

MONEY COACH

By Simonne Gnessen, December 2005

What are the financial implications of the Civil Partnership Act?

Couples who register a civil partnership will enjoy the same tax advantages as married couples. This means that they'll be able to pass assets to each other without suffering capital gains tax and that, in the event of death, a surviving partner won't have to pay tax on any inheritance.

Civil partners will also be treated in the same way as married couples when it comes to state pension provision. And the rights of surviving partners under certain types of occupational pension schemes will be the same as married couples.

If a registered civil partner dies without making a will, the surviving partner will be entitled to the same automatic rights of inheritance as a widow/er under the rules of intestacy, which determine how the deceased's estate should be divided. It's still advisable for couples who intend to register their partnership to write a will though. And note that any existing will drawn up by either party will be revoked on registering, so it's advisable for couples planning to register to make new wills.

There's one important change brought about by the Act, which will affect even unregistered partners. From 5 December, same sex couples who live together will be jointly assessed for any means-tested benefit - e.g. housing benefit or tax credit - which may lead to reduced benefits.

Another consideration is for couples with two homes between them, each listed as their respective principle private residences for tax purposes. If they were to register their partnership, the right of exemption from capital gains tax on one of these properties will be lost.

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