

**wills**  
at **work**

Untangling wills for employees



**We introduced a Wills at Work scheme two years ago and have been delighted with the service provided. It has proved to be a popular benefit for employees.**

Ecclesiastical Insurance



## **It doesn't have to be complicated**

Nobody likes to imagine the future without a loved one.

It's scary to think about and even harder to talk about. With so many companies offering so many different options, it's no wonder that people routinely put off making a will.

That's why Harrison Clark Rickerbys developed Wills at Work, a dedicated will writing service for employees that's tailored to fit your existing benefits package. We remove the complications of will writing for staff, providing both them and their employer with confidence that their future is planned and considered.



## A modern company with a modern solution

We know that each benefit scheme is unique, so we tailor Wills at Work to meet your requirements. We train HR professionals to promote the offering and provide them with whatever marketing materials they need, from printed resources like leaflets and posters to digital materials, including podcasts and webinars. We also provide educational opportunities for staff at benefit fairs and events, or at the office with breakout sessions and lunchtime drop-ins.

If an employee chooses Wills at Work as part of their benefit package, there's no hard sell, and we don't visit their home or sign them up to packages they don't need. Once an employee chooses Wills at Work, we get in touch with them via email, telephone or video conference to complete their will to their satisfaction.



### Unique Service

Our service is simple and easy to use. Once an employee chooses Wills at Work, we liaise with them directly to complete their will.



### Training

We can provide training on our Wills at Work service to HR professionals so that they are confident in talking about the service with employees.



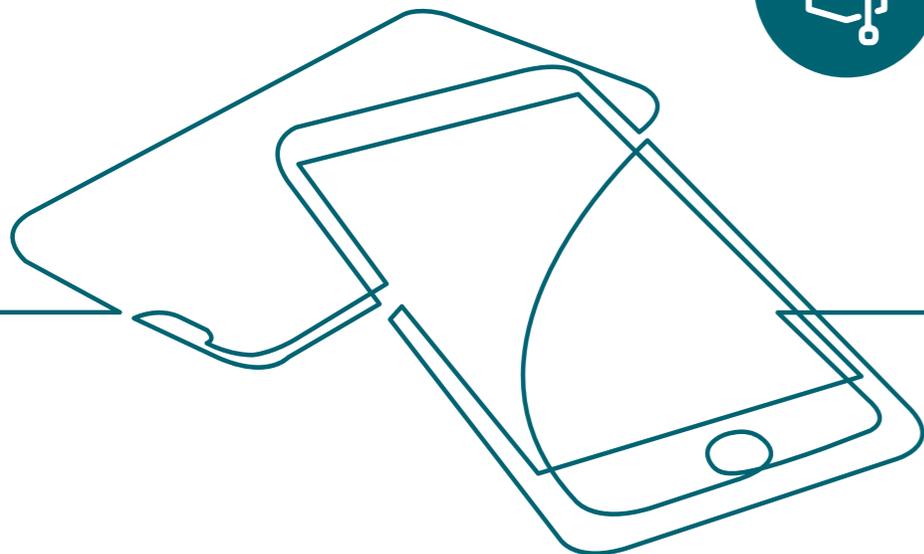
### Marketing Materials

We produce all the marketing materials you'll need, from printed resources for the workplace to digital materials that can be viewed at anytime, anywhere.



### Educational Opportunities

From roadshows and benefit fairs to breakout sessions and lunchtime drop-ins, our team are on hand to complement your financial wellbeing programme.



## Keeping it simple

Wills at Work is easy to use for everyone. If an employee chooses Wills at Work as a benefit, we deal with them directly to ensure a personal and confidential service.

### For employers

We help HR teams to maximise employee engagement at every turn, allowing you to emphasise the financial wellbeing culture of your company, minimise distress in the event of a death, and expand your excellent benefits provision with additional important legal services.

An agreed fee is charged per employee that takes up the scheme, with no hidden fees or additional charges. This can be incorporated into any existing benefit scheme or platform.

### For employees

Depending on an employee's individual circumstances, we offer a Basic or Plus service. An employee may need our Plus service if they have more complex arrangements, such as owning assets outside of England or Wales, or if they have children from a previous relationship.

When someone takes up the scheme, we provide them with:

- ✓ An interactive online will questionnaire and dedicated email address
- ✓ Draft wills prepared by a qualified solicitor
- ✓ A 20-minute telephone call or video conference
- ✓ Free storage of completed wills and other important documents
- ✓ Advice about death in service life assurance benefits, where applicable
- ✓ An automatic reminder to review or update a will in five years' time

If an employee chooses our Plus service, we also provide a review of their inheritance tax position and a longer consultation.



## A professional and trusted partner

Wills at Work has been developed and is provided by Harrison Clark Rickerbys, a top 70 law firm. The firm was founded in 1796, and has been providing exceptional legal services and outstanding care to clients ever since.

Our job is people – we get to know what’s important to our clients, helping them to protect their family and their loved ones in the event of their death.

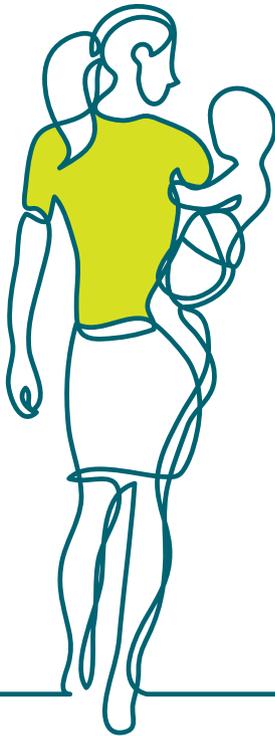
We offer a complete package, designed to your specifications and delivered by qualified solicitors. Our Wills at Work team, led by partner David King, works closely with HR departments to provide them with the support they need, and offer security and confidentiality to your employees.



**Wills at Work has provided our clients and our own staff with the opportunity to easily access a high quality will with a highly regarded firm of solicitors. It has taken away the issue of continually putting off making a will as you no longer need to find a reputable firm yourself and the whole process is easy and as streamlined as possible. The service is extremely professional and high quality as you would expect from a top firm of solicitors. I can give no greater compliment than to say I used the service myself and was extremely happy with the whole experience.**

Gary Wilson, Benefits Management Consultant, Jelf | Employee Benefits





## Take the next step

Figures suggest that over 60% of the UK population have not made a will. Our service helps you to encourage staff to take responsibility, and provides peace of mind for both employers and employees should the worst happen.

If you are interested in adding Wills at Work to your existing benefits offering, please call us today for a no-obligation discussion.

### David King

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**Taking control of your financial affairs post death and making sure that your assets go where YOU want them to go.**

Wills can be a difficult subject for some people to deal with as it requires an acceptance of their own mortality. It is even more so for young people as there is nothing further from their minds! Unfortunately the reality is that no one knows what life has in store and more importantly when. Illness and fatal accident can strike anyone at any age and it is crucial to take control of your personal affairs and provide peace of mind for yourself and your loved ones.

In the absence of a will there are strict legal rules that determine how and when a deceased person's estate is divided amongst their family. The reality of this being that the Government is controlling your financial destiny.

It is particularly important to appreciate that these intestacy rules do **not** recognise couples who are not legally married or in civil partnerships. This could for example result in any children of the relationship inheriting assets, such as the family home, that should be protected for the surviving partner whose only recourse then becomes a costly court case against their own family. A suitably drafted will made by both parties to the relationship will avoid any issues in the future and provide the confidence that loved ones have been provided for in a considered and fair manner.

**It is important to bear in mind that pension benefits and death in service benefits will not in any event be dealt with by a will.**

Both of these assets are already held within a trust structure and how they are dealt with at the time your death will depend upon the trust provisions. It is usual to complete an expression of wishes or a nomination to your pension and death in service trustees saying who you would like to receive the benefit of your pension and death in service payments should you die whilst employed. In the absence of your expression of wishes then the trustees of these schemes will make the decision on who will be the beneficiaries of these payments and at what age they will receive them. Failure to nominate your own beneficiaries once again means that you are handing control over your financial affairs and your family's future to a third party who has no knowledge or appreciation of your individual family circumstances.

**Inheritance Tax is another important area for an employee to be aware of particularly as death in service payments can be considerable.**

Frequently death in service benefits are paid to surviving spouse or partner and because that payment is made at the discretion of the trustees of the scheme, no IHT is payable at that point. Once the beneficiary receives the money however it forms part of their estate and on their death will be taxable in the usual way at 40%.

One way of mitigating this tax is to provide that the death in service payment is nominated to a lifetime discretionary trust, commonly called a 'Pilot Trust'. If your death in service benefit is paid into a Pilot trust then the nominated beneficiaries can still have access to those monies as necessary, either by taking capital or income in order to ensure they continue to be financially secure, whilst taking advantage of the tax saving benefits.

## **Marriage, divorce and separation have serious implications on existing wills.**

Even those people who have wills in place need to be aware that certain life events can necessitate the preparation of a new will. Marriage will automatically revoke an existing will so that it becomes no longer valid, therefore the Rules of Intestacy will apply. Although divorce does not revoke a will, a former spouse is effectively removed from the will on finalisation of the divorce. Failure to update a will on divorce could therefore have serious consequences on the distribution of the estate. Separation however, has no effect on an existing will which means that a spouse would still inherit no matter how long the couple have been apart. In the absence of a will, a spouse would also inherit during separation under the Rules of Intestacy.

## **Married or not, or whether you are in a relationship at all, when you buy a home with someone else it is imperative to consider the legal aspects of joint ownership and in particular the consequences on your death.**

Most people don't know that it is possible to own a property with someone else in unequal shares. Legally, you can be 'joint tenants' where you have equal rights to the whole property, or 'tenants in common' where you own equal or different shares of the property and your respective shares will pass under the terms of your respective wills. This is **not** however the case where a property is held as 'joint tenants'. In this instance upon first death, your one half share of the property will automatically pass outright to the survivor of you **regardless of the provisions in your wills**. Depending on your individual circumstances you may not wish your one half share to pass to your surviving co-owner in which case it would be necessary to legally change the ownership to 'tenants in common' and ensure that this is supported by an appropriately drafted will.

Whilst you may not wish your co-owner to receive your share of a property owned as 'tenants in common' you may not want them to have to move out of the property in the event of your death. It would therefore be necessary to incorporate a life interest trust in a will to protect their right to remain in the property. Typically life interest trusts are used by joint owners, or where the sole owner of a property is co-habiting with a partner, and wishes to allow their partner to continue to live in the property for the rest of their lifetime whilst protecting the capital value in the property for their ultimate residuary beneficiaries or to protect children's interests, in the event, for example, that the survivor might remarry.

## **Co-habiting with a partner, married or otherwise, may give rise to an obligation to provide for that person in the event of your death.**

It is important to be aware, that a certain class of persons (including a person that you are in a relationship akin to marriage with at your death) may have a claim against your estate under the **Inheritance (Provision for Family and Dependents) Act 1975** if you have not sufficiently provided for that person in your will. In the event that a partner were to make a claim against your estate at your death the courts would consider many factors including your financial situation, whether your partner was financially dependent on you, the level of provision made for him or her in your will and what would constitute reasonable financial provision.

This is an issue that is best addressed by preparing and, depending on the circumstances, potentially making some provision in your will for a partner that may subsequently be in a position to make a claim against your estate. Failure to make adequate provision in your will may result in the Court making an order for higher provision than might otherwise have been acceptable had adequate provision been made in your will.

## **REVIEW, REVIEW, REVIEW!**

Everyone's circumstances change as we make our unique journey through life and it is vital that both your will and expression of wishes forms for pension benefits and death in service payments are reviewed and updated to take account of major life changes and those unexpected curve balls. Living together, marriage, births, divorce, change of jobs, death, should always prompt a review and we would recommend revisiting your will and expression of wishes in any event every 4-5 years to reassure yourself that they are still relevant to your circumstances at that time.

## BASIC

*None* of the statements in the 'Plus' box apply to me or my spouse / partner

# Basic or Plus service?

## PLUS

I am not married or in a civil partnership but am co-habiting with my partner

I or my partner have been married or in a civil partnership before

I have or my partner has a child or children from a previous relationship

I or my partner own assets (e.g. property) with another person but that person is not my current partner

I or my partner own assets outside England and Wales

I and/or my partner would like some inheritance tax advice

I and/or my partner would like to incorporate a trust in my/our Will(s) either to protect our interest in our family home or to potentially mitigate home care costs

My assets are worth over £325,000

My assets and my partner's assets are worth more than £650,000 combined



**WHAT HAPPENS TO MY DEATH IN SERVICE  
BENEFITS UPON MY DEATH?**

Wills at Work has produced this fact sheet to help you decide who should benefit from your death in service benefits when you die.

It is important to be aware that your will does not deal with pension benefits and death in service payments but they both form part of the overall picture when making your will and considering who you would wish to benefit on your death. This note covers the things that you need to think about in relation to your death in service benefits.

Often employees will rely on death in service payments to clear debt in their estates such as mortgages or car loans but the reality often is that the assets are gifted one way via the will together with the debt attached to the asset and the death in service payment is nominated to someone else through the expression of wish form in relation to the pension and life assurance arrangements.

#### What assets pass under my will?

All assets (and any debt) that you own at the date of your death pass under the terms of your will. These include your house subject to any outstanding mortgages; your bank accounts and savings including stocks and shares; your personal chattels; cars and any life insurance policies that have not been written into trust.

#### What is the position with regard to my benefits under my Death in Service Benefits Scheme?

Any benefits from these arrangements are separate from your estate and do not therefore automatically form part of your assets for the purposes of assessing inheritance tax. This is because the benefits are held by the trustees of those schemes on a discretionary basis. The trustees are independent professionals and the trustee always has sole discretion. This means that the decision as to whom the benefit is paid is made by the trustee. While this is extremely helpful from a tax perspective for your dependants, the trustee does ask you to provide as much guidance as possible in indicating who you would like to receive the lump sum death in service benefits, should you die while working. The trustee then takes the nomination into account, plus any other relevant circumstances and reaches a decision as quickly as possible.

It is never pleasant to think of this scenario but with the possibility that several multiples of your annual pay can be provided to you chosen beneficiaries very quickly in the event of your death and with no tax being due, it is very much in your interests to think about this and make clear what you would like to have happen.

### How do I nominate my death in service benefit?

Usually a simple expression of wish form is available to complete in relation to any lump sum that may be due to you from your company scheme. They can be obtained from your HR department and you should complete them as outlined in the form and return them to the addresses stated.

It is important to allocate 100% of the benefit which might be paid and you can choose one or more persons, as the recipients. Guidance on the range of beneficiaries is often included in the form but we can of course help you further with this

You do not have to choose the same people in relation to all your benefits and this will be an important part of your thinking.

It is also vitally important to review your plans regularly, particularly if you have a major life event such as establishing or ending a long term relationship, getting married or divorced, or having children.

Trustees are not bound to follow your wishes: it is important that the trustee has freedom to exercise their discretion as to the ultimate beneficiary or beneficiaries, so that the payment remains tax free. However the trustees will take very seriously the nominations made in expression of wishes forms, particularly when it is apparent that the form has been completed in the recent past and the individual has kept it up to date in relation to changes in their circumstances.

The clearer and more up to date the forms are the quicker the trustees will be able to make payment to dependants whom you wish to provide for. It makes for even better financial planning if you have thought through the destination for your death in service benefits and your pension benefits in the context of your overall estate planning.

### I have an estate that is above the inheritance tax limit. What should I do?

Frequently people ask that their death in service benefit be paid to their surviving spouse or partner. Because that payment is made, at the discretion of the trustees there is no Inheritance Tax payable at that point. However, once the beneficiary receives the money it forms part of their estate and on their death that value will be added to their estate and be taxed in the usual way at 40%.

One way of mitigating this additional tax is to provide that your death in service payment is nominated to a discretionary trust (commonly called a pilot trust) which you set up in your lifetime. The trustees of this trust can be your spouse, partner, friends other family members or professional advisers. The beneficiaries of the trust would be spouse (if any) and your children or wider family and any other persons you may wish to receive any benefit.

If your death in service benefit is paid into your discretionary trust then the nominated beneficiaries can have access, via the trustees of the pilot trust, to those monies as necessary either by taking capital or income in order to ensure they are financially secure. They are advised only to take out such monies as they absolutely need at any particular time, i.e. to cover ongoing expenses. In this way the value of your death in service benefit remains outside of their estates and is not taxed on their subsequent death. Following your spouse's (if any) death the monies within the trust can be transferred out to your children or retained to be used for generational Inheritance Tax planning.

A discretionary trust is not totally free from Inheritance Tax as it has its own tax identity. The value of the trust would potentially be chargeable at every 10-year anniversary of the creation of the trust but has its own tax free allowance of £325,000. The value in excess of that tax free allowance is then subject to Inheritance Tax at a rate of 6% on the balance. This is clearly less than rates of tax on death (40%) and planning can be considered in the run up to any 10-year anniversary as ways to mitigate that tax. As the rate is so low, it is generally advantageous to utilise this type of trust structures.

The pilot trust will pay income tax at the trust tax rates – currently 45% on interest and rental income and 38.1% on dividend income. If income is paid from the trust to individuals who pay income tax at a lower rate or do not pay income tax then they can claim back the tax paid by the trust. This can be a very tax efficient way in which monies can be made available from the trust, for example, to provide for your children's education and university costs. The trust can continue for a maximum of 125 years, however very often they do not continue for that length of time but provide a very useful mechanism for allowing funds to be passed down to future generations at appropriate times.

If you set up a discretionary trust you will need to ensure that the trustees of any of your pension benefits which can be paid as a lump sum and death in service benefit know where to send the payment due on your death. The trustees cannot actually set up these pilot trusts for you, so you should contact Wills at Work.

Next steps

Wills at Work are available for advice in relation to your particular circumstances. The information within this factsheet should be treated as a general guide only and should not be relied upon in the absence of proper professional advice.

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