Understanding Your Estate

What your estate is, how it passes on, and the simple steps that keep it in order



Everything you own adds up to more than you might think. Yet more than half of UK adults have not made a will, according to research by Canada Life.

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About Edge Legacy Planning

Edge Legacy Planning is a will-writing and estate-planning firm. We are not solicitors and we are not regulated by the Solicitors Regulation Authority. This guide is general information based on the law in England and Wales as at September 2026. It is not legal, tax or financial advice, and your circumstances may differ.

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THE STARTING POINT

Everything you own, and everything you owe

In its entirety, your estate is everything you own, less everything you owe. That includes your home, savings, car, pension, life insurance and personal possessions, minus your mortgage and any other debts.

Most believe that this only applies to the wealthy, however property and pension values have risen steadily over the years, and together they make up most of an average household's wealth. Thus, contrary to what most believe, you do not need to be wealthy to have an estate worth planning for.

Furthermore, not everything passes on in the way you may assume. Some assets follow your will, but others, such as jointly owned property and most pensions, follow their own rules.

In this guide, you will learn what counts as part of your estate, how it passes on when you die, where Inheritance Tax (IHT) fits in, and the simple checks you can do to be proactive, and keep everything in order.

WHAT MAKES UP YOUR ESTATE

More than just your home

An estate consists of more parts than most expect, and each behaves slightly differently. We have included the main ones below.

> **Key Figures:** In the most recent ONS survey of household wealth, property made up around 40% of all household wealth in Great Britain, and private pensions around 35%. For most families, these two make up the majority of everything they own.

Your home, and how you own it

If you own your home with someone else, the way it is owned matters a great deal. For instance, as joint tenants, you own it together, and when one of you dies their share passes automatically to the other, outside the will. As tenants in common, you each own a distinct share, which passes under your will or the intestacy rules instead. Many couples are unsure which arrangement they have, and it can be checked with HM Land Registry.

Money, savings and joint accounts

Accounts in your sole name form part of your estate in the usual way. Joint accounts generally pass automatically to the surviving holder, in the same way as a jointly owned home, although the deceased's share can still count towards the estate for IHT.

Life insurance and pensions

A life insurance policy written in trust usually sits outside your estate, which means it isn't counted for IHT and can pay out without waiting for probate. A policy that isn't in trust forms part of your estate, and pensions have historically sat outside the estate too. However, from 6 April 2027 most unused pension funds will count towards IHT. See our guide to the April 2027 changes on our website where we cover this in more detail.

Possessions, business interests, digital assets and debts

Personal possessions, vehicles and any business interests all form part of your estate. Digital assets, such as online accounts, photos and cryptocurrency, are part of it too, although access to them usually depends on each company's terms and conditions rather than your will, and passwords should never be written into a will. Finally, anything you owe, from the mortgage to a car loan, is deducted before your estate is valued.

WHAT YOUR WILL CONTROLS

And what it doesn't

Knowing what's in your estate is half the picture. The other half is how each part is passed on, and contrary to popular belief, a will only governs part of it.

Key Figures: Pension death benefits usually pass outside your will. HMRC expects around 213,000 estates to include inheritable pension wealth in 2027-2028 alone.

What your will covers

Your will controls the assets held in your sole name, together with your share of anything owned as tenants in common. For most, this includes their savings, possessions, as well as their share of the home where it's held as tenants in common.

What passes outside your will

As seen earlier, property owned as joint tenants passes automatically to the surviving owner. Pension death benefits are usually paid at the scheme's discretion, guided by your nomination rather than your will. A life policy written in trust pays out under the trust. Thus, a will is essential, but it is only part of the picture, and the nominations, trust arrangements, and the way your home is owned need reviewing alongside it.

IF THERE'S NO WILL

The rules the law applies instead

A will lets you decide all of this for yourself. Without one, the intestacy rules decide instead, in a fixed order set by law. Unfortunately, the rules are rigid, and most importantly they fail to take into account what the person would have actually wanted.

Key Figures: Under the intestacy rules, where there are children, a surviving husband, wife or civil partner receives the personal possessions and the first £322,000, with the rest split in half between them and the children.

The order the law sets

If the estate is worth £322,000 or less, a surviving spouse or civil partner inherits everything. Above that, it is shared with the children in the way described above. Where there is no spouse or children, the estate passes down a strict list of relatives, and if no one qualifies at all, it ultimately goes to the Crown.

Why unmarried partners are not protected

There is no such thing as common law marriage in England and Wales. A partner you live with but have yet to marry inherits nothing under the intestacy rules, however long you have been together, and their only route may be a claim through the courts. There were around 3.5 million cohabiting couple families in the UK in 2025, according to the Office for National Statistics. For unmarried couples, a will is the only reliable way to provide for each other.

A brief word on probate

When someone dies, their executors usually require a grant of probate, the legal document that gives them authority to collect the assets, settle the debts and pass on what remains. Where there is no will, a family member applies for letters of administration instead, and the process is often slower and more stressful for the people left behind.

TAX IMPLICATIONS

Where Inheritance Tax fits in

IHT gets a lot of attention, however most estates don't pay it, and for those that might, understanding the allowances is the sensible starting point.

Key Figures: Around 30,400 estates paid IHT in 2023-24, fewer than 1 in 20 deaths, according to HMRC. However, the average UK house price was around £272,000 in June 2026, according to HM Land Registry, so in many cases the home alone comes close to the £325,000 allowance

The main allowances

Everyone has a tax-free allowances of £325,000, plus up to £175,000 more if the home is left to children or grandchildren. Anything left to a husband, wife or civil partner is normally free of the tax altogether, and unused allowances pass to the survivor, which means a couple can often leave up to £1 million between them. Where tax is due, the rate is 40% on the part of the estate above the allowances.

Changes on the way

The allowances are frozen until April 2031, so as property and pension values rise, more estates are drawn towards the threshold each year without any change in the rules, and from 6 April 2027, most unused pensions will count towards the tax for the first time, which is the subject of our separate guide to the April 2027 changes.

PLANNING AHEAD

Simple checks that keep things in order

Everything in this guide points towards a small number of practical checks. None of them are complicated, and once they're done, an occasional review is all it takes to keep things in order.

Key Figures: More than a quarter of over-55s still have no will in place, according to research by Canada Life.

Make a simple inventory

List what you own and what you owe, with rough values, and note where the important documents are kept. It makes everything far easier for your executors later on.

Check how your home is owned

Find out whether you hold your home as joint tenants or tenants in common, as it shapes both what your will can control and how the value is treated. HM Land Registry can confirm the position if you are unsure.

Review your nominations and policies

Ensure that the expression of wishes on each pension you hold is up to date, and check whether your life insurance is written in trust. These sit outside your will, so they are easy to overlook.

Keep your will up to date

A will written years ago may no longer reflect your life today. Marriage, divorce, children, moving home and changes in what you own are all good reasons to review it. An up-to-date will, alongside the checks above, reduces the risk of disputes and makes everything simpler for the people you leave behind.

NEXT STEPS

How Edge can help

1. A relaxed conversation. At home or over the phone, in plain English. We talk through what you own, how it is held, and whether your current arrangements still do what you want them to.
2. Fixed, transparent pricing. Our fee is agreed before you commit to anything, with no surprises later on.
3. A will and estate plan built around what you actually own. We help you to take stock, make or update your will, and check that your nominations, policies and the way your home is owned all work together. Where financial or tax advice is needed, we'll point you to a regulated financial adviser.

A will decides who inherits what you leave behind, but it can only do its job properly if it reflects what you actually own and how you own it. Understanding your estate is the first step, and it costs nothing to know where you stand.

Get in touch: 01883 723310

Visit our website for more information: https://edgelp.co.uk

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IMPORTANT INFORMATION

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