hold assets can allow for greater flexibility and potential advantages.

Transferring assets during your lifetime may also bring benefits and provide you with the opportunity to experience seeing your chosen beneficiaries benefit from your funds. It's important to take professional advice to determine which option is best for you and your family.

It's important to review your Will regularly, such as every two to three years or when there is a major change in your or your family's circumstances. For example, marriage revokes any existing Will in England and Wales unless

it was made in anticipation of that marriage. To protect legacies from inflation, consider linking their value to inflation so they maintain their 'real' value over time.

Using your Will to transfer wealth enables you to preserve your own standard of living and future security. On the other hand, giving gifts during your lifetime allows you to witness seeing your beneficiaries experience the benefits of your funds.

Furthermore, if you are subject to UK taxes, it may also be more tax-efficient to act sooner rather than later. Ultimately, each person has different objectives and priorities when it comes to wealth succession; what's important is striking the right balance between sharing your wealth with loved ones and ensuring that you have enough left to maintain your quality of life and prepare for whatever the future may bring.

Wealth planning involves considering various scenarios and 'stress-testing' the outcomes against assumptions such as potential investment returns, inflation projections and longterm care costs. This helps ensure that individuals are prepared for di#erent eventualities and can make better informed decisions about protecting their wealth.

2. How much wealth do you want to pass on?

When making large gifts, cashflow 'stresstesting' allows you to make informed decisions on how much you can afford to part with, despite the uncertainty of the future. Knowing this, it is vital to allow for both worst and best case scenarios within your gifting range when planning your wealth. When calculating how much wealth you want to pass on, it is important to consider a few factors.

First, the amount of assets you want to transfer should be enough to cover future costs such as taxes or estate planning services. You should also factor in inflation and other potential investments that could increase the value of your assets over time.

Additionally, you need to think about the lifestyles and needs of your beneficiaries and consider how much money will be required for their future needs.

It is important to consider all of these factors when determining how much wealth you want to transfer, as this can have a significant impact on your legacy.

Ultimately, it is essential to have a thorough understanding of your goals and financial situation when calculating wealth-passing decisions. By taking the time to consider all of these elements, you can ensure that your hard-earned wealth is passed on in a way that honours your wishes and provides for your beneficiaries.

3. Who do you want to pass on your wealth on to?

With regards to deciding how to share your wealth, the choice is yours. Should you have young grandchildren, a trust structure could be beneficial in covering their long-term costs such as education, university fees or property purchases.

You can keep some control by being a trustee yourself, especially if one of your beneficiaries has special needs, as this helps ensure the trust deed works for their long-term interests. In addition, you may want to benefit charities close to your heart. Ultimately, the decision is an entirely personal one and should take into account timing and other factors that matter most to you.

4. How do you want to transfer your wealth?

When it comes to transferring your wealth, there are a lot of important considerations. It's essential to understand the di#erent options you have and ensure that your plans meet your financial goals.

Before making the decision to gift during your lifetime, it pays to take a step back and assess whether you are able to afford it. If yes, there are further considerations regarding when and how. Steps 1 to 3 can help determine whether an absolute transfer or trust structure is most suitable; while trusts add complexity, they may be the best way of achieving your goals.

Ultimately, timing and affordability must be kept top of mind in this process.

Insurance that works when you can't

2.5 million Britons lose at least £23,126 a year due to long-term illness.

If you're looking to protect your income and maintain your standard of living in case of illness, injury, or disability, income protection insurance is a policy worth considering.

Income protection insurance is an insurance policy designed to provide financial security and peace of mind for individuals who are unable to work due to illness, injury, or disability.

It offers a regular income stream to cover your living expenses and can be customized to your specific needs.

The main benefits

One of the main advantages of income protection insurance in the UK is that it provides an alternative to government benefits.

With the recent changes to the welfare system, state support is becoming harder to access. Income protection insurance offers an alternative that can help to ensure you have the financial support you need during challenging times.

Another key benefit of income protection insurance is that it is customizable to suit your individual circumstances.

You can choose the level of coverage, waiting period, and benefit period that works best for you, ensuring that you have the right balance between affordability and coverage.

Income protection insurance can also provide financial stability and peace of mind. It can help to ensure that you have enough money to pay for everyday living expenses, medical bills, and other financial obligations, without the stress of worrying about how you're going to pay for everything.

It can be especially valuable if you have dependents and need to ensure that you can continue to support your family.

Moreover, income protection insurance is flexible and can be tailored to suit a wide range of occupations and working arrangements. This means that whether you're self-employed, employed part-time or full-time, or work on a contract basis, you can find a policy that works for you.

While premiums for income protection insurance in the UK are not tax-deductible, the benefits received from the policy are usually tax-free. This means that any payments you receive under the policy will not be subject to income tax, making it a tax-efficient way to protect your income.

In conclusion

Income protection insurance is a policy worth considering if you want to protect your income and ensure that you have a safety net in place in case of illness, injury, or disability.

It offers a reliable source of income to cover your living expenses, reduces financial stress, and can provide you with peace of mind and financial stability during a challenging time. Plus, with the recent changes to the welfare system in the UK, it can be an especially valuable alternative to government benefits.