

Deed of Variation



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A Deed of Variation, sometimes called a deed of family arrangement, allows beneficiaries to make changes to their entitlement from a Will or intestacy (if they died without a Will) after the person has died.

If you don't need all your inheritance and want to pass this onto other family members you can do so in a tax efficient way.

The Deed of Variation details how you want your inheritance to be distributed instead of the Will. You can only redirect your share of the estate or the specific asset that you have inherited.

Everyone's circumstances are different, but below are some of the more common reasons why a Deed of Variation might be used.

- Passing your inheritance straight to your children so it skips a generation and only gets assessed for inheritance tax once instead of twice.
- Making the best use of inheritance tax reliefs (such as Agricultural Property Relief and Business Property Relief).
- Create a trust to protect your home or other assets from nursing home fees, bankruptcy or remarriage.
- Provide for someone who is not entitled under intestacy, such as an unmarried partner.

- Provide for someone who does not inherit from the Will, such as a grandchild who was born after the Will was made.
- Giving the deceased's share in their home to a child so the Residence Nil Rate Band can be claimed.
- Giving more to charity so that the reduced inheritance tax rate of 36% is used instead of 40%.
- To save inheritance tax.

A Deed of Variation must take place within 2 years of the date of death to be effective for tax purposes. If completed within the 2 years, the changes effected by the Deed will be 'read back' into the Will or intestacy rules – this means that the inheritance tax will be assessed as if the person who has died included these changes in their Will. If the beneficiary doesn't enter into a Deed of Variation and instead gives the inheritance away (which is known as a 'potential exempt transfer'), they would have to survive for 7 years before the gift outside of their estate for inheritance tax purposes.

Working with an experienced solicitor is essential when preparing a Deed of Variation – if it's not done properly there could be complex legal and tax implications. Everyone's circumstances are unique, and we will work with you to understand exactly what you want to achieve and advise as to the best way to do this.

How can Wollens help?

To book a consultation or to find out more about how we can assist you, please contact our Inheritance, Will & Trust Disputes Team.



Karen Miller

Partner



Jonathan Dickson

Partner

WOLLENS
Full spectrum law

South Devon
01803 213251

Exeter
01392 274006

North Devon
01271 342268

wollens.co.uk