

Newsletter

New opportunities for succession planning

August 10, 2018

Dear Ladies and Gentlemen,

On July 19, 2018, the President of the Russian Federation signed a law that introduces new institutions into the Russian succession law – a joint will of the spouses and a testamentary agreement.

These amendments enable relevant people and authorities to consider the testator's wishes more fully and enable the potential heirs to make legally-binding agreements about the order of distribution of assets and maintenance of family members, after the death of the testator. This helps to mitigate conflicts between the heirs.

1 Joint will:

It is a type of will, which is executed by two persons (unlike the process governed by the general rules), namely by the spouses whose marriage is officially registered.

Spouses can bequeath their **matrimonial property as well as personal assets**, determine the property to be transferred to the heirs of each of the spouses, to their joint heirs, or to the inheritance foundation, if one of the spouses, or both of them pass away.

Thus, the joint will helps to avoid – in case of necessity - separation of a matrimonial share in the estate in the case of force majeure and prevents fragmentation of family assets. Meanwhile it is important to recognise the forced heirship rules relating to heirs and succession must be observed in case of execution of the joint will.

A joint will becomes invalid in case of marriage termination, or annulment by a court, or if revoked by one of the spouses. If both spouses are alive and one of them wishes to revoke the will, a **notary should notify the other spouse about such revocation**. This rule prevents any potential misuse by the will-revoking spouse.

2 Testamentary agreement:

This is an agreement concluded by the testator with any person who potentially can be the heir, including spouses.

The aim is to determine the order of transferring the estate to the heirs, or third parties. The agreement can also provide for the possibility of an inheritance foundation establishment. **Forced heirship rules** are also applied, even if an heir appeared (for example, was born, or reached the particular age) after concluding the testamentary agreement. **The advantage** of a testamentary agreement (in comparison with a will) is that stipulated obligations of the heirs can enter into force, both before and after death of the testator. For example, obligation to provide financial support to the testator, or members of his family.

The testamentary agreement can be **changed, or terminated**, only during the life of the parties. However, the testator has right to change, or cancel the agreement and notify the other parties through a notary. The testator shall recover losses incurred by parties as per result of execution

of the testamentary contract, until they receive notification about testator's change, or cancellation.

Conclusion of the testamentary agreement does not restrict the right of the testator to dispose his property. However, if several testamentary agreements are concluded with different persons, in respect of the same

property, the first agreement concluded shall prevail.

The potential heir may also reject the conditions and/or benefits of the contract, in the manner stipulated in it. Also he/she can refuse to accept the estate after the testator has passed away.

ALRUD law firm has extensive experience in provision of comprehensive support to clients in family and succession law. ALRUD lawyers will be glad to answer any additional questions about innovations in succession law and the benefits of these rules.

We hope that the information provided herein is useful for you. If any of your colleagues would also like to receive our newsletters, please let us know by sending us his/her email address in response to this message. If you would like to learn more about our [Private Clients practice](#), please let us know in reply to this email. We will be glad to provide you with our materials.

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If you have any questions, please, do not hesitate to contact Senior Partner of ALRUD Law Firm

Sincerely,
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