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# Welcome to: estate planning



# About us

We are a leading financial wellbeing and retirement specialist - helping those in the workplace to improve their financial future.

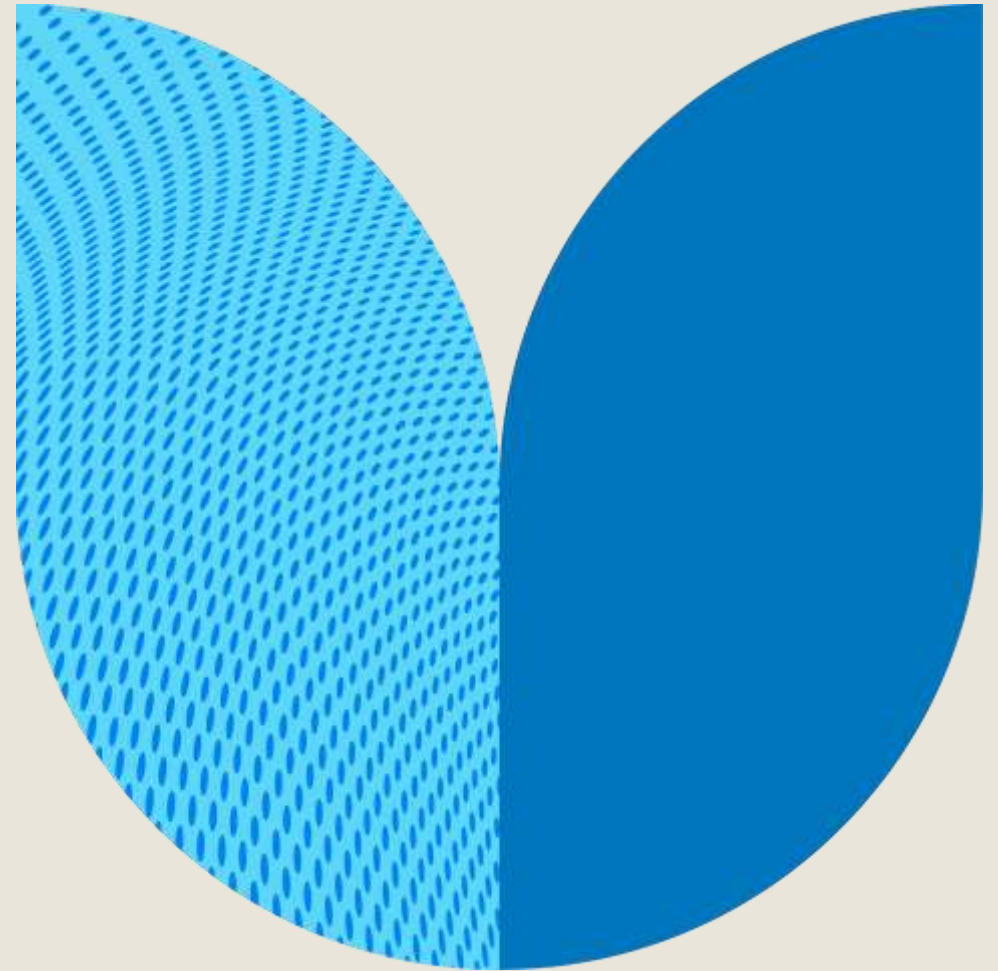
Established in 2005, we work with hundreds of organisations across both the private and public sector.

Our financial education services are delivered on a bespoke basis.

# Agenda

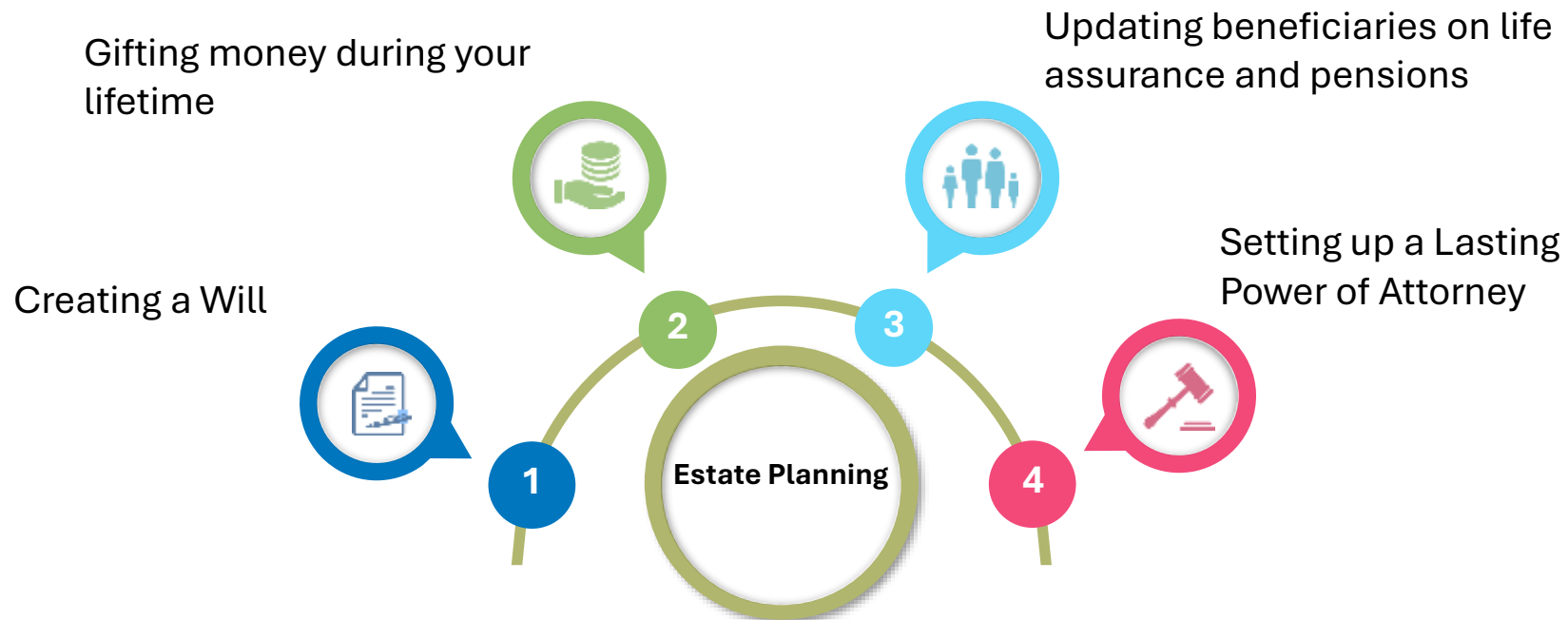
- Estate Planning
- Inheritance Tax (IHT)
- Making gifts during your lifetime
- Intestacy Rules and Will writing
- Power of Attorney
- Next steps

# Estate planning

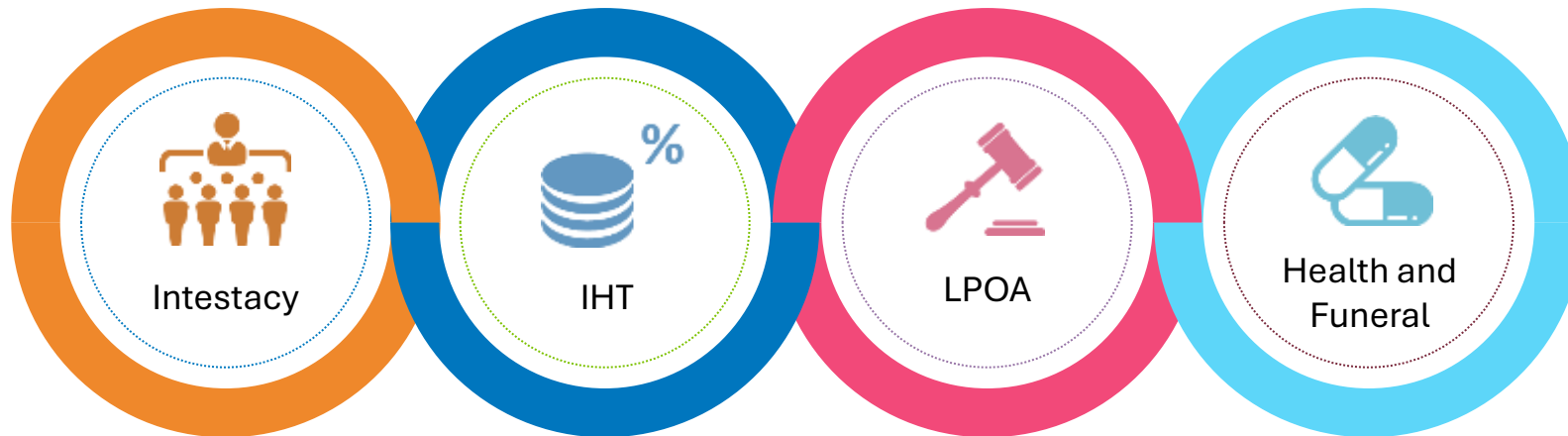


# Estate planning

- During your life you build up personal wealth, your ‘estate’
- Estate Planning involves protecting your wealth and ensuring it passes to the people you want it to
- It’s an evolving process and may include:



# Why is estate planning important?



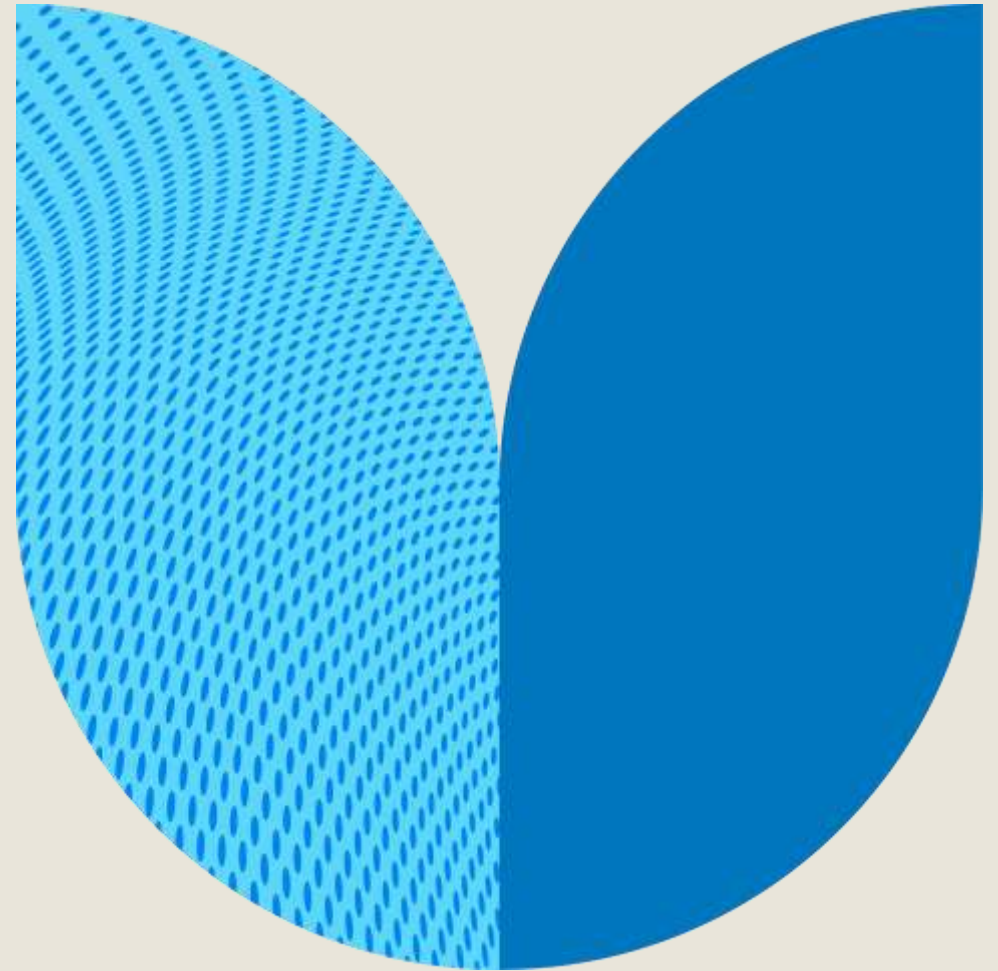
● Without a Will, Intestacy Laws decide who gets what

● Make the most of the allowances available to you

● Assign someone to look after your money if you lose mental capacity

● Detail your health and funeral wishes

# Inheritance tax





# Inheritance tax (IHT)

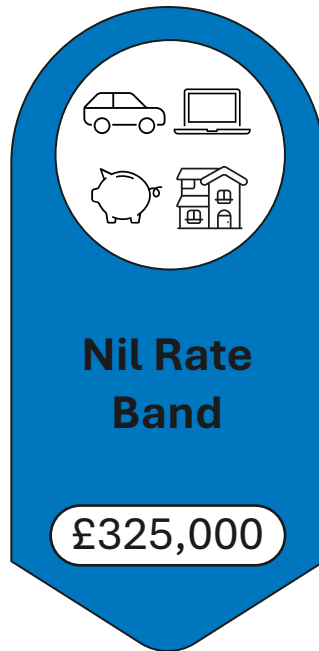


HMRC apply IHT to your worldwide assets if you are a long-term resident of the UK



- Long-term residents are those UK-resident for over 10 of the last 20 tax years
- You may still count as a long-term resident for up to 10 years after leaving the UK

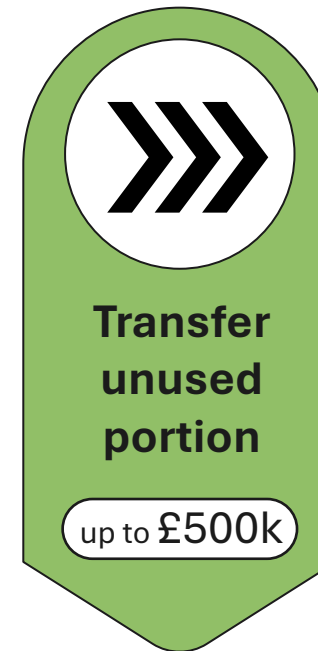
# Inheritance tax (IHT)



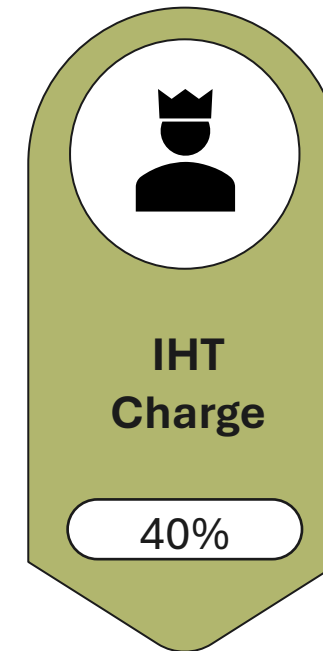
Applied to any part of an estate that is chargeable to IHT



Only applied to a home that is left to a direct descendant

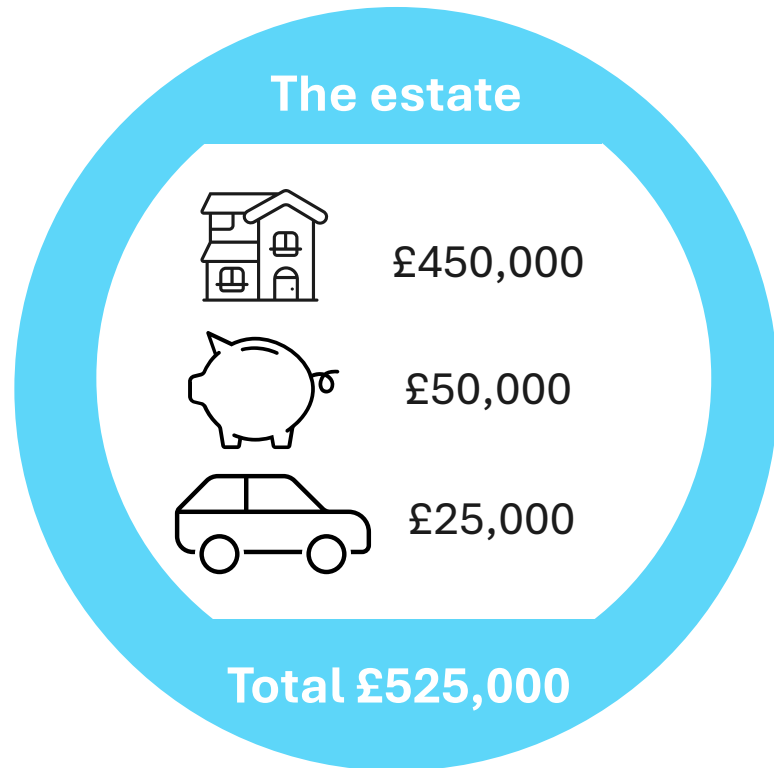


A couple could potentially pass on up to £1m before IHT becomes due\*

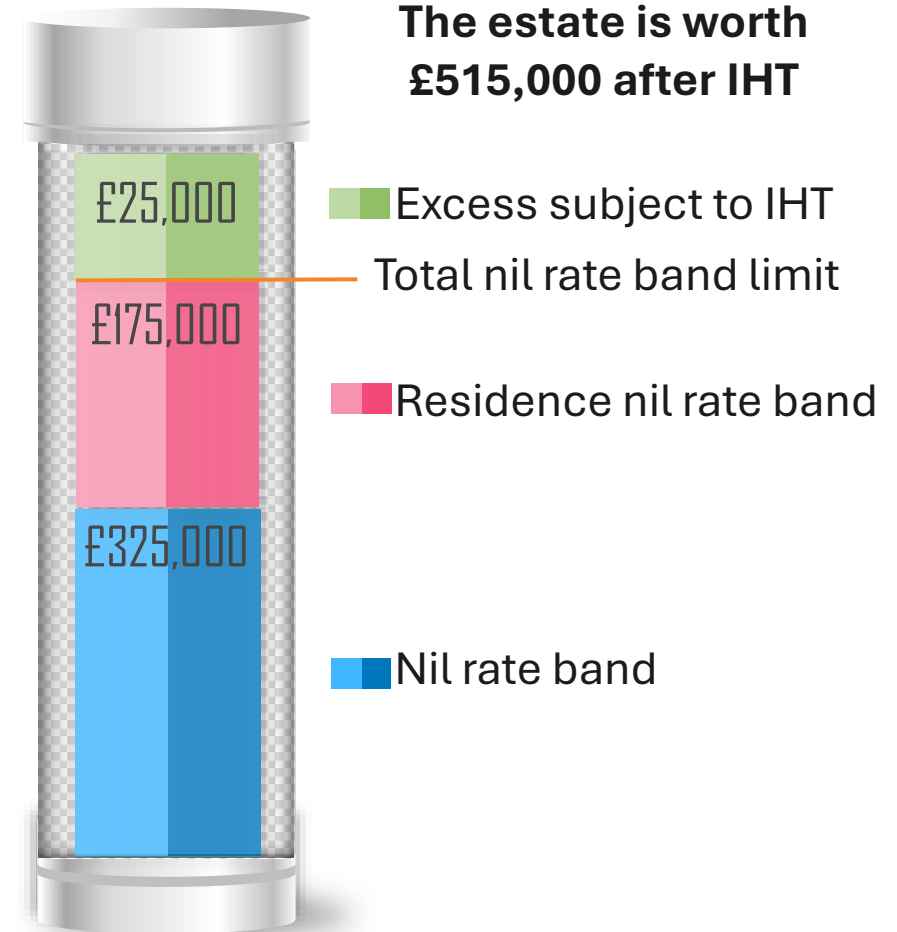


\*A couple in this context is a spouse or civil partner

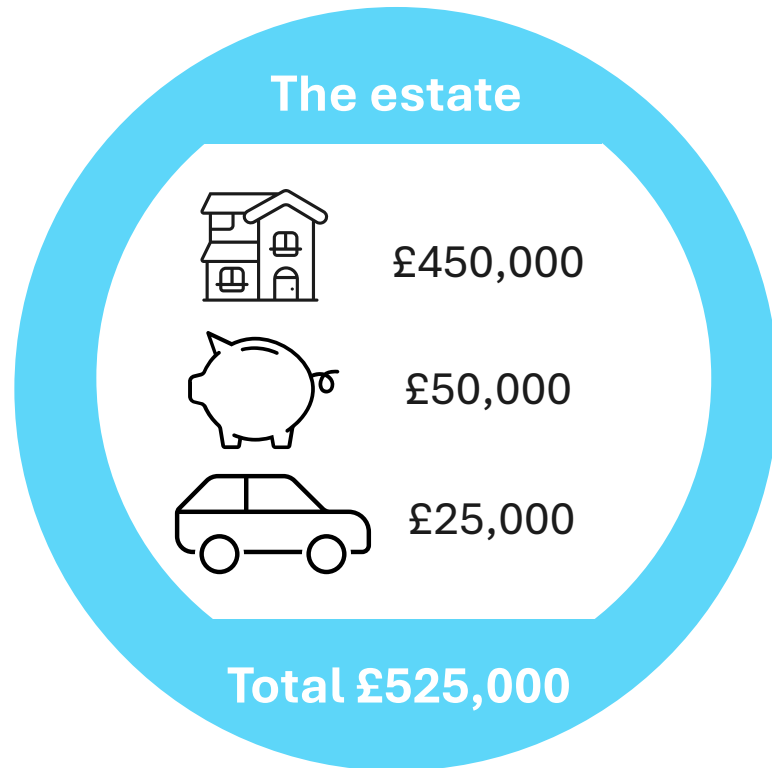
# Inheritance tax (IHT) - example



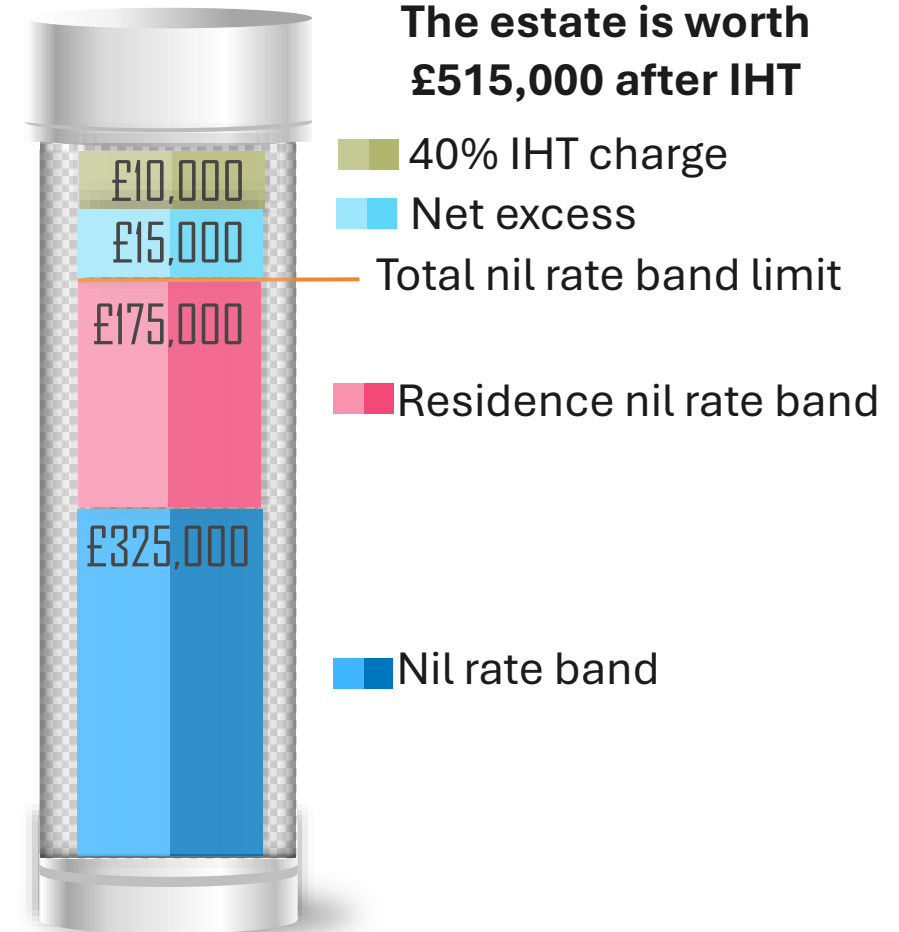
The estate is being passed to a direct descendant



# Inheritance tax (IHT) - example



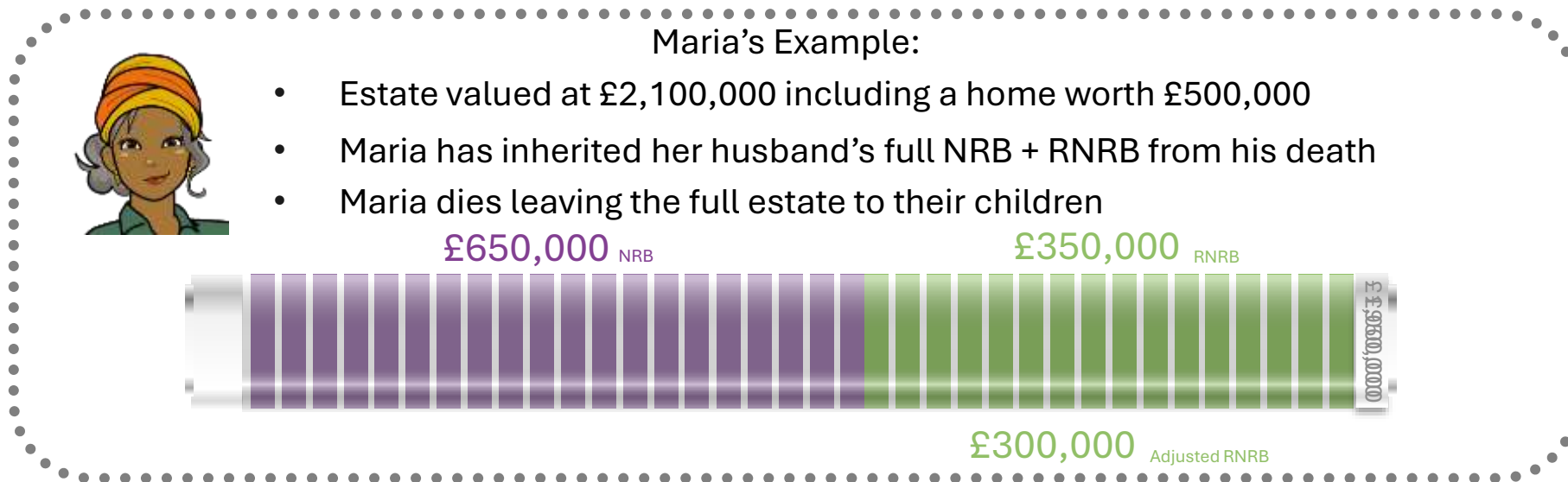
The estate is being passed to a direct descendant



# Taper threshold (TT)

For estates valued at over £2,000,000 a taper may apply to the RNRB.

- RNRB is reduced by £1 for every £2 an estate exceeds the taper threshold.
- There will be no RNRB if the estate exceeds £2.35m or £2.7m including available partner's unused allowance.\*

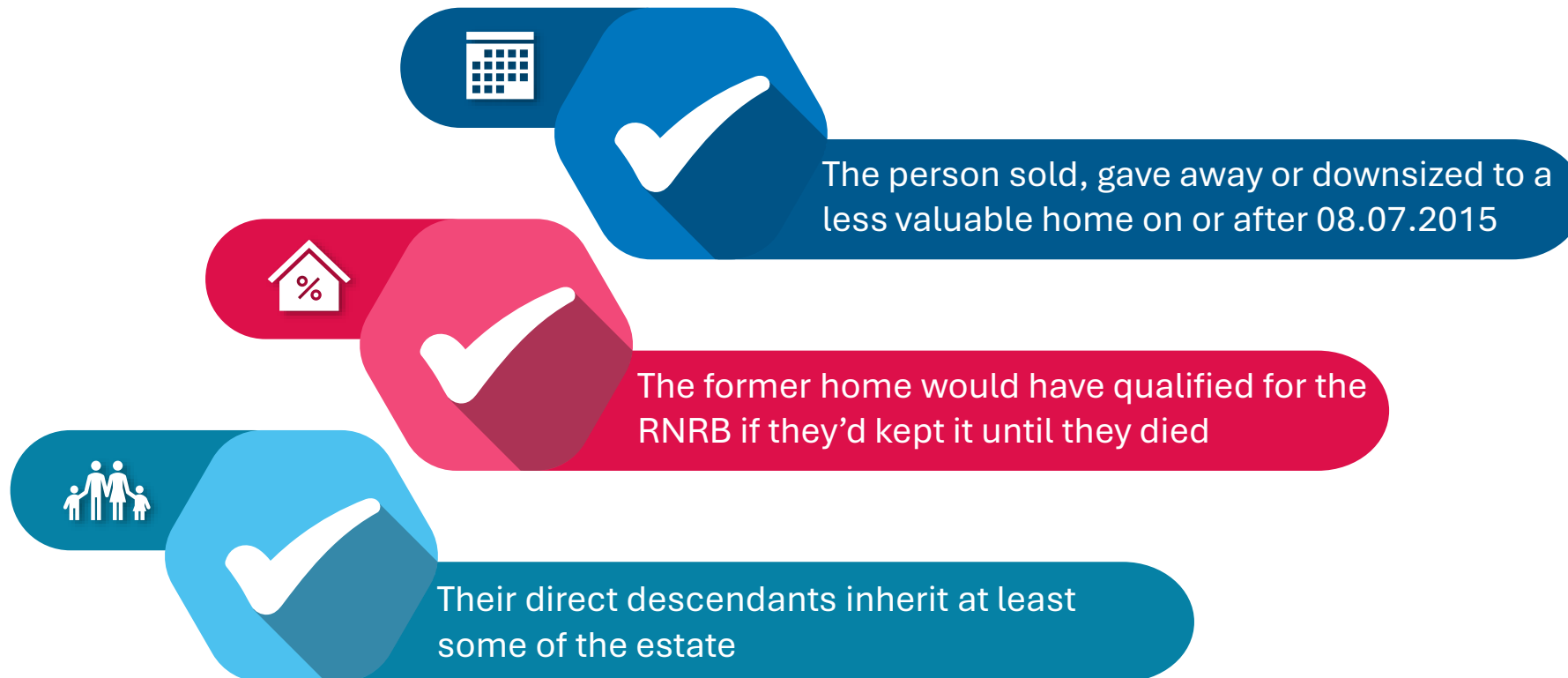


\*Based on current RNRB of £175,000

# Downsizing addition

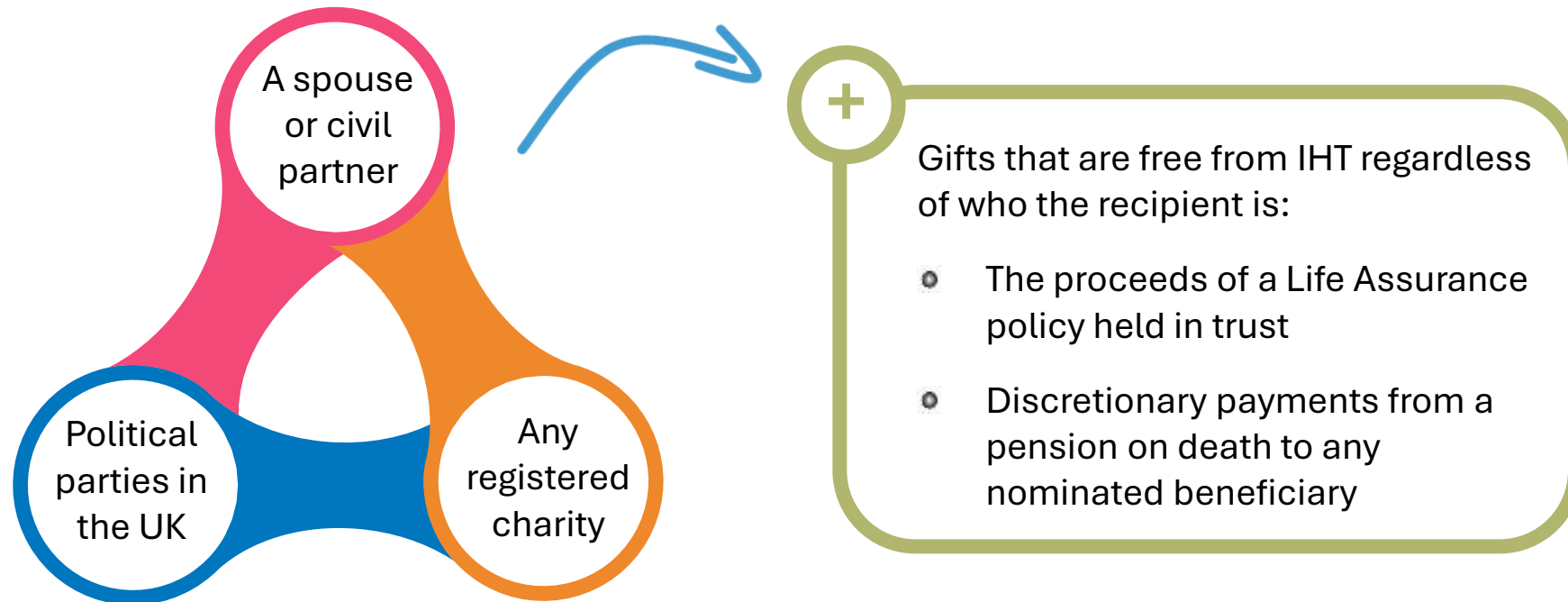
An individual may still qualify for the RNRB in cases where they have sold their home or moved to a less valuable home.

To qualify, all these conditions must apply:



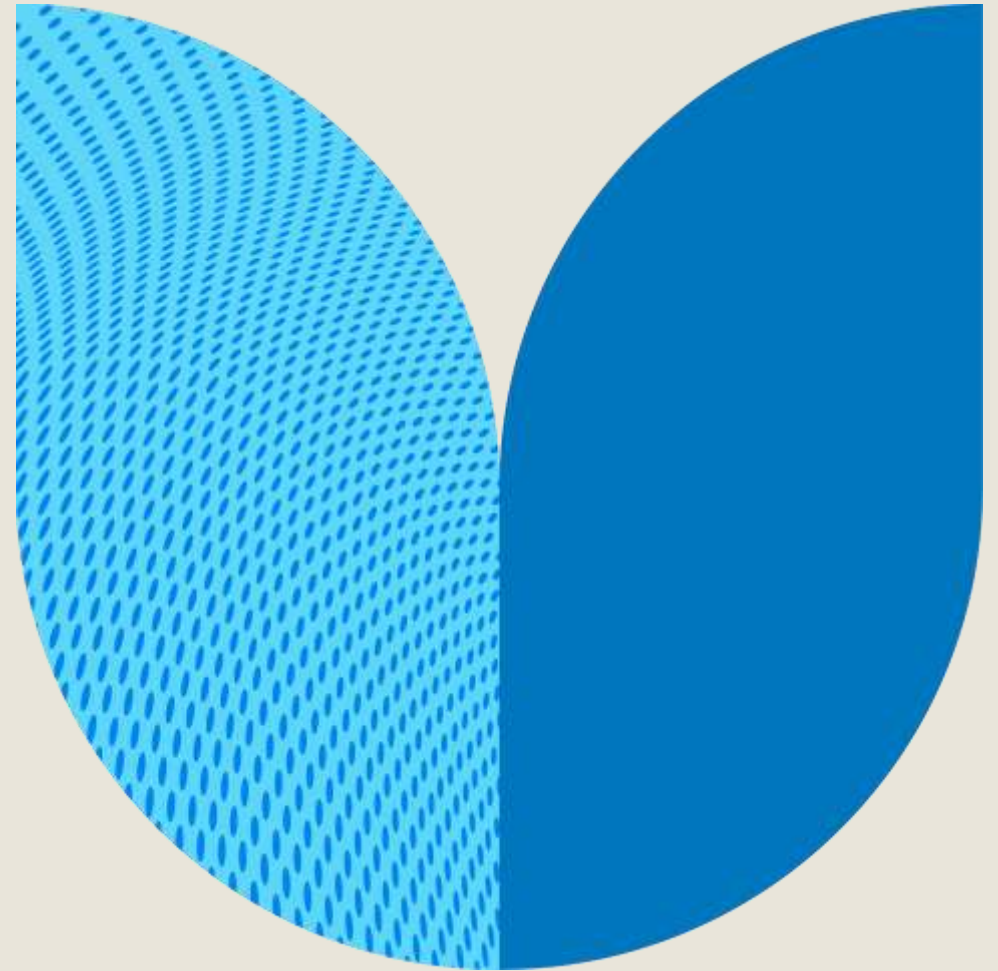
# Your estate

In addition to the nil rate bands, there are a number of other gifts that can be made free from IHT. These include gifts to:



From 6 April 2027, unspent DC pension pots and lump sum death benefits from a DB plan left to non-spouse/civil partner beneficiaries will be subject to Inheritance Tax.

# Making gifts during your lifetime





# Gifts during your lifetime

There are certain gifts that can be made during your lifetime that are immediately exempt from any Inheritance Tax charge. These include:

**Exempt  
From  
IHT**



An annual exemption of £3,000 (carry forward over 1 year is permitted)



Small gifts up to the value of £250 per person



Regular gifts or payments that are part of your normal expenditure out of income



Gifts to a spouse or civil partner

# Potentially exempt transfers

Other gifts made whilst alive may become exempt after a period of time has passed.



## Outright Gift

The donor must give up all interest in the gift



## Failed PET

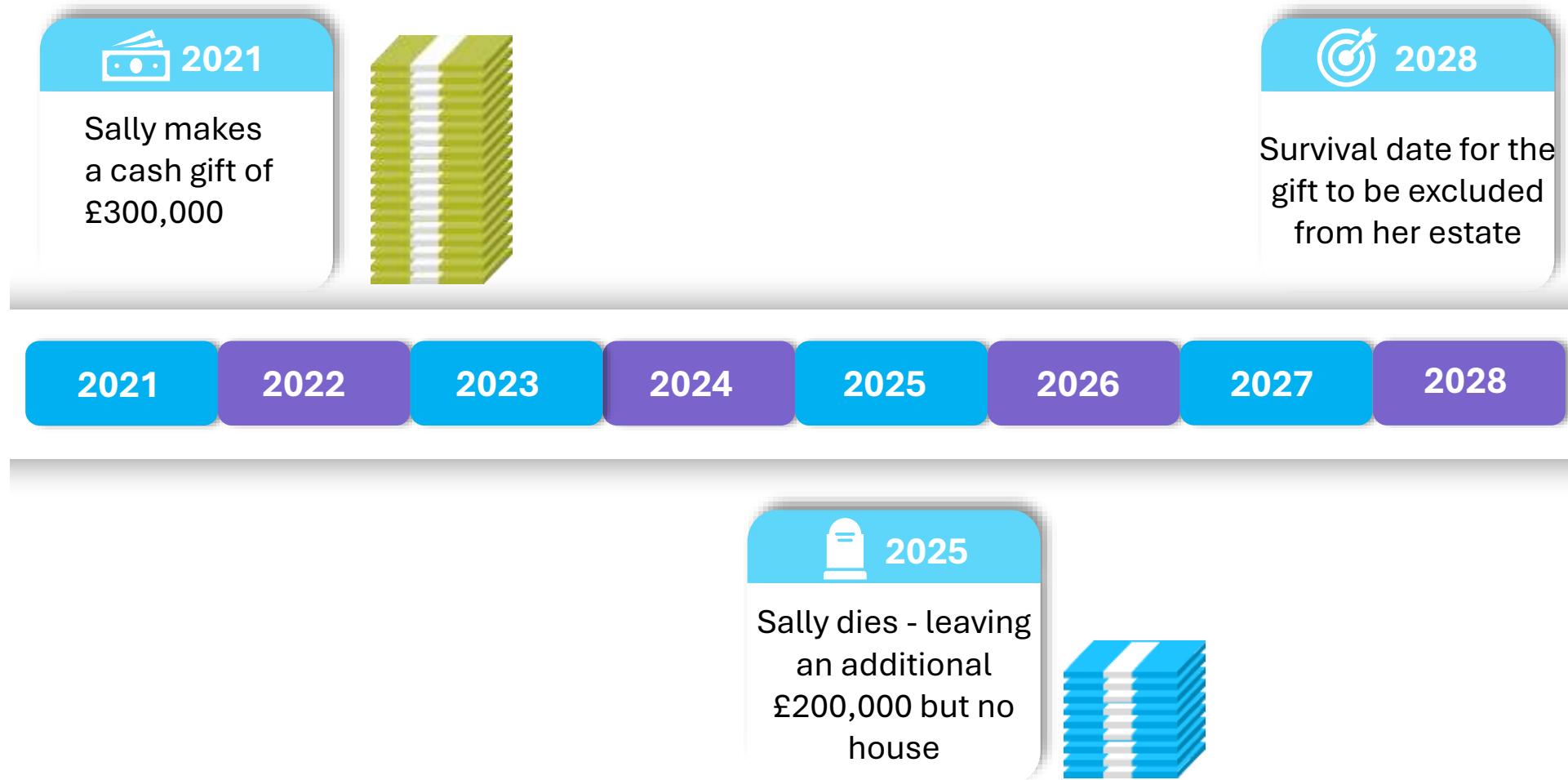
The donor must survive 7 years from the date the gift was made



## 7 Years

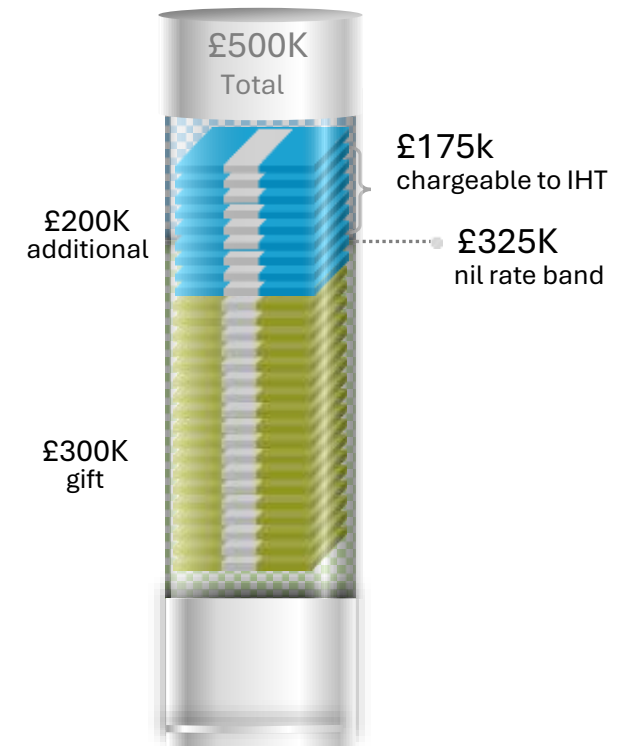
After 7 years the gift is exempt from IHT

# Potentially exempt transfers



# Potentially exempt transfers

- The gift forms part of the nil rate band
- The remaining estate is then added
- IHT applies to £175,000\*
- 40% of £175,000 = £70,000



\*Example assumes a home does not form part of her estate.

# Potentially exempt transfers

If a Potentially Exempt Transfer was made within 7 years of death, taper relief may apply:

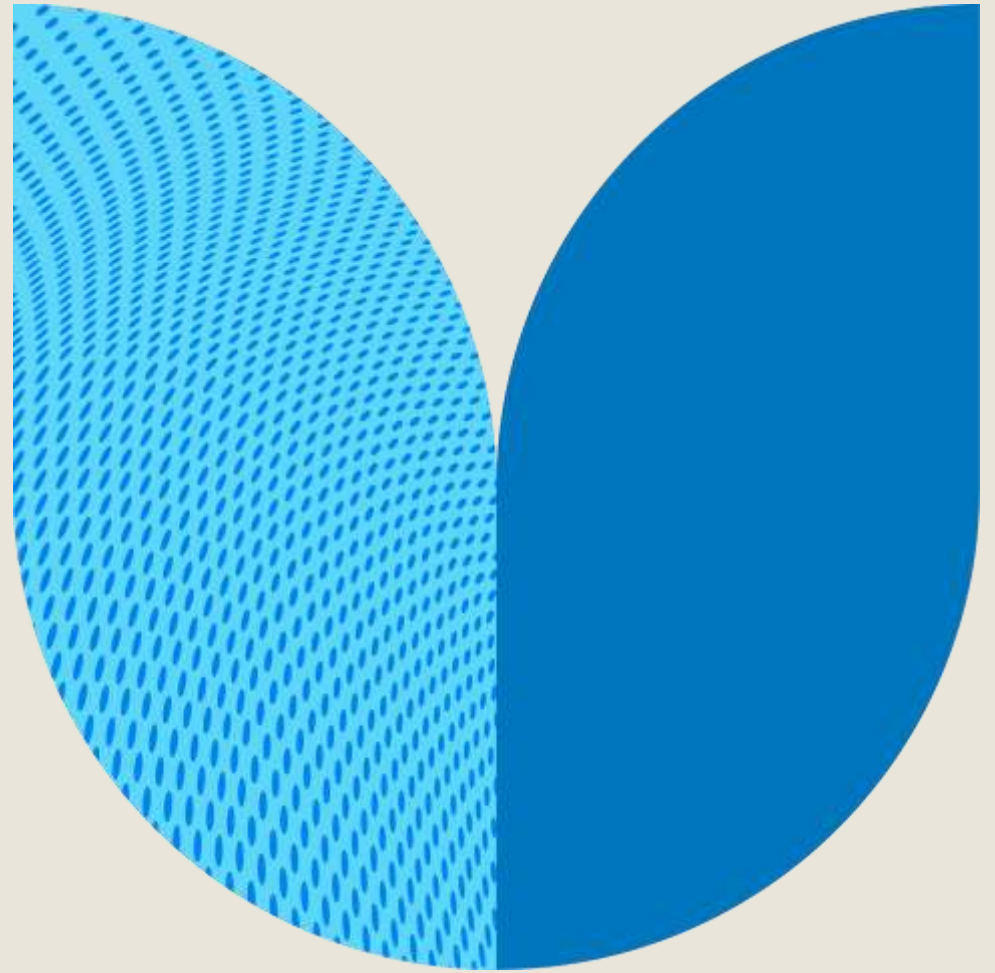
- Gifts made before death will use up the nil rate band first
- Taper relief applies where the total value of gifts exceeds the nil rate band

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<b>Time since death</b>	<b>Tax paid</b>
Less than 3 years	40%
3 to 4 years	32%
4 to 5 years	24%
5 to 6 years	16%
6 to 7 years	8%
7 or more years	0%

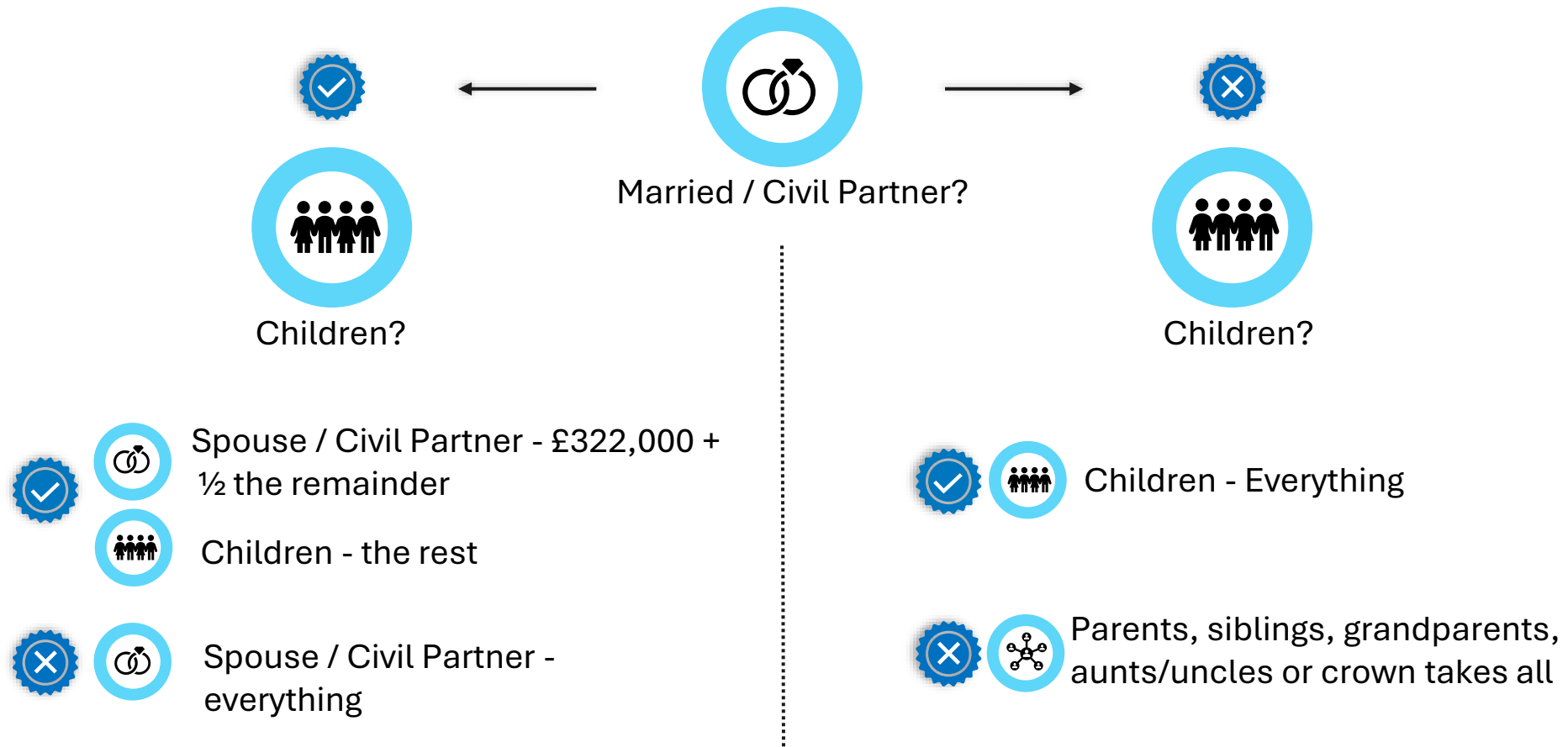
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# Intestacy rules and will writing



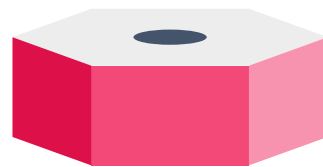
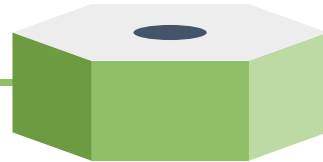
# Intestacy rules – England & Wales

If you were to die without a valid will, intestacy rules would apply. The rules that apply depend upon your personal circumstances.



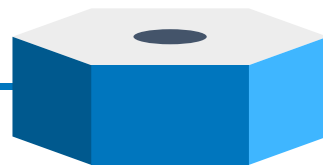
# Writing a will

A solicitor will write a Will that reflects your wishes or intentions



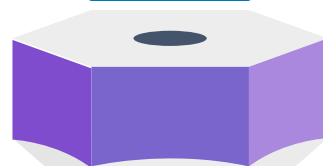
Only consider writing a Will yourself if you're confident that it reflects your wishes or intentions

Keep your Will up to date



Divorce automatically removes any entitlement to the ex-spouse\*

A Will is automatically revoked on marriage\*



Regularly review your nomination forms for life assurance and pensions

\*Unless your Will specifically states otherwise



# Your pension savings

If you have remaining benefits in a defined contribution pension when you die, these are taxed differently to non pension savings.



Inheritance tax is currently not applied to pension savings however, from 6 April 2027, unspent DC pension pots will be subject to inheritance tax



If death occurs before age 75 all benefits are paid to your chosen beneficiary free of income tax



If death occurs after age 75 benefits are taxed on receipt at the beneficiaries marginal rate of tax

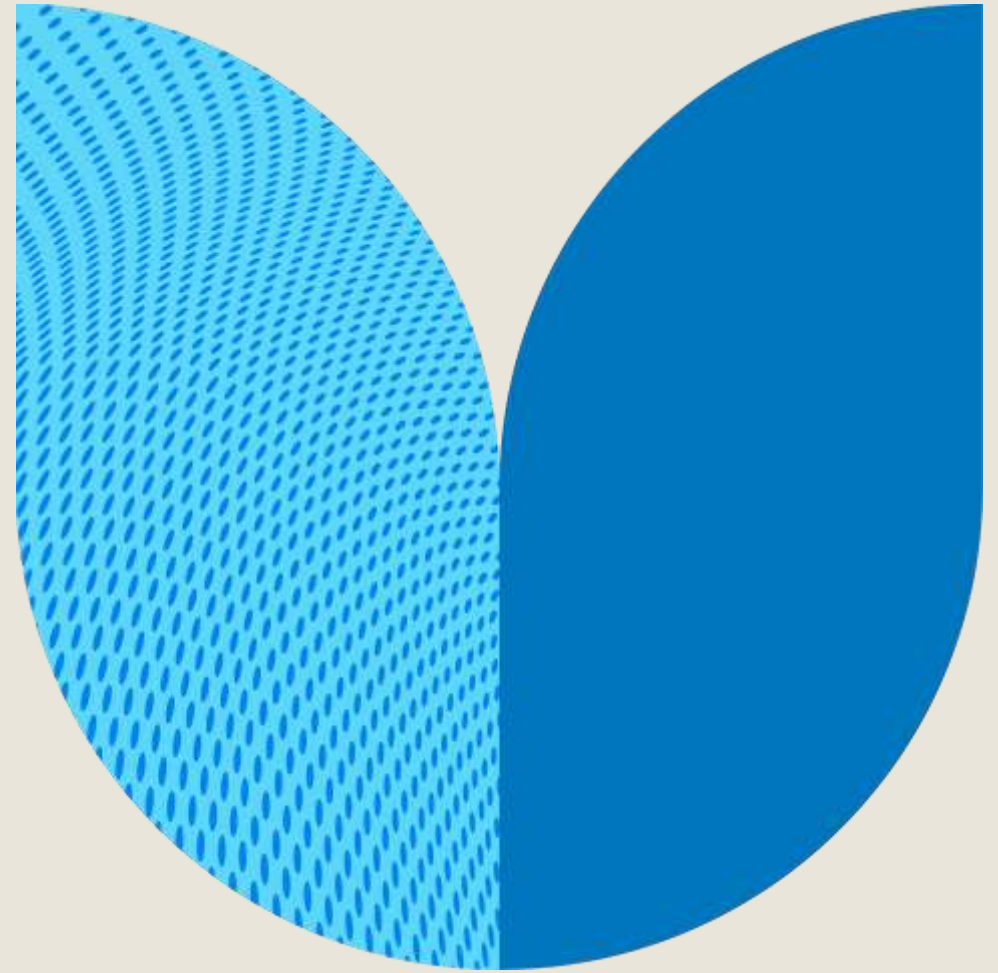
If a member has purchased an annuity, any payment after death will be dependent on whether cover for a partner has been selected and subject to income tax

# Updating nomination forms

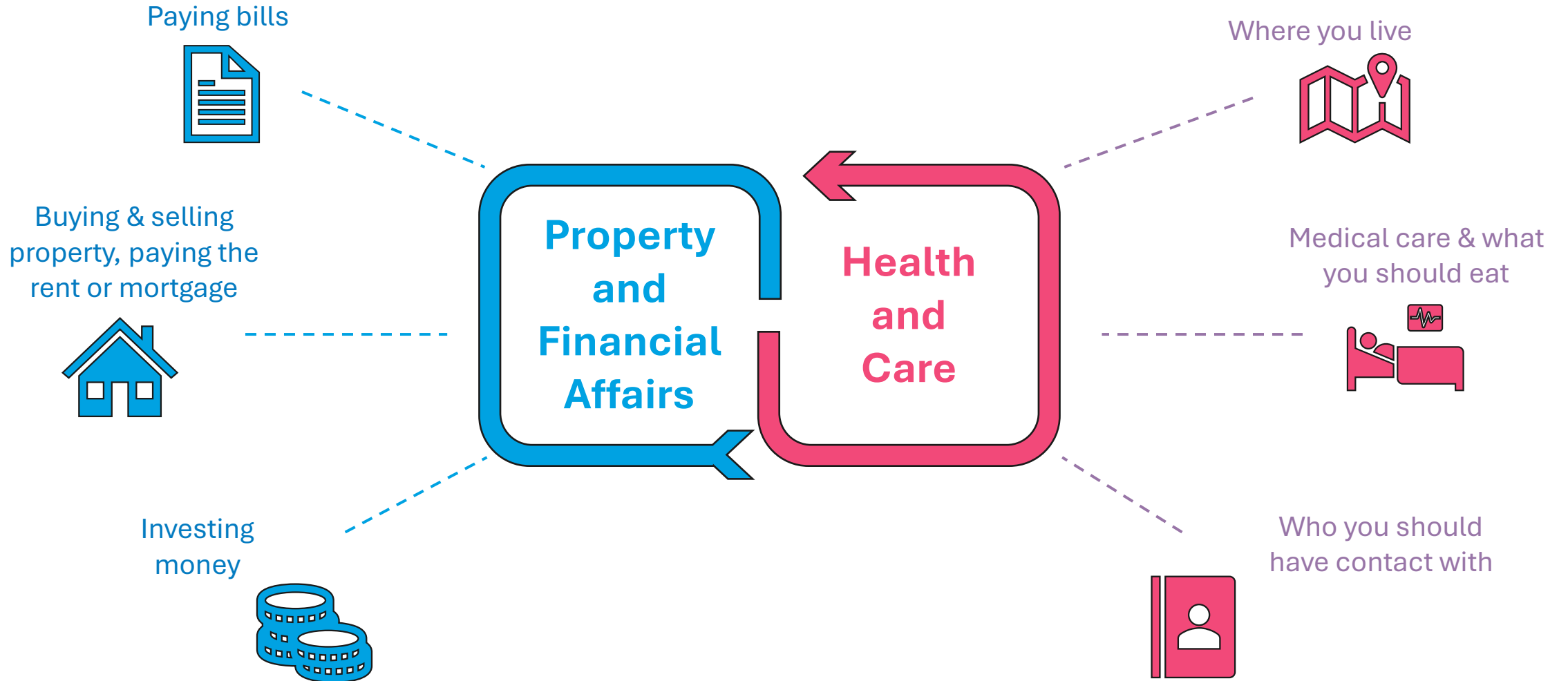
Review the nominations for your pension and life assurance policies



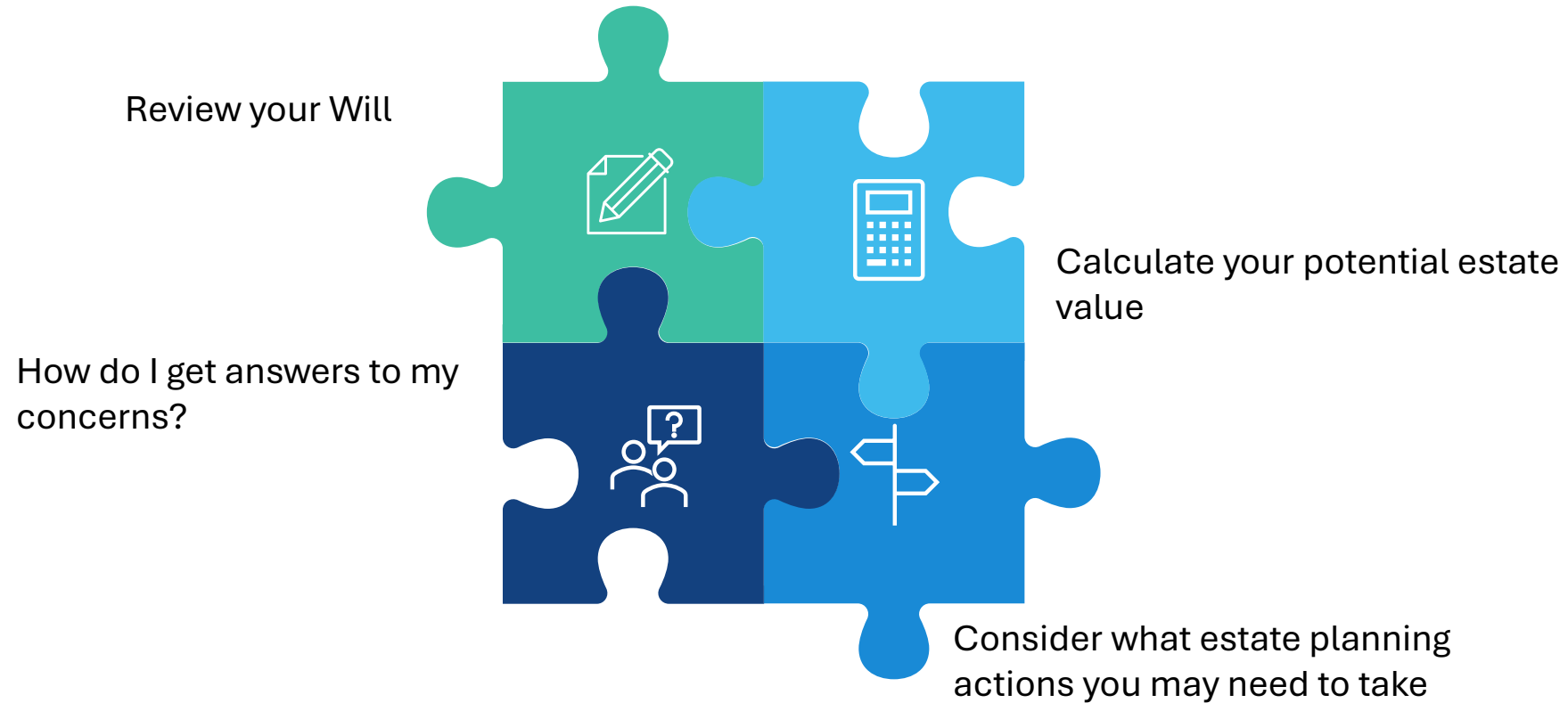
# Power of attorney

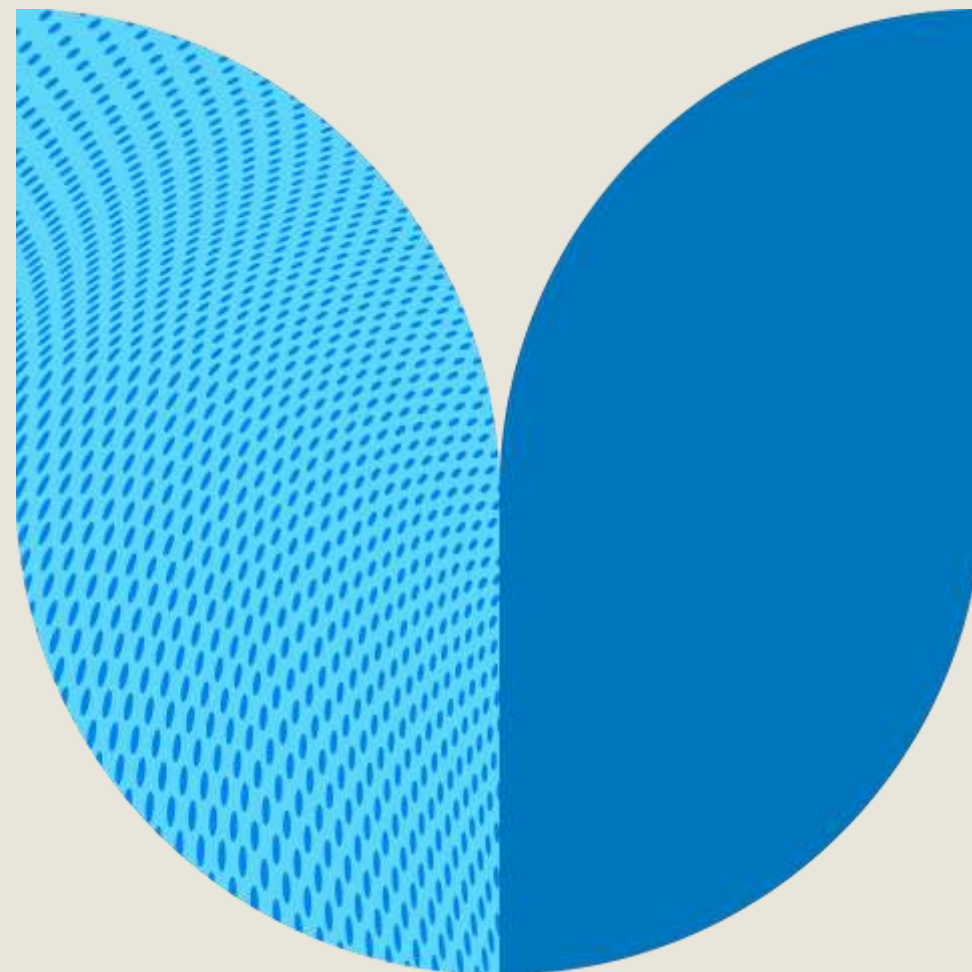


# Lasting power of attorney



# Summary





# Next steps

# Further information

01

## Current IHT rates and allowances

[www.gov.uk/inheritance-tax](http://www.gov.uk/inheritance-tax)

02

## Passing on a home

[www.gov.uk/inheritance-tax/passing-on-home](http://www.gov.uk/inheritance-tax/passing-on-home)

03

## Trusts and taxes

[www.gov.uk/trusts-taxes](http://www.gov.uk/trusts-taxes)

04

## Making a Lasting Power of Attorney

[www.gov.uk/power-of-attorney/make-lasting-power](http://www.gov.uk/power-of-attorney/make-lasting-power)

05

## Writing a Will – your options

[moneyhelper.org.uk/en/family-and-care/death-and-bereavement/planning-what-to-leave-in-your-will](http://moneyhelper.org.uk/en/family-and-care/death-and-bereavement/planning-what-to-leave-in-your-will)

# Financial guidance

Financial guidance provides you with information that may assist you in making decisions about your retirement income:

- You will not be provided with advice on the most suitable option for you
- The Government has set up Pension Wise to provide you with free financial guidance from the age of 50:
  - <https://www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise>
  - Your plan will ask you whether you have received guidance or regulated advice before you take a pension income



# Financial guidance

## **Personal budgeting and setting goals**

[www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

## **State Pensions, Income Tax and ISAs**

[www.gov.uk](http://www.gov.uk)

[www.hmrc.gov.uk](http://www.hmrc.gov.uk)

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Thank you.

