

## How much does estate administration cost and do I need the help of a lawyer?

The personal representative (the executor of the will or the administrator where there is no will) is responsible for administering the estate correctly and complying with all legal requirements.

You may be able to do this yourself, without legal help, but the task can be an onerous one, and our lawyers have lots of experience to assist you. Some people find it an overwhelming task, perhaps depending on their experience or time commitments, and ask us to deal with the full process for them. Others need some help and advice or for us to deal only with obtaining the grant of representation for them and they can then complete the administration of the estate.

A grant of representation covers the term “grant of probate” where there is a valid Will and “letters of administration” where there is no will. It is a legal document issued by the court which gives the executor (or administrator) the authority to deal with the assets of someone who has died. If an estate is of modest value and there are a small number of assets and beneficiaries, or all the assets are in joint names, a grant of representation may not be needed.

The scenarios in which you are most likely to need legal help are if:

- The value of the estate is over the inheritance tax threshold, currently £325,000, and there may be inheritance tax due
- The estate includes a property which is left to children or grandchildren and a claim for the residence nil rate band needs to be made
- There is a will but it is complicated or it is a complicated estate to administer
- There are doubts about the validity of the will
- There is no will
- There are dependents who were deliberately left out of the will, or who would not inherit where there is no will and they may want to make a claim on the estate
- The estate has complex arrangements, such as assets held in trust or includes a foreign property or foreign assets
- The estate may be bankrupt or insolvent
- There may be disputes between the beneficiaries on the division of assets
- There is more than one property in the estate
- The estate is still earning a regular income where there are complicated taxes due
- The estate includes a large number of shareholdings or other similar investments
- The deceased resided outside of the UK.

The work that we can do for you normally falls within one of three categories.

### **1. Full Administration**

We will handle the full process of the administration for you from applying for the grant of representation to distributing the estate. This would normally include:

- Initial appointment(s) to obtain information about the family and the estate. This would include details of assets and liabilities and details of relatives and other beneficiaries

- Obtaining valuations of the assets and liabilities and preparing a schedule of them. If tax is payable, a professional valuation may be needed
- Arranging the payment of funeral expenses
- Preparing HM Revenue and Customs returns or full inheritance tax account, depending on the nature and value of the estate. Preparing a legal statement of truth for the court
- Calculating and arranging for the payment of any Inheritance tax due on the estate. We will advise on the inheritance tax reliefs available to the estate to minimise the tax payable
- Applying to the Probate Registry (Court) for the grant of representation.
- Preparing the forms to close accounts and sell or transfer shares, investments and other assets
- On receipt of the grant of representation, registering it with the asset holders (banks etc.) and dealing with the closure of accounts and sale or transfer of investments
- Settling the liabilities of the estate
- Dealing with the transfer and payment of gifts in the will
- Completing income tax affairs to the date of death.
- Settling any tax liabilities, such as income tax and capital gains tax, which arise in the administration period. These may occur on the disposal of assets. We can also advise on the mitigation of such taxes.
- Placing statutory notices in the London Gazette and local newspaper to protect against claims, if appropriate
- Preparing estate accounts, detailing all the assets and liabilities of the estate
- Distributing the estate and advising on the steps to take to protect against claims on the estate.

## **Our Charges**

Our charges are calculated by reference to the gross value of an estate ('the estate value').

VAT is at 20%.

Where the value of an estate is less than £2,000,000, (but please note below regarding estates with a value below £500,000) our fees are:

- 1.75% plus VAT up to £500,000
- 1.25% plus VAT on the next £500,000
- 0.75% plus VAT on the estate value over £1m

For example, if the estate value is £1.5m our fee would be £18,750 plus VAT.

Further, where we act as executors in the administration of an estate we charge an additional 0.75% plus VAT of the estate value. This is to recognise the additional risk and responsibility we take on.

For estate values above £2m we will agree a fixed fee with you taking into account the work, complexity, and the value involved.

Where the estate value is below £500,000, we will provide you with two options as follows:

- Our charges will be based on the time spent at our hourly rates, which range from £230 to £350 per hour plus VAT. We will provide you with an estimate of our fees once we have details of the estate. Please note, this will be an estimate and our actual fee will be based on the time spent which may be higher or lower than the estimate.
- We will agree a fixed fee with you which provides more certainty provided no unforeseen complications arise and provided correspondence does not become protracted in which case we may need to discuss a possible increase in our fixed fee with you.

**Small estate value example:** estate value of below £250,000 including a property interest and accounts with two or three banks or building societies and National Savings and investments premium bonds, where there is a will with one to five beneficiaries – our charges are likely to range from £4,500 to £6,000 plus VAT.

The exact cost will depend on the individual circumstances of the matter, such as the complexity of the estate and the nature of the will. For example, if there is one beneficiary and no property interest the cost will be at the lower end of the range. If there are several beneficiaries, a property interest and several bank accounts, costs are likely to be at the higher end of the range.

Where work is conducted outside the normal tasks identified above, unless otherwise agreed, our fee for this will be based on the time spent at our hourly rates, which range from £230 to £350 per hour plus VAT.

We will normally raise an interim account shortly after we receive the grant of representation and a final account upon completion of the administration of the estate. Our charges and disbursements (expenses) are settled from estate funds and are not payable by the executor personally.

Please note, dealing with the sale or transfer of any property interest in an estate is not included as part of our estate administration fees.

We are regulated by the Solicitors Regulation Authority and by law our costs must be “fair and reasonable...having regard to all the circumstances of the case”.

## **Expenses**

The disbursements, which are costs related to the estate that are payable to third parties, such as court fees, are as follows:

Estimated costs:

- Court application fee £300 (plus £16 for each official copy of the grant of representation)
- Will Search fee £114 plus VAT
- Bankruptcy searches £6 plus VAT (per legatee/beneficiary)
- Statutory notices £160 plus VAT

If the following are required/relevant:

- self-assessment income tax returns
- registration of an estate with HMRC
- capital gains tax is applicable
- or any other tax issues over and above those usually expected in the administration of an estate.

We may instruct our in-house tax adviser to complete these as we find this is often more cost effective. Such costs will be additional to our costs quoted above and will be discussed with you if applicable.

If there is a property in the estate, there will be Land Registry fees of £7.00 plus VAT per property and if tax is payable on the estate, there may be surveyor's valuation fees.

If the estate consists of any shareholdings there could be additional costs for dealing with the sale or transfer of those and indemnity costs if share certificates cannot be found.

## Ancillary Services

Throughout the administration of the estate, there may be instances where it is appropriate to instruct third party specialists to assist in areas outside the remit of our legal expertise. These services include, but are not limited to, the following:

- Free Family Tree Checks
- Free Administrator Checks
- Missing Beneficiary Searches
- Free Certificates
- Free Address Checks
- Overseas Bankruptcy Searches
- Worldwide share valuations and transfer/sale of shares.

Where appropriate, we will take up free services available. Where this is not possible, please note the following examples of disbursements which may be applicable for ancillary services:

- Overseas Bankruptcy/Civil Searches - £99 + VAT regardless of the jurisdiction
- Worldwide share valuations - £7.50 + VAT per holding
- UK share verifications - £7.50 + VAT per holding (please note, not all shares can be verified)
- UK share sale - £99 + VAT + third party brokerage fees
- UK share sale if the share certificate is missing - £150 + VAT + third party brokerage fees (please note, lost certificate fees, if applicable, are extra).

Please note that these fees may change depending upon the third party specialist instructed.

## How long does probate usually take?

The key stages for dealing with the full administration of an estate are:

1	Making initial enquiries to obtain the information necessary to apply for the grant of representation and obtaining valuations	Weeks 1-5*
2	Preparing the grant application papers, including the HM Revenue and Customs forms and accounts and legal statement	Weeks 6-7*
3	Paying inheritance tax if due.	Weeks 8-9*
4	Submitting the inheritance tax account, applying for the grant of representation and receiving the grant of representation.	Weeks 10-12 if no inheritance tax is due*
5	Collecting in the assets including closing accounts and selling or transferring investments and other assets as required	4 to 6 weeks after stage 4, or may be longer if there is a property in the estate*
6	Settling liabilities and payment of legacies	2 to 4 weeks after stage 5*
7	Preparation of estate accounts and distribution of the estate	3 to 6 weeks after stage 6*

\* Please note that these timescales cannot be guaranteed. These are based on average timescales but may be longer, especially where an estate is complex and inheritance tax is payable upon the estate.

Inheritance tax is normally paid prior to the grant application being made but if there is property in the estate, the inheritance tax can be paid in instalments over ten years or until the property is sold, if earlier. The final distribution of the estate may be delayed while inheritance tax clearance is obtained.

If the deceased received income other than from employment, pension or savings then it may be necessary to complete self-assessment returns and obtain clearance from HM Revenue and Customs. This will normally be done alongside the other aspects of the administration of the estate but the final distribution may be delayed until clearance is received.

## **2. Obtaining a grant of probate**

If you would prefer to deal with the administration yourself but would like us to handle the application for the grant of representation on your behalf, we can normally give a fixed fee quotation. In this case, you would make the initial enquiries to obtain the financial information required and we would then complete and submit the relevant HM Revenue & Customs inheritance tax return.

### **Our charges**

The following are examples of our charges where there are no other complicating factors such as foreign property, agricultural property or business interests. We will review our charges with you before proceeding.

Where there is a valid will, no inheritance tax is payable and the executors do not need to submit a full account to HM Revenue and Customs - £1,500 plus VAT. In addition, the following disbursements would be payable:

- Court application fee of £300 plus £16 for each official copy of the grant of representation.

Where there is a valid will, no inheritance tax is payable but a full inheritance tax account is required – from £2,500 plus VAT. In addition, the following disbursements are payable:

- Court application fee of £300 plus £16 for each official copy of the grant of representation.

Where there is inheritance tax payable and a full inheritance tax account is required – from £2,750 plus VAT. In addition, the following disbursements are payable:

- Court application fee of £300 plus £16 for each official copy of the grant of representation.

### **Timescales**

If a full inheritance tax account is *not* required, once we have received all information requested from you, it will normally take between two to three weeks to prepare the HM Revenue and Customs forms and legal statement of truth and between two to three months to obtain the grant of representation once the papers have been signed and returned.

If a full inheritance tax account is required, once we have received all information requested from you, as well as an inheritance tax reference number (we will apply for this on your behalf), it will normally take between three to four weeks to prepare the HM Revenue and Customs forms and legal statement of truth and, once papers have been signed and returned, a further 20 working days to receive an authorisation code from HMRC provided inheritance tax has been paid and between two to three months to obtain the grant of representation.

### 3. Obtaining a grant of representation and some additional work

If you would like us to obtain the grant of representation on your behalf and to carry out some other tasks for you but you wish to deal with the remainder of the administration of the estate yourself, then we can provide a detailed estimate of the costs once we have agreed what tasks we will complete for you. In that case our charges under (2) would apply and our charges for the additional work would be based on our hourly rates as under (1) above.

### 4. Bespoke applications

We recognise that sometimes your requirements don't fall into any of the above categories, for example, resealing a foreign grant of representation. Such cases will be quoted on an individual basis.

**Our fees do not include the payment of any taxes that are payable either on death or during the administration of the estate. These are additional to the costs quoted.**

The contents of this fact sheet are general principles and do not constitute legal advice. Every matter is different.

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