

# Your Guide to Making a Will.

*This booklet is based on "Leave the world a better place" by the Legacy Promotion Campaign (produced in association with the Society of Trust and Estate Practitioners and the Institute of Legacy Management)*

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## ***Introduction***

### **What is this guide about?**

If you are considering putting your affairs in order by writing a will, this guide helps you get started by explaining some of the choices open to you. You will find sections covering the reasons why it is worth making a Will or a Trust, and an outline of the issues you need to consider.

However we do recommend going to see a qualified practitioner about your Will. This could include your solicitor, independent financial advisor or your bank. If you have any questions about anything in this document a professional advisor will be able to help you.

Gifts in Wills are a large and important part of any charity's income, yet only 5% of people in the UK remember a charity in their Will. This guide contains some invaluable information to help make it as straightforward as possible to write or update your will. After reading this guide we hope you will consider leaving a gift to a charity, such as the Wakefield Grammar School Foundation, when making your will.

### **What is Wakefield Grammar School Foundation?**

You may wonder where Wakefield Grammar School Foundation comes into leaving a gift to support those who follow you at QEGS, Wakefield or Wakefield Girls' High School.

Both schools share a central governing body and central administration. This is a registered charity, and is known as Wakefield Grammar School Foundation.

In any case any gifts you choose to make to Wakefield Grammar School Foundation, QEGS Wakefield or Wakefield Girls' High School will be used to support the School or Schools you express a preference for in your Will.

## ***Making a will***

### **1. Why should I make a Will?**

Making a Will is the only way you can be sure that your wishes will be followed after you die. If you do not make one, part or all of your estate may go to people who you never intended to benefit. Not only that, Inheritance Tax legislation means that, if you do not prepare properly, a substantial part of what you leave behind may go to the State. Thankfully, it is easy, quick and inexpensive to have a will drafted by a properly qualified professional.

### **2. What about homemade Wills?**

Homemade Wills can be disastrous. You may omit particularly important details, such as what you wish to happen if the main beneficiary does not survive. It is always worth talking to a professional to make sure everything you need to cover is included in your will.

### **3. What should I consider when writing a Will?**

Wills are not solely about passing on your assets. You can also include specific funeral arrangements: for instance, burial, cremation or the use of your body for medical research. You may also want to appoint legal guardians to care for your children if you and your partner should die before they are 18. One other important consideration is the appointment of your Executors – the people who will deal with your estate in the event of your death. Ideally, these should be business-minded family or friends or professional advisers. Three is an ideal number – for instance, two family members and a professional.

### **4. What else can I include in my Will?**

You may choose to use your will to pass on business interests: for instance, you could leave shares in the family company to a son or daughter who has come into the business. This is a very tax-efficient way to leave assets to your intended beneficiaries. Personal items like jewellery, paintings and heirlooms can also be covered in a Will, as can any gifts you wish to make to charity.

### **5. Can I leave money to my favourite charity in my Will?**

Yes. In fact many people who give to charity choose to leave something behind to their favourite cause or causes when they pass away. Not only does this create a fitting legacy, it also passes on some excellent tax advantages to the charity receiving it. Indeed, legacies from committed supporters make up a very important income stream for many charities, including Wakefield Grammar School Foundation. If you do want to leave something to a charity, the donation can be as small or as large as you like. However much you decide to give, you can rest assured that the charity will not have to pay any Inheritance Tax on the donation.

On the other hand, you may wish to leave assets to a charity by setting up a Trust. Similar tax advantages apply, and you can also arrange for a charity to start benefiting from your donation before you die. If you feel that it would be appropriate to leave a charitable donation in your Will, your Professional Adviser will be able to advise you on what exactly is best suited to your circumstances.

### **6. What are the tax advantages in writing a will?**

When you die your estate will be subject to Inheritance Tax, as will some assets you have given away during your lifetime. Under current legislation, if the estate you leave behind is

less than the 'nil-rate' band your beneficiaries will not have to pay Inheritance Tax. However, if you leave an estate worth more than this threshold, which increases annually, they will have to pay Inheritance Tax on anything beyond the nil-rate band (NRB). This is applicable on all your assets, including your house.

Since October 2007 married couples and couples in civil partnerships may combine their allowances. This means that when the second partner dies, inheritance tax will not be charged on the first £650,000 of their estate. This presupposes that none of the allowance was used when the first partner died - for example if assets were left to children or other family. If some allowance is used only the difference may be carried over. This benefit is backdated indefinitely for widows and widowers, giving those who have already lost their partner the ability to take advantage of the combined allowance.

As of 6 April 2012, HMRC incentivise charitable giving through Wills. If you leave 10% of your "baseline estate", the value of the estate after the NRB has been applied, to one or more charities, the inheritance tax payable on your estate will be at 36% rather than 40%. This may, in some circumstances be beneficial both the charities and the other beneficiaries named in the Will. There is a worked example below.

In 2015 the Government announced plans to increase the Inheritance Tax Threshold to £1m for couples by 2021. In April 2017, HMRC will gradually introduce an Additional Nil Rate Band (ANRB) of £100,000 per person to be offset against the family home. This ANRB will increase to £175,000 by April 2021. When taken as a couple these new ANRB effectively raises the NRB to £1m, although there are a number of exemptions to this and you should consult a financial advisor. For estates worth over £2m, the ANRB will be tapered and be effectively zero on estates worth more than £2.35m.

Further details of the current tax threshold are available on the HMRC website.

### *A worked example of the 36% rate of giving*

Let's imagine Steve, an Old Boy of QEGS, who wants to leave some money to provide a bursary for someone to follow him at the School. He is a widower and has three children.

Currently Steve's Will leaves a specific bequest of £15,000 to Wakefield Grammar School Foundation. The residue to his three children absolutely in equal shares. 20% of his late wife's IHT nil-rate band was used as at her death. Steve's executors can claim the unused 80% of her nil-rate band to set against his estate. So the nil rate band that can be set against his estate is £585,000, or £325,000 + 80% x £325,000.

Step 1:	Steve's assumed estate on death:	£850,000
	Legacy to benefit QEGS bursary fund of £15,000	£835,000
Step 2:	Nil-rate band	(£585,000)
	Taxable estate	£250,000
Step 3:	Add back charity legacy	£15,000
	Baseline amount	£265,000

10% of the baseline amount is £26,500 and Steve's charity legacy will be less than this. Therefore, Steve's estate will be liable to IHT at 40% on £250,000 amounting to £100,000.

After deducting the IHT and charity legacy, that would leave his children £735,000.

However, Steve could amend his will to increase his charity legacy to 10% of the baseline amount.

Step 1:	Steve's assumed estate on death:	£850,000
	Legacy to QEGS of £26,500	£823,500
Step 2:	Nil-rate band	(£585,000)
	Taxable estate	£238,500
Step 3:	Add back charity legacy	£26,500
	Baseline amount	£265,000

If so, his estate can benefit from the 36% IHT rate. IHT at 36% on Steve's reduced taxable estate of £238,500 amounts to £85,860. After deducting the increased charity legacy and the reduced IHT that leaves £737,640 available to his children.

So Steve's generosity pays. Not only will QEGS receive an extra £11,500, but Steve's three children receive an additional £2,640 or £880 each.

## *Is there anything else I need to consider?*

### **8. Making sure gifts hold their value**

Over time money decreases in value due to inflation. So a gift pledged in a Will for a specific sum a few years ago is not worth as much today and so may not truly reflect what was intended.

There are simple ways to overcome this. Please ask your Professional Adviser about index linking your gift. This ties the value of your gift to the Index of Retail Prices, ensuring that your gift will always be of the same value to the beneficiary as you intended.

Alternatively why not ask your advisor about leaving the residue of your estate to a beneficiary. This means leaving a beneficiary the remainder of your estate after other gifts have been made. Either method will ensure your legacy holds its value and reflects what you intended at the time of making the Will.

### **9. Enduring Power of Attorney / Lasting Power of Attorney**

Once you have made a will you will be able to enjoy the reassurance of knowing that your affairs will be taken care of after your death. But did you know you can also set up an arrangement to look after things if you become incapable during your lifetime?

Lasting powers of attorney (LPAs) in English law were created under the Mental Capacity Act 2005, and came into effect on 1 October 2007. The LPA replaced the Enduring Powers of Attorney (EPA).

There are two different types of LPA: property and affairs LPA and health and welfare LPA. Each type covers different decisions and there are separate application forms for each. You can choose to make both types, or just one. You can have the same attorney for both, or you can have different attorneys.

The Citizens Advice Bureau (<https://www.citizensadvice.org.uk/>) or your solicitor can give you further advice about LPAs.

## **Trusts**

### **11. What is a trust?**

If you would like a person or favourite cause to benefit from your assets, including cash, shares and or property then a trust could be the answer.

A trust transfers the assets to a small group of people or a trust company (the 'Trustees') with instructions as to how they use them to benefit someone else (the 'beneficiary').

You can set up a trust to come into effect after your death, or to function in your lifetime. If you choose the latter you can appoint yourself as a Trustee so that you retain some control of the assets.

### **12. Why should I think about making a trust?**

There are two main reasons for setting up a trust. Firstly, you may want to reduce your exposure to Inheritance Tax. For instance, by placing assets into a trust you are effectively reducing your wealth and consequently your tax liability. And, if you use a trust to give to charity, you can leave unlimited assets to your favoured cause, all of which can be free from all forms of tax.

Secondly setting up a trust can be the perfect solution in certain domestic situations. For example, if you wish to leave something to children or grandchildren who are currently very young, a trust can hold the assets until they are old enough and wise enough to receive them. Or, to take another example, if you are leaving your wealth to your spouse in your Will, you may want to ensure that some of it remains for your children. A Will trust can ensure that the capital is protected.

### **13. What types of trust are there?**

Most Trusts fall into one of two main categories:

'Interest-in-possession' Trusts are those where the income from the trust must be given to the beneficiary you specify.

'Discretionary Type Trusts' are where the Trustees decide how to allocate the benefits. The Charities Aid Foundation (CAF) has a scheme whereby it acts as a Trustee to manage your legacy as a trust. The payment is used to benefit the types of charities set out by you in a Letter of Wishes. For further details of this scheme, talk to your professional adviser.

### **14. Will a trust be right for me?**

Trusts are one of the most flexible ways to give. Indeed, it has been said that for every family situation, there is a trust that can be constructed to suit the need. Creating the right type of trust to match your particular situation takes skill and expertise. If you are considering setting up a trust it is worth talking to a professional to gain specialist help and advice.

## **Next steps**

### **15. What should I do now?**

If you are making a Will or setting up a trust it is worth speaking to your Professional Adviser about your plans in detail. Everyone's circumstances are different, and they will be able to advise you on the best options available.

Please do not forget to consider leaving a gift to a favourite charity or cause. Donations in Wills prove invaluable to many charities, helping them to provide vital services that can lead to a better world.

Wakefield Grammar School Foundation is a charity and you are invited to consider making a contribution towards the future education of pupils at both Wakefield Girls' High School and QEGS, Wakefield by leaving just such a gift in your will.

### **16. Making a straight forward gift to WGSF**

The WGSF uses gifts from legacies to fund scholarships, bursaries and capital developments at both QEGS and WGHS. Many recent gifts have made a significant impact on the life of the schools and their pupils.

If you would like to leave a gift to a specific school then the simplest way do so is to enclose an appropriate statement into your will such as the example below. Your Professional Adviser can advise you on other suitable wordings for you.

"I bequeath the residue of my estate to Wakefield Girls' High School, part of the Wakefield Grammar School Foundation"

"I bequeath to Queen Elizabeth Grammar School, Wakefield, part of the Wakefield Grammar School Foundation, a quarter share of the residue of my estate"

"I bequeath Wakefield Grammar School Foundation the sum of ..."

Any such gifts will be used to fund projects the Foundation is currently giving priority to in the schools mentioned. Often gifts in wills are used to provide bursaries.

### **17. Making a gift for a specific purpose**

If you would like your gift to benefit a specific department within one of the schools, then please ask your Professional Adviser to help you choose a suitable form of words.

Care should be taken in dealing with the wording of the specific purpose. For example a gift to benefit pupils participating in a particular course or activity may be frustrated if, by the time the will comes to be administered, the activity or subject is no longer undertaken. To avoid this you may wish to consider adding a clause that allows a use "for the general purposes of the Foundation" after a reasonable time in cases where the area specified is very restricted.

## **Further Information**

We hope you will consider The Foundation, or one of its schools (QEGS or WGHS) in your Will. If you would like to speak to Andrew Beales, Development Director about making a gift in your will then contact him at this address:

Andrew Beales  
Development Director  
Wakefield Grammar School Foundation  
158 Northgate  
Wakefield  
WF1 3UF

andrew.beales@wgsf.co.uk  
T: 01924 231 642  
M: 0779 6673 007

### **Will Trivia**

- Though most people are aware they need a Will, less than one in three people in the UK have one.
- Statistically people who leave a gift in their Will live on average three years longer than people who don't.
- Many famous people have died without leaving a Will including: three presidents of the United States (Abraham Lincoln, Andrew Johnson, Ulysses S. Grant), several musicians (such as Kurt Cobain, Buddy Holly, Billie Holiday, Marvin Gaye, Sam Cooke, Cass Elliot) as well as Karl Marx and Pablo Picasso.
- Not all Wills are serious. The will of multimillionaire contractor John B Kelly for instance. Kelly was a triple Olympic Gold Medal winner and father of actress Grace Kelly. His Will was his last laugh at the good-humoured expense of his family. For example to his son, John...

"...all my personal belongings, such as trophies, rings, jewellery, watches, clothing and athletic equipment, except the ties, shirts, sweaters and socks, as it seems unnecessary to give him something of which he has already taken possession."

## Ten Point Plan to making your Will

If you are planning on making a Will there are some things you will need to tell your professional adviser. To help you save time in this process here are the things you should take into your next appointment with them.

### 1. Your full name and address

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### 2. Your partner's details

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### 3. Your Children's details

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### 4. What have I got to leave?

	Is this item jointly owned?	Yes	No
If you own your home, how much is it worth?	£ _____	<input type="checkbox"/>	<input type="checkbox"/>
Other properties or land?	£ _____	<input type="checkbox"/>	<input type="checkbox"/>
Vehicles	£ _____	<input type="checkbox"/>	<input type="checkbox"/>
Home contents (including furniture, electrical etc)	£ _____	<input type="checkbox"/>	<input type="checkbox"/>
Have you any savings or investments?	£ _____	<input type="checkbox"/>	<input type="checkbox"/>
Valuables	£ _____	<input type="checkbox"/>	<input type="checkbox"/>
Jewelry	£ _____	<input type="checkbox"/>	<input type="checkbox"/>
Insurance/Pensions	£ _____	<input type="checkbox"/>	<input type="checkbox"/>
Premium Bonds, etc	£ _____	<input type="checkbox"/>	<input type="checkbox"/>
Bank Accounts	£ _____	<input type="checkbox"/>	<input type="checkbox"/>
<b>Total Assets (A)</b>	<b>£ _____</b>		

**What are my liabilities?**

*Is this a joint responsibility?*

		Yes	No
Mortgage	£ _____ <input type="checkbox"/>	<input type="checkbox"/>	
Loans/Overdrafts	£ _____ <input type="checkbox"/>	<input type="checkbox"/>	
	£ _____ <input type="checkbox"/>	<input type="checkbox"/>	
	£ _____ <input type="checkbox"/>	<input type="checkbox"/>	
Any credit or extended purchases	£ _____ <input type="checkbox"/>	<input type="checkbox"/>	
	£ _____ <input type="checkbox"/>	<input type="checkbox"/>	
Other	£ _____ <input type="checkbox"/>	<input type="checkbox"/>	
<b>Total Liabilities (B)</b>	<b>£ _____</b>		
<b>Value of Estate = (A)-(B)</b>	<b>£ _____</b>		

**5. Gifts**

Who would you like to benefit from your estate (family, friends etc.)?

What would like to leave them? (E.g. an exact amount of money, a percentage of the value of an asset, or perhaps a specific item.)

Name	Address	Item/Amount

Are there any charities that you would like to give a gift to?

Name	Address	Amount	Reg. Charity #
e.g. WGSF,	Wakefield, West Yorkshire		1088415

## 6. Remainder of your estate

Here you can list people and/or charities you would like to share what is left of your estate after all the individual gifts have been made.

Name	Address	Proportion	Reg. Charity #
e.g. WGSF,	Wakefield, West Yorkshire		1088415

## 7. What if those people you have mentioned die before you

If any of the people you have mentioned do not survive you what would you like to happen to their gifts?

## 8. Future Guardians

If your children are under 18, who you would like the guardians to be?

## 9. Your Executors

The names of those you would like to manage your affairs when you have gone. These can be legal professionals, friends or family member or a mixture- usually two or three people.

## 10. My funeral

Funeral instructions or any other questions you would like to ask your professional adviser