

Estate Administration

Basis of charging

Our team offers a wealth of experience in delivering high quality work in all matters relating to estate administration.

We offer a bespoke service tailored to your needs. Our charges are based on the time spent dealing with the matter only. We do not as a matter of course charge any percentage or value element.

The exact cost will depend on the work we are asked to do and the individual circumstances of the matter. For example, if there is one beneficiary and no property, costs will be at the lower end of the range. If there are multiple beneficiaries, several properties, foreign assets, assets qualifying for Agricultural Property Relief or Business Property Relief and multiple bank accounts, costs will be at the higher end.

We can help you through this difficult process by obtaining the grant of representation (probate). We will also undertake the collecting and distributing of assets.

In addition to our fees there will be disbursements, which are expenses related to your matter, that are payable to third parties, such as court fees. We handle the payment of the disbursements on your behalf to ensure a smooth process.

It is not possible to set out the costs involved in dealing with every possible matter that might arise during the administration of an estate. Some matters are specifically excluded from the costs information provided below. For more information about what is not included please see below under **"Potential additional costs"**.

We provide two levels of service:

1. Applying for grant of representation only

If Executors are able to commit time to dealing with the estate (i.e. obtaining probate valuations, collecting in all the assets, paying the liabilities and then distributing the estate) we can assist with the legalities of obtaining the Grant of Representation, allowing the Executors to deal with the remainder.

The fees below include advising on the terms of the Will, the executors' duties and calculating the Inheritance Tax (IHT) where appropriate.

Applying for the grant will usually involve between 15 and 20 hours work and our fees are likely to range from between £1950 and £6500 plus VAT depending on the experience and seniority of the person handling the matter.

This fee does not include preparation of Income/Capital Gains Tax Returns, collection of assets, distribution of assets or preparation of estate accounts, advice on any Trusts contained within the Will, deeds of variation, sale of property or transfer to beneficiaries, advice on the availability of reliefs including preparation of the information required or foreign assets.

In addition to our fees plus VAT, the likely disbursements/expenses include:

- Grant of Representation application court fee of £155, plus £1.50 for every copy of the grant of representation required.
- Copy Death Certificate - £11.00 for each copy.
- Bankruptcy-only search (from £2.00 per UK beneficiary/from £75.00 per foreign beneficiary)
- £250 - £300 (approximately) for Trustee Act notices which protect against unexpected claims from unknown creditors.
- Land Registry Title copy fee of £3 per title

As part of our fee we will:

- Provide you with a dedicated and experienced probate lawyer to work on your matter
- Identify the legally appointed executors or administrators and beneficiaries.
- Accurately identify the type of probate application you will require.
- Obtain the relevant documents required to make the application.
- Complete the grant of representation application and the relevant HMRC (tax) forms.
- Draft a Statement of Truth or PA1 for the Court
- Make the application to the Probate Court (HMCTS) on your behalf
- Obtain the grant of representation and securely send copies to you.

2. Dealing with the entire administration

In order to be transparent about the fees involved in probate work given the varied nature of each estate, we have provided examples of what are fees might typically be in two different types of case. These are indicative only based on these examples.

At the point of obtaining the Grant of Representation, we will review the matter and provide a further costs estimate at that time. This will be based on the time estimated to be spent on the remainder of the estate administration. We attempt to provide a cost estimate range at the outset but this is based entirely on information that we have at that time, which can change during the course of the administration.

2.1. Straightforward estate with no tax to pay.

Let us take a widow ("W") leaving her estate to her two children, and they are appointed as executors of her Will. The Will is a valid Will, and there are no disputes between the beneficiaries and no claims against the estate. W's husband died leaving all his estate to W outright and he did not use any of his inheritance tax allowance.

Her estate comprises her house and modest investments, but in total it comes to more than her nil rate band of £325,000 but less than £650,000. We will assume W has not made any significant lifetime gifts which would affect her estate's liability for inheritance tax, and there is therefore no inheritance tax to pay as the estate is covered by W's own inheritance tax 'nil rate band' allowance and the transferable nil rate band which can be claimed from W's late husband's estate (totalling £650,000) (again assuming he made no gifts in the seven year prior to his death).

In this case it will be necessary to apply for a grant of probate due to the assets involved and the values. The grant is the official certificate granted by the Probate Registry which entitles the executors

to deal with the deceased's assets. It will also be necessary for the executors to complete a short form Inheritance Tax Return of Estate Information to HMRC (an IHT205 and supplementary form to claim W's late husband's unused inheritance tax allowance). This is a more simple form compared to the full Inheritance Tax Account and it provides information about the deceased's assets and is used in cases where there is no inheritance tax to pay and the estate falls within certain parameters. However, the HMRC form must be completed in order to obtain probate.

If instructed we would usually undertake the following steps:

- establish the extent of the deceased's assets and liabilities;
- make enquiries to obtain accurate valuations at the date of death;
- complete the necessary IHT205 and supplementary form;
- prepare the Statement of Truth or PA1 for signature by the executors;
- arrange for the signing/execution of the papers;
- apply for the grant of probate;
- arrange for "statutory advertisements" to be placed to protect the executors if appropriate;
- on receipt of probate, collect in or transfer the estate assets;
- prepare estate accounts;
- discharge any expenses or liabilities (including the deceased's income tax liabilities, if any);
- make interim distributions from the estate (if appropriate);
- report to HMRC concerning estate administration income and gains/losses;
- obtain clearances from HMRC (i.e. confirmation that HMRC have no further queries based on the information supplied); and
- distribute the final balances to the beneficiaries.

Please note that our fees for probate do not include any fees relating to the sale of the house.

Disbursements not included in this fee are:

- Grant of Representation application court fee of £155, plus £1.50 for every copy of the grant of representation required.
- Copy Death Certificate - £11.00 for each copy.
- Bankruptcy-only search (from £2.00 per UK beneficiary/from £75.00 per foreign beneficiary)
- £250 - £300 (approximately) for Trustee Act notices which protect against unexpected claims from unknown creditors.

- Land Registry Title copy fee of £3 per title
- If requested, same-day CHAPS direct bank transfer fee of £35 plus VAT.

Disbursements are costs related to the estate administration matter that are payable to third parties, such as court fees, which we often meet on your behalf to ensure a smoother process.

We anticipate assisting with the entire estate administration process detailed above will take between 25 and 35 hours work at £280 per hour (this rate is a typical hourly rate for a solicitor but other lawyers in the team may have different hourly rates depending on their level of experience). Whilst more senior individuals may take less time to complete a step, their hourly rate reflects their experience. Total costs based on an hourly rate of £280 are estimated at £7,000 - £10,000 (+VAT).

2.2. A more complex estate with tax to pay

The second example we have detailed is for a more complicated estate. A widower (“W”) leaves his estate half to charity and half to his two children (who are also the executors). He also leaves tax free legacies to his five grandchildren. Again we assume the Will is a valid Will, and there are no disputes between the beneficiaries and no claims against the estate. Also we have assumed that all the assets are based in the UK.

W’s wife died 5 years earlier having left her entire estate to him without making any lifetime gifts, so there is a transferable inheritance tax ‘nil rate band’ allowance to consider and also the application of the residence nil rate band. Inheritance tax is complicated in this situation as part of the estate is exempt from inheritance tax and the reduced rate of inheritance tax is payable because more than 10% of the net estate is passing to charity.

W’s assets at death are a house worth £1.5 million, and cash and investments of say £800,000 including a portfolio of stocks and shares with a stockbroker. There are some small debts.

In this case it will be necessary to complete the more detailed HMRC Inheritance Tax Account (IHT400 and supplementary schedules) and pay the necessary amount of the inheritance tax due before being able to apply for probate.

If instructed we would usually undertake the following steps:

- establish the extent of the deceased’s assets and liabilities,
- make enquiries to obtain accurate valuations at the date of death;
- complete the IHT400 and relevant schedules;
- obtain an IHT reference from HMRC;
- prepare the statement of truth or oath for signature by the executors;
- arrange for the signing/execution of the papers;
- arrange initial payment of inheritance tax and obtain formal stamped receipt from HMRC;

- apply for the grant of probate once stamped receipt received from HMRC;
- arrange for “statutory advertisements” to be placed to protect the executors if appropriate;
- on receipt of probate, collect in or transfer the estate assets;
- prepare estate accounts;
- make interim distributions from the estate (if appropriate);
- discharge any expenses or liabilities (including the deceased’s income tax liabilities, if any);
- pay further IHT due and seek clearance from HMRC;
- report to HMRC concerning estate administration income and gains/losses; and
- distribute the final balances to the beneficiaries.

Please note that our fees for probate do not include any fees relating to the sale of the house.

Disbursements not included in this fee:

- Grant of Representation application court fee of £155, plus £1.50 for every copy of the grant of representation required.
- Copy Death Certificate - £11.00 for each copy.
- Bankruptcy-only search (from £2.00 per UK beneficiary/from £75.00 per foreign beneficiary)
- £250 - £300 (approximately) for Trustee Act notices which protect against unexpected claims from unknown creditors.
- Land Registry Title copy fee of £3 per title
- If requested, same-day CHAPS direct bank transfer fee of £35 plus VAT.

We anticipate assisting with the entire estate administration process detailed above will take between 85 and 100 hours work at £280 per hour (this rate is a typical hourly rate for a solicitor but other lawyers in the team may have different hourly rates depending on their level of experience). Whilst more senior individuals may take less time to complete a step, their hourly rate reflects their experience. Total costs based on an hourly rate of £280 estimated at £25,000 - £30,000 (+VAT).

Other common factors which will make an estate complex include:

- High values.
- Multitude of assets.
- Foreign assets.
- Business or agricultural assets.
- A large number of beneficiaries under a Will.

- Extensive lifetime gifts;
- Associated trusts

Potential additional costs

1. It is impossible to predict with certainty every eventuality that might arise. Having taken your instructions and having ascertained the assets and liabilities of the estate, we would endeavour to give a more accurate estimate of our likely costs. However these costs can be subject to variation in certain circumstances such as if additional assets or information arises or the scope of our work alters. We also review our rates periodically and hourly rates from time to time.
2. In addition to time spent, other factors may be taken into account. In matters concerning the administration of an estate, our professional rules allow for a "value element" to be added to the calculation of costs. This value element is calculated as a percentage of the gross value of the estate and is intended to reflect the financial and personal responsibility that may be undertaken by Moore Barlow LLP in dealing with the estate. If applicable, this would be fully discussed with you.
3. If it becomes apparent that the assets significantly exceed the initial estimate of the gross estate, or bank accounts and investments are more numerous than initially thought or there is an ongoing trust, then this will affect the timescale for completion and will need to be reflected in our costs.
4. Our estimates assume that the residuary cash and any assets available for distribution will each be shared pro rata among the residuary beneficiaries to reflect their respective shares of residue. If instead we are required to distribute in another manner or to appropriate assets or to enter into complex schemes of distribution for tax planning or other reasons then this will involve additional time and fees which we would need to discuss with you.
5. In the normal course of events the work that we will need to do should be covered by the estimated fees. However from time to time issues or problems can arise which are outside the standard probate procedures. For example, we may need to conduct detailed negotiations with HMRC over valuation matters, or we may advise you on tax mitigation issues, Deeds of Variation, or deal with disputes concerning the Will. Sometimes problems can arise in settling the deceased's income tax affairs. In these cases it is likely that additional work might be necessary or desirable, for which we would need to charge. Where this is likely to lead to an increase in estimated fees, we will discuss with you the likely cost of this additional work before taking action.
6. Unless we agree otherwise with you, our estimate for the administration of the estate does not include dealing with personal tax returns for the period up to the date of death. If the deceased filed tax returns then it will usually be necessary to settle the deceased's tax affairs to the date of his death. We will advise you during the course of administration if we will be able to deal with this for you for a separate fee or if it will be necessary to instruct accountants.

7. Please note that our estimate does not include our costs in respect of the sale or transfer of any house, flat or land forming part of the estate. A separate charge would be made for any such work, which would be carried out by a member of the firm's property department. That department will be able to supply you with an estimate for the work when appropriate or on request.
8. This estimate does not include the cost of any Deed of Variation or family arrangement we may be instructed to prepare in the course of the administration on behalf of any beneficiary. Our costs in that respect would be the responsibility of the beneficiary concerned and we will provide a separate estimate to that beneficiary.
9. This estimate does not cover any work in respect of any ongoing trust administration there might be after completion of the estate administration and a separate estimate will be provided to the trustees in due course.
10. From time to time we are instructed on particular aspects of the probate administration from other firms or executors as consultants. An example would be how to deal with the agricultural assets in an Estate, the preparation of the relevant forms to HMRC and an assessment on the availability of Agricultural Property Relief and Business Property Relief. This estimate does not cover this work.

How will long will the work take?

On average, to fully administer an estate takes between 8 to 14 months.

Typically, obtaining the Grant of Representation takes 3 - 6 months and collecting assets and preparing the estate accounts then follows, which can take between 6 - 8 weeks. Once this has been done, we can distribute the asset, which normally takes 4-6 weeks.

However, it is important to note that this depends on how complex the estate is and how quickly other parties involved deal with the matter. Complexity may arise from family dynamics, missing beneficiaries, missing assets or unclear instructions.

Disputed Estates

The information we provide above does not cover any "contentious" element to the estate, i.e. where something is disputed. A dispute may arise, for example, where someone seeks to challenge the Will or bring a claim under the Inheritance (Provision for Family and Dependents) Act 1975 or where an issue arises in relation to a particular asset in the estate. Proceedings do not have to be issued for the matter to become contentious.

In these circumstances we will provide details of the likely costs and disbursements involved in dealing with the contentious/disputed aspect and refer you to our specialist colleagues.

For further advice on the above topics, please call us on **023 8071 8000**, or alternatively email enquiries@moorebarlow.com.

Dated last reviewed: Monday, 20 April 2020. TA.