

# Deeds of Variation

Upon the death of an individual, their estate will be distributed to the beneficiaries in accordance with their Will or according to the Rules of Intestacy where he did not leave a Will.

A Deed of Variation allows beneficiaries to redirect or change their inheritance entitlement thus varying the distribution of the estate. There are several reasons for wanting to do so, such as:

- To equalise distribution between the beneficiaries;
- To provide for someone not included in the deceased's Will or to whom the Rules of Intestacy do not apply;
- To eliminate any uncertainty created by the Will; or
- To reduce the amount of Inheritance Tax payable by the estate e.g. by including a charity as a beneficiary.

Where the Will leaves the estate to be divided equally between 2 children, for example, but the deceased has 3 children, both children would need to be in agreement to change the Will. If both cannot agree, the child wanting to make the change can only alter what he is entitled to.

## Advantages of using a Deed of Variation

- As a beneficiary, where you may choose to redirect your legacy, it will reduce your tax liability as it is not treated as a gift made by you.
- Where the deceased's estate redirects the inheritance to a beneficiary exempt from Inheritance Tax, the overall tax liability for the estate is reduced.
- It will provide clarification in the event of a dispute in relation to the distribution of the estate.

- Assets can be redirected to benefit from reliefs such as business relief. This again reduces Inheritance Tax liability.

A Deed of Variation can only be entered into within **2 years** of the death of the deceased.

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