

Charges for Administration of Deceased estates and Appointment of a Professional Executor

I am often asked to give information about my charges for winding up the estate of someone who has died. Sometimes this comes up during a discussion about will-making, when clients are considering appointing me as an executor or it may arise, whether or not I am one of the executors, after someone has died.

It's a slightly difficult question. I don't have a fixed scale of charges, and, most definitely, I don't charge any fees based on a percentage of the value of an estate, as is generally the case with banks, trust companies and also with some firms of solicitors. My charges are based on the amount of work which I, and my employed staff, I have to do, and is based on hourly charge-out rates which are set by the year, reflecting the costs of running the practice and a reasonable commercial profit. These are notified to all clients at the beginning of a matter, and, if there is a change in the rate, that too is notified to the client before any charge is made at the new rate.

Recognising that clients naturally want some predictability about fees I have tried in the past to work out a formula which would enable a straightforward answer to be given in a matter of minutes. I have never been able to find one which does not involve injustice to either clients or me.

My experience however suggests that there are factors which increase or reduce the likely time involvement, and, in no particular order, these are:

- The age, past history and financial characteristics of the deceased. The estate of someone with family responsibilities who dies suddenly in middle age and who has a number of relatively complex financial products is likely to present greater demands compared with the estate of a retired person who has been living on a pension for several years with a house free of mortgage and long-standing investments
- The number and type of assets, both in the estate and (if they are agreed to be part of the work) outside the estate. A portfolio of quoted shares held in certificated form will be more time-consuming than a single large holding of a packaged investment product
- The number of beneficiaries and the level of reporting required. It is distinctly helpful in keeping costs down I have only one point of contact for progress reporting, but this will not be possible if I am an executor
- The likely inheritance tax liability of the estate, and whether there are claims to be made for special reliefs, or if the will makes specific gifts of valuable assets
- Whether there is a continuing trust. If so, note that charges for managing a trust (including acting as a trustee) are separate from estate administration costs. Trustee fees are charged on the same basis as estate administration, but, as trusts vary greatly in their nature and the time demands they make, it is difficult to give any reliable indication, except to say that the annual charge for the administration work, including annual tax and accounts, is unlikely to be less than £900 plus VAT.

- The time taken overall. I have only a small control over this: disputes, delays in selling assets, failure to reply to correspondence, both on the part of clients and outside organizations, all contribute. The greater the time delay, the more time I am likely to need to review the matter before proceeding
- Whether full estate accounts are required. I would normally expect that an estate in which the residue is to be divided between two or more persons will require full accounts - and if I am an executor I will insist on it.

If I am being asked to act for executors it is often the case that they will wish to do things in connection with the administration personally, which might otherwise be done by me. To facilitate this I can provide a form which details most of the tasks required in connection with estate administration and can be used as a basis for a detailed specification of my work, for which a firm estimate of charges can be given. However, it is likely to require a meeting and some additional time to complete it, and a charge may be made for this.

If I am appointed as executor, I make no charge for acting as executor additional to what I would charge if acting for the executors. However, my involvement as executor will mean that I have to be involved with matters which otherwise I wouldn't, involving more time and greater cost, and that some costs may be incurred which family executors might consider unnecessary.

Finally, on page 3 I have set out some examples (suitably disguised) of recent cases in which I have provided a full administration service, and the fees charged. Note that I have not included any charges for the conveyancing of estate property sold.

Appointment of a Professional Executor

There is no legal requirement to appoint a professionally qualified executor; indeed the majority of deceased estates are dealt with by executors who are friends or family members of the deceased person. They can obtain as much professional advice and assistance as they require to carry out their functions, at the cost of the estate.

Those cases where a professional executor is appointed are usually the more complex and demanding ones, or those where there is a possibility of dispute, or special circumstances such as minor, or otherwise disadvantaged, beneficiaries. I advise that all but the simplest trusts should have a professional trustee.

My policy is to accept appointment as an executor. If, when the person concerned has died, the circumstances have changed so that the reason for my appointment no longer applies, and the main beneficiaries all wish it, I will renounce.

My acceptance of executorship is also dependent upon an expectation of my being in practice as a solicitor through to the conclusion of administration, and, while I have no plans to retire at any particular time, I will be 65 in May 2019.

Full Administration Service - Case Studies

JA: the deceased was retired at the time of her death in Autumn 2009. The estate, total value £187,000, included a flat and six investments. The executors were family members and the entire estate was divided into three, full accounts being prepared. Administration took 16 months, owing to delay in selling the property. My charges totalled £3,750 plus VAT for a full administration service.

CH: the deceased was retired at the time of his death in 2010. Total estate was just over £20,000 consisting of two bank accounts and a holding of shares. The estate was to be distributed as legacies to 20 individuals and the balance to charity. Administration was complete in 6 months, full accounts were prepared. My charges totalled £1,250 plus VAT for full administration service.

MO: the deceased was retired at the time of his death in 2009. Total estate was £700,000, consisting mostly of a large house, which was slow to sell; the administration lasted for 20 months, not helped by delays on the part of various offices of HMRC. A full administration service was provided to the executor. She was also the sole residuary beneficiary, so estate accounts were not required. My total charges were £5,380 plus VAT. If accounts had been required the additional cost would probably have been about £750 more