

## How to value the estate of someone who has died

When valuing a deceased person's estate you must include property, possessions and money they owned at the time of their death, as well as certain gifts they may have made up to seven years before they died. Your valuation must reflect the current market value of the assets.

### When you have to value an estate

Valuing the estate of someone who has died is one of the first things to do if you're acting as the executor or personal representative for that estate.

You normally can't get access to the assets in the estate until you've received a grant of probate (or confirmation in Scotland).

You need to know the estate's worth to fill in the probate application forms and show whether or not Inheritance Tax is due.

### Assets that typically make up an estate

Assets are anything that has a value, such as:

- money in bank, building society or savings accounts
- houses and land, including farmland
- businesses, or business assets, owned by the deceased (or a business partnership of which they were a member)
- investments such as stocks and shares
- personal belongings, including jewellery, antiques and other collectibles
- furniture, fixtures and fittings in a house
- motor vehicles
- pensions that include a lump sum payment on death (as opposed to an ongoing annuity to a surviving partner)
- assets in a trust from which the deceased benefited
- payouts from life insurance policies
- foreign assets held abroad including foreign bank accounts, property or shares

### Gifts

You must also evaluate the following to see if they are exempt (and if they aren't exempt, you should include them in your valuation):

- any assets given away in the seven years before the person died
- any asset that the deceased gave away at any time, but in which they kept an interest - for example a house they gave away but lived in rent-free

### Joint property

You'll need to find out how the deceased person owned any property or assets to work out the value of their share.

### Land and buildings

All land or buildings that the deceased person owned are part of the estate for Inheritance Tax. If they had been living rent-free in a house that had been left in trust to someone else you'll also need to include this in your valuation of the estate.

### **Stocks and shares**

If the deceased had shares or other investments that were listed on a recognised stock exchange or they held shares in a private company, you'll need to use their value on the day the deceased person died.

### **Trusts**

If the deceased person's estate includes a trust, you'll have to follow special rules for valuing it.

### **The deceased's debts and liabilities**

Debts and liabilities are outstanding bills and anything else the deceased owed at the time of death. Examples include:

- outstanding mortgages
- credit card balances
- bank overdrafts
- unpaid personal taxes such as Income Tax
- household bills (eg electricity)
- funeral expenses

### **Key steps in valuing the deceased's estate**

#### **Step 1 - Work out the total value of the assets and gifts**

Find out the market value (a realistic selling price) of all of the assets at the time of death. This may be lower than the insurance value.

To value some assets you may need to make more detailed enquiries. You don't have to use a professional valuer such as a chartered surveyor, but if you do you'll have to pay their fees. (You can try organisations such as the two listed below but not all professionals are registered with them.)

You may be able to claim the fees back from the estate once you get the grant of probate (or confirmation in Scotland) and pay any Inheritance Tax due.

Remember to include any gifts (money, property or assets) that the deceased gave away that weren't exempt. If you don't know the exact value of any item and the value of the estate is likely to be less than £200,000 you can use an estimated figure but be as accurate as possible.

Add this all together to get the total value of the assets and gifts.

#### **Step 2 - Deduct any debts**

Deduct from the total market value of the assets anything that the deceased or the estate owed.

### **Step 3 - Make a record of your valuation**

The value of all of the assets minus all of the debts is the value of the estate. It's a good idea to make a list of all the assets and debts. Keep a record of paperwork you used to obtain valuations, as well as invoices or receipts for expenses. You'll need these to fill in the Inheritance Tax and probate forms.

### **Step 4 - Decide if Inheritance Tax is due and which forms you need to complete**

You need different forms depending on where the deceased lived and whether Inheritance Tax is due.

If the affairs of the estate are complicated, you may want to work with a solicitor to help you value the estate and pay the tax.