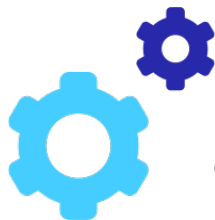


An Octopus guide



What it means to be an executor

An Octopus guide



Kings Court Trust

In association with
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Foreword

Before we start

At Octopus Investments, we're the largest provider of investments that qualify for relief from inheritance tax.¹ Our dedicated Intergenerational Planning team has helped more than 1,500 estates through the probate process when someone holding one of our investments has died.

We get a lot of questions about technicalities relating to the administration process and, as we aren't experts in this general area ourselves, we've partnered with a company that is. The information in this guide is brought to you by Kings Court Trust, one of the leading estate administration providers in the UK.

Who's this guide for?

You'll probably have received this guide from a financial adviser. It's intended to help make the estate administration process as easy as possible for advisers, their clients, their beneficiaries and their executors.

Although it's never an easy thing to talk about, the more prepared you and your family are following the death of a loved one, the better. A big part of that includes understanding the legal responsibilities that will fall to executors of an estate when the time comes.

Having these discussions now and getting to grips with what's involved will make things considerably easier at a time that will undoubtedly be very difficult.

It's important for executors to speak to the deceased's financial adviser to fully understand the planning and investments that are in place.

¹Tax Efficient Review, October 2022.

Introduction

When someone dies, there are many tasks that need to be considered and completed.

This responsibility typically falls to the executor(s) (if there's a will) or the administrator(s) (if there's no will). It can be difficult to know where to start and focus your efforts.

This guide aims to help you understand your role as an executor and how you can take care of your loved one's affairs.

In this guide, we'll cover:

What it means to be an executor

- What is an executor?
- The role of an executor
- Your responsibilities as an executor

Estate administration: taking care of your loved one's affairs

- What is estate administration?
- What is probate?
- What is involved in the probate process?
- The difference between probate and estate administration
- The tasks involved in estate administration

Your options as an executor

- Do-it-yourself (DIY)
- Instructing a professional
- Appointing a professional estate administration provider

What it means to be an executor

What is an executor?

If you've been named as an executor in someone's will, you are responsible for handling that person's affairs when they die. You are required to carry out the instructions in their will and take care of all the legal and financial affairs that need to be handled after death. This means dealing with all their assets (such as property, shares and personal possessions), paying debts, paying any inheritance tax and income tax, and transferring an inheritance to the beneficiaries (those who are inheriting from the estate). The process of dealing with the affairs of someone who has died is **estate administration**.

How do you know if you're an executor?

When someone creates a will, they will typically inform their executor(s) that they have chosen them. However, there are no legal requirements for the creator of a will to inform the executor(s). This means that, although many people are aware that they will be taking on the role of executor in advance, there is a chance that you could find out after someone has died. When the will is retrieved, it may be discovered that you have been nominated for the role.

If you know you are an executor, it's a good idea to familiarise yourself with the assets and intentions of the person undertaking estate planning while they are alive.

The role of an executor

The role of an executor is not one to be taken lightly, as you are financially and legally responsible for administering the estate of the person who has died. This means that an executor can be held accountable for any mistakes, such as distributing the inheritance incorrectly or paying the wrong amount of inheritance tax.

The role of an executor is unpaid, but you may be able to claim for reasonably incurred expenses. Any expenses should be paid from the estate before distributing funds to the beneficiaries.

An executor may also be referred to as a personal representative, which is the collective term for executors and administrators. An administrator is an equivalent role to an executor when someone dies without a will.

You might not be the only executor, as up to four people can be named as executor in a will. It's advisable to name at least two executors in a will, as one may be unable to act when the time comes. If multiple executors are named and more than one of you is willing to act, you can share the responsibility and handle the estate administration together. If an executor is unable or unwilling to accept the role, they can renounce. The 'Your options as an executor' section on [page 12](#) goes into more detail.

Additionally, you have the right to instruct professionals to help. This could be just to help in a specific specialist area (e.g. selling a property or obtaining the grant of probate) or you can pass the responsibility to a professional estate administration provider, who can take care of everything. Fees charged by professional providers can typically be paid from the estate, if there are sufficient funds.

Your responsibilities as an executor

As an executor, your responsibilities include:

- 1 Maximising the value of the estate for beneficiaries.
- 2 The correct distribution of the estate. This includes making sure that all beneficiaries receive their rightful inheritance.
- 3 Ensuring that all assets and debts of the deceased are identified and dealt with. Debts must be settled before distributing an inheritance to beneficiaries.
- 4 Applying for the grant of probate, if required.

- 5 Paying any inheritance tax due on the estate within the appropriate timeframes. If there are any errors on the inheritance tax return, the executor(s) are personally liable and may face a fine for errors or late submission.
- 6 Ensuring that the income tax position of the deceased is finalised, up to the date of death and for the period after death until payments are made to the beneficiaries.

Estate administration can be complex, and these additional responsibilities can be stressful at an already difficult time. It's important to consider the risks and responsibilities before accepting the role. You are not obliged to take on the responsibility and can renounce the role if you wish.

Estate administration: taking care of your loved one's affairs

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, paying debts, paying any inheritance tax and income tax, and transferring inheritances to the beneficiaries of the estate.

Estate administration is required after every death, whether or not there is a will.

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

Executors (or administrators when there's no will) handle the estate administration, as they are legally required to administer the deceased's estate.

Estate administration is often referred to as probate, although probate is just one small element of the wider estate administration process. Not every estate will require probate, but all estates need estate administration.

What is probate?

Probate, or the grant of probate, is the legal document obtained when there is a will. It gives the executor(s) the legal right to deal with the estate of someone who has died. When there is no will, the administrator(s) will apply for letters of administration.

These documents are required and give authority for executors to deal with the estate, including finalising the financial and legal processes for property, personal possessions, bank accounts, building societies, shares and investments, and distributing assets to those who are due to inherit. The grant of probate is required in order for financial institutions to release funds.

Probate may not be required if the deceased had assets (such as property, money or shares) held in joint names. These assets will pass automatically to the surviving owner. Financial institutions and organisations can determine their own probate thresholds, and probate may not be required to access the funds if the amount being accessed is below the threshold. It's worth contacting individual organisations to find out what their probate threshold is.

What's involved in the probate process?

1 Completing the probate application

In England and Wales, the probate application involves completing a PA1P form (if there is a will) or a PA1A form (if there is no will). These forms can be accessed via the gov.uk website.

You'll also need to submit an inheritance tax form to HMRC. 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.

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.

3 Completing a statement of truth

The executor or administrator is required to make a promise that they have been truthful in their application. During the online or postal application, they will be required to complete a statement of truth.

What's the difference between probate and estate administration?

Probate is just one part of the wider estate administration process. The grant of probate or letters of administration provide the executor or administrator with the legal right to carry out the estate administration, including dealing with property, money and personal possessions. Estate administration is the process of dealing with all the assets and tasks following someone's death.

Estate administration tasks

Tasks that could be involved in estate administration

Every estate is different, and the tasks involved in the estate administration process can vary in each case. The list below outlines the tasks an executor or administrator could be expected to handle:

When the death occurs

- Obtain the medical certificate
- Register the death
- Notify pension providers, credit, debit and store cards, mortgage provider, local government office, DVLA, passport agency, life assurance provider, charity subscriptions, banks or building societies, and doctor
- The local authority may have a “Tell Us Once” service, in which case it will cover libraries, electoral services, council tax, DVLA, passport agency and HMRC

Deal with the will

- Find out if the person who died had a valid will (if the deceased didn’t have a will, instruct a professional to reconstruct the family tree)
- Locate important paperwork

Arrange the funeral

- If there are enough funds in the deceased’s estate, they can be used to cover the cost of the funeral
- It’s a good idea to check if the funeral director is a member of a trade association
- Most funeral directors will be a member of either the National Society of Allied and Independent Funeral Directors (SAIF) or the National Association of Funeral Directors (NAFD)

Property

- Source specialist buildings insurance (most home insurance policies become invalid when someone dies)
- Arrange clearance of the property
- Notify utility companies
- Obtain property valuation
- Obtain contents valuation (if a taxable estate)
- Arrange postal redirection
- Arrange to transfer the property into the name of the beneficiary (or beneficiaries) or arrange the sale of the property

Administration tasks

- Value the assets and debts
- Inform other relevant companies of the death

Grant of probate/letters of administration application

- In England, Wales and Northern Ireland, apply for the grant of probate if there is a will or letters of administration if there is no will
- In Scotland, apply for confirmation

Tax work

- Complete relevant inheritance tax forms and any subsequent forms that may be required
- Calculate any inheritance tax that could be payable. HMRC will issue a final inheritance tax figure
- Ensure the inheritance tax is paid within the HMRC guidelines
- Complete income tax work for the year of death and for the period after death
- Review the estate for capital gains tax

Other administration tasks

- Set up any trusts that may be in a will
- Sell or transfer shares
- Settle all debts

Executors should speak to the deceased's financial adviser before making any decisions about what to do with their investments.

There could be benefits to retaining certain types of investments for the beneficiaries' own planning purposes.

Pay beneficiaries their inheritance

- Distribute funds and assets
- Obtain confirmation of funds received

Produce final estate accounts

- Confirm the value of assets and debts as at the date of death
- Record the amounts paid or transferred to the beneficiaries

As you can see from the list above, the estate administration process can involve a number of tasks. It can also be a time-consuming process. On average, it takes around 12 months to complete the full administration of an estate



Your options as an executor

Do I have to accept the role?

If you've been named as an executor, you are not obliged to take on the responsibility. You can choose whether to accept the role, and you have the right to seek advice from a professional. Professionals include solicitors who can offer legal advice and arrange the probate application, or professional estate administration providers who can manage the process on your behalf.

If you don't want to accept the role, it's advisable to renounce or instruct a professional as soon as possible. You can apply for renunciation by completing a PA15 form. Executors should do this before getting involved in the estate administration. It can be complicated if an executor takes on the role but later decides they don't want to be involved. You might need to seek legal advice if this situation arises.

Instructing a professional

You may wish to pass the task on to an estate administration provider.

You should consider the following before appointing a professional estate administration provider:

Price: There are three main charging methods that estate administration providers tend to use. They may provide you with a price for the service upfront, offer hourly rates or charge a percentage of the estate. Hourly rates and a percentage of the estate can mean that the total price is unknown, as you may not know how many hours it will take or what the estate value is. Make sure you understand the price you've been quoted. Find out exactly what is and is not included.

Service: What's included in the service can vary between estate administration providers. Some providers will only obtain the grant of probate, while others may take on more tasks. We advise asking an estate administration provider exactly what tasks they will undertake and whether you'll be required to handle anything yourself.

Regulation: It is advisable to check whether the estate administration provider you are considering is regulated to provide estate administration services.

Some regulated firms will inform you of what they are proposing to charge upfront, as regulation rules require legal professionals to be transparent about the price.

Legal and financial responsibility: The legal and financial responsibility of estate administration usually falls to the executor or administrator. This means that if the estate was incorrectly distributed, they would be personally liable. However, some estate administration providers may take on this responsibility. Make sure you find out if you would still be financially and legally liable if something were to go wrong.

Do-it-yourself (DIY)

You can take on the responsibility of administering the estate yourself. This could mean completing the process alone or with other executors. With the DIY approach, there is potential for you to save the estate money while remaining in full control.

This method can suit those who have the time and who understand the legal jargon. Plenty of research is likely to be involved.



Getting help after a loved one has died

This guide is to help you prepare for being an executor of a family member's estate. The adviser who gave it to you should have the full information relating to the deceased's estate and will be best placed to advise you on their financial situation.

There are many other areas where an adviser can provide valuable support after the death of a loved one. This includes helping you to understand any inheritance tax relief that may be available.

An inherited estate could qualify for various tax reliefs, including the nil-rate band (£325,000) and residence nil-rate band (a maximum of £175,000). Bear in mind that both these reliefs are frozen until 2028.

This can be a difficult calculation to get right.

Unfortunately, it's not always clear how much relief an estate can claim, as gifts and tapering restrictions may have an impact. There are also tax-efficient investments that can be made that, on death, could reduce the inheritance tax bill. Speak to the deceased's financial adviser to see if any of these investments are relevant.

You might also consider engaging the services of an estate administration provider, such as Kings Court Trust, who can take care of the steps involved in handling your loved one's affairs.

You can contact them on **0300 303 9000** or you can visit **[kctrust.co.uk](https://www.kctrust.co.uk)**.

About Octopus Investments

Octopus Investments is an award-winning UK asset management company. We pride ourselves on top quality customer service and developing innovative investment solutions that solve problems. We invest in things we really care about: smaller companies, renewable energy and healthcare infrastructure.

We are a Certified B Corporation™. This requires us to meet the highest standards of social and environmental consideration transparency and accountability. We care about this because companies that understand their impact on the world are better equipped to create value for their stakeholders and drive change.

Notes

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