

Estate administration work at Mills & Reeve LLP – scope and cost



This note sets out an overview of the process and the likely costs involved when Mills & Reeve LLP administer an estate.

Personal representatives

When making a Will, a person (the '**Testator**') is entitled to appoint a suitable person or organisation to be the executor/s of their Will. These executors can be one or more individuals or, alternatively, a professional executor may be appointed either to act alone or to work alongside family members or friends (often known as '**lay executors**'). A professional executor may be an individual, a firm or a Trust Corporation.

If a person dies without having made a Will or without a valid executor appointment, there is a list of individuals who can deal with the administration. These are called 'administrators'. Both executors and administrators are known as 'personal representatives' ('**PRs**').

Following the death of the 'testator' the PRs can administer the estate themselves or, they are free to engage the services of a professional to help them with this often-onerous task.

In summary, the work of administering an estate can be usefully summarised into two layers:

- 1 '**Executors' Work**' – decision making, reviewing, managing and checking the administration process, ensuring compliance with the terms of the Will, compliance and the taxation rules.
- 2 '**Delegated Work**' – the day-to-day work involved with the administration process, including information gathering, completion of the relevant forms, liaising with the Probate Court and HMRC, transferring and selling assets and paying tax.

Mills & Reeve LLP

Mills & Reeve LLP has been committed to private client work (including the administration of estates) for a significant period of time.

We are experienced both in administering estates on behalf of the PRs and acting as a PR through our trust corporation 'Mills & Reeve Trust Corporation Limited' ('**M&RTC**').

Involvement of Mills & Reeve LLP in estate administration may happen in the following circumstances:

- 1 The Testator appointed M&RTC as an executor, to carry out the Executors' Work and, after the death, the executors instruct Mills & Reeve LLP to help them with the Delegated Work.
- 2 The Testator appointed third party executors, and, after the death, the executors instruct Mills & Reeve LLP to help them with the Delegated Work.

Mills & Reeve LLP are pleased to act in both scenarios. The level of Delegated Work carried out by Mills & Reeve LLP will depend on how much of this work the lay executors wish to carry out themselves. This can have an impact on the legal costs associated with the work.

While executors who include M&RTC can choose to appoint Mills & Reeve LLP to carry out the work, this is not a foregone conclusion. They may equally decide to appoint another professional organisation to assist them, if this is the best option at the time. If that is the

case, M&RTC would still charge (through Mills & Reeve LLP) for the Executors' Work, but the scope and cost of the Delegated Work would be agreed with the other professional.

For more details of the process and costs associated with M&RTC acting as a professional executor, please see our briefing note '**Appointing Mills & Reeve Trust Corporation as a professional executor**'.

Experience

At Mills & Reeve LLP, all estate administration work is supervised at a partner level, but most of the Delegated Work is dealt with by experienced probate managers or legal executives. Straight-forward matters may be managed by senior associates or associates (with appropriate supervision) and members of the team may be assisted by a paralegal or trainee solicitor, to keep costs down.

Different roles

- Our partners have typically been working as qualified lawyers specialising in private client for a minimum of 14 years, with frequent involvement in estate administration work for the duration of that time.
- Our probate managers/legal executives typically have more than 10 years' dedicated experience in the administration of estates and collaborate to share their impressive body of technical expertise.
- Principal associates, senior associates, and associates involved in estate administration handle matters that correspond to their years of legal qualification and level of seniority.
- Paralegals and trainees (who spend four months in the team) always work under the supervision of a suitable team member.

Stages

The key stages of the administration of an estate include:

1 Initial considerations

- 1.1 Securing assets, registering the death and arranging the funeral, identifying the valid Will and beneficiaries.
- 1.2 Considering the Will structure and dispositions.

2 Applying for the Grant of Probate

- 2.1 Identifying the net value of the estate based on assets and liabilities and relevant gifts.
- 2.2 Completing the forms and apply to the Probate Court.

3 Realising assets and confirming tax

- 3.1 Collecting in assets and settle debts, including agreeing and paying any inheritance tax.
- 3.2 Selling identified assets on behalf of the PRs.

4 Additional planning

- 4.1 In some cases, it may be appropriate to carry out some post death tax planning (including deeds of variation and reorganisation of trusts).
- 4.2 Any Will trusts will need to be constituted.

5 Distribution and closure

- 5.1 Tax clearance needs to be obtained (where applicable) and estate accounts finalised.
- 5.2 The estate is distributed to the beneficiaries.

Mills & Reeve LLP can help with all or some of these stages. As noted above, in some cases, the lay executors may wish to do some of the work themselves, in others they want a professional to handle everything. This is agreed on a case-by-case basis.

Timing

On average, if instructions are given promptly, the following timings are indicative:

- **Stages 1 and 2** – The time to obtain the Grant of Representation usually takes 6-12 months. This includes a wait of 3-4 months for the Probate Court to process the grant application for a simple estate (see below). For more complex applications, this wait can often be 7 months or longer.
- **Stage 3** - collecting assets can take 3-6 months after the grant has been received; and

- **Stages 4 and 5** - distributing estate funds can take a further 6-12 months.

We would expect that, for a simple estate, most of the work involved should be concluded within 18 months of the date of instruction.

Costs and financial processes

Mills & Reeve LLP's costs

Mills & Reeve LLP's charges for carrying out the Delegated Work are calculated in the same way, regardless of whether M&RTC has been appointed as a professional PR.

Unlike some firms, we do not charge a percentage of the estate for dealing with the administration. Instead, we charge by time spent at agreed hourly rates. We can also discuss a fixed fee in some cases.

The current hourly rates for the team members who would be typically involved in this work are:

	Hourly rates inclusive of VAT	Hourly rates exclusive of VAT
Probate manager/paralegal/ legal executive/ trainee solicitor	£240 - £480*	(£200 - £400 plus VAT)*
Associate/senior associate/principal associate	£318 - £576*	(£265 - £480 plus VAT)*
Partner	£612 - £696*	(£510 - £580 plus VAT)*

*These rates exclude partners working in our London office on complex international matters.

The hourly rates quoted inclusive of VAT are based on VAT at 20%. If during a matter the rate of VAT changes, the inclusive hourly rates will be adjusted accordingly.

We review our rates each year (with any changes currently applying at the beginning of June) and notify our clients of any changes.

There are various factors that can affect the overall costs; including whether inheritance tax is payable and the extent, nature and number of assets in the estate. Therefore, it is difficult to provide an accurate estimate of costs without detailed information.

However, our experience shows that costs for the administration of an estate typically fall within the ranges listed below:

Type of estate	Likely fees based on time spent
Simple UK estate	£6,000 – £24,000* (which is £5,000 – £20,000 plus VAT at 20%)
Complex estate	£24,000 – £60,000 (which is £20,000 – £50,000 plus VAT at 20%)
Highly complex estate	£60,000 - £120,000 (which is £50,000 - £100,000 plus VAT at 20%)

*If during the course of a matter the rate of VAT changes, the total inclusive fixed fee will be adjusted accordingly.

Example of a simple estate

- This would usually have a valid will with easily identifiable beneficiaries.
- Assets might be one UK residential property, a range of bank accounts but no business assets.
- There would be no inheritance tax to pay.
- Mills & Reeve LLP may be instructed to prepare any inheritance tax return and the application for a grant, rather than the full estate administration.

Example of a complex or highly complex estate

- There might be a Will including a number of specific and cash legacies and trusts.
- The assets might include business assets, investments, and/or insurance policies.
- Tax would usually be payable and claims for available reliefs may need to be made.
- Reporting requirements would be needed together with financial accounts.

Additional issues

There may be factors which necessitate extra work or cause the estate to become protracted. This can add to the costs involved. The above example of costs does not take account of extraordinary matters, such as:

- Disputes and litigation
- Overseas issues

- Complex tax issues
- Variations and other alterations to the terms and trusts established by the Will

Communication of scope and costs

Wherever possible, we provide a best estimate of the likely costs as soon as details are available, and revised estimates if circumstances change. As noted above, it may be that we are able to offer fixed fees for some aspects of the work and will aim to do so where possible.

Discrete pieces of work are quoted for separately. These may include:

- Conveyancing charges in connection with the sale of property
- Consideration of tax planning issues for beneficiaries of the estate
- Litigation affecting the administration of the estate

Financial processes

When instructed in relation to the administration of an estate, Mills & Reeve LLP will send detailed terms of engagement are sent out for approval to co-PRs and, in some cases, to residuary beneficiaries of the estate.

Once the administration work has started, our standard terms are to bill monthly, and bills are due on receipt.

Get in touch

Our experienced team operates nationwide. For further advice, please get in touch with your local contact.

Issuing bills at monthly intervals enables the PRs and/or beneficiaries to monitor expenditure as the administration progresses.

We accept that, in some circumstances, it may not be initially possible for the executors to pay the legal costs on a monthly basis as standard (usually because there are no funds available and they are unable to arrange a loan from a third party or bridging finance, so it is necessary to wait until the grant of probate has been issued to access estate funds). In these circumstances, we may need to agree alternative timing for raising the first invoice.

Disbursements

Disbursements are costs related to the administration of an estate which are payable to third parties. Typical disbursements include:

- Probate court fee – £300 (for an estate worth over £5,000) plus £1.50 for each additional copy of the grant of probate (both of which do not attract VAT)
- Land Registry search – £3.60 (*£3 plus VAT at 20%*)
- Legal and public notices – £240 to £360 (*£200 to £300 plus VAT at 20%*)

These costs are approximate.

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