



## MATTERS TO CONSIDER WHEN DECIDING WHETHER TO TRANSFER YOUR HOME TO YOUR CHILDREN

1. Should you wish to sell the property and move elsewhere then without the consent of your children you would not be able to do so.
2. If your children were to predecease you then their share may pass to someone other than yourself in accordance with the terms of his Will or on their intestacy.
3. If your children are married or were to marry and subsequently divorce then their share of your property would be taken into account in any settlement of their spouses' claims in the divorce proceedings. The Court may Order that a share of the home is transferred to your children's former spouse/s.
4. If your children were to be made bankrupt the Trustee in Bankruptcy may force you to leave your home so that your home can be sold to pay off your children's creditors. Other creditors may also be able to seek a charge against your home in respect of any debts that your children may have or may incur in the future.
5. Some Local Authorities still give home improvement grants to the disadvantaged but you may not be eligible for such a grant if you have given away your home to your children.
6. If your children were to find themselves in financial difficulty, whether through illness or unemployment, they may not be eligible for means tested state benefits because of their ownership of your home which may be taken into account as an "asset".
7. When your house is eventually sold it may be necessary for title indemnity insurance to be purchased because the transfer to your children would not be a sale at market value but a gift.
8. When your house is sold in the future it is unlikely that your children would be entitled to claim principle private residence relief in respect of Capital Gains Tax (unless they reside in the property) and so may have to pay Capital Gains tax on any increase in the value of your home during their period of ownership.

9. If you need residential care in the future and if the council believe that you have given away your home (or a share in your home) to remove it from assessment of your means then they are entitled to treat the gift as a "deliberate deprivation of assets" and to assess your means as if you still owned the whole of the property. You would then have to pay for all of your care fees yourself but may not have the resources to do so if you have already given your home to your children. It is also possible that the council could ask the Court to use their powers under the Insolvency Act 1986 to set aside the transfer of the property to your children and there is no time limit to challenge the transfer.
10. Quite often older clients are "property rich" but "cash poor". If you still own your home you may be able to take advantage of an equity release scheme to release some income or capital for you but this is an option that you will lose if you transfer your house to your children.
11. If you give your home (or a share in your home) to your children this may affect the amount of Stamp Duty your children have to pay on any properties that they purchase in the future. This is because when you already own a property you have to pay a higher level of stamp duty when purchasing another property. This is a complex area and certain rules allow relief from the higher rate when a main residence is being sold and a new main residence is being purchased but this may be an issue for your children when purchasing property and your children would need advice upon the effect of this before making any property purchase in the future.