



Understanding estate administration

A guide for professionals



Introduction

As a professional, you are responsible for advising your clients throughout their lifetime. This shouldn't change when they experience the death of a family member or pass away. It can be difficult to work out what to do when someone dies so your clients or their families may turn to you for advice on how to take care of the deceased's affairs (this process is also known as estate administration).

We understand that you're a busy professional that probably doesn't have the time to spend hours learning about estate administration. Therefore, we've conveniently summarised everything you need to know about estate administration in order to offer your clients and their families support when they need it the most.

This guide aims to share everything you need to know about estate administration, so you can confidently offer your clients advice when they have questions surrounding what to do when someone dies.

In this guide, we will cover:

- The difference between probate and estate administration
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Probate and estate administration

What's the difference?

Both probate and estate administration are associated with handling an individual's estate after they've died but they are defined differently and often misunderstood. When it comes to probate, it's a widely used term but there's a lot of confusion about what it means and what is included in the probate process.

On the other hand, estate administration is much less commonly known and referred to, even though the term more accurately describes the process of dealing with a deceased person's affairs.

What is probate?

Probate is a Latin term meaning to 'prove' the last Will and Testament as a valid public document.

Probate may be required when someone passes away. It is referred to as the 'Grant of Probate' in England & Wales or 'Confirmation' in Scotland. Probate is required by law when the deceased owns property (including any houses, buildings or land) or if a financial institution (such as a bank) requires a 'Grant of Probate' to release funds. If the assets were held jointly, probate will not be needed as they will automatically pass to the surviving spouse or civil partner.

The 'Grant of Probate' is officially known as the 'Grant of Representation' and must be obtained before the Executor(s) named in the Will can start to gather in the assets associated with an estate. If the deceased dies without a Will (intestate), then the deceased's next of kin can usually apply to be an Administrator of the estate.

This follows the same process as applying for probate but they will instead receive 'Letters of Administration' to prove that they have the legal right to deal with the estate.

What is involved in obtaining the Grant of Probate?



1. Completing the probate application

In England and Wales, the probate application involves completing a PA1P (if there is a Will) or a PA1A (if there is no Will). If the death was on or after 01/01/2022 and meets the criteria to make it an excepted estate, you will not need to submit an Inheritance Tax (IHT) form. Otherwise, an IHT form will also be required.

In Scotland, you'll need to submit a C1, along with other forms (C5, C5SE or IHT400) depending on the make-up of the estate. Excepted estate criteria also applies in Scotland - please see details above whether a tax return is required.



2. Submitting the application to the probate registry

After you have completed the application, you'll need to send all the details, including the death certificate, to the probate registry.

Alternatively, you can apply for probate online if you have the original Will and death certificate, and you have already reported the estate's value. You will need to send your documents by post after you submit the online application.

What is estate administration?

Estate administration is the process of dealing with a person's legal and tax affairs after they've died. This means dealing with all their assets (such as property, bank accounts, shares and personal possessions), paying debts, paying any Inheritance Tax and Income Tax and transferring inheritance to the beneficiaries of the estate. Estate administration is required after every death, whether or not there is a Will. It can often be extremely complex, time-consuming and an added stress at an already difficult time for the Executor or Administrator.

If there's no Will, it's classed as an intestate estate and the assets will be distributed in line with the rules of intestacy, rather than the family wishes. If this is the case, it's likely to make the estate administration process more complicated.

The estate administration process:



- Register the death
- Arrange the funeral



If there is a property:

- Source specialist buildings insurance
- Arrange clearance of the property
- Contact utility companies
- Obtain property valuation (if applicable)
- Obtain contents valuation (if applicable)
- Arrange postal redirection
- Maintain the property to a high standard
- Arrange to transfer the property into the name of the beneficiaries or arrange the sale of the property



- Value the assets and debts
- Recreate a family tree if needed, especially if there is no Will
- Apply for the Grant of Probate (or Confirmation in Scotland)



Complete the relevant Tax forms:

- Complete relevant Inheritance Tax forms (if required) and any subsequent forms that may be needed
- Correctly calculate any Inheritance Tax that could be payable
- Ensure the Inheritance Tax is paid within the HMRC guidelines
- Complete Income Tax work for the year of death and for the period post-death
- Review the estate for Capital Gains Tax



- Set up any Trusts that may be in a Will
- Sell or transfer shares
- Settle all debts
- Distribute funds to beneficiaries and obtain confirmation of funds received
- Produce a set of accounts to confirm the values of assets and debts as at the date of death, any income received, and the amounts paid or transferred to the beneficiaries

As you can see, the role of an Executor or Administrator comes with a great amount of responsibility and takes a significant amount of time and resource. Executors and Administrators are by no means obliged to take on the responsibility. They have a choice of whether or not to accept the role, the right to seek advice from a professional, and can even ask a professional estate administrator to manage the estate on their behalf.

What is the difference between probate and estate administration?

To conveniently sum up the difference between probate and estate administration; probate is just one part of the wider estate administration process. Probate provides the Executor or Administrator with the legal right to carry out the estate administration, including dealing with property, money and personal possessions.

The options for an Executor or Administrator

There are two main options available to an Executor or Administrator when dealing with the estate of a deceased person. They can opt to do it themselves or instruct a professional estate administration provider. There are many things to consider in both cases so we've clearly outlined the advantages and disadvantages of each of the options to make the decision easier for your clients:

1. Do-it-yourself (DIY)

With the DIY approach, there is potential for your client to save money whilst remaining in full control. This method can suit those who have the time on their hands and understand the legal jargon. However, this method has plenty of hindrances and risks.

It can be time-consuming, it requires a large amount of paperwork, your client faces the legal and financial responsibility for administering the estate correctly, expertise is required as it is not an easy task, and plenty of research is likely to be involved.

The role of an Executor or Administrator:

- An Executor or Administrator is financially and legally responsible for administering an estate
- An Executor or Administrator is also personally liable for the incorrect distribution of an estate
- It is not a role to be taken lightly
- Executors or Administrators are the only persons able to instruct a legal professional
- It is an unpaid role but you can be paid for reasonably incurred expenses

An Executor or Administrator is responsible for ensuring the following:

- Maximising the estate for those who are inheriting (known as beneficiaries)
- Identifying all assets and debts of the deceased
- If there is any Inheritance Tax to be paid, it is paid and submitted within the appropriate timeframes
- An Executor or Administrator becomes personally liable if there are any errors on the Inheritance Tax return and may face a fine for such errors or late submission
- Ensuring that the Income Tax position of the deceased is finalised, up to date of death and for the period following death until payments are made to the beneficiaries

2. Instructing a professional estate administration provider

As highlighted above, the role of Executor or Administrator can make an already difficult time even more stressful. This is often why the person responsible will turn to a professional to help them finalise the affairs of a loved one or friend.

However, there are a few things your clients should consider when appointing a professional estate administration provider:



Price

Fees can sometimes be based on hourly rates or a percentage of the estate. However, the cost may not be relative to the amount of work involved. These charging methods can mean the final bill total is unknown. Ensure your client asks for a fixed price so they're aware of the costs upfront.



Legal and financial responsibility

Generally, the legal and financial responsibility will remain with the Executor or Administrator. This is not always the case as some professionals will take the burden off their shoulders.



Service

Some professionals will complete all of the tasks involved in the estate administration process. Other professionals will only obtain the Grant of Probate (the legal document which confirms that the Executor has the authority to deal with the deceased person's assets). It's important to find out exactly what is included in the service and what is not.

Many professionals offer estate administration but when a complication arises, not all providers have the in-house capability to resolve the matters. Find out how the professional will handle your loved one's affairs.

If your clients are looking to appoint a professional, we advise that you ask them the following questions to ensure they are clear on the service they are opting for:

- Will they just be obtaining the Grant of Probate or will they complete the full estate administration?
- (If pricing is based on hourly rate or % of the estate.) Can they offer you a fixed price so you can understand exactly what you're paying?
- Is absolutely everything included in the price you've been quoted? Do you know what is included in the price? And what is not?
- Do you still keep the legal and financial responsibility that comes with the role of an Executor/Administrator?



How Kings Court Trust can help your clients

Kings Court Trust are estate administration specialists and can take care of all the steps involved in handling a loved one's affairs on behalf of the Executor or Administrator. Our unique service means that your clients can leave the challenging and time-consuming tasks to us. We will handle everything, giving your clients the time and space to reflect, remember and move on.

- ✓ We're experts in estate administration. It's all we do, all day, every day.
- ✓ We'll take the legal and financial burden off the Executor's shoulders.
- ✓ Your clients will be given a clear price upfront.
- ✓ We have in-house specialists who know how to handle intestacy, locate missing beneficiaries and deal with foreign shares.
- ✓ We'll pay inheritance quickly.
- ✓ Most importantly, we always go the extra mile for our families.

We're one of the UK's leading estate administration providers

Estate administration is all we do, and we're proud to say we do it well.

We go the extra mile for our families.

We will do everything in our power to support and empathise with the families that entrust us to take care of their estate administration. We understand that every estate and family is different so we go the extra mile to take care of absolutely everything that's involved in the estate administration process.

We'll pay your client's inheritance quickly.

We'll do everything we can to deal with the estate efficiently. We'll distribute the assets as soon as possible so your client and their family receive their inheritance quickly. Wherever possible, we will make interim payments to all the beneficiaries.

We're experts in estate administration.

Our specialist tax and legal teams have the expertise to advise on any situation. We know how to handle intestacy, locate missing beneficiaries, deal with foreign shares and reseal a Grant of Probate. We also have an abundance of experience when it comes to dealing with the DWP and HMRC.

Case study

We go the extra mile for our families; your clients

Our sole purpose is to help families move on and we're proud to be in the position to do this. We would like to share the example of Mrs C which highlights how we take the extra steps to care for our families, your clients.

When Mrs C passed away, her husband contacted Kings Court Trust and we helped Mr C understand his next steps and what needed to be done following her death. Mr C appointed Kings Court Trust to take care of everything, relieving him of the unnecessary stress at a sensitive stage of grief.

During the estate administration process, Mr C struggled to come to terms with the loss of his wife and relied on his Personal Estate Manager for support, guidance and someone to talk to. Mr C would sometimes ring his Personal Estate Manager just to reminisce on his memories of his wife, rather than for an update on the status of his wife's estate administration.

As we came to the end of the process, Mr C's Personal Estate Manager recommended support groups in his local area to help him deal with his grief. Mr C welcomed this thoughtful recommendation. As a result of the relationship our Personal Estate Manager established, Mr C sent in a letter thanking her for all her support and guidance during his difficult time.

We understand that every family is unique which is why our Personal Estate Managers each have different skillsets to handle the estate administration with the utmost care.





How Kings Court Trust can expand your business offering

We can offer your business a multitude of benefits by partnering with us. We have the tools, expertise and knowledge in place to help you effectively deliver estate administration to your clients. By including estate administration as a key part of your service offering, you are in the best position to offer your clients support and care during a difficult time. We work with businesses to develop mutually beneficial partnerships, with a common goal of providing support for your clients.

The benefits of working with Kings Court Trust

✓ Comprehensive value for money proposition

We can provide your clients with a fully comprehensive, value for money proposition with a fully transparent fee quotation at the outset.

✓ Growth

With every referred estate we administer, we will introduce the beneficiaries back to you. You will gain new clients, where typically there will be two or more beneficiaries named in a Will.

✓ Support, knowledge and expertise

We support our partners by providing multiple free marketing tools including website content, newsletter content, digital and print literature.

We also host fortnightly CPD webinars on relevant industry topics. We do all of this so you can focus on your business and your clients.

✓ Dedicated point of contact

We have a dedicated Business Development Department who are here to provide you and your business with support, guidance and answers. If you ever have any questions, all you have to do is get in touch with your dedicated point of contact.

✓ A fully holistic service

You're responsible for providing support and advice to your clients throughout their lifetime. We believe this shouldn't change when they pass away. With Kings Court Trust, you can provide a fully holistic service for your clients.

"The service has helped me reach my [business] goals because the service I offer to my clients now is one stop."

Chris Heiberg, Peace of Mind Wills Ltd.



**Find out more by contacting our
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 **Kings Court Trust**