

Financial planning practice

R06 2023–24 edition

Web update 1: 30 August 2023

Please note the following updates to your copy of the **R06** study text (amendments in **bold**):

Due to **The Administration of Estates Act 1925 (Fixed Net Sum) Order 2023**, please note the following changes.

- 1)
 - **Assuming death on or after 26 July 2023, then** under the rules of intestacy for England and Wales, if Larry dies first, then Samantha would only be entitled to the first **£322,000** of his estate, plus 50% of the balance, with the remainder going to Larry's children.
 - Samantha would receive the jointly held cash and investments of £250,000 by right of survivorship, plus **£322,000** as the statutory legacy, as well as all of Larry's personal possessions, whatever their value.
 - The remainder of Larry's estate would be divided 50:50, with Samantha receiving **£114,000** absolutely and Larry's children also inheriting **£114,000** absolutely.
 - On Samantha's subsequent death, her estate including the money she inherited from Larry will pass to Samantha's children absolutely.
 - This means that Samantha's children would inherit the bulk of the estate at £1.16m (i.e. the combined total estate of £1.3m less the **£114,000** left to Larry's children on his death under the intestacy rules).

These changes affect the following section:

- Chapter 4, Example 4.24, page 4/36.
- 2)
 - If there are surviving issue (children, grandchildren or other direct descendants) of the deceased and the estate is valued at more than **£322,000**, the spouse/civil partner inherits:
 - all the personal property and belongings of the person who has died;
 - the first **£322,000** of the estate; and
 - half of the remaining estate outright, with the surviving issue taking the other half.
 - If the estate is worth more than **£322,000**, and there are no issue, the spouse/civil partner inherits everything.



Be aware

The **statutory** legacy amount to the spouse/civil partner is usually reviewed every five years and will generally increase by the CPI, rounded up to the nearest £1,000.

The exception to this rule is when the inflation rate increases by 15% or more from the base rate applicable when the statutory legacy was last set. In this case, the Government must review the sum, as it did in July 2023.

You should be aware that for deaths that occurred on or after 6 February 2020 but before 26 July 2023, the statutory legacy amount was £270,000.

These changes affect the following section:

- Chapter 6, Section F1A, pages 6/31–6/32.