

Will Meaning Advice

Solving the Mystery of Legal Terminology



Last Will and Testament: The legal document which states how you would like your money and possessions to be distributed after you die. Your signature on the document needs to be witnessed by two people who are not beneficiaries under your will or the spouse or registered civil partner of a beneficiary. They have to witness your **signature** not the contents of the document. Your executors can be witnesses as long as they are not beneficiaries.

Estate: All the property, money and possessions you leave when you die.

Executor: A person you trust to carry out the instructions in your Will. It is preferable to appoint at least two executors when you make a Will. Try not to appoint people who are older than you as they may not be around when you come to die.

Administrator: The person appointed to sort out your affairs if you have not named an Executor.

Testator / Testatrix: You as the person (male/female) who has made the Will.

Beneficiary: A person or organisation who receives a gift in your Will.

Bequest or Legacy: An item, sum of money or share of your estate left in your Will.

Codicil: A separate document used to make an addition or alteration to your existing Will.

Intestate: If you die without making a legally valid Will you are said to die 'intestate'.

Partial Intestacy: You make a will but it is drawn in such a manner that it does not dispose of *all* your property.

Probate: The legal certificate that proves a Will is valid so your Executor or Administrator can carry out your instructions.

Pecuniary Legacy: The gift of a sum of money.

Specific Legacy: The gift of a particular item (eg a painting, house, piece of jewellery, item of furniture).

Life Interest: The gift of a sum of money or property to somebody during their lifetime. If you have a life interest in a sum of money you cannot spend the money itself but you are entitled to the interest. If you have a life interest in a house then you will normally have a right to live in it but not to sell it.

Reversionary Interest: The right to the property on the expiration of the life interest.

Residual Legacy: The gift of all or a percentage of your estate left after all other pecuniary and specific legacies have been made and debts or taxes paid.

Inheritance Tax (IHT): The tax paid to the government when your estate exceeds the Nil Rate Band.

Nil Rate Band: The amount of property you may leave without paying inheritance tax, currently £325,000.

Transferable Nil Rate Band: On the death of your spouse or registered civil partner you can inherit their Nil Rate Band in so far as they have not used it during their lifetime or on their death. If they have used part of their Nil Rate Band then you inherit the balance. This is calculated on a percentage basis as opposed to a monetary amount.

How is Inheritance Tax worked out?

Legacies to Charities are exempt from inheritance tax and are taken off before the value of the estate is assessed. On April 6th 2009 the threshold for Inheritance Tax (known as the Nil Rate Band) for a single person was set at £325,000. The Nil Rate Band will remain at these rates until at least 2014/2015. This means that a married couple or civil partnership has £650,000 that can be passed to families and friends free of tax. 40% inheritance tax has to be paid above this allowance.

I am a widow how can I benefit?

If you are already widowed you are allowed to use the transferable Nil Rate Band of your spouse. You should keep clear records so that the executors can prove how much of the Nil Rate Band was available after your spouse's death. If your husband left everything to you, you can have all of his allowance and your allowance, ie £650,000, when you die. .

Any information we give is for general guidance only and does not represent actual legal or financial advice. We strongly recommend all our patients, families and supporters to seek professional assistance from a qualified practitioner.

You should bear in mind that the tax laws are continually changing. What may be valid today may not be so tomorrow. It is important therefore to always keep any financial arrangements that you may make under regular review.

