INHERITANCE PLANNING COMPANY

The Challenges Co-Habitees Face in Inheritance Planning (2024)

Introduction

Co-habiting couples in the UK still face significant legal challenges when it comes to inheritance planning. Unlike married couples or civil partners, co-habitees have no automatic rights to inherit their partner's estate. This guide provides the most current information to help co-habitees protect their assets and secure financial stability for their partners in light of potential future legislative changes.

Why Co-Habitees Still Need a Will in 2024

Efforts to pass laws that give co-habitees automatic inheritance rights have not yet succeeded, leaving co-habitees vulnerable. As of 2024, without a will:

No Automatic Inheritance Rights: Co-habitees are still excluded from UK intestacy laws, which means assets could go to distant relatives instead of the surviving partner.

Protection Against Double Taxation: Without proper estate planning, co-habitees may face inheritance tax liabilities on shared assets.

Inheritance Tax (IHT) in 2024: Key Concerns for Co-Habitees

As of 2024, the nil-rate band remains at £325,000, with a 40% inheritance tax on estates over this threshold. Since co-habitees do not qualify for spousal exemptions, careful tax planning is essential.

IHT Reliefs Only Apply to Spouses: Spouses can transfer assets tax-free, whereas co-habitees need to take specific measures to protect their partner.

Potential Future Changes: There may be changes in inheritance tax rules in the future, but as of now, no confirmed updates exist for co-habitees.

Key Strategies for Co-Habitees in 2024

To protect each other financially, co-habiting couples can adopt these strategies:

Create a Will: This is the most important step in ensuring your partner inherits your assets.

Life Assurance Trusts: Placing life assurance payouts in a trust protects them from inheritance tax.

Joint Ownership of Property: Holding property as **joint tenants** allows automatic inheritance without the need for probate.

Case Study: Protecting a Long-Term Partner in 2024

Scenario: Sarah and David have lived together for over 10 years, but David unexpectedly passes away without a will. Sarah is left with no legal rights to his estate, which goes to his estranged brother under UK intestacy rules. If David had made a will and set up a life assurance trust, Sarah would have been financially secure and avoided inheritance tax.

FAQs for Co-Habitees and Inheritance Planning

What happens if my partner dies without a will?

Under current UK intestacy laws, co-habitees do not have any automatic inheritance rights. Assets may go to relatives unless a will is in place.

Can I challenge my partner's will if I'm not included?

You may be able to make a claim under the **Inheritance (Provision for Family and Dependants) Act 1975** if you were financially dependent onyour partner.

Are there tax-efficient ways to pass on assets to my partner?

Yes, using trusts and lifetime gifting can help reduce the inheritance tax burden on co-habiting couples.

Next Steps for Co-Habitees in 2024

It is crucial for co-habitees to act now to ensure their partner is protected in the future:

Book a Consultation:

Contact **Inheritance Planning Company** to discuss the best estate planning strategies for co-habitees.

Download Our Co-Habitees Inheritance Report:

Learn how to safeguard your estate and protect your partner's inheritance.

Set Up a Trust:

Establish a life assurance trust to shield your assets from inheritance tax.

Disclaimer:

This information is correct as of September 2024. Legal updates or changes may have occurred since then. For the most current advice, please contact **Inheritance Planning Company Ltd** at:

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