

Hague Lambert Solicitors



Information Sheet

10 REASONS NOT TO TRANSFER YOUR HOUSE TO CHILDREN

A TEMPTING IDEA?

It may sound like the perfect solution. You think perhaps that it will take the responsibility of the property away from you, that it will remove the asset from your estate if care home fees become payable and it removes any inheritance tax liability?

Think again, this is not the case.

CARE HOME FEES

1. The Local Authority may still take the value of your home into account for funding long term care.
2. You may not be able to go to a nursing home of your choice due to lack of funds

INHERITANCE TAX IMPLICATIONS

3. If you die within 7 years of the gift your estate will still pay tax on the value of the property.
4. If you continue to live in the property after the gift your estate will still pay tax on its value for an indefinite period of time.
5. If you do not continue to live in the property you will lose the Capital Gains Tax main residence exemption

YOUR STANDARD OF LIVING

6. Your property will often be your major asset. To lose control of it may have a significant impact on your standard of living.

7. You will lose the freedom to choose. What if you suddenly decided that after all you would like to take that round the world cruise, would you have the money?

LOSS OF CONTROL OVER YOUR PROPERTY

8. Your children will own your property. What happens if they experience a change in circumstance? Death, divorce or bankruptcy? Your property will be at risk of being taken into account in any assessment of your child's wealth which may result in its sale.
9. Relations may change between you and your children. They may decide that they want to realize the capital within the property and could force a sale.
10. You may lose the opportunity to adapt to your changing circumstances. You may wish to downsize or release equity from your property. These may not be options available to you.

PROFESSIONAL ADVICE

Before taking such a big step it is crucially important to seek professional advice as to the possible implications of your decision.

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