

Hotchpot: mixing things up to level the playing field



It is relatively commonplace for parents to make financial gifts to their children during their lifetime (or indeed to friends or other family members). In recent years a key driver for such gifts has been to help the next generation get a foot on the property ladder or to assist with costs of further education. Lifetime gifts may also form part of a parent's own [estate planning](#) with a view to saving inheritance tax.

With two or more children, achieving equality between them is often very important to the parent making the gift. Assisting each child at various moments in their life's journey, such as with a deposit for a first home, means the ledger rarely balances.

Including a 'hotchpot clause' in a [will](#) however can provide a useful solution. The term may sound unusually colloquial but it is bona fide legal jargon! A hotchpot clause directs that gifts made during the parents' lifetime should be taken into (or brought back into) account when dividing assets between the children (or other beneficiaries) following death. Many individuals are not aware that their wills can be drafted with this flexibility. But, by including a hotchpot clause it can afford peace of mind that equality will be achieved at the time of death, without needing to be painstakingly equal any time funds are advanced to a child.

The will does not need to be updated every time a gift is made. The only 'requirement' is for the testator (the person making the will) to keep – and update – a record of gifts made so that, when needed, it is ready for the executors to refer to. In an ideal world the record will be kept with the will, or in a location where it will come to light when required.

If you would like to discuss hotchpot clauses, lifetime giving or your general [estate planning](#) with a view to [making a will](#) or reviewing your will, contact us.