

## Real Life Case Study 1

### A Cautionary Tale...

Lionel and Mary from Chesterfield were happily married for 43 years. They both had Wills and thought that was all they needed to do. They jointly owned their house (this is Joint Tenancy and 99% of UK homeowners do this) but sadly in 2007 Lionel passed away which meant now the house belonged 100% to Mary.

All was well until a year later when Mary's health took a turn for the worse. Her only offspring lived and worked in South Wales so she needed to go in a care home. As Mary owned the house, the local authority was able to force the sale of the property to pay for Mary's long term care.

As time went on, with care fees of around £1,450 per month, the money started to dwindle and as a result her only son was left with approx 25% of his rightful inheritance when Mary passed away at the beginning of 2012.

As a double whammy for the son, who was faced with a considerable amount of stress, his marriage collapsed and he ended up paying his ex wife in a divorce settlement 40% of the 25% he was left with.

So a £96,000 estate ended up with just £16,000 in the son's bank account!

### It could have been so different with a simple change to their Wills...

If Lionel and Mary had owned their house as "Tenants in Common", when Lionel passed away his 50% share of the property would have gone into a Family Discretionary Trust, via his Will.

Mary (who at the request of Lionel would have been first priority of the Trust), plus her son and grandchildren would have been Discretionary Beneficiaries to Lionel's Trust and Mary would have continued to live in the property (she even could have moved) as she owned the remaining 50% of the property.

However, when she went into a care home in 2008, the local authority would not have been able to force the sale of the property, as she technically only owned 50% of the property, along with the other beneficiaries (her son and grandchildren), with Lionel's Trust owning the other 50%

Also, the Trust would have protected the son in his divorce settlement from his ex wife. Any monies passed to the son from Lionel and Mary would not have formed part of the son's estate and consequently would not form part of any divorce settlement.

Do you recognise this potential situation? You can see how vital it is to make this kind of planning when both parties are of sound mind and in a state of normal health. So don't put it off... Don't take a chance... Protect your assets for your family and **DON'T** let them pass to the state!

**For more information, contact Paul Lemon from AtoZ Trust & Wills on 07517 480188.**