Summer 2011

Briefings

Welcome

This latest edition of Briefings has a focus on the aspects of our work across the Wills and Wealth Management sphere and we hope you will find it useful. We also update you on the latest developments across the firm.

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City move

We are delighted to announce the launch of our new premises in Cambridge. From 31 May 2011 our Cambridge staff will be based at Titan House on Castle Park, Castle Street, Cambridge.

Titan House is a newly refurbished office consisting of 10,000 square feet set over three floors. The office offers a modern working environment for staff, with a first class suite of meeting rooms and client facilities, plus parking on site for ease of access.

These new premises are an exciting new development for Tees, providing us with an appropriate platform to deliver first class service to our clients and the ability to expand and develop our services across the region.

Paul Stothard, CEO of Tees, sums up the excitement felt in the firm: “Since the merger in 2008 the firm has had ambitions to improve its offering in Cambridge. Titan House has provided us with up-to-date accommodation and client facilities and will support our expansion plans for the Cambridge office”.

Sat Nav CB3 0AY

Richard Tee

Peter Bricknell

Alastair Lorimer

Changing of the guard at Tees Solicitors

31 May 2011 marked the end of an era for the firm, when 112 years of combined legal qualification passed from Partnership into Consultancy. Not only did Richard Tee retire as a partner of the firm, having been Senior Partner for five years, but Peter Bricknell and Alastair Lorimer, the former senior partners, prior to merger, of both Saffron Walden and Cambridge, also retired from the LLP. All three have been retained by the firm as consultants and will continue to take an active role in delivering excellent service to the firm's clients.

"The firm has ambitious growth plans," comments Paul Stothard, "but none of it would be possible without the skills and dedication of this group of senior partners – their legacy is the strong foundations upon which the future of the firm depends."

So the new era begins and from 1 June 2011 we are delighted to announce that David Culshaw, Letty Glaister and Rob Whitaker are all promoted to partnership. We wish them every success as they reach this milestone in their careers.

Anne Coles also joins the partnership, having recently merged her specialist employment law firm with Tees.

Rising up through the ranks are Janine Collier, Adam Copeland, David Miller and Sally Powell who have been made Associates.

David Culshaw

Letty Glaister

Rob Whitaker

Anne Coles

ih Isabel Hospice
Local Care for Local People since 1982

Wills work to boost charity funds

Once again our Private Client team has been pleased to support a number of charity campaigns, providing a free will drafting service to clients in return for donations.

We are pleased to have raised over £1,000 in donations for the Will Aid campaign, supporting a number of charities, and nearly £3,400 during the Isabel Hospice Make a Will Week. A fine effort for these worthy causes.

Beyond bereavement

A practical guide to funeral and probate planning

Coming to terms with the death of a loved one is difficult enough, but people often feel overwhelmed by the arrangements that need to be made when someone dies. So we have put together a brief overview of the main steps:

Medical certificate

When someone dies, it is necessary for a medical certificate to be issued, which documents the cause of death and enables you to register it. This will normally be done by the family doctor. However, if the death was unexpected or the doctor cannot establish the cause of death, the death will be referred to the coroner who will issue the certificate.

Registering the death

The death must be registered with the Registrar of Births, Marriages and Deaths within five days of the death. The Registrar will issue a document called a certified copy death certificate. You should obtain several copy certificates to send to banks, insurance companies and other organisations, the cost of which you can claim back from the estate. The Registrar will also issue a certificate for burial or cremation which should be given to the funeral director.

Arranging and paying for the funeral

The deceased may have left instructions in their will or a letter about their wishes. If not, you will need to decide on the nature of the funeral. The funeral director will be able to guide you through the process. The person who arranges the funeral is responsible for paying for it. However, the deceased may have taken out a pre-paid funeral plan to cover the costs. Otherwise, the costs will be met out of the estate and should be paid before any other bills or debts.

Who to tell about the death

You should return the deceased driver's licence to the DVLA and their passport to the UK Passport Agency. You also need to inform various institutions about the death and send them a copy of the death certificate. These include the tax office, pension scheme providers, banks and building societies, and utility companies. This is to ensure that the deceased's assets are frozen to prevent fraud, overpayments are not made and charges for which the estate is not responsible are not incurred.

Obtaining probate

Someone has to deal with the deceased's estate by collecting in all the assets, paying any debts and distributing the estate to those people entitled to it. "Probate" means the issuing of a legal document by the Probate Registry to one or more people authorising them to do this. There are different kinds of probate depending on whether or not the deceased had a will. Obtaining probate can be a complicated and lengthy process, so people often engage a solicitor to do this for them. Before meeting with the solicitor, you will need to locate papers containing up-to-date information about the deceased's assets and debts such as bank accounts, insurance policies, property deeds, share certificates, valuations (e.g. of jewellery, paintings or furniture), credit card statements, personal loan agreements, mortgages, recent tax returns and recent payslips.

Our Wills, Trusts and Probate department has extensive experience in advising and assisting individuals on all aspects of probate work, both where the deceased made a will or died without one. If you need help in this area, please feel free to call one of the team today.

The fate of state pensions

Keeping pace with the latest legal changes

Pensions have existed in the UK for over 340 years, with the first organised pension scheme, for Royal Navy Officers, dating back to the 1670s.

The Germans, under Chancellor Otto von Bismarck, introduced the world's first state pension system in the 1880s. You had to be 70 years old (lowered to 65 in 1916) – and the expectation was that you would probably only live a few years after that to collect it.

In 1908 under the Old Age Pensions Act, the first general old age pension was introduced in the UK, paying a non-contributory amount of between 10p and 25p a week from age 70 on a means tested basis.

The National Insurance Act of 1946 introduced a contributory State Pension for all in the UK.

Over the 340 years of pension history in the UK, we have seen changes made to public and private sector pensions, scandals (Maxwell), and the current pension funding crisis faced by the Government, companies and individuals. To tackle these and future pension issues, we have seen a multitude of changes made to both public and private sector pensions.

Last December, the Government announced further changes to personal pensions, in the way they are funded and the drawing of benefits. Some of the main points are highlighted below, which were introduced from 6 April 2011:

• The Government has removed compulsory annuitisation at age 75, i.e. there is no need to draw pension benefits by age 75. The earliest you can draw benefits is age 55.

• Drawing The Pension Commencement Lump Sum, more commonly know as tax-free cash, does not now have to be taken by age 75.

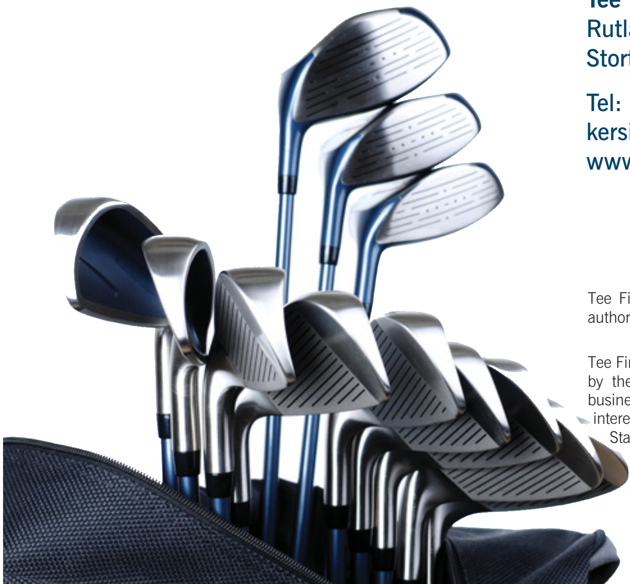
• If pension benefits are not drawn before age 75, they can be left on death before 75, to beneficiaries tax-free. In all other situations, the lump sum death benefit will be taxed at 55%.

• The Annual Allowance (the total amount which can be contributed into a pension in any one year) has been reduced from £255,000 to £50,000 for pension input periods ending in the 2011/12 tax year. There is a new facility to carry forward unused relief for three years, i.e. carry forward from 2008/09. You need to be a member of a registered UK pension scheme to potentially utilise Carry Forward rules.

• The Lifetime Allowance, which is the maximum fund value allowable at retirement, is to be reduced from the current £1.8m to £1.5m from April 2012.

• Basic State Pension will be increased by national average earnings or consumer price index or 2.5% (whichever of these is the highest) from April 2011.

• To receive the full Basic State Pension, you now only need 30 qualifying years of National Insurance contributions (in the past, men normally needed 44 years and women 39 years). This change came into force in April 2010.



• State Pension age for women will increase to 65 by November 2018, and both men and women will then see State Pension age increase to 66 between December 2018 to April 2020.

• The Government is also considering the timetable for future increases to the State Pension age from 66 to 68.

• For anyone who has or is considering utilising Income Drawdown, i.e. Unsecured Pension (USP) or Alternatively Secured Pension (ASP), these have been replaced by Capped Drawdown and Flexible Drawdown.

These are just some of the changes being proposed under the Act. The Royal Assent will be given in July 2011.

For an initial no-obligation meeting to discuss the changes and how they may affect you, please contact us.

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Being of sound mind

The case for granting Lasting Powers of Attorney

Are you concerned about what would happen in the event of you losing mental capacity through illness such as Alzheimer's disease, dementia or a stroke?

A simple solution is to ensure you have prepared a Lasting Power of Attorney (LPA) which will allow you to exert some control over your affairs, even if you have lost mental capacity.

LPAs have now replaced Enduring Powers of Attorney (EPAs) from October 2007, although existing EPAs are still valid.

What is an LPA?

An LPA is a legal document that allows you to authorise one or more persons (the attorney) to make decisions on your behalf, even if you no longer have the ability to make the decision for yourself.

There are two types of LPA:-

Property & Financial Affairs: an attorney can, for example, deal with your bank accounts, pay your bills, deal with your property and make investment decisions on your behalf.

Health & Welfare: an attorney can make decisions concerning your day-to-day welfare, such as where you should live and what medication you should receive, and they can also make the decision to give or refuse life-sustaining treatment if you wish.

How is an LPA created?

There are prescribed forms for each type of LPA and you can decide to make one or both. You can appoint more than one attorney and you can decide if they should act together or separately. You can also add binding restrictions on how you would wish your attorneys to act and provide non-binding guidance.

For any LPA to be valid it must be completed by a Certificate Provider – either a professional such as a solicitor, or someone who has known you personally for at least two years. The Certificate Provider has to be able to confirm that you know what you are doing when you sign the LPA.

Once you and your attorneys have signed the LPA it is valid, but unlike an EPA, the LPA must be registered with the Court of Protection before it can be used. Even after registration, a Health & Welfare LPA can only ever be used if you lack capacity to make decisions for yourself.

An LPA can be revoked, as long as the donor has mental capacity.

What should I do?

We recommend that you consider making an LPA. If you lose mental capacity and do not have such a document in place, there is no guarantee that someone will be able to look after your affairs. In the absence of any authority an application to the Court of Protection would be required for a Deputy to be appointed on your behalf. This is an expensive and lengthy process.

To discuss LPAs in more detail then please contact any member of the Wills, Trusts and Probate team listed on the back of this issue of Briefings.

You Can't Take It With You

The recent BBC television programme "You Can't Take It With You" explored the issues that arise when considering wills and highlighted the benefits of a professionally prepared will. We have an experienced team who can advise you on the best way to address your family circumstances whether they are straightforward or complex. Our specialists can also guide you through the rules on Inheritance Tax and planning for the future including provision for care fees.

Many people dislike thinking about making a will, or the idea of discussing this matter with their family, for fear of causing upset. However, it can bring great peace of mind and relief to know that your affairs will be in order, and your family will not be left to sort out your estate without knowing your wishes. If you should die intestate, i.e. without a will, or if you die with a will that does not reflect your current family circumstances, there could be problems. If you do not have a will the law (Intestacy Rules) will make decisions on your behalf regarding the distribution of your estate and this could result in family members being excluded or individuals receiving your wealth who you may not otherwise wish to benefit.

Contact any of our offices to arrange an appointment to discuss a will that is tailored to your requirements. If you already have a will then it may be beneficial for you to review it to consider the current rules regarding Inheritance Tax and to ensure that it reflects your family's circumstances.

Although you cannot take your wealth with you, you can certainly use your will to clearly state how it should be distributed on your death.

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Tees Solicitors

Briefings

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