

# **FORESIGHT**

**How to be an executor**

**What to expect and key responsibilities**



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## Information and advice you need to be an Executor.

At Foresight along with protecting our clients estates we aim to be there in the future to help guide and advice executors when it comes to the administration process.

We are passionate about helping individuals carry out their duties as executors, weather it be something you deal with yourself with the right advice and guidance or if you require assistance to complete work your unable or unwilling to complete. We are here for you each step of the way.

Our network includes independent financial advisers, qualified solicitors and tax experts so any answers to money or probate queries are only a phone call away.

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## **What is an executor?**

**An executor is named in a will to handle a person's estate (their money, property and possessions) after they die.**

## **What do executors do?**

- They make sure all the property owned by the person who's died is secure, as soon as possible after the death.
- They collect all assets and money due to the estate of the person who's died (including property).
- They pay any outstanding taxes and debts (out of the estate).
- They distribute the estate to the people who are entitled to it under the terms of the will.

Executors can claim reasonable expenses from the estate for this work.

**An executor's key duties; there are certain tasks associated with being an executor.**

### Register the death and get copies of the will

- If necessary, register the death and notify their GP or nearest doctor. This isn't something an executor has to do but you may have to do it if there's no one else who can. It may be best to pay for several certified copies of the death certificate at this time, as additional copies requested at a later date will be more expensive. Unless you're employing a specialist to deal with the estate, you may need a copy for each company that holds money or other items of value that belonged to the person. These companies are sometimes known as asset holders and include the bank, investment and insurance providers and landlords.

- Find out where the most up-to-date version of the deceased person's will is held and get the original (or a copy if that isn't possible). You must provide a death certificate and proof of your identity, along with permission from any other executors that they are happy for you to obtain the will.
- Make copies of the will for co-executors and beneficiaries and then put the original away in a safe place. Don't tamper with the original or copies in any way (this includes adding staples or paper clips) as this will invalidate the Will.

### Arrange the funeral

- If necessary, arrange the funeral. Check the will to find out if the person who's died had any funeral wishes. If they had a funeral plan, contact the provider immediately.
- When you receive an invoice for the funeral, you can take it to the deceased person's bank or building society along with a death certificate, the will and your identification. You should be issued with a cheque for the amount due, made payable to the funeral director.
- Inform family, friends and work colleagues of the death. You could put a notice in the local or national newspapers with funeral details so people can attend if they wish.

### Valuing the estate

The executor needs to value the estate of the person who's died. Start with everything that they owned at the time of their death. This includes property, possessions and money, minus any debts, such as a mortgage, loans and bills. For assets such as property or land, you should get a professional valuation. HMRC recommends having items worth over £500 valued professionally.

## Property and post

If there is an unoccupied property, secure it and inform the insurers immediately. The estate itself may have to replace the person who's died as the policy-holder, and the insurer may ask you to make regular checks on the condition of the property while it's unoccupied.

You may have to get a new home insurance policy if the current one doesn't cover an empty property. To stop postal deliveries to the property, contact the Bereavement Register

## Apply for probate

A grant of probate gives you the legal right to deal with someone's estate. First, check whether a grant of probate is needed. You may not need one for a small estate (usually less than £5,000 in England and Wales, or less than £10,000 in Northern Ireland). In this case write to the bank and building society and ask whether they will make a payment without receiving a grant of probate.

To apply for probate, complete form PA1 and the relevant Inheritance Tax (IHT) form. Call the Probate and Inheritance Tax Helpline for more information and to get the correct forms.

These should then be sent to the local probate registry along with:

- an official copy of the death certificate
- the original will and three copies of it
- the fee of £215 (£200 in Northern Ireland)
- additional payment for copies of the grant (£1.50 per copy)

In Northern Ireland, contact the Probate Office to get the correct forms and arrange an appointment.

When you receive a grant of probate, you will need these for asset holders. Send an office copy (as issued by the Probate Registry) with instructions to asset holders.

When the assets are

When the assets are released, pay the proceeds into the executor's account (except anything that has been specifically passed on to someone else). You must pay any inheritance tax (IHT) due before applying for the grant of probate.

## Finances

- Send an original death certificate to any asset holders, such as banks, building societies and insurance companies. Ask for direct debits to be cancelled and find out the account balances and investment values at the date of the death.
- Stop the payment of salary, pensions and state benefits. Advise the issuers of credit cards, passport, driver's licence and TV licence of the death and act on their instructions. Tell Us Once service can help with contacting some of these departments in England and Wales.
- Request information on any debts belonging to the person who's died, and any overpayments made to them. Check through their paperwork looking for bills or statements, and contact organisations such as energy suppliers or the local council to ask if the deceased person owed any money. If you think there might be more debts than assets, the estate might be insolvent. In that case you will need professional help before you do anything else.
- If you don't use the Tell Us Once Service, contact the deceased person's tax office to find out whether any other tax, such as income tax, is owed.
- Some banks offer an executor's account into which you can transfer any money paid to the estate. This stops estate money getting confused with your personal finances.
- You must pay any outstanding tax, debts or bills before you can legally distribute the estate. It's advised that you place 'statutory notices for creditors' in the press, allowing two months for claims to be made. If you don't, you and any other executor(s) are personally responsible for any claims that arise. If you put up the notice, any future claims are made against the beneficiaries instead.
- Get clearance from HMRC for any IHT, Income Tax or Capital Gains Tax liability.

## Distributing the estate

These are the main tasks involved in distributing the estate of someone who's died:

- If the will states that a specific item of personal property is to be given ('bequeathed') to someone, you can do this before probate is granted, but make sure you have the items valued.
- When probate is granted, draw up estate accounts for each beneficiary, accounting for all the assets collected, income accrued and any bills paid.
- Carry out bankruptcy searches on the beneficiaries by searching on the Individual Insolvency Register. Visit [www.gov.uk/search-bankruptcy-insolvency-register](http://www.gov.uk/search-bankruptcy-insolvency-register) or call the Insolvency Service enquiry line on 0300 678 0015 to find out more. Beneficiaries who are bankrupt may not be entitled to receive their inheritance from the estate.
- Distribute the estate in accordance with the terms of the will, making sure at least two trustees are named for any gifts left to beneficiaries under 18. You may want to wait at least six months after probate is granted before distributing the estate in case any claims are made against it.
- Give each beneficiary an R185 tax form (ask the Probate and Inheritance Tax Helpline) for their share of estate income. Keep clear records of the work you've done, so you can answer any questions or challenges over how you administered the estate.



## Inheritance Tax

Inheritance Tax (IHT) may have to be paid on the estate if it is worth more than a certain amount. Most estates are below the threshold –currently £325,000 – so don't need to pay any IHT. If the house was left to the children or grandchildren of the person who's died, the tax-free allowance increases to £500,000. After that, the tax payable is 40%.

There is no IHT to pay on estates left to a spouse, civil partner or charity. If one partner dies and has not used their tax-free allowance, this can be passed on to the surviving partner, giving them a higher threshold of up to £1million before IHT will apply. If there could be IHT to pay, get a professional valuation on high-value items such as a house or stock market investments, as you need to give HMRC a detailed account along with valuations. If the valuations aren't accurate, you may have to pay penalties. List any major gifts made by the deceased person in the past seven years, as these may be liable for IHT.

You can order an IHT form by calling the Probate and Inheritance Tax helpline, or download one from [www.gov.uk/government/collections/inheritance-tax-forms](http://www.gov.uk/government/collections/inheritance-tax-forms). If necessary, arrange an executor's loan account with a bank to pay IHT. Sometimes the deceased person's bank or building society may release money to pay IHT without requiring a loan arrangement.

## Dealing with assets

### **Joint accounts**

Normally, any money held in a joint account automatically transfers to the surviving joint owner. Send a death certificate to the bank so that it can update its records. The value of the person who's died share is included when calculating the value of the estate for Inheritance Tax (IHT).

### **Jointly owned property**

If the person who's died owned property with another person as 'beneficial joint tenants', their share of the property automatically passes to the surviving joint owner. The property itself doesn't form part of the estate, but the value of the deceased person's share in it is included when calculating the value of the estate for IHT.

### **Pension schemes**

If the person who's died had a pension, contact the company and provide a death certificate. Ask whether death benefits are payable and whether there is a pension for a spouse, civil partner or children. Confirm whether any money can be paid directly to someone, rather than forming part of the estate. If the money does form part of the estate, check whether the amount needs to be included in any IHT return.

### **Life insurance policies**

If the person who's died had a life insurance policy, contact the insurance company as soon as possible to find out what you need to do before it can pay out. Confirm whether any money should be payable directly to a beneficiary, rather than forming part of the estate. If it does form part of the estate, check that the amount doesn't need to be included in any IHT return.

### **Debts**

Collect any debts owed to the person who's died.

## **What if I change my mind?**

Think carefully before accepting the role of executor, as it can be difficult to go back on your decision later. You won't be able to step down once you have started carrying out any actions as an executor. If any claims against the estate come up in the future, you have to deal with them and you must carry out your duties correctly.

If you have accepted the role but later change your mind, you have various options:

- If you can, talk about your decision to the person who appointed you so that they can change their will.
- Immediately after the person has died, speak to the Probate Registry or to a legal professional, like ourselves about your options.
- After the person has died but before you've started to deal with the estate, you may need to complete a form of renunciation.
- After the person has died and when you've started to deal with the estate, you cannot step down unless you have a good reason, such as ill health or a family emergency. If you live in Northern Ireland, you can only appoint someone to act in your place if you are incapable of dealing with your own affairs.

## Useful organisations

### **Bereavement Register**

Register of names and addresses of deceased persons to help stop unsolicited mail.

Tel: 020 7089 6403

Tel: 0800 082 1230 (24-hour automated registration service)

[www.thebereavementregister.org.uk](http://www.thebereavementregister.org.uk)

### **Citizens Advice**

National network of advice centres offering free, confidential, independent advice, face to face or by telephone.

In Wales there is a national phone advice service on 0344 477 2020. It is available in some parts of England on 0344 411 1444 England or Wales [www.citizensadvice.org.uk](http://www.citizensadvice.org.uk)

Northern Ireland [www.citizensadvice.co.uk](http://www.citizensadvice.co.uk)

### **Individual Insolvency Register**

Provides a register allowing you to search for bankrupt beneficiaries. Tel: 0300 678 0015

[www.gov.uk/government/organisations/insolvency-service](http://www.gov.uk/government/organisations/insolvency-service)

### **HM Revenue and Customs (HMRC)**

For information about taxes, including Inheritance Tax.

Probate, Inheritance Tax and Trusts and Deceased Estates Helpline: Tel: 0300 123 1072 [www.hmrc.co.uk](http://www.hmrc.co.uk)

### **National Insurance contributions office**

Tel: 0300 200 3500

### **Principal Probate Registry**

Information and advice on dealing with an estate and contact details for local probate registries.

Tel: 0300 123 1072 (Probate and Inheritance Tax helpline)

[www.gov.uk/wills-probate-inheritance](http://www.gov.uk/wills-probate-inheritance)

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This firm complies with the IPW Code of Practice.

