

## PROBATE AND ESTATE ADMINISTRATION

Stan Kelly Probate Services Ltd is authorised and regulated by Chartered Institute of Legal Executives (CILEx) Regulation as a CILEx-ACCA Probate Entity, Authorisation number 3002090 to carry out non contentious probate services in England and Wales. We understand how difficult it can be to handle a deceased's legal and financial affairs, particularly at a time when you are likely to be coming to terms with the death of a loved one. We are here to help you every step of the way.

### **What is Probate:**

Grant of probate (where there is a Will) or a grant of letter of Administration (where there is no Will) is the lawful directive issued by the court to enable the executor or administrator to administer the estate in accordance with the Will or laws of intestacy.

We provide advice and assistance in connection with the whole probate process and can act as professional executors and administrators of the estate. We deal with the administration of a deceased person's estate from registering the death to negotiating any final settlements of tax with HMRC and distribution of assets.

Stan Kelly Probate Services Limited are authorised and regulated by CILEx Regulation as a CILEx-ACCA Probate Entity (3002090) to provide probate legal services. If we carry out both grant of probate/letters of administration work and estate administration work, we are authorised and regulated by CILEx Regulation for the probate work alone. The administration of estate work will be carried out by our accountancy firm, Stan Kelly & Co Ltd, which is authorised and regulated by the ACCA. You can speak to us if you need any clarification about this.

### **Insurance**

We have Professional Indemnity Insurance (PII) which covers all work that we provide. This insurance ensures that you do not lose out financially in the unlikely event we made an error or mistake in the provision of our service.

The professional indemnity insurance covers work carried out by Stan Kelly & Co Ltd and Stan Kelly Probate Services Ltd and is provided by Arch Insurance.

For details of our complaint handling procedures please [\*\*click here\*\*](#)

## **Timescales – how long will it take:**

### **1 - Grant of Probate Only**

#### **For our Obtaining the Grant of Probate services:**

We would expect the executors to provide us with all the valuations of the estate assets and liabilities, and information required in order for us to complete the application forms to obtain the Grant of Probate. We will provide a template for the information we require. We would expect to draft the papers for signing and apply for the Grant in 2-3 weeks following receipt of the information. The Grant of Probate should issue 3-4 weeks after that if a full IHT return is not required, or if a full return is required, the time to issue should be 6-8 weeks, subject to Probate Court and HMRC turnarounds.

### **1 – Full Estate Administration**

#### **For full estate administrations:**

Where we will notify companies, beneficiaries and arrange valuation of the assets and liabilities, we would expect to be able to apply in 4-10 weeks depending on the complexity of assets. The issue of the Grant would then be as detailed above, subject to making any arrangements for payment of inheritance tax required.

Once the Grant of Probate is issued, we would arrange to collect in the assets, pay any liabilities and expenses, pay any legacies and distribute the estate. This can take between 2-4 months for simple estates and can take between 6-18 months for more complex estates where delays can be encountered through agreeing the inheritance tax position, selling the property, dealing with the investments, and settling the income and capital gains tax position. A full set of estate accounts will be produced for the executor's approval at the end of the administration before final distribution which will be sent to the residuary beneficiaries when making final distributions

## **Estate Administration – Duration of the process**

### **Phases of estate administration:**

1. Gather data for the Inheritance Tax Return (IHT)
2. Advertisement for creditors (people owed by the estate)
3. Solicit funds to pay the Inheritance Tax (IHT)
4. Produce the application for a Grant on your behalf
5. Obtain the Grant of probate and assemble the assets

6. Payment of creditors and distribution of Legacies
7. Interim Distribution of Residue if possible
8. Provision of financial and tax advice to the representative and Beneficiaries
9. Reconcile and agree the IHT status
10. Estate Accounts and Tax Returns
11. Final distributions
12. Completing the administration

#### **Duration of this type of service**

1. Usually for simple matters we would aim to complete the estate administration within six to twelve months of we receiving the instruction
2. From the point we are instructed, it takes 3-4 months to obtain the Grant of probate or letter of representation.
3. Gathering and collating the assets follows, this can take a further 3 -4 months.
4. Distribution of the assets usually takes additional 3-4 months.
5. The above schedule of times are for guidance only and may vary depending on the work involved.
6. Large and/or more complex estates will take longer to conclude as there will likely be Inheritance tax issues which will require us to liaise with HM Revenue and Customs (HMRC).
7. HMRC perhaps can take up to 6 months to conclude their work on an estate, and this increases the time it will take for us to complete the estate administration.
8. Where there are one or more properties in an estate that needs selling, there might be delays if a purchaser is not found rapidly.

## Grant of Probate- facts

Stan Kelly Probate Services Ltd, CILEx-ACCA Probate Entity will provide the following services:

<b>Work to be undertaken</b>	<b>Timescales</b>
Examine the Will and executor's duties	At initial meeting – 1 week
Review of the assets and liabilities / Consider any appropriate nil rate bands, allowances and exemptions and gifts affecting the inheritance tax position / Prepare IHT400 and the Application forms /Legal Statement, calculate any tax owed, advise on timings and options for payment	2-3 weeks from when information received from executor
Arrange for inheritance tax forms and application forms and legal statement to be signed. Submit the forms and obtain receipt for payment of IHT	1-2 weeks dependent on meeting arrangements
Submit application to the Probate Court, with the tax receipt to obtain the Grant of Probate or letter of administration.	3-4 weeks after above
Issue of the Grant of Probate by the Probate Court and the requisite number of office copies to pass to executors to collect and distribute the assets of the estate	Currently 6-8 weeks from submission (would usually be 2-3 weeks)
<b>Additional Service:</b>	<b>Timescales</b>
Consider IHT loss relief claims on assets sold by executors, report any corrective figures to HMRC, deal with any HMRC queries and obtain IHT clearance	2-3 months once details provided by executors ** time-based fees apply

## Full estate administration – facts

Stan Kelly & Co Ltd Chartered Certified Accountants will provide the following services if instructed to administer the estate:

Work involved	Timescales
Review of the will and executor's duties	At initial meeting - 1 week
Prepare and submit statutory notices to claimants in the London Gazette and local press and undertake Will and asset searches for later Wills or unknown assets in the deceased's name. Review of assets and liabilities and obtain valuations	3-6 weeks depending on assets
Liaise with all beneficiaries and advise them of their entitlement	3 weeks unless later contact agreed with executor
Consider any transferable nil rate band etc.	4-6 weeks once asset details known
Prepare the relevant tax forms (IHT205 or IHT400) and provide Statement of Affairs to executor/ Calculate any tax owed, advise on timings and options for payment	5-8 weeks depending on asset information received
Arrange for signing of IHT papers and statement of truth	1-2 weeks after above
Pay any IHT due, submit the IHT form and obtain receipt from HMRC	4-6 weeks after above
Apply to the Probate court to obtain Grant of Probate and requisite number of office copies	Currently 6-8 weeks after above (would usually be 2-3 weeks)
Collect assets, pay outstanding liabilities, reimburse Executors' expenses, and pay legacies	Up to 8-10 weeks from issue of Grant
Prepare and email a beneficiary statement of affairs to the residuary beneficiaries and correspond with executors. Also contact beneficiaries regarding the transfer of assets and distribution of the estate.	Up to 8-10 weeks from issue of Grant
Consider IHT loss relief claim on assets sold by executors. Reconcile and agree figures with HMRC, deal with any HMRC queries thereof and make any additional payments including income tax and capital gains tax and obtain IHT clearance where applicable	Depending on realisation of assets timescales, e.g. sale of property

Prepare estate accounts for executor approval, pay balance to beneficiaries and prepare tax deduction certificates	2-4 weeks of administration being complete
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## HOW MUCH WILL IT COST:

Stan Kelly Probate Services Ltd offers a range of fixed fee and time-based services depending on the activities required.

### Grant of Probate Only – Fixed Fees Instances

Generally, we charge a fixed fee for this service which depends on the complexity of the estate.

Our fees start from £960 (£800 plus Vat at 20%) for an estate which will not pay inheritance tax (IHT) and will not require tax allowances to be transferred from another estate (often referred to as a transferable nil rate band application). The normal range of fees for such work range from £960 to £1,800 inclusive of Vat.

If the estate will pay IHT our fees start from £1,200 but in order to provide a fixed fee or estimate of our fees we would require information about the estate so that we may understand the work required. The normal range of fees for such work range from £1,200 to £2,400 but may exceed this, for example if matters involve assets or gifts complexities made by the deceased which require in complex reportage to HMRC.

In cases where we are instructed to obtain the Grant of Probate or letter of administration only, our involvement ends once the Grant or letter is obtained. From thereon it will be the responsibility of the executors to wholly administer the estate.

### Fixed fee services: where a full IHT return is not needed

- Obtaining a Grant of Probate (IHT205 form) - £800 plus VAT @ 20%
- Obtaining a Grant of Probate claiming a double nil rate band (IHT205 and IHT217) – £1,500 plus VAT @ 20%

### Fixed fee services: where a full IHT return is needed

- Procuring a grant of Probate where a full IHT return is due, but no tax is payable (IHT400) £1,000 to £2,000 + VAT @ 20%
- Procuring a grant of probate where a full IHT return is due, and tax is payable (IHT400) - £1,500 to £2,500 + VAT @ 20%

### Fixed fee percentage rate services

We offer our Full Probate & Estate Administration Service on a fixed fee percentage rate, whereby the total cost is a percentage of the total gross value of the assets that we deal with.

**Flat fixed fees range from 1.5% to 3.0 %.**

This is usually the ideal basis of charging as it is easy, simplified and transparent for the executors and persons involved.

### **Full estate administration – Fixed fees Illustrations**

Wherever possible, we can provide the option for this to be carried out on a fixed fee basis.

Examples where a fixed fee may not be possible include:

- i. Very complex assets, i.e. complex business assets for which the extent of our involvement cannot be assessed at the outset
- ii. Foreign assets
- iii. Complex taxation considerations
- iv. Probability of a contest to the Will or someone challenging the distribution of the estate. We may still be able to provide a fixed fee by excluding such events from the fixed fee and charging those at our hourly rate of £200 -£250 plus vat at 20%

We may still be able to provide a fixed fee by excluding such elements from the fixed fee and charging those at our hourly rates.

### **Simple Estate Example and Price Guide - Estate value £150-£250k**

Valid Will with 1-2 executors acting
Up to 1 property
Up to 2 bank/building society/liquid assets
No trusts/disputes or claims
Up to 4 pecuniary (cash) legacies
Up to 4 residuary beneficiaries
No inheritance tax to pay
HMRC shorter return (IHT205) required

**PRICE GUIDE: Full Estate Administration 1.0-2.5% – in the region of £1,500 to £6,250.**

#### **EXAMPLE 1:**

- ✓ Estate Value: £150,000
- ✓ Valid Will
- ✓ 2 beneficiaries
- ✓ 2 bank accounts

- ✓ 1 property
- ✓ No trusts / no disputes or claims
- ✓ No IHT to pay
- ✓ 2 cash legacies
- ✓ HMRC short return (IHT205)

**Total cost = £150,000 \* 1.0% = £1,500 + VAT @ 20% = Total £1,800**

**Complex Estate Example – Estate Value £500k-£1m**

Valid will with up to 4 executors
Straightforward intestacy position
Over 4 residuary beneficiaries
1 or more property
Over 4 pecuniary legacies
Multiple cash assets
Trust in the will or a connected lifetime trust
Investment portfolio/ shareholdings
Minor beneficiaries
HMRC full return (form IHT400) required
Complex estate accounts/devolution
Inheritance tax payable
Income tax returns to be completed

**Pricing indicators: Full estate administration - 1.5% - 2%**

*Property value £500,000 to £1000,000*

£7,500 + Vat = £9,000 (£500,000 \* 1.5%) to £20,000 + Vat = £24,000 (£1,000,000 \* 2%)

Sometimes it is a challenge to ascertain whether or not these issues will be applicable at the beginning of the case and they may only become clear after a quotation has been agreed and a degree of work must have commenced on your behalf.

Once we are aware of any issues that will influence or impact the level of our fees and/or disbursements (see below) payable, we will inform you and give you an indication of the likely impact.

**Matters in all Estate Administrations which may give rise to additional costs**



- No Will (Intestacy) or proving a missing or damaged Will, Registering the death, or arranging the funeral
- Large number of individual shareholdings, or managed portfolios
- Arranging property insurance and managing the utility accounts until a property is sold
- Complex inheritance tax situations, including claims for agricultural or business assets
- Missing beneficiaries
- Disputes between executors and/or beneficiaries

**Disbursements** – 3rd party costs which may be incurred during the administration.

We will handle the payment of these disbursements on your behalf to ensure a smoother process (all figures inclusive of VAT if applicable)

- ✓ Probate court fees (£273) and additional copies (£1.50 per copy)
- ✓ Will, creditors and financial asset searches £114, £124.32 and £192 respectively
- ✓ Bankruptcy searches (£2.40 for UK, £100 estimated for foreign)
- ✓ Statutory notices (£250+vat where applicable)

In addition to the above, there may also be valuation fees, estate agents commission and conveyancing costs, and any taxes payable to HMRC in the estate.

## Example of Fee estimation

An example of our fees' estimation is quoted below:

	<b>Net £</b>	<b>VAT £</b>	<b>Gross £</b>
Drafting and submitting the application to the Probate Registry by Stan Kelly Probate Services Ltd	800.00	160.00	960
Valuation and administration of the estate by Stan Kelly & Co Ltd	3,815.00	763.00	4,578.00
Disbursements (see below)	3,939.00	710.00	4,649.00
Total fees	<u>8,554.00</u>	<u>1,633.00</u>	<u>10,187.00</u>

The fees above are estimated based on the provision of information and scope of work. Should these requirements not be met we reserve the right to notify you of a revised figure or range and seek your agreement to the change.

We do expect to incur disbursements and other professional fees. Shown below are likely disbursements we incur on your behalf, and likely expenses in the course of carrying out our work for you. These will be added to our invoices where appropriate, unless agreed otherwise.

<b>Disbursements</b>	<b>Net £</b>	<b>VAT £</b>	<b>Gross £</b>
Probate Registry fee	273.00	0.00	273.00
Four official copies of the grant of probate	6.00	0.00	6.00
Notices in a local paper	100.00	20.00	120.00
Notice in the London Gazette	110.00	0.00	110.00
Fee for the valuation of the property	450.00	90.00	540.00
Fee for the sale of the property **	3000.00	600.00	3600.00
Total estimated other costs	<u>3,939.00</u>	<u>710.00</u>	<u>4,649.00</u>

\*\* min. 1% fee based on £300,000 property sale value.