

ICAEW

GUIDE FOR PROBATE
ACCREDITED FIRMS



Boost

*your practice
using probate*

A practical guide

The focus of this guide to probate is on the practical. It considers the benefits now that your firm is accredited and also looks at how to make the most of this exciting opportunity. What emerges most clearly from this guide is that probate offers accountancy firms an excellent opportunity to boost their practice.

In the four years since ICAEW gained the power to regulate probate services, more than 300 firms have jumped at the opportunity to add another string to their practice bows and to equip their partners and employees with the ability to offer a wider range of services for clients.

The size of the market for probate services is impressive. On average £81bn* is dealt with in the probate system in England and Wales every year. And it is an increasingly lucrative area for accountants, with 59%** of firms generating an average fee per authorised principal of between £10,000 and £100,000 during the first 12 months after accreditation.

This presents an exciting opportunity for firms that invest in offering probate services, not least because it is such a close fit with the estate management and inheritance tax work that accountants have been carrying out for years. There is no question that probate work offers practices the potential to extend the range of services they offer to clients.

Having already invested in building trusted and strong relationships, it is



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logical that clients want their accountant to be able to handle all elements of probate at what is likely to be a difficult time.

The opening up of the probate market means it can also bring in new clients. As with any new service launch, it is a good opportunity to refresh and extend your practice's reach with potential new clients. Once you have the trust of these clients there are bound to be opportunities to offer them other services as well.

This guide is aimed primarily at those practitioners who have already started on the probate journey. It seeks to offer encouragement and to share best practice from firms for who this is an increasingly important part of their service mix. Hopefully, it will help you to achieve the same.

'When family members come to us after a death, they talk to someone they know. We have their historical financial information. This takes workload from the family at a time of stress'

Malcolm McKinnell, Ward Williams

'Build recognition of your firm as a probate practice in your local community'

Huw Roberts, sole practitioner

'Probate is something we use to differentiate ourselves. We all want to add different services to our offerings'

Julia Gallagher, Curo Chartered Accountants

'It is a natural progression for an accountancy practice, and is increasingly important as traditional compliance work becomes less valuable to clients'

Paul Dell, Raffingers

Probate in numbers

5.5 trillion

ESTIMATED INTERGENERATIONAL WEALTH TRANSFERS IN THE UK IN NEXT 30 YEARS



£81BN

Amount dealt with in the probate system in England and Wales each year



Proportion of over-55s without a will



300

No. of ICAEW-authorized probate firms

NO. OF PEOPLE IN FIRMS AUTHORISED TO CARRY OUT PROBATE WORK:



1 person in 66% of firms



2-3 people in 32% of firms

66%

of firms worked with six probate clients or more in the first 12 months of accreditation



59%

of firms generated an average fee per authorised principal of between **£10,000** and **£100,000** during the first 12 months of accreditation



48%

of firms work alongside solicitors as part of probate-related work



HUW ROBERTS: BUILDING A PROBATE PRACTICE

Authorisation for probate has changed the nature of Huw Roberts's business

Cardiff-based sole practitioner Huw Roberts had been an accountant for 30 years when he decided to apply for probate authorisation. He had helped close someone's affairs and had enjoyed the work. 'When ICAEW announced its probate application I thought: I'm doing this,' he says.

Studying again after such a long gap was inevitably a challenge, but Roberts says he learned a lot from the SWAT course. 'By the time you've passed the exam, you're ready to start work,' he says. 'There's a learning curve when it comes to the various forms involved, but you soon get the hang of it.'

The first year after he was authorised, probate and related services accounted for about 10% of Roberts's workload. Just a few years later, the proportion is rising to nearly 40%. In addition to the probate work, many clients ask him to review their wills and inheritance tax position.

Part of the reason for this growth is his clear passion for the service. 'You're working with a family in grief and helping them at a difficult time. It is important to ensure that their financial matters are dealt with in a personal and professional manner,' Roberts says.

Passion alone is not enough to get the service out there, and Roberts does a lot of marketing. The main method that works for him is a monthly newsletter emailed to everyone on his mailing list, which covers tax and other financial matters as well as probate. 'This means I'm in front of the client 12 times a year, so they are constantly reminded of what I can do for them,' he says.

An up-to-date personalised website is essential to provide prospective clients with information on the services available. He recommends targeted local advertising. 'Build recognition of your firm as a probate practice in your local community.'

Practitioners who are serious about building a probate practice need to create time to build this new business line, Roberts advises. 'There's always other work that needs attention. But you have to say, I'm going to spend the next three hours developing the probate practice.'

He credits his success to providing a professional service, promptly and at a competitive price. 'There are huge opportunities out there for firms that do this right. But above all, clients need to be made aware that the probate service is available.'

The advantages of offering probate services

As the more traditional mix of accountancy services continues to evolve, probate and estate management can present a robust expansion to your firm's portfolio of services. It is a good fit with existing skill sets, as a good deal of probate work involves producing estate accounts and dealing with capital taxes.

Synergies with existing work

Many firms already carry out estate administration and offer inheritance tax planning, and are often asked by solicitors to produce estate accounts and inheritance tax calculations for their probate clients. Being able to apply for probate is usually the missing link in the client process; a probate accreditation enables you to give clients a complete one-stop-shop experience.

Stronger client relationships

Regular and ongoing relationships between clients and their accountants help make the accountant the trusted business adviser of choice. Clients who know that their accountant can offer probate are often more comfortable about engaging them for this work as well, rather than approaching a different adviser.

Competitive pricing

Most ICAEW probate-accredited firms charge on a time-basis or a fixed fee, depending on the complexity of the

estate and services offered. This usually represents a substantial saving to clients when compared with the more usual percentage-of-estate basis used by other providers, while still providing a solid fee income to the practice.

Continuity of service

Clients appreciate having the same professional overseeing all their business and private matters, both for personal reasons and because they know this results in a more efficient service. Practitioners have found that probate can be a bridge to greater involvement with a client's heirs, paving the way to becoming a multi-generational trusted adviser.

Extending into legal areas

Your firm may consider bringing solicitors and non-legal professionals on board to develop other legal services on the back of probate, opening up many opportunities for expansion and modernisation. If so, ICAEW can license your firm as an alternative business structure (ABS).

**WARD WILLIAMS:
CLIENT CHOICE**

Offering different levels of service is helping Ward Williams build its probate work

Ward Williams is a six-partner practice that took advantage of the potential to provide probate services as soon as ICAEW became an approved licensing authority. 'While we couldn't offer probate before, we had helped clients navigate the process and knew the procedures involved,' says partner Malcolm McKinnell.

Accountants have an advantage over other probate practitioners as they have long client relationships. 'When family members come to us a few weeks after a death, they talk to someone they know,' says McKinnell. 'We have much of the financial and historical information on our files. This takes away a lot of the workload from the family at a time of stress.'

Ward Williams decided to offer three probate packages. The first is one in which the executors apply for probate by themselves, with the firm available to answer any questions or review the forms as required. 'This is usually taken up when there is a professional in the family who is happy to do most of the work but who wants an expert to be available to answer any technical questions,' says McKinnell.

In the second package the family members do much of the information

gathering and cash distribution, while Ward Williams prepares the tax returns, probate application and estate accounts. And in the third package the firm does everything. 'Clients appreciate the flexibility,' says McKinnell.

Recently Ward Williams has produced a handbook on probate and estate administration, which it has sent to all its clients. Soon the firm will be included as the preferred probate practitioner in brochures that three local hospital trusts hand out to the bereaved: up to 30,000 of these brochures are distributed each year.

'Making people aware that accountants can and do offer probate can be the hardest part,' says McKinnell. 'Changing the public's mindset and perception is important. That's why we're happy to be in the NHS Trust brochures and we try to keep the momentum up with local marketing and articles in local magazines.'

His advice for other practices is to market to the existing client base first. 'Get something out to all your clients. Many people don't know what probate is so use education as a way of soft marketing. It's a lot easier to market to your existing clients - and it makes good sense for them to come to you.'

Top tips for marketing probate services

Marketing is an essential part of getting any new service off the ground. Here's how best to concentrate your efforts to make potential clients aware of your probate services.

1. Market to existing clients. Accountancy firms usually meet their clients every year, so make sure you update clients on any changes in your service offering when you meet.
2. Generate regular client communications. Some firms use monthly newsletters to talk about general financial news and link this to their service offerings. Others add a brief paragraph about services to their annual letters.
3. Ensure all client-facing staff know about the probate and estate administration service, and that they can engage clients in a discussion before passing them to a probate practitioner.
4. Make use of social media channels to promote your service range.
5. Consider paid social advertising and using local forums.
6. Make sure your website has a prominent description of your probate service and fee structure.
7. Run seminars on related topics, such as wealth management and estate planning.
8. Consider targeted marketing to specific clients likely to require probate services the most, such as high-net-worth individuals.
9. Consider all potential cross-marketing opportunities.
10. Many people don't know what probate is until they have to go through the process. Prepare some factsheets that give an overview of the process; conclude with a brief paragraph on your services and contact details.
11. Talk to third parties who may refer clients on to you, for example IFAs and will writers.
12. Market locally. Write articles for your local newspaper or advertise. This should be done regularly so potential clients get used to associating your name with probate and estate administration work.
13. Use the ICAEW probate accredited logo, for example on your business cards, letterhead, website and email signature.
14. Do not hard sell this service. Probate is a sensitive area and should be offered rather than pushed onto people.

CURO CHARTERED ACCOUNTANTS: TAX TALKS

Personal tax work is a base for moving into probate, the West Midlands firm found

Julia Gallagher, head of tax in two-partner firm Curo, was quick to apply for a probate licence from ICAEW. She had completed probate applications in a personal capacity and that, with her tax experience, gave her confidence to get involved in this new service.

The firm was one of the first to be accredited in its area, a fact it has used when marketing the service. 'It was something we could use to differentiate ourselves,' says Gallagher. 'We all want to add different services to our offerings. Probate fitted.'

Her first probate case was a client who had been diagnosed with terminal cancer and who was relieved to find that Gallagher could help get her affairs in order. 'I had been doing her personal tax for years but I was also advising the family and knew what was in her will. I was someone she knew and trusted.'

Most of the probate work that the firm has taken on has been for family members of existing clients. 'I'm involved with my clients: I see them each year and know what's going on in their business,' says Gallagher. 'Most other probate practitioners don't know as much about their clients as they don't have that regular contact.'

Accountants' day-to-day work suits the needs of a probate service well. 'We're set up to do bookkeeping and handle estate accounts and inheritance tax,' Gallagher says. 'Our accounts software feeds into our corporate tax software and that feeds into personal tax which feeds into probate. This makes the whole process more efficient.'

Many accountancy practices have good relationships with legal firms, something Gallagher thinks they will continue to find useful. Speaking to lawyers can help deal with some of the more complex practical matters that accountants are not used to, such as shutting down trusts.

There's also the potential for cross-referral. Licensed or authorised accountants cannot do contentious probate and need to pass that on to a solicitor. Meanwhile accountants bring their own skills to the table. 'A solicitor referred a probate case to us as they said the inheritance tax was too technical for them,' Gallagher says.

She thinks that accountancy practices not already involved in probate should definitely be looking into this area. 'Having probate as part of our service offering shows we are proactive and are confident to move into new areas.'

Key marketing messages

1. Accountants can do probate

You are already looking after your clients' personal tax, inheritance tax planning and wealth management.

2. You are a trusted adviser

You see your clients regularly and have intimate knowledge of their financial affairs and have often known your clients' families for several generations.

3. Competitive pricing

Most probate-accredited firms charge on a time basis or a fixed fee versus the percentage of estate basis other providers typically use.

4. Stand out

Offering probate services is a good way of differentiating your practice from others.

Contact us

If you have any questions for ICAEW relating to probate please call Advisory Services
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E contactus@icaew.com

Probate resources

ICAEW supports its probate-accredited firms with preparation for monitoring visits, professional development, and resources including:

Probate News

A regulatory update containing the latest probate technical guidance and best practice information. Issues are available at icaew.com/probatenews

Talk Probate

Connect with other practitioners and grow your professional network with our specialist online community. Talk Probate gives you the opportunity to share knowledge and discuss practical issues with peers and colleagues.

Probate help

ICAEW produces helpsheets and checklists for practical and technical help for our probate-accredited firms. Visit icaew.com/probatehelp to access these and other probate related resources including probate and alternative business structures FAQs.

We strongly recommend familiarising yourself with the document *Regulatory advice on when to seek accreditation for probate*. The document contains guidance on technical issues such as executorship, what can be done without a probate licence and at what point probate becomes contested.

RAFFINGERS: THINKING AHEAD

Firms taking on probate services need to plan for long-term growth

Nine-partner Essex-based firm Raffingers already offered services such as wealth management along with more traditional inheritance tax planning. This made probate a good choice to add to its portfolio, says partner Paul Dell.

‘It’s a natural progression for an accountancy practice, and is increasingly important as traditional compliance work becomes less valuable to clients,’ he says. ‘Any firm that goes into this should assume that it will take a while for the practice to build up.’

Most of the firm’s probate clients to date have been children of existing clients. Estate values vary but many are within the £750,000 to £1,500,000 range, and can include UK property and assets as well as offshore assets.

In most cases the firm has dealt with all the probate matters itself: in a couple, it has worked with a friendly solicitor. ‘We have an informal arrangement with a firm that came to see us about taking on contentious work or if we needed legal assistance during the process,’ Dell says. ‘There have been a couple of occasions where wills have been badly drafted so we asked them to deal with the deeds of variation and trusts set up under the will.’

Recently, Raffingers received a probate instruction from a legal firm. ‘The firm had lost its probate partner and needed someone to take a probate assignment on. We did the probate - and ended up achieving a 95% saving in inheritance tax for the client,’ says Dell.

Raffingers is already on track with its original projections of how much income it would be generating from probate services. But its eyes are very much on the longer-term prize. ‘In 10 years, accountants should have this market sewn up,’ Dell states. ‘Probate is a natural fit for us: a systemised process that is tax-based.’

Dell was a sole practitioner before merging with Raffingers. Would he have considered probate if he were still in his own firm? ‘Absolutely. I don’t think there’s any real barrier to moving into probate. Because we have long-term relationships with clients, who better than us to be the first port of call? Getting the message out to your client base, perhaps via an email every few months, does not need an awful lot of resource once you’re up and running. Using us has to be the most efficient route for clients: we are better, quicker and cheaper than the competition. Firms just need to keep getting the message out there.’

There are over 1.7m chartered accountants and students around the world - talented, ethical and committed professionals who use their expertise to ensure we have a successful and sustainable future.

Over 150,000 of these are ICAEW Chartered Accountants. We train, develop and support each one of them so that they have the knowledge and values to help build local and global economies that are sustainable, accountable and fair.

We've been at the heart of the accountancy profession since we were founded in 1880 to ensure trust in business. We share our knowledge and insight with governments, regulators and business leaders worldwide as we believe accountancy is a force for positive economic change across the world.

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