Rightfocus

Does your will cover Facebook, Twitter or Instagram?

Latimer Hinks advises on leaving a digital legacy

Latimer Hinks is fielding its first enquiries about leaving a digital legacy on Facebook and Twitter.

Clients are asking whether they can include instructions about social networking sites in their will.

Daniel Williams, who specialises in wills, trusts and probate at Latimer Hinks, said: "Whether we have one or not, we're all aware of the importance of leaving a will to specify who we want to leave our savings and assets like our home, jewellery or family heirlooms to.

"But it's now important to consider leaving instructions which are fitting for the 21st century."

Daniel said while many of the firm's more elderly clients aren't on social media, once individuals or couples buy a house or have children, they start making a will.

He added: "We're now seeing enquiries about digital legacies and we're expecting questions about social media to increase in 2016 as we live more of our lives online. The question is how much of an influence can you have, or do you want, on what happens to the likes of your Facebook, Twitter and Instagram accounts?

"This is all so new that the waters are still being tested legally. But if you do have concerns or particular wishes surrounding what you would like to happen to your social media accounts, then it does make sense to write those down, not as part of your will but in an addendum document to go alongside it.

"In this, you could specify who you want to act as the executor of your accounts and even whether there is a particular post you want to make as your final message to family and friends."

Daniel also suggests making a note of any email and social media accounts, along with passwords, in a document if you want your loved ones to have access to them upon your death.

Daniel Williams specialises in wills, trusts and probate at Latimer Hinks.

Facebook has recently announced a new Legacy feature, enabling account holders to nominate a friend or family member to manage their profile when they pass on.

Facebook profiles can also become memorialised once someone dies, so that friends and family can still post and share photos. Or, you could decide you simply want your Facebook page to be closed down. Twitters rules mean you can only put in a request to deactivate the account.

Daniel is also urging people to consider what happens to everything stored on the Cloud once they are no longer around.

He said: "Everyone is becoming increasingly reliant on the Cloud. We have precious family photos and videos squirreled away on various host sites, whether they are with Google or Dropbox for example. But, without passwords, your family won't have access. It's worth preserving them onto a hard drive or, at the least, making sure you note down your log-in details.

"Many people also assume that they can pass on the contents of their music or film collection, amassed over a lifetime on the likes of iTunes. But, it is surprising to lots of people to find out that they don't actually own the content. When we download digital songs, movies or books, we pay for a license to use them during our lifetime. We don't actually have the right to pass it on.

"However, social media and technology are changing at such a pace that it is still worth writing down who you would like these assets to pass to if thisshould change. While the legal situation still has to be tested in these sorts of cases, expressing your wishes can help your family to find material you wish them to have and to try to fulfil your wishes when you go, allowing you digital immortality if that's what you decide."

Welcome to the Latimer Hinks February 2016 edition of Rightfocus...

In this issue we lead with the importance of leaving instructions in your will to include digital legacies.

Inside we provide ten money resolutions for 2016 and also take a look at tax implications for Britain's biggest lottery winners.

On the back page Martin Williamson considers the question "Is it too expensive to downsize?

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Financial fitness: Latimer Hinks' 10 Money Resolutions for 2016

At the turn of every New Year, many of us make resolutions to get fitter, slimmer or healthier. But law experts at Latimer Hinks are urging people to make 2016 the year they get financially fit.

Latimer Hinks Director Elizabeth Armstrong *(right)* said*:* "We all go into a New Year with the best of intentions, but often our resolutions fall by the wayside because we don't keep up a diet or fitness regime. Making a financial resolution is different. Taking just a little bit of time in 2016 to plan for the future could have a beneficial impact for years to come.

THE FIRM IS URGING PEOPLE TO:

1. Make a will. Two-thirds of people in the UK don't have a will. For those people who die without leaving a valid will, their property will be shared out according to the rules of intestacy. That means if you have children, your spouse will get the first £250,000 with any personal possessions plus half of any residue. If you haven't written a will, it could lead to family arguments and bitterness following your death. When artist Pablo Picasso died without a will at the age of 91, for example, it took six years of legal battles until his heirs finally benefitted from his estate.

2. Update your will. If you have already made a will, don't forget that it needs to change when your circumstances do. Actor Heath Ledger, who died after taking a drug overdose, had made a will but failed to update it to include his daughter Matilda following her birth.

3. Succession planning. It's vital to think about and put in place mechanisms to make sure your wishes are carried out once you die or, if earlier, decide, or need, to step back from your business.

4. Tax planning. Get advice to minimise your inheritance tax and capital gains tax liabilities. After all, you want to leave as much of your hard-earned money and assets to your nearest and dearest, rather than the taxman.

5. Buy or sell at the right time. If you're thinking about making a property investment, make sure you get your timing right to cut costs. An extra 3% in stamp duty will be payable on the purchase of second properties from April 2016.

6. Power of attorney. Who makes the decisions for you when you can't decide for yourself? While no one wants to think about the worst happening, giving someone you trust the legal right to act for you through a Lasting Power of Attorney will give you peace of mind that your wishes will be carried out if the worst happens.

7. Get the right advice. If 2016 is going to be the year you start your own business, or expand an existing one, seek advice to make sure you have the structures in place to give yourself the best chance of success, whether you are a sole trader, partnership or limited company.

8. Give a cash gift. You can minimise how much your loved ones will have to pay in tax on your estate upon your death by handing them cash gifts now. You can give gifts of up to £3,000 every tax year, as well as handing out large cash sums if your children or grandchildren are getting married, without any inheritance tax being paid.

9. Think about your digital legacy. While most of us have some sort of social media account, how many of us have considered what will happen to our Twitter or Facebook pages when we're no longer around. Drafting an addendum to your will can give you the opportunity to set out your wishes, including any final messages you wish to be uploaded when the time comes.

10. Sign the Latimer Hinks petition. Latimer Hinks is campaigning to change inheritance tax rules so they are the same for those without children as those with descendants. New legislation means by 2020/21, couples will be able to leave homes worth up to £1m to children without paying Inheritance Tax.

Those without children, grandchildren or stepchildren will not benefit from the same allowances. Latimer Hinks is urging the Chancellor make these tax rules equal for everyone https://petition.parliament.uk/petitions/105736

Has the sun set on home solar panels?

The Government has cut the amount the state will pay you for generating solar energy by 64%, meaning it could take an average of over 20 years to recover the cost of installing panels.

However, the chance to generate their own energy and save on bills mean it's still worth considering for many homeowners.

Presenteeism could cost the UK economy more than sickness absence

Employees taking sickness absence is actually far less damaging to the economy than people dragging themselves into work when unwell, argues a leading workplace psychologist.

Sir Cary Cooper, professor of organisational psychology and health at the University of Manchester's Business School, has argued that 'presenteeism', or people struggling into work when unwell, is worse for business than if they stay at home to take care of themselves.

Speaking at the Chartered Institute of Personnel Development conference, Professor Cooper warned that "employees coming in and doing nothing is more dangerous for the UK economy than absenteeism."

Presenteeism, along with a growing trend for people to take annual leave simply to catch up on backlogs of work, seem to be more common in workplaces where long hours are the norm – and could be bad for employee health and productivity. For example, a survey from health insurer Simplyhealth found that employers who reported increasing levels of presenteeism were twice as likely to report an increase in stress-related absences than employers who hadn't.

The tax implications for Britain's biggest Lottery winners

Instant multi-millionaires David and Carol Martin have won more money than most of us can possibly imagine after scooping the country's biggest ever lottery payout.

The couple, from the Scottish Borders, have described the win as "life-changing" and talked about how they will use their new-found riches to help family, friends and their community.

But, with great amounts of money come great complications, to paraphrase Spiderman. Unused to handling such mammoth amounts of cash, it's likely the Martins, who have earned a modest amount in their careers, working for a housing association and a chemist, will feel bewildered about the implications of having £33m in the bank.

So without in any way wanting to be a killjoy just what should they consider when it comes to paying tax, to giving lump sums to their nearest and dearest and to updating their wills - assuming that they have them?

Well, first of all, HM Revenue & Customs doesn't regard lottery winnings as income, so the couple's prize is tax free. But, there will certainly be tax ramifications once they've banked their winnings.

The money will then form part of David and Carol's estate, meaning they will be liable for 40% inheritance tax (IHT), given that it will significantly take the value of their estate above the current tax threshold of £325,000 each - £650,000 in total.

Even the rules announced by Chancellor George Osborne in his summer budget will not help them unless the estates are on death radically reduced.

The family of another lottery winner faced a huge tax bill when he died shortly after scooping £3.5m.

D-Day veteran Bob Bradley won the jackpot on his 83rd birthday, making him the third oldest winner in the UK, but died soon after the win after returning from a family holiday.

He had already showered his family with gifts, buying £70,000 cars, an eight-berth motor home and ploughing cash into a family hairdressing business.

But, because Bob died less than seven years after making the gifts, the gifts would have been liable for inheritance tax.

While David and Carol are also clearly generous and plan to help their family and friends, gifting millions will help save them from paying IHT, if they survive seven years from the date of the gifts.

Gifts of £3,000 per donor can be made each tax year.

But the Lottery's latest winners will be looking to hand over much more than that. Should the worst happen and they die within seven years of gifting cash to loved ones, tax will potentially be payable on a sliding scale.

This issue could cause problems for informal lottery syndicates in particular. David and Carol won half of the £66m jackpot and no one yet knows if the second winning lottery ticket belongs to an individual or a syndicate.

Problems can arise if the person who receives the cheque from the Lottery to then share with other syndicate members dies within seven years of the win.

The other winners may well have already spent all of their cash on yachts, designer handbags and holiday homes, but they may find themselves having to pay IHT. Anyone running a syndicate should download the official agreement from the National Lottery website to protect themselves.

David and Carol will also need to make sure they have an up-to-date will in place. Recent High Court statistics, released at the end of 2015, showed that the number of will disputes doubled from 2013 to 2014. Just imagine the kind of family feud which could ensue over £33m.

They might want to think about setting up a trust for any younger members of their family to whom they would like to pass on their cash. That way, they can stipulate how much they get and at what age, rather than hand it over in one go.

Anne Elliott, Chief Executive at Latimer Hinks.

While the pair have been married for 28 years, Lottery winning couples who aren't married or in a civil partnership might be recommended to consider tying the knot.

If either David or Carol die and leave everything to the other, there would be no IHT payable as they would benefit from the spouse exemption.

Anyone who is lucky enough to benefit from a lottery gift would be wise to take some advice before spending all of their money, or they could find some of it has to make its way back to the government.

Having said all of that, we're sure no one would be complaining about taking on the tax implications involved if they were lucky enough to be a recipient of David and Carol's generosity. Even with 40% inheritance tax they/their friends and family still get to keep 60%.

Banks to give savers clearer info about interest rates

New regulations, coming into play from December 2016, will force banks to be upfront about the interest rates attached to easy access savings accounts – and make it quicker and easier for consumers to switch.

The regulations announced by the Financial Conduct Authority (FCA) aim to introduce more competition into the market for easy access savings accounts by making sure consumers have clearer information about interest rates.

Currently, many consumers can be surprised at how little they earn through interest, with some accounts paying as little as 0.01%.

From 1 December, banks must:

- Be upfront about account information at the point of sale – key information should be pulled out in a product summary box.
- Clearly display interest rates in rate-related customer communications – firms must prominently show interest rates alongside account balance information.
- Make it easier for consumers to switch – the FCA states that banks must offer a "prompt and efficient" service to enable consumers to move to better accounts.

These new regulations do not apply to fixed savings accounts or fixed term ISAs.

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Is it too expensive to downsize?

Those of a certain age are often given short shrift when it comes to their part in the housing market. Blamed for the property equivalent of hospital bed blocking, they're said to be unwilling to move from large homes to allow growing families to move in, thus paving the way for first-time buyers at the bottom of the ladder.

But, the reality is often very different. Several retirees have spoken out recently about the issues they face trying to buy a smaller property.

The problem is, even if a property is larger than a couple or individual would like, buying a smaller home can often be more expensive than the price they are able to command for their existing house. After all, a home doesn't just have to have fewer bedrooms to be manageable for an older person, there are often other requirements too.

It may be that they have become too infirm to manage stairs, so need a single-storey home. A quick search for property in Darlington, reveals that the cheapest two-bedroom bungalow is £115,000 while the cheapest four-bedroom house is £75,000. In Durham, the picture is the same. The lowest priced bungalow is £170,000 while four-bedroom homes start from £155,000.

Martin Williamson, Head of Residential Property.

Factor in other needs such as a requirement to be close to shops because someone isn't able to drive anymore, or the desire to relocate to be closer to adult children and grandchildren, who live near centres of employment, and it's easy to see why downsizing isn't always a viable financial option. On top of the price of the property are other costs such as estate agents fees, renovations and stamp duty.

It's also increasingly unlikely as you age that you will be able to get a mortgage and many people would not want to take out one as they reach or go further into retirement. There is also, of course, the emotional aspect to take into account. It can be understandably hard to sell a home where you've brought up a family and made happy memories there.

Despite all of that, older home owners have come under fire by politicians, market regulators and prospective first-time buyers for cutting off the supply chain of family homes coming onto the market.

Recent research found that there were more than three million over 55s who would be willing to downsize. But many of them are unlikely to be able to do so unless it becomes easier for retirees to fund a move.

Mortgage experts at the Financial Conduct Authority have already called for older home owners to be given more encouragement to move out of homes which have outgrown them. They urged ministers not just to concentrate on first-time buyers with their policies, but to look at the top end of the market too.

The Royal Institute of Chartered Surveyors has also called for better incentives to help homeowners move into specialist retirement or smaller properties.

If those calls are heeded, we may see schemes in future years such as those already launched for first-time buyers which will assist existing home owners who want to downsize as they reach retirement.

For further information: visit www.latimerhinks.co.uk or call 01325 341500.

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