



# A N A G E O F A P A T H Y

CHANGING THE CONVERSATION AROUND WILLS

# INTRODUCTION

At a time when the Millennial generation is focusing on purchasing homes and saving for retirement, the priority and perceived necessity of will-writing and estate planning has diminished. During our lives we spend huge amounts of time saving and carefully planning for our investments, and worrying about the welfare of our loved ones, but when it comes to passing on our wealth and assets through a will, the country is apathetic.

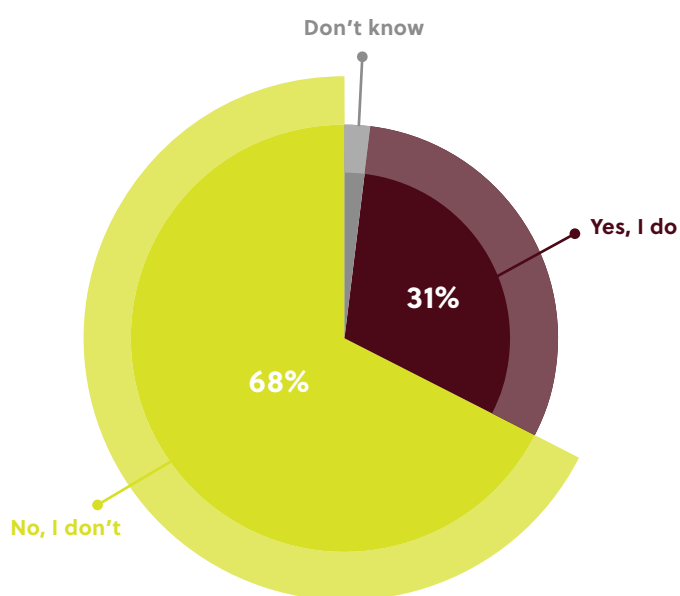
A will remains the most effective way to divide assets and provide for those close beyond our lifetime. A will allows you to nominate guardians for young children, provide for unmarried partners and specify an individual to deal with your estate. Moreover, expert legal advice in writing your will can allow you to minimise tax payable on your death.

Collyer Bristow, in an attempt to understand individual attitudes towards will-making and estate planning, has commissioned the report, An Age of Apathy.

YouGov and Collyer Bristow surveyed 374 people in the UK aged 18-50 with an income of £50k or over in early 2019 to explore their perception of the importance of a will, their reservations in making one and also their knowledge of the UK inheritance system.

**68% OF  
INDIVIDUALS  
AGED 50 AND  
UNDER DO NOT  
HAVE A WILL.**

# DO YOU CURRENTLY HAVE A VALID WILL?

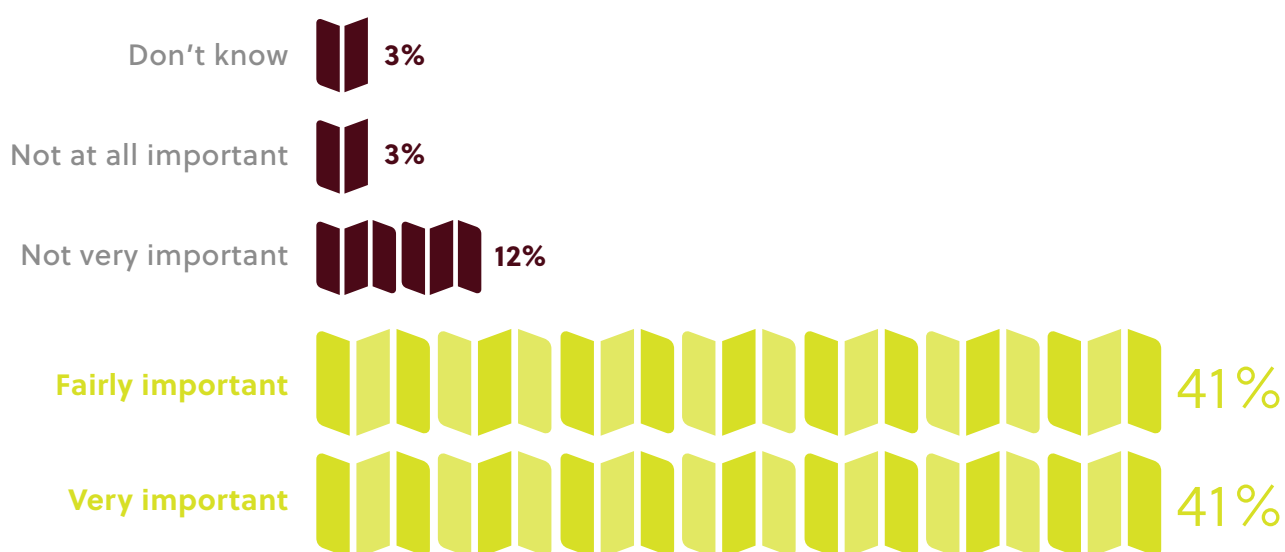


Law firms and their regulator, The Law Society, have campaigned for many years to remind individuals of the importance of having a valid and up-to-date will. Our findings suggest there is still some way to go.

The picture does not change significantly between men and women, with 69% of men and 65% of women saying they do not have a will.

Most notably, 76% of 25-34 year olds and 73% of 35-44 year olds said they do not have a will. This demographic will be starting families, taking steps on the housing ladder and, in many cases, accumulating considerable assets and wealth. It is apparent that the apathy towards wills is also felt by the previous generation: 54% of 45-50 year olds still do not have a will, suggesting the apathy towards wills is a multigenerational concern. A will remains the simplest way to protect your assets and your family.

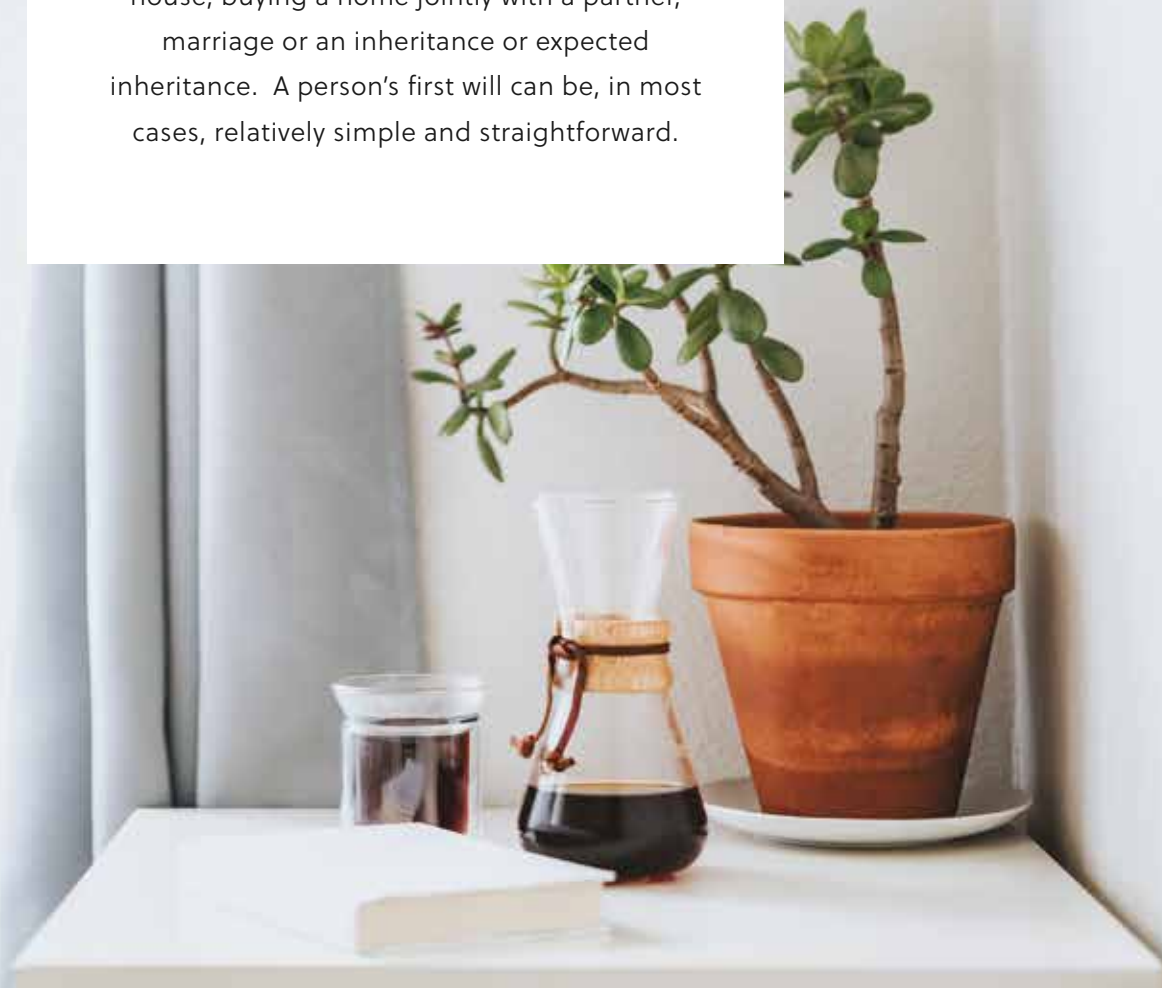
# HOW IMPORTANT IS IT TO HAVE A VALID WILL?



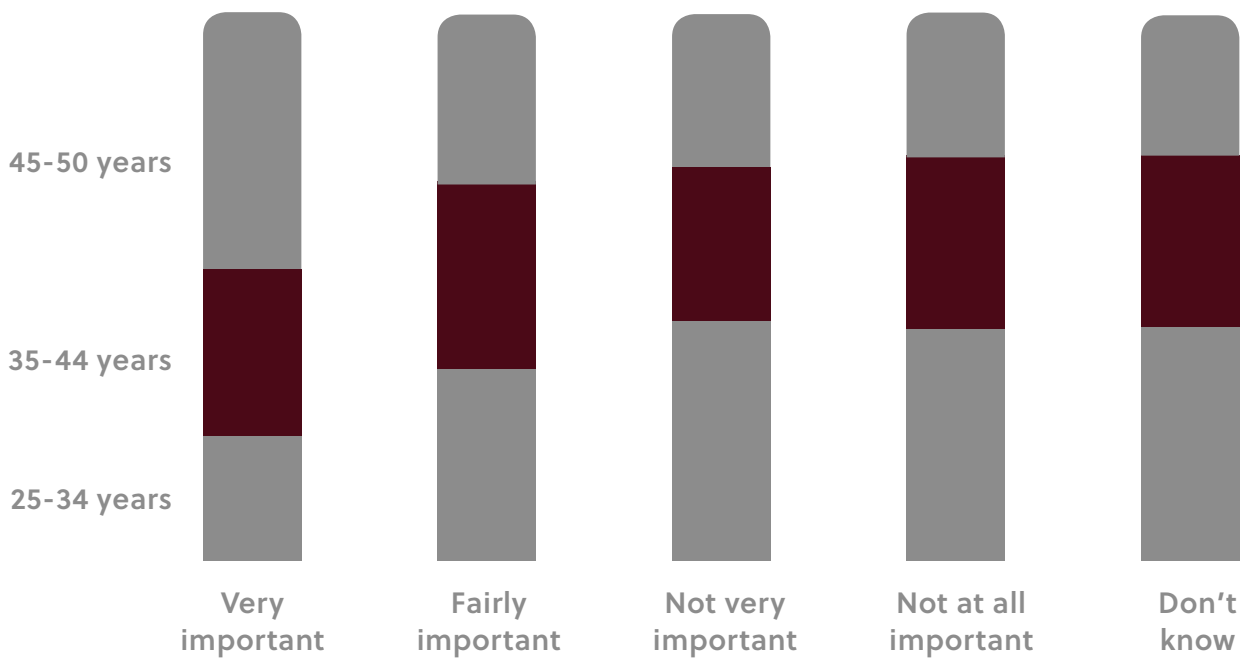
Despite the majority of the Collyer Bristow sample not having wills, they do recognise the importance of a will, with 82% believing personally having a will to be either fairly or very important.

## WHEN TO START THINKING ABOUT YOUR WILL

It is not possible to create a will before your 18th birthday, and there is no right or wrong age to make a will. Rather, it is likely to be driven by events. This might be the purchase of your first house, buying a home jointly with a partner, marriage or an inheritance or expected inheritance. A person's first will can be, in most cases, relatively simple and straightforward.



HOW IMPORTANT IS IT TO HAVE A VALID WILL?



The importance of a will is recognised across all age groups and does not vary between sexes, with 82% of men and women equally believing a will to be either fairly or very important.

It does then beg the question as to why so few people have a will when their importance is clearly recognised?

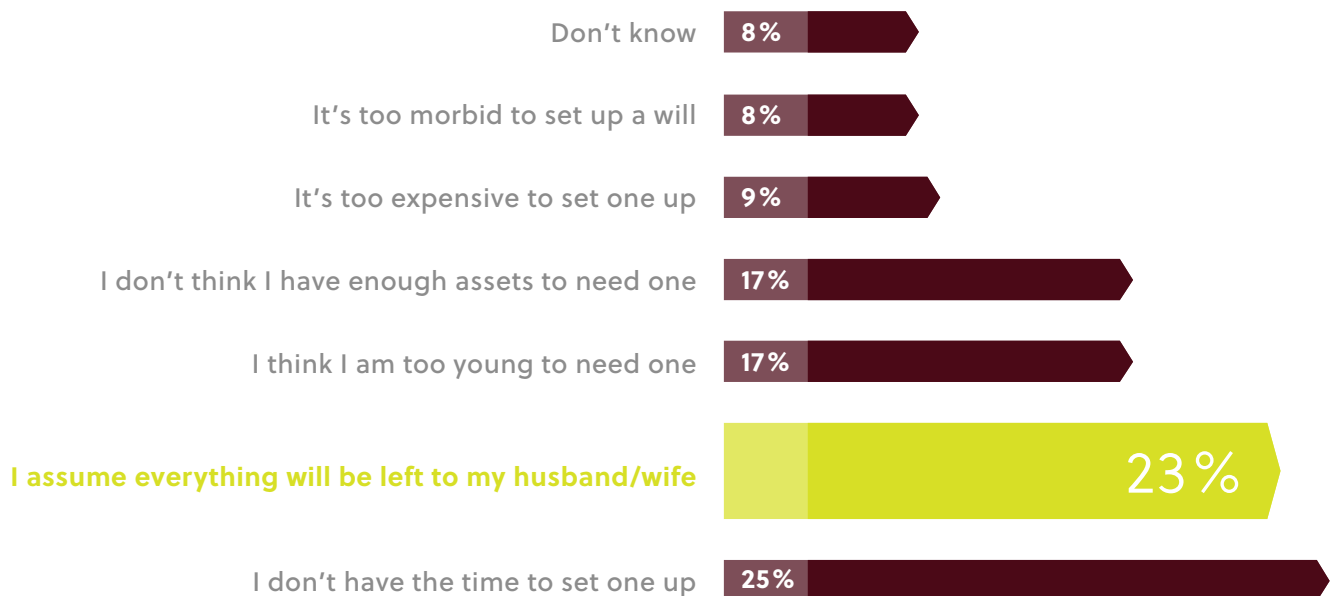
# THE REASONS FOR NOT HAVING A WILL

There are many reasons why people put off having a will made and we have tried to better understand those barriers.

Unsurprisingly, for those who don't have a will, a shortage of time was the primary reason given for not making a will. It is something we all

mean to do but the busyness of everyday life gets in the way.

It is not surprising to see people believing they are too young to need one (17%) and having too few assets (17%) in the list.

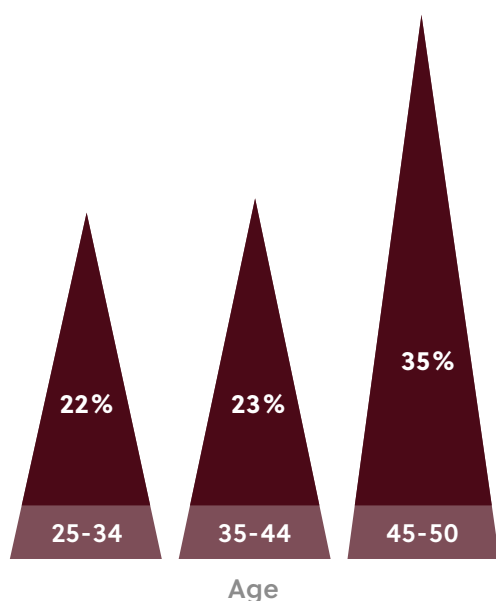




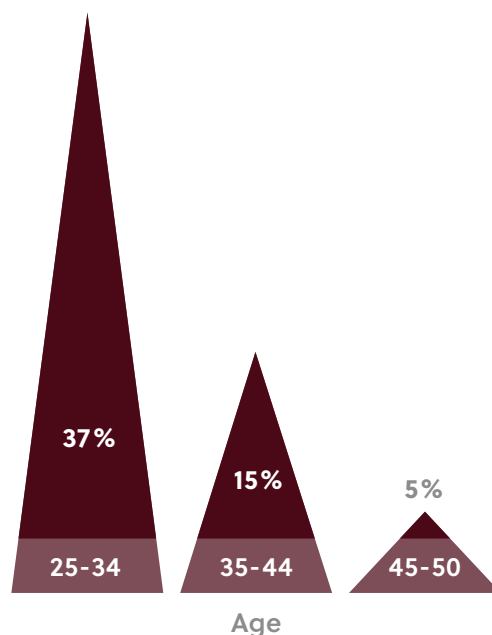
Of most concern is the presumption of just under a quarter (23%) of respondents who believe that in the absence of a will, everything will automatically be left to their partner. Whilst that may be the case, in a limited number of circumstances, the absence of a will can cause difficulties and conflict where there are children, previous marriages, or where assets have been gifted by parents.

Looking at the data in a little more detail, those that are in the older age 45-50 age bracket told us that time is the single largest barrier (35%), and that for those in the 25-34 age group the perception is that they are just too young to need a will (37%).

**I DON'T HAVE TIME TO SET ONE UP**



**I THINK I AM TOO YOUNG TO NEED ONE**

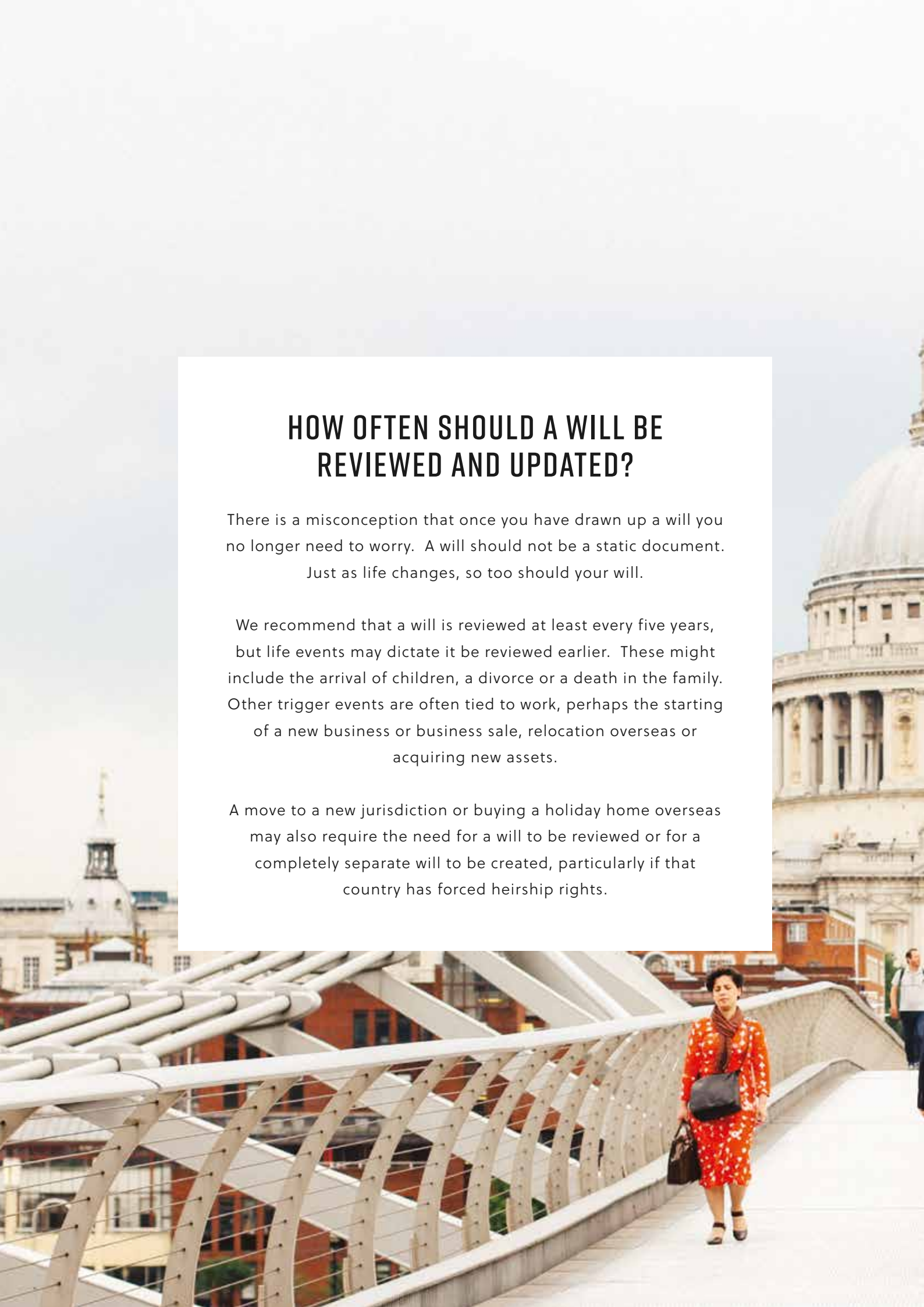


## HOW OFTEN SHOULD A WILL BE REVIEWED AND UPDATED?

There is a misconception that once you have drawn up a will you no longer need to worry. A will should not be a static document. Just as life changes, so too should your will.

We recommend that a will is reviewed at least every five years, but life events may dictate it be reviewed earlier. These might include the arrival of children, a divorce or a death in the family. Other trigger events are often tied to work, perhaps the starting of a new business or business sale, relocation overseas or acquiring new assets.

A move to a new jurisdiction or buying a holiday home overseas may also require the need for a will to be reviewed or for a completely separate will to be created, particularly if that country has forced heirship rights.



# FIVE WILL MYTHS DISMISSED

1

## I AM TOO YOUNG

Unless you are aged under 18 you are never too young to have a will.

2

## I DON'T HAVE ENOUGH ASSETS

You may not be aware of the potential value of your assets and the complications that may entail for your loved ones if you do not stipulate how your estate is to be divided. Moreover, the size of your estate is not important: a will allows you to distribute your estate irrespective of its size in the way you wish.

3

## **I CAN DO IT MYSELF**

Yes you can, but a DIY will can lead to complications. DIY wills have a higher chance of being challenged particularly where the wording is ambiguous and may leave your beneficiaries paying more tax than they should.

4

## **THEY ARE TIME-CONSUMING**

That really need not be the case. Your solicitor will of course want to meet with you, but these meetings can be completed inside one hour and at your convenience. Your solicitor can then do all the hard work.

5

## **IT'S JUST TOO MORBID**

We are not good at talking about our own mortality but dying without a will can make a difficult time for families that much harder. The responsible thing is to make a will.

# WHO SHOULD CREATE YOUR WILL?

Any will is better than no will, and in its most basic form a will can be created by simply writing down on a piece of paper who you wish to leave your assets to and signing it in the presence of two independent adult witnesses. But that is rarely, if ever, appropriate.

The arrival of children, children from multiple marriages, the purchase of a house, cash or other investments and treasured possessions need to be considered and planned. The language used and tax implications also need to be considered. That is where a solicitor can help.

Our survey asked individuals where they would most likely turn when making a will.

Don't know  9%

A will writer  15%

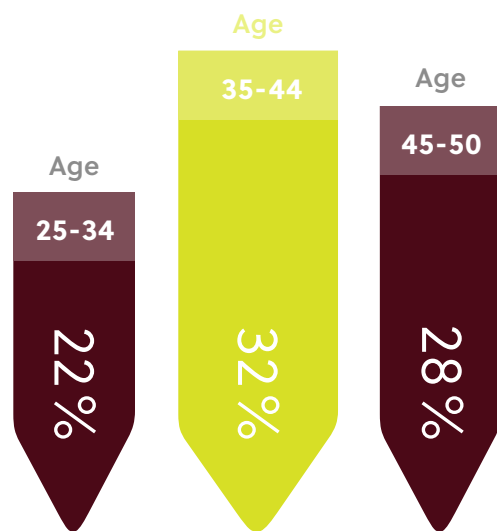
I could write a will myself  28%

A legal professional  46%

It is encouraging that our sample largely recognise the need for a legal professional to help create a will. We are, however, surprised to see over a quarter of our sample (28%) believing they are best placed to create their own will.

It is particularly concerning that 32% of 35-44 year olds and 28% of 45-50 year olds – age groups that tend to have young families, are acquiring homes or moving up the property ladder and accumulating wealth – believe they can write their own wills. A badly written will can cause problems and leave it open to challenge.

### I COULD WRITE A WILL MYSELF





## A SOLICITOR OR WILL WRITER?

The past decade has seen the proliferation of firms of will writers, often advertising heavily online and on social media. Their headline prices may seem attractive, but individuals should approach with caution.

Will writers will often charge an individual to store their will, whereas a law firm, such as Collyer Bristow, will store your will as part of their wills service. Will writers can prove costly when it comes to administering an estate, with the freedom to charge what they want, usually based on a percentage of an individual's entire estate.

A will writer is also unlikely to have the detailed understanding of the complex inheritance tax regime and the holistic overview of any other legal matters that is needed when managing estates of different complexities.

And finally, solicitors are heavily regulated by the Solicitors Regulation Authority and there are additional reputable professional bodies (such as the Society of Trust and Estate Practitioners) to provide you with the reassurance that your will is being prepared by a properly qualified individual. In contrast, you may find that many will writers are not fully legally qualified and their lack of regulation provides little protection to the estate and your beneficiaries if anything were to go wrong.

# WHEN MIGHT YOU CREATE OR REVIEW A WILL?

There are many trigger points for making a will and we have already touched on some of them. Our sample were asked which situations would motivate them to create or review their will?

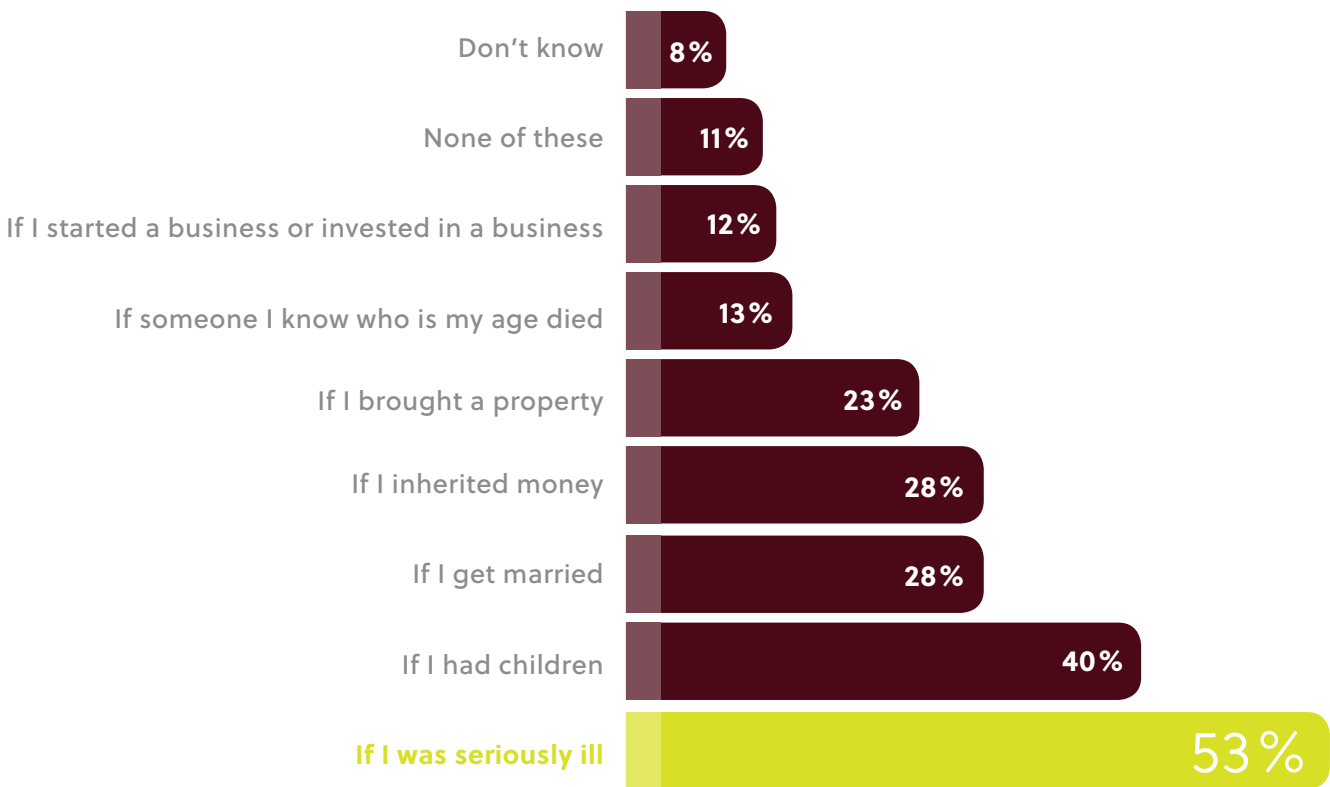
Serious illness is the single largest motivating factor (53%), followed by the arrival of children (40%).

Serious illness has always been a motivating factor and we are regularly called upon to create

what are commonly called 'deathbed wills'. Whilst a will can be created very quickly, we would always recommend that a will be considered much earlier and certainly before serious illness or injury strikes.

The capacity to make a will is critical and is often the basis for challenging a will. If an individual is quite literally on their death bed it is easier to argue that they did not have the mental capacity to make their will.





**TIME TO**

**CHANGE THE**

**CONVERSATION**

**AROUND**

**WILLS**

A will, at its most basic, is a legal document that sets out what happens to your estate when you die. They are perhaps one of the best understood legal documents, with most of us knowing, in the broadest sense at least, what they set out to achieve.

Along with residential conveyancing, they are also one of the most common touch points members of the public have with a solicitor.

It is therefore not surprising that our survey reports a high understanding of the importance of having a will (82%). What is surprising, however, is the high number of survey respondents that do not have a will (68%).

The younger generation – Millennials, or Generation Y – can perhaps be forgiven for delaying the decision to create a will, but that just under three quarters of 35-44 year olds (73%) and over half of 45-50 year olds (54%) say they do not have a will is worrying.

To put this into context, the baby boomer generation has collectively accumulated considerable wealth – more than any previous generation in history. The next two decades will mark the single biggest shift in inherited wealth this country has ever seen. And at the same time, those set to inherit that wealth – those in our survey – may themselves accumulate wealth.

## WHAT HAPPENS IF YOU DIE WITHOUT A WILL?

If you die without a will it is known as dying 'intestate'. Your estate will be distributed according to the rules of intestacy, with only direct family able to inherit. This might mean that people important to you, perhaps step children or your unmarried partner (common law husband or wife) will receive nothing.

### **EXAMPLES WHERE AN INDIVIDUAL DIES DOMICILED IN ENGLAND & WALES AND WITHOUT A WILL AND HOW THE RULES OF INTESTACY WOULD BE APPLIED:**

- 1.** Mr Smith dies leaving his wife, Mrs Smith, and two children. Mrs Smith keeps all Mr Smith's personal possessions and the first £250,000 of assets in his estate. The remainder will be split as to a half for Mrs Smith and a half for their two children.
- 2.** Miss Jones is in a long-term relationship but unmarried. Miss Jones has no children. On Miss Jones's death her estate will be divided equally between her parents.
- 3.** Mr Thomas dies and is unmarried. Mr Thomas is survived by his brother, sister and half-brother. Under the laws of intestacy, Mr Thomas's estate will be divided equally between his brother and sister but not his half-brother.

The lack of a will leaves individuals passing on, and those inheriting wealth, at risk of losing the choice of what happens to their estate and assets.

Take one particular example: elderly parents in their will pass on their wealth to their two children, including generous gifts made in their lifetime to allow them to move on the housing ladder. If one of those children were to die without a will and was not married, their assets would effectively be returned to their elderly parents who would then incur a potentially costly inheritance tax liability.

The need for a will becomes even more important given the more complex nature of today's families, where divorce, second or third marriages and children from those marriages are involved.

Dying without a will means assets are passed only to direct family. Step brothers and sisters and unmarried partners would not benefit.

Our research suggests that not having a will is not an issue of having to face our own mortality, but is due to the paucity of time in everyday life.

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JAMES COOK, PARTNER, PRIVATE WEALTH, COLLYER BRISTOW.

## **WE BELIEVE THAT IT IS TIME TO CHANGE AND REFRAME THE CONVERSATION AROUND WILLS.**

For too long, wills have been viewed through the lens of managing an estate on death. Whilst individuals remain fit, healthy and working it is easy to push the need for a will to the back of the mind.

It is time to re-focus the conversation towards wealth protection. We all have a responsibility to prepare and invest for our retirement, and that responsibility must extend to managing the distribution of our wealth upon death. Just as our financial planning centres on pensions, savings and investments, so too should it focus on wills.

It is a responsibility not just to ourselves, but to our loved ones who will inherit those assets, making what is a difficult time just a little easier: for your loved ones to know exactly how you wish for your estate to be divided can provide vital reassurance.

We believe this will become even more important as future generations become less reliant on a pension with a shift to a wider pool of investments and a greater reliance on inherited wealth.

That dependence on inherited wealth is already evident in the London housing market. In 2018, Collyer Bristow undertook a study into the home buying aspirations and habits of individuals

living in London and the South East - the findings were published in our report, Home Ownership Attitudes and Aspirations.

It showed that a third of home buyers relied on the 'Bank of Mum and Dad' for help to get onto the housing ladder, and that a third of those with a home in London were only able to be there because of inherited property or cash.

When money is gifted to children or an inheritance left in a will, the beneficiary should themselves make a will. It may be that encouragement is needed.

We are often asked by wealthy individuals when making or reviewing their will to make a will for their own children too. Individuals do not want to invest in tax and estate planning activity only for it to be undone by their own child's lack of a will.

The tax implications and benefits of a will are also significant.

Of those surveyed, 89% have a little or no knowledge of how inheritance tax is calculated and 93% have a little or no knowledge of the various reliefs and exemptions available to reduce an individual's exposure to inheritance tax.



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Broadly speaking, inheritance tax is charged on part of an estate in excess of the tax-free allowances (including the nil rate band and the residence nil rate band). The rate of inheritance tax is currently 40% and the nil rate band is currently £325,000. Assets passing to a spouse, civil partner or charity are exempt and reliefs are available to reduce the chargeable estate for certain types of asset, including business relief at 50% or 100%\*.

The intricacies relating to inheritance tax calculations can be complex, however, a well drafted will can simplify and lessen the impact of inheritance tax. For example, a will leaving an individual's entire estate to their surviving spouse generally benefits from a 100% exemption to inheritance tax, thus allowing the surviving spouse to undertake lifetime

inheritance tax planning to mitigate the inheritance tax liability on their subsequent death. Alternatively, where an individual would like to leave a portion of their estate to charity following their death, it may be worth considering increasing the charitable gift to at least 10% of the total value of the estate to benefit from the reduced rate of inheritance tax, currently 36%, applicable to the remainder of the estate.



*All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 374 adults aged 18 - 50 with income of £50k or over. Fieldwork was undertaken between 17th - 24th January 2019. The survey was carried out online. The figures have been weighted and are representative of all UK adults 18+.*

*\*Information correct at time of publication - June 2019.*

## THE CB ENTRUST PACKAGE INCLUDES:

- Initial consultation to provide us with the knowledge of your affairs.
- Consultations held in your own offices or other central London location.
- A designated lawyer to be your ongoing point of contact.
- Comprehensive drafting of your will.
- Storage.
- Five-year will health check.
- Access to a network of highly experienced lawyers who can provide advice on other areas of law as demanded.
- The commitment of one of the UK's leading private wealth legal firms.



# CB ENTRUST

CB Entrust from Collyer Bristow is a dedicated wills service designed for individuals and their partners. As a firm we recognise the need for young professionals and affluent individuals making their first will to have clear, affordable tax and estate planning advice. CB Entrust offers a fixed price will prepared by our enormously experienced tax and estate planning team that, unlike off-the-shelf wills or budget wills, takes a holistic perspective of an individual's unique requirements and circumstances.

CB Entrust helps our clients better understand the intricacies of their life ensuring they are documented and managed in the desired way, together with a clear picture of the tax planning that may be required.

**FOR MORE INFORMATION PLEASE CONTACT US AT  
INFO@COLLYERBRISTOW.COM OR +44 20 7242 7363**

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