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Definitions and Meanings

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**DEFINITIONS AND MEANINGS OF WORDS & EXPRESSIONS
USED DURING THE ADMINISTRATION OF AN ESTATE**

Testator/Testatrix

This is the technical name for someone who has made a will.

The intestate

This is the technical name for someone who has died without a Will. Such a person is described as having died **intestate**.

Executors.

Are named in a Will. They are the people who are responsible for collecting together the assets of an estate, paying debts taxes and legacies and distributing whatever remains between the ultimate beneficiaries or transferring funds to Trustees. Executors frequently employ solicitors to assist them in these tasks. The Executors become legal owners of a deceased's persons' property. They are personally liable for tax and debts due on an estate and also may have to resolve disputes over the Will. At times they also have to take care to ensure that whatever they do is in the best interests of the beneficiaries. All this means that at times this can be a highly responsible and arduous job. Once an executor you are always an executor even after the estate has been fully distributed and the task can pass down to your own executors.

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Administrators

Where someone dies with a Will which names no executors, the executors are not available or when a person died without a Will the duty of administering the estate falls to one or more of the people entitled to the estate. Broadly speaking the duties of the Administrators are the same as those of Executors but the Administrators are appointed by the Court and have no authority before the Court makes its Order. Unlike Executors the job of Administrators cannot pass on to your own Executors.

Personal Representatives

A phrase commonly used to refer to either Executors or Administrators.

Intestacy

When someone dies without a Will they are described as having died Intestate and this is commonly referred to as “An Intestacy”. There can also be a partial intestacy if a Will fails to fully distribute an estate, this can happen if someone named in the Will has died. Where there is an intestacy the Law prescribes a formula for distributing the estate between the next of kin.

Trustees

A Trustee is someone who is entrusted with the job of looking after a legacy or an estate once the Administration of that estate is completed. The Trustees may be the same people as the Executors or Administrators, when that happens when the administration is completed the status of the Executors/Administrators changes. The Trustees have various powers to decide how to look after the property entrusted to them but they also have a duty to balance the interests of everyone involved. Trusts are frequently liable to a number of taxes and it is the Trustees who are responsible for liaising with the Revenue and paying these taxes. They must ensure that any money due to a beneficiary is paid to him or her at the appropriate time. Unlike Executors and Administrators Trustees can resign from their job and appoint a replacement to take over their responsibilities.

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Probate

Technically speaking Probate is a document comprising an official copy of a deceased person's Will and an Order confirming the death and naming the Executors. Production of the Probate or official copies (called "Office Copies") is proof of the Executors right to deal with the estate. Probate is also commonly used as a generic phrase to describe the process of Administering an Estate irrespective of whether or not there is a Will or Executors have been appointed.

Letters of Administration

This is the equivalent of Probate but relates to all estates where there are Administrators. Until the order making the Letters of Administration the Administrators have (technically at least) no authority in relation to an estate.

Inland Revenue Account

A tax return for the purposes of Inheritance Tax. There are several different types of Inland Revenue accounts which are used depending upon the make up of the estate and whether or not tax is payable.

Deed of Variation/Deed of Family Arrangement

Where someone has died it is sometimes possible to alter the terms of the Will or the statutory distribution on intestacy by agreement between all the family. This can be done for tax or for other reasons depending upon the circumstances. This is done by way of a formal Deed signed by all the people involved. If done within 2 years of death the Variation is treated for most tax purposes as if the provisions of the variation had been included in the Will.

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Probate Value

This is the market value of items in someone's estate at the date of their death. The market value is the price for which the item could be sold. For many items such as Jewellery, electrical goods, clothes furniture and furnishings these figures will be very low for the simple reason that the resale value of such items is very low. For other items such as houses or antiques values can be very high and the common view that a Probate Value is a falsely low value is not correct. This can be very important for Inheritance tax purposes. There are strict rules for establishing the Probate Value of different items including special rules for a number of different classes of assets, care needs to be taken to have regard to these rules. Having said as much valuation is sometimes more of an art than a science and with care it is sometimes possible to agree highly advantageous figures with the Inland Revenue. As well as being important for Inheritance Tax purposes the Probate Value represents the purchase price for an item for the purposes of Capital Gains Tax, this can be very important where shares or property is involved and is subsequently sold either by the executors or one of the beneficiaries.

IHT and CGT

These are frequent abbreviations for Inheritance Tax and Capital Gains Tax.

HMRC

HM Revenue and Customs. Most people still call them the Inland Revenue. The branch dealing with Inheritance tax is officially called HM Revenue and Customs Capital Taxes but is commonly referred to by its old name **Capital Taxes Office or CTO**

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