



ADMINISTRATION OF ESTATES IN ENGLAND & WALES

What is estate administration?

When someone dies, their estate needs to be administered. In short, this means identifying their assets, settling their liabilities and transferring the net assets to the beneficiaries of the estate.

The key steps of estate administration are:

- Identifying the estate assets and liabilities at the date of death, including jointly owned assets, and the existence of any significant gifts made by the deceased prior to death;
- Where necessary, preparing the relevant documentation to be submitted to HM Revenue and Customs (HMRC) and the Probate Registry;
- “Ingathering” the estate assets (for example, closing the deceased’s bank accounts) and settling any liabilities; and
- Preparing an account detailing all of the funds received and the payments made during the administration period and distributing the net estate to the beneficiaries in accordance with the deceased’s will.

How long does it take?

Typically, the administration of an estate will take between six and twelve months, but it may take longer if there are particularly novel or complex points to address.



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Any Inheritance Tax liability must be paid to HMRC within six months of the end of the month of death and the signed Inheritance Tax return must be submitted to HMRC within 12 months. Accordingly, where possible, we aim to settle the Inheritance Tax liability and submit the signed return to HMRC within six months of death.

Six to nine months

Depending upon whether clearance is required from HMRC, and how quickly this is forthcoming, we aim to obtain the grant of Probate within six to nine months of death.



Three to six months

We aim to ingather the estate, prepare the estate account and distribute the net estate within three to six months of the grant of Probate.

What are our costs and the basis of our costs?

No two estates are alike and there are numerous factors which can affect the duration and complexity of estate administration work. As such, it is difficult to predict what may be involved in the administration of an estate at the outset and to provide a “fixed” fee for all of the work.

Accordingly, in order to provide transparency and certainty, our fees are calculated by reference to a percentage of the value of the deceased’s gross estate. The gross estate is the total value of all of the deceased’s assets (including their share of jointly held assets) at the date of death before any debts or liabilities are deducted.

The relevant percentages are as follows:

Gross Estate Value	Fee (all plus VAT)
Up to £500,000	3% of estate value (subject to a minimum of £3,000)
£500,001 to £1,000,000	3% on first £500,000 plus 2% on remainder
Over £1,000,000	2.5% on first £1,000,000 plus 2% on remainder



The above percentages are based on the administration of a reasonably straightforward estate. If there are any particular novel or complicating factors, alternative percentages will be agreed before any work is undertaken.

The above percentages are also only for completion of “traditional” estate administration work (namely, the key steps summarised above) and additional services are not included, for instance:

- Preparing any estate income tax returns;
- Preparing Deeds of Variation (where beneficiaries wish to vary the terms of the will and re-direct the distribution of estate assets);
- The transfer or sale of properties and foreign assets after Probate has been granted;
- Estate or tax planning for beneficiaries.

Alternative basis of costs – hourly rates

The use of percentages means that you will have certainty as to what the total estate administration fees will be. An alternative approach, which will provide less certainty at the outset but may ultimately result in a lower fee, is for us to charge by reference to the actual time spent on the matter in accordance with the hourly charge out rates of the different members of the team. This must be agreed at the outset and, if agreed, we will provide regular updates regarding the level of our recorded time as the estate administration progresses.

Our current hourly charge out rates are as follows (plus VAT):



Partner	£525
Managing/Senior Associate	£450
Associate	£400
Senior Solicitor	£335 to £355 (depending on experience)
Solicitor	£295
Trainee	£200

All work is, of course, carried out at the appropriate level in order to ensure a balance is struck between mitigating professional costs and efficiently progressing the administration of the estate.

Disbursements

In addition to legal fees, there are a number of other costs, known as disbursements, which may be payable during the estate administration process. These include:

- Probate application fee of £155 (no VAT);
- £0.50 for each sealed copy of the Grant of Probate (no VAT);
- £5 Swearing of Oath fee plus £2 per testamentary paper (no VAT) ;
- £2 for each bankruptcy search over beneficiaries (no VAT);
- Will search fee from £45.60 to £460.80 (VAT at 20% applicable depending on level of search used).

Key contacts

Mark and Nick are qualified as solicitors in England, Wales and Scotland. For more information on their experience and qualifications please click their images below:



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