

## **PROBATE & ESTATE ADMINISTRATION**

### **Our Legal fees can range from between £3,000 to £20,000 Plus VAT**

The estimates given below are based on a number of assumptions, and if any one of these turns out not to be the case, then additional time will have to be spent and therefore the costs will escalate, as charges are based on time spent.

1. There is a valid will and no missing beneficiaries – so no costs as regards tracing the family tree to establish beneficiaries under the Rules of Intestacy.
2. There are no family disputes, no allegations of undue influence or similar.
3. There are no disputes between executors.
4. There is not more than one property.
5. There are clearly identified assets, such as bank accounts and shareholdings.
6. There are no more than 4 beneficiaries and no beneficiaries lack capacity.
7. There are no trusts in the Will.

A straightforward probate, with no inheritance tax to pay, which meets the above would be around £3,000+VAT. The sale of the property will be dealt with by the property department, and they will provide a fixed fee for this work.

A more complex estate, with inheritance tax to pay and therefore a full return to HMRC will require much more work. If the estate has a portfolio of shares, a number of bank accounts, an off-shore trust (in the Isle of Man for example), then even if all the assumptions referred to above are correct, the cost is likely to be between £8,000 and £15,000 plus VAT. Again, property sales will be handled by the property department and billed separately. There will be additional costs if the shares are to be sold or transferred, as these are dealt with by a share dealing company and there are fixed prices provided for this work up front, calculated on the number of companies as well as the number of shares.

If foreign grants are needed there will be an additional cost for the lawyers dealing with the probate in the jurisdiction.

If additional tax advice is required or a Deed of Variation is appropriate, then this will be charged out at the rate of £300 per hour, in addition to the costs referred to above.

### **Administering an estate when someone dies can be a daunting task.**

There may be a variety of assets to deal with, for example, business assets, real estate or foreign property. There may also be inheritance tax to pay and potentially HMRC enquiries to address.

If you are appointed as an executor of an estate, then we can assist with the administration process from start to finish. We have a depth of experience and knowledge in dealing with estates, particularly those of a complex nature, with sensitivity and professionalism to help you through this difficult time.

We also have expertise in dealing with estates where an individual dies domiciled outside the UK but lives or owns assets in the UK, and so we are used to working closely with lawyers and other professionals in overseas jurisdictions. We can advise on the administration of the UK estate in

accordance with the correct governing law and ensure that all UK tax and compliance issues are dealt with.

### **Key stages of the work**

We deal with a range of different estates. However, we would typically expect the scope of our work to involve some or all of (but not limited to) the following:

- Preliminary research concerning the background to the estate and discussions, including considering the terms of the Will if there is one.
- Holding an initial meeting with the Personal Representatives.
- Considering scope of work following the initial meeting and preparing a fee estimate and an engagement letter.
- Drafting a Deed of Renunciation, if required.
- Considering the availability of Inheritance Tax ("IHT") reliefs, for example Business Relief in relation to any business assets.
- Arranging Trustee Act Notices.
- Writing to institutions for the date of death valuations of bank accounts, investments and any other assets and liaising with valuer regarding valuation of any personal items.
- Reviewing the deceased's bank statements to assess lifetime gifts.
- Liaising with the Executors in relation to the date of death value of the properties and organising (if appropriate).
- Preparing a schedule of assets and liabilities for the estate.
- Preparing the IHT account, Executors' Oath/Statement of Truth and IHT calculations.
- Submitting the IHT account to HM Revenue & Customs, arranging the initial payment of IHT and submitting the probate application.
- General advice about the probate process and assistance up to obtaining the Grant of Probate.
- Preparing initial draft of estate accounts
- Meeting with client to discuss sale/encashment/transfer of assets
- Preparing letters of authority, encashment forms, stock transfer forms and liaising with asset holders as appropriate
- Collecting in proceeds of sale/encashment and settling outstanding liabilities and IHT
- Paying legacies
- Corresponding with HMRC as appropriate
- Liaising with Executors and correspondence with residuary beneficiaries regarding distributions as appropriate, including bankruptcy checks etc.
- Depending on nature of estate considering any foreign property/law/tax issues post grant

- Liaising with accountants to complete deceased's lifetime tax affairs and administration period tax affairs
- Obtaining IHT clearance from HMRC
- Finalising the estate accounts
- Arranging the final distributions to the beneficiaries
- Day to day telephone calls and correspondence with executors.
- Updating Executors/beneficiaries on regular basis as agreed.

### **Exclusions**

We would not ordinarily deal with the following tasks (which we would typically outsource):

- Administration period income tax and capital gains tax compliance.
- Sale of shares – we would normally instruct a broker to deal with this on your behalf.

We are able to provide expert advice in relation to post-death tax planning, including deeds of variation, but this would be in addition to the services we provide in dealing with the administration of an estate.

### **Cost Options**

#### **Hourly Rates**

We use our comprehensive costing matrix to provide a cost estimate for dealing with the work required to deal with the administration of the estate from start to finish when you initially instruct us. However, we cannot rule out the possibility of our fees being more than this estimate. Consequently, any estimate provided is for guidance only and is not a guaranteed cap or quote to which we are committed.

Our hourly rates for the members of the team range from £190 (probate executive) to £300.00 (Director). **These rates are exclusive of VAT at 20%.**

#### **Fixed Fee**

A fixed fee provides a measure of budgetary predictability and certainty within the scope, assumptions and exclusions that will be set out in our engagement letter. Most of the fee risk sits with us. If there is a cost overrun, that arises from something within the scope assumptions and exclusions, we will absorb the additional cost and will not pass it on to our client.

This option does not completely remove all of the cost risk from the client. If there was a departure from the scope, assumptions and exclusions for any reason, it is likely that our fee will need to be adjusted upwards to cover the extra time incurred. However, we will discuss this as soon as we become aware of the possibility.

#### **Other pricing options**

Experience tells us that the administration of an estate tends to run very efficiently when we are asked to deal with it from start to finish. However, we are conscious that some clients like to undertake certain tasks themselves and we work with clients to accommodate this. Consequently, we are able to offer alternative pricing arrangements depending upon the extent to which the client wants us to be involved.

## **Illustrative costs estimate**

The variety of estates that we deal with means that it is very difficult to provide a generic estimate of our costs in dealing with the administration as each estate is different.

However, if we were asked to provide a cost indication using our costing matrix in the case of an uncontested estate with the Executors, beneficiaries and assets located in the UK, a typical fee range for dealing with this type of estate from start to finish could be from between £3,000 to £20,000.00 plus VAT and disbursements (payments made to 3rd parties on your behalf), depending on the extent of the assets in the estate, the number of beneficiaries to correspond with and the extent to which we would need to liaise with HMRC (and any other complications that may arise that were not apparent at the outset).

We must emphasise that this costs indication is for illustrative purposes only and we would need a significant amount of background information about an estate before we would be able to provide a reliable range of costs.

Usually, there will be disbursements to pay in addition to professional costs and these could include:

- Probate fees of £273 (currently 2024)
- Trustee Act Notices (advertising for creditors) approximately £150 to £401.00
- Bankruptcy searches (in relation to beneficiaries) approximately £2 per beneficiary
- Bank transfer fee (approximately £60 inc VAT)

## **How long may your matter take?**

How long an estate administration may take will depend on many factors as outlined above. However, for illustration purposes only using the example provided above, the time taken may be from 9-12 months, but this is very much dependent on how long HMRC and the Probate Registry take on processing the various documents submitted.

Please see below the persons who may act on your matter.

## **Matters that Affect Fees**

The following are examples of what can cause fees to escalate:

- Missing paperwork
- Waiting for a response from the client – or any of the financial institutions – and having to send additional chasing letters. A certain amount of time is factored in but having to call a bank 5 times and write 4 letters just to get information is excessive and would need to be charged for.
- Where inheritance tax issues arise, particularly when the facts have not been made clear at the outset. A good example of this is where numerous gifts have been made by the deceased or trusts have been established and these arrangements need to be included in the Return to HMRC.

Please bear in mind that where there are a number of bank accounts and/or a variety of shareholdings, it is often necessary to order plenty of copies, as, although we do ask banks etc to return the original to us, this can take some time and so hold up the administration.

If it is necessary for overseas lawyers to be involved, then, as stated above, we will be asking for not only hourly rates or a fixed fee, but also for the court costs, whether we will need to obtain additional documents from the English Court to be used abroad, whether there will need to be translations of documents and so forth, so that we have a complete set of disbursements to show the client for their approval.

If it is necessary to courier papers to a client, that usually means there is some urgency in obtaining signatures, for example. We will do our best to let you know in advance what the courier's fees will be.

If it is necessary to instruct tracing agents, where, for example, there is no Will and so a family tree is needed for the distribution of the estate under the rules of intestacy, we would instruct Estates Research to do this for us. Before doing so, we would pass to them such information as has been made available to us by the client and ask them to provide a fixed fee for client approval.

It is not anticipated that any member of staff would be required to travel outside London, but if that were the case, the reasonable costs of travel would need to be borne by the client.

In complex estates, where one of the major assets is a property, it is usually necessary to have a red book valuation prepared by a valuer/surveyor, particularly where the property is worth in excess of £1,000,000. A copy of the valuation would be given to HMRC with the IHT400. If the client wishes to use their own expert, they can do so.

Please note that Court Fees do not carry VAT, but the majority of other disbursements do and this will be made clear in the quotes provided.

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