

# LEGAL ALERT

FEBRUARY 2003

## PRIVATE CAPITAL BULLETIN

### ENDURING POWERS OF ATTORNEY

What would happen if you had an accident or became too ill or infirm to look after your financial affairs?

- Who would sign your cheques and pay your bills?
- Who would manage your financial affairs?

These are questions which worry us all as we get older, particularly if we have experienced a family member with ill health and have seen the problems first hand.

One answer can be to sign an Enduring Power of Attorney. This is a fairly straightforward legal document which allows you to nominate someone else, perhaps family members, to look after things on your behalf.

Enduring Powers of Attorney can be general, allowing the attorney(s) to do anything on your behalf, or specific for a particular purpose. These very useful documents can be signed when you are still fit and well and only brought into operation when they are needed.

#### WHO CAN MAKE AN EPA?

Anyone can make an EPA as long as they understand how to do so and what it does.

#### WHO CAN BE AN ATTORNEY?

Your attorney can be almost any person or persons you choose who is willing to act for you. They must however be over 18 and must not be bankrupt when they sign the form or in the future.

If you do not want your Attorney to act immediately on your behalf the Enduring Power of Attorney can be left with your solicitor for safekeeping until the document is required either because of mental incapacity or physical incapacity. The document can be cancelled or changed at any time whilst you are still able to look after your own affairs.



If your health deteriorates so that you are no longer able to manage your own affairs, the attorney must register the document with the Public Guardianship Office to enable them to continue to use the document and this is an important safeguard against misuse. Please also be aware that it is not possible for you to consent to an arrangement after you lose mental capacity and the person who would wish to deal with your affairs would have to apply to be appointed as your Receiver which is a much more expensive and lengthy exercise.

A little time and money spent now could save you and your family a lot of worry and heartache at a later stage.

### HOW TO UPSET THE TAXMAN - SET UP YOUR OWN CHARITY

For those of a philanthropic nature what could be better than setting up your own charity? The tax advantages in setting up your own charity are wide ranging, and such advantages can be felt both during and after you're your lifetime. In addition, it is an excellent way to direct to whom the charity's money is paid, and also if your name forms part of the name of the charity, then you will be recognised and remembered both during and after your lifetime.

By making donations to your own charity via the Gift Aid scheme, if you are a higher rate income tax payer you can claim back the difference between the higher rate of 40% and the basic rate of 22% on the gross value of your donation.

Individuals are also encouraged to give shares and certain securities to charity by a tax relief introduced in April 2000. Under this relief you can claim a deduction for the gift against your income for income tax purposes. This relief is in addition to the exemption from capital gains tax already available for gifts of investments to charity.

It is also possible to relieve inheritance tax by leaving a legacy to your own charity in your Will. Alternatively, provision can be made in the Will for a discretionary trust, which could be used to benefit both your family and the charity. If your estate was over £250,000, and consequently within the Inheritance Tax bracket, such gifts or trusts would mitigate or in some cases completely negate the estate's Inheritance Tax liability.

*For expert Charity advice please contact Ros Harwood on 01904 625790.*

Rollits  
SOLICITORS

moving confidently forward

#### IN THIS ISSUE

ENDURING POWERS OF ATTORNEY

• HOW TO UPSET THE TAXMAN -  
SET UP YOUR OWN CHARITY

• LEADING PRIVATE CLIENT  
LAWYER JOINS ROLLITS

• RECOGNITION FOR PRIVATE  
CAPITAL LAWYERS

• INHERITANCE TAX PLANNING

## LEADING PRIVATE CLIENT LAWYER JOINS ROLLITS

Rollits has reinforced its commitment to delivering the best private client legal advice to clients with the senior appointment of one of the region's leading private client lawyers, Caroline Hedges.

Previously with a national firm based in Leeds, Caroline joined Rollits in January 2003 as a Partner in the Private Capital Department. Bringing with her a wealth of experience in all aspects of private client work, Caroline is recognised as an expert in her field. She advises numerous substantial trusts and wealthy families on all aspects of estate and tax planning, in addition to providing advice to a range of national and local charitable and non profit-making bodies. A committee member of the Yorkshire branch of STEP, Caroline is also a member of the Charity Law Association.



**Caroline Hedges**



## RECOGNITION FOR PRIVATE CAPITAL LAWYERS

Two surveys of the country's leading law practices have once again acknowledged Rollits as one of the top law firms in the region.



The 2002 edition of 'The UK Legal 500' this year recommends the firm for its work in 13 areas of law - corporate and commercial, commercial litigation, commercial property, employment, charities, planning, housing associations, intellectual property, licensing, health and safety, personal tax, trusts and probate, personal injury (defendant) and agriculture and estates.

For the first time in the directory the firm is acknowledged for its work in the area of personal tax, trusts and probate with the following comment: "At Rollits, partner John Lane heads a department that currently manages at least 200 private trusts, with assets totalling in excess of £200m."

And in 'Chambers Guide to the Legal Profession 2002-2003' Rollits is recognised as one of the top firms in the North East for trusts and personal tax with the quote: "Rollits is an 'up and coming' smaller player, with an old money client base."

# INHERITANCE TAX PLANNING

Rising house prices have seen the value of more and more people's estates approach a level at which they will have to consider inheritance tax planning. Inheritance tax is currently payable on death at 40% on the value of the estate above £250,000. With the help of some rudimentary tax planning, this charge to tax can be avoided. If a husband has an estate worth more than his wife, for example by solely owning the family home and having bank and building society accounts in his own name, his personal estate could be worth over £250,000. In order to avoid inheritance tax, the husband should consider transferring some of these assets to his spouse. This would mean that only a proportion of the value of the house and other assets would be taken into account in valuing the husband's estate for Inheritance Tax purposes and the wife would be able to take advantage of her nil-rate band.

Rollits Will drafting service includes rudimentary IHT planning to ensure that the best use is made of exemptions and reliefs which in most cases will lead to substantial savings in tax. Whilst we try to inform clients of changes in the law which may affect them, the onus to keep their affairs under review rests with them. Clients are encouraged to undertake such a review every 5 years or after a major change of circumstances, such as bereavement, divorce or a change in financial position.

## INFORMATION

**If you have any queries on any matters detailed in this bulletin please contact:  
John Lane or Caroline Hedges on 01904 625790**

This bulletin is for the use of clients and will be supplied to others on request. It is for general guidance only. It provides useful information in a concise form.

Action should not be taken without obtaining specific advice.

We hope you have found this bulletin useful. If, however, you do not wish to receive further mailings from us, please write to Mrs. Pat Coyle, Rollits, Wilberforce Court, High Street, Hull, HU1 1YJ.

**The law is stated as at 1 February 2003**

**Rowntree Wharf, Navigation Road, York YO1 9WE**

**Telephone: (01904) 625790**

**Wilberforce Court, High Street, Hull HU1 1YJ**

**Telephone: (01482) 323239**

**[www.rollits.com](http://www.rollits.com)**

