



## Financial planning conversations you need to have

Protecting your legacy and boosting your children's financial security

Discussing finances can evoke anxiety or discomfort, and this tension doesn't ease when family members are involved. Nevertheless, some parents of adult children may want to be responsible for discussing their financial future—particularly retirement and estate planning. Doing so ensures their children can provide support or fulfil their wishes as needed.

Open conversations can provide financial planning opportunities and improve your loved ones' future finances. The sooner you talk about money, the better your chances are of protecting your legacy and boosting your children's financial security.

### HOW CAN YOU MAKE FINANCIAL PLANNING CONVERSATIONS GO SMOOTHLY?

#### YOUR ESTATE

Let's begin with inheritance, which is a hugely emotive subject. While discussing who will inherit a portion of your estate after you have passed away might seem difficult, doing so could prevent future difficulties or disagreements. You can explain your plans and why you have made certain decisions.

This could also provide an opportunity to consider if your Will needs updating. For example, you might need to amend your Will to ensure your estate can benefit from the residence nil rate band, which could reduce your estate's Inheritance Tax (IHT) bill.

#### CRITICAL ILLNESS COVER

Although you'll want to avoid giving away money that you might need in the future – towards care costs, for example – you might wish to consider passing on some wealth to future generations within your lifetime. Using pensions, Trusts and life assurance are just some ways you can do this. This can be complicated, but we can work with you to give you peace of mind that you've laid the firmest foundation for your family's future.

It's possible to gift tax-efficiently during your lifetime using various allowances and exemptions. For instance, you can give away up to £3,000 per year free from IHT. Additionally, you can make small gifts of up to £250 per person per tax year. Further,

tax-free gifts, such as Potentially Exempt Transfers (PETs), become exempt from IHT if you live for at least a further seven years after making the gift.

#### POWER OF ATTORNEY

Dealing with a deterioration in mental capacity can be particularly tough on your family. If you can no longer make decisions for yourself, you'll want to ensure someone you trust is legally in this position. You can put in place a Power of Attorney, a legal document enabling you to name one or more people to look after your affairs if you lose capacity.

Without this document, an application must be made to the Court of Protection (the Sheriff Court in Scotland), which can be a complex, costly and lengthy process for your loved ones.

#### 'WHEN I'M GONE' INFORMATION

Discuss where you'll safely leave basic details of your bank accounts, savings, investments and utility providers. Compiling a list of this information is time well spent and could be invaluable to your family if you lose capacity or pass away. Talking to your family about inheritance might seem difficult, but we can help start the conversation and guide you through what may be an emotional process.

#### SUCCESSION PLANNING

Building a succession plan that suits your needs ensures you have laid the firm foundations for your family's future. It's crucial to regularly review and update this plan to adapt to any changes in your personal circumstances or legislation.

The planning process leads to understanding each family member's motivations and personal drivers. This will enable you to assess the direction of your vision and the options available to your family to create a plan for your family's future. ■

### ARE YOU READY TO MANAGE YOUR FAMILY'S FINANCIAL FUTURE?

Please contact us for more comprehensive advice on managing your family's financial future, including estate planning, lifetime gifting and setting up a Power of Attorney. We'll assist you in navigating these challenging discussions and ensuring your financial legacy is secure.

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THE VALUE OF YOUR INVESTMENTS CAN GO DOWN AS WELL AS UP, AND YOU COULD GET BACK LESS THAN YOU INVESTED.