

THE  
**FAMILY**  
BUILDING  
SOCIETY

GUIDE TO LATER LIFE  
FINANCIAL PLANNING

*"Looking after us"*



*"Looking after  
our children"*

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# GET MORE FROM THE FAMILY BUILDING SOCIETY

THE FAMILY BUILDING SOCIETY HELPS TO MEET THE FINANCIAL NEEDS OF ALL GENERATIONS BY ALLOWING FAMILIES TO WORK TOGETHER AND USE THEIR MONEY AND ASSETS MORE SUCCESSFULLY.



We believe many standard products and services are failing to meet the real needs of families in today's world – who face very different circumstances. One of those circumstances is later life financial planning.

## FINANCIAL PLANNING IN LATER LIFE

As the life expectancy of the UK's population increases, one of the main areas of financial responsibility comes from older family members looking to improve and extend their needs after retirement.

## EXPERT PROVIDERS YOU CAN TRUST

We know how important it is to be able to talk to someone you can trust and who will offer good value for money. That's why we set up partnerships with expert providers offering products, advice and support we feel satisfies these needs.

The products and services available cover a wide range of later life planning requirements including Will writing, Lasting Powers of Attorney, Inheritance Tax planning, pension planning, equity release, property sales management and estate administration.

Whether you want to plan for your own future or assist another family member, we're confident we can help.

CONTACT OUR FRIENDLY AND HELPFUL LATER LIFE PLANNING TEAM.  
**03330 140143\***  
**FAMILYBUILDINGSOCIETY.CO.UK/LLP**

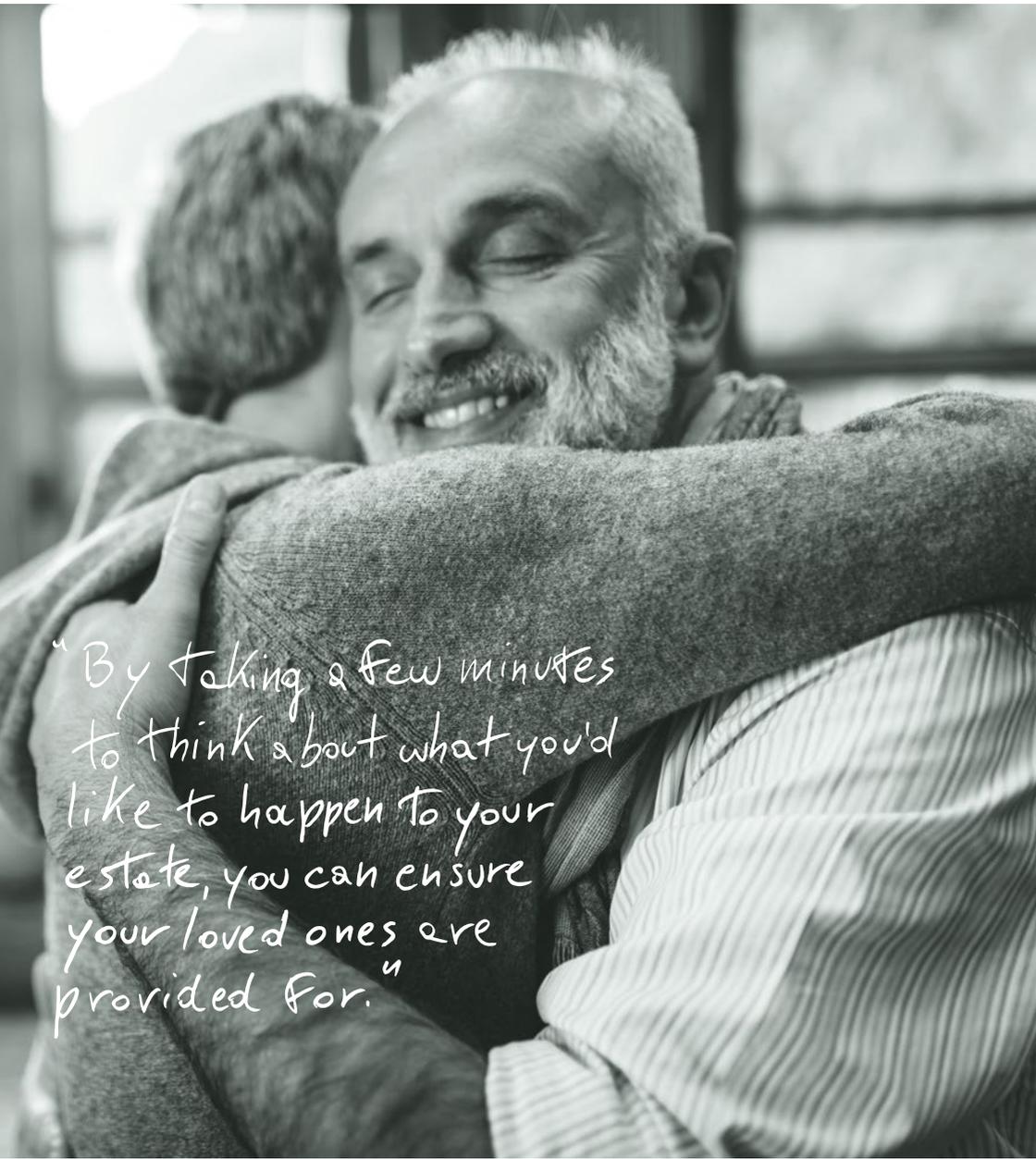
\*calls may be monitored and recorded. Call charges will vary.

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*"By taking a few minutes to think about what you'd like to happen to your estate, you can ensure your loved ones are provided for."*

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# 1. WILL WRITING AND LASTING POWER OF ATTORNEY

It's important to us that our members have access to Will writing and Lasting Power of Attorney (LPA) services. Through our partners, we can provide all the help you need in preparing a legally binding Will, as well as arranging an LPA, so you have the reassurance that your health and financial affairs will be correctly dealt with, should the need arise.

## WHY IS MAKING A WILL IMPORTANT?

By taking time to think about what you'd like to happen to your estate when you pass away, you can ensure your loved ones are provided for. Your Will can be tailored to your personal circumstances, assets and property so that it is a valuable strategic planning tool, ensuring your estate is protected. You can also name a trusted person to deal with your estate after you pass away (known as an executor). This person will have the authority to manage your assets and distribute your estate according to your wishes.

If you die without a Will in place, it means that the court will appoint someone to act on your behalf, without your wishes being taken into account. You will have died 'intestate' and your estate will be distributed in line with the intestacy rules and not necessarily in line with who you would have wanted to benefit.

## WHY WOULD I NEED A LASTING POWER OF ATTORNEY?

An LPA authorises another person to make decisions on matters of your health and financial affairs should you become unable to do so for yourself. Without this in place, your family may find it difficult to manage your affairs as they may not know your wishes, or have the authority to act upon them. Our trusted partner can help you decide what should happen if old age, illness or injury leaves you unable to deal with your own affairs.

## HOW WE CAN HELP

We've partnered with specialist legal services provider, Wellers Law Group, to provide you with a range of Will writing, estate administration and Power of Attorney services. Wellers specialise in creating Wills to meet specific needs, ensuring that your Will is right for you and tailored to your personal circumstances. They are committed to adding real value, in addressing your legal needs and finding better, more practical answers for you.

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## 2. INHERITANCE TAX

None of us like paying tax, but unfortunately it's a fact of life. It is perhaps more upsetting that when we die, the taxman may take more of our estate, reducing the amount that can be passed to our loved ones.

Poor planning could cost your beneficiaries many thousands of pounds in Inheritance Tax (IHT). However, with a bit of careful planning it's possible to significantly reduce the amount your beneficiaries pay, or even pay nothing at all.

### WHAT ARE THE BASIC RULES?

The first part of every estate which is exempt from IHT, called the 'nil rate band', has been frozen at its current level of £325,000 until April 2021. However, as house prices are increasing, many more estates will be subject to IHT, which is levied at the rate of 40% on the excess over the £325,000 nil rate band. If you're married or in a civil partnership and one partner doesn't use their full 'nil rate band' at death, it's transferable to the survivor's estate. The precise rules are

complex, but the effective result is that a couple currently has a combined nil rate band of up to £650,000 (£325,000 x 2).

In April 2017, an IHT tax break was introduced on the family home allowing an individual to transfer an additional £125,000 to their direct descendants. This will rise to £150,000 in the 2019/20 tax year and £175,000 in the 2020/21 tax year.

### WHAT ARE THE POSSIBLE SOLUTIONS?

When it comes to passing down wealth to the family, there are small exemptions for gifts. Parents can gift their house to their children and pay a market rate of rent to continue to occupy the property. However, there are risks involved which is why it's important to get good advice. Trusts can also be used for estate planning and provide considerable tax benefits.



### HOW WE CAN HELP

Providing for your loved ones after you die is an important issue and so we have partnered with financial advisers, Charles Derby, to ensure that you can plan efficiently. Charles Derby will give you advice tailored to your specific requirements, with all possible options, including costs and risks.

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## 3. PENSIONS

At retirement, time becomes your own. No more deadlines, no more office politics, just lots of time to do what you please. But before this dream becomes a reality you need to plan well and plan early.

Pension rules introduced in 2015 gave pension savers unprecedented access to their funds. If you are aged 55 and over, you're now able to draw your pension however and whenever you choose - take it all at once, or in stages, or keep it invested.

### PENSION SCHEME

If you're 55 or over and have a defined contribution (otherwise known as a money purchase) pension plan you will be able to:

- Use your pension to buy an annuity – which will provide you with a guaranteed income for life
- Take the whole lot as a cash lump sum
- Keep your money invested, and withdraw sums whenever you want.

Whether you take your money in one go or in stages, 25% of your pension fund withdrawn will be tax-free, the rest will be taxed at your marginal tax rate or possibly 0% if your total annual income falls within your personal allowance. The tax treatment of your pension fund depends on your circumstances and may be subject to change in the future.



### PENSION TREATMENT ON DEATH

If you die before the age of 75, you can now pass on your unused pension as a lump sum to any beneficiary completely free of tax, without it affecting their normal rate of income tax.

If you die after age 75, you can pass on any unused pension to your beneficiary either as a lump sum or as income taxed at their marginal rate, without it affecting their normal rate of income tax.

### HOW WE CAN HELP

We've partnered with financial advisers, Charles Derby, who can help you decide what you want to achieve from your pension and when you'd like it to begin. They will help you work towards a realistic, affordable and flexible strategy, and crucially, review it on a regular basis. The value of your pension can go down as well as up and you may get back less than you paid in.

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## 4. PLANNING FOR LONG-TERM CARE

Many of us will have to face the challenge of ourselves or a loved one needing care, whether at home or in a residential care home. We can help to reduce your funding worries by careful planning.

### WHAT KIND OF CARE DO I NEED AND HOW MUCH WILL IT COST?

Firstly you'll need to consider your eligibility for any State funding. Currently only those with assets of £23,250\* or less are entitled to State support, but this doesn't cover the whole cost of their care.

If there's no eligibility for this, you'll be known as a 'self-funder'. The difference between the cost of care and the income of the self-funder is referred to as 'the shortfall'.

Our partners will be able to advise on how you can fund the shortfall, ensure your care needs can be met for as long as needed, and how you can preserve as much of your assets as possible.

It's also important to remember that you or a family member may require more care in the future.

\*£23,250 in England and Northern Ireland, £27,250 in Scotland and £24,000 (care at home) and £40,000 (care at a care home) in Wales. Savings thresholds are for 2018/19.



### HOW DO I PAY FOR CARE?

Funding your care presents the biggest challenge of all. Essentially the problem can be approached in a number of ways with:

- Benefits
- Investments
- Pension
- Property
- A long term care annuity.

### HOW WE CAN HELP

We've partnered with financial advisers, Charles Derby, to help you find the most suitable way to meet the costs of care. Charles Derby will give you advice tailored to your specific requirements, and help you make the best provision for your own long-term care.

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## 5. EQUITY RELEASE

Equity release is a way of unlocking some of the cash tied up in your property so you can enjoy life to the full in your retirement years. If you're aged between 55 and 95, and own a home worth at least £70,000, you may be eligible for equity release.

A lifetime mortgage is a form of equity release that is a loan secured against your property. In recent years plans have evolved, becoming increasingly flexible with a wide array of options to suit different retirement planning needs. There are two types of lifetime mortgage: lump sum or drawdown.

- A lump sum lifetime mortgage can provide you with a tax-free cash lump sum to spend as you wish, with typically no monthly repayments to meet as the loan plus roll-up interest is repaid when the plan comes to an end.
- A drawdown lifetime mortgage lets you take cash from your home as and when you like – following an initial lump sum.

### WHAT ARE THE BENEFITS OF A LIFETIME MORTGAGE?

- Receive a tax-free cash lump sum or smaller instalments as and when you need them
- Typically no monthly repayments, however you can choose to service the roll-up interest or make repayments. You can spend the money however you like.

A lifetime mortgage can provide an income as well as pay off debts, fund home improvements, enable you to take a dream holiday, help family members or pay for private medical treatment. It can also be used as a funding option for people who wish to receive care in their own home, subject to lending criteria.

### IMPORTANT THINGS TO CONSIDER

The loan will reduce the value of your estate which may affect your tax position and entitlement to means-tested State benefits.

Compound interest on a lifetime mortgage adds up, and the amount you owe can grow quite quickly which is why independent advice is vital.

### HOW WE CAN HELP

We've partnered with the UK's leading independent equity release specialist, Key. They will research the entire market to find the best plan for your circumstances. If they don't think equity release is actually the best option for you, they'll tell you.

You should always think carefully before securing a loan against your property.

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## 6. PROPERTY SALES MANAGEMENT FOR THE RETIRED

Many of us at some point will have to face the reality of our elderly loved ones moving into care. Leaving the family home is a tough decision - and it's often followed by a series of difficult choices and challenges.

### HOW CAN I MANAGE THE SALE OF MY PARENTS' HOME?

When life at home becomes difficult, there are various possibilities to consider. Selling up is often an inevitable factor of the transition into residential care. If you're living a long way from an elderly relative, this can be very difficult to manage at an emotional time. We want to ease your logistical worries and provide extra support. Through our trusted partner, we're able to help with the following services:

- Selecting and managing estate agents and making sure the property is marketed at the right price
- Arranging an Energy Performance Certificate (EPC)
- Negotiating with buyers and helping you decide which offer to accept
- Appointing solicitors and making sure they don't delay the sale
- Sensitively dealing with possessions
- Providing a vacant property service, so leaving a home empty isn't a problem
- Arranging quotes for any remedial or repair work.



### HOW WE CAN HELP

We're committed to making this time as easy as possible and we can do this with the help of our trusted partner, Bridgefast Property Services. Their expert team can facilitate a smooth and stress-free move and property sale. A dedicated personal adviser will work in partnership with you to co-ordinate the entire process.

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## 7. PROBATE AND ESTATE MANAGEMENT

There are many different aspects to deal with when a loved one dies. At this difficult time, we would like to offer our support by providing access to experts who can help you through the probate and estate administration process. Dealing with paperwork and asset distribution may well be the last thing you feel like doing at a time of great distress.

### WHAT'S INVOLVED IN ESTATE ADMINISTRATION?

When a person dies, someone has to deal with their affairs. This is either an executor named in the Will or the next of kin if there's no valid Will in place. This whole process is called 'estate administration' and may involve having to apply for a 'Grant of Probate' - a legal document from the Probate Registry to prove you have authority to deal with the estate.

Some common issues that you may have to deal with include:

- A Will that isn't valid or can't be found
- Tracing beneficiaries who might have gone missing
- Collating information on, and valuing, all assets and liabilities
- Dealing with the legal and tax paperwork
- Managing the sale of a property
- Dealing with foreign assets such as a holiday home or shares traded on overseas stock exchanges
- Distributing the estate to beneficiaries.

### HOW WE CAN HELP

We've partnered with specialists, Wellers Law Group, who have many years' experience in settling the sometimes complex process of estate administration. Wellers are committed to adding real value, in addressing your legal needs and finding better, more practical answers for you.



CONTACT OUR FRIENDLY AND HELPFUL  
LATER LIFE PLANNING TEAM.

**03330 140143\***

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\*calls may be monitored and recorded. Call charges will vary.

This leaflet can be provided in alternative formats on request.



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