

## Inheritance Tax

### Here's how it works

This example shows how much IHT would be payable on an estate worth £1.5 million being passed on to the children of the deceased.

	If single	If married or in a civil partnership (on 2nd death after the first deceased leaves the full estate to the surviving spouse)
Nil-rate band	£325k	£650k
Residence nil-rate band	£175k	£350k
Amount subject to IHT	£1m	£500k
40% IHT	£400k	£200k

### Did you know...

The government has frozen the inheritance tax (IHT) thresholds until 5 April 2030. This is often described as a 'stealth tax' as not increasing the thresholds in line with inflation means more and more families are automatically brought into the IHT net.

### Three things to consider:

#### 01

Drawing up a will\*, or reviewing your existing will, is the easiest and most effective way to express the way you would like your wealth distributed when you die.

Without a will, your assets will be distributed in accordance with the intestacy rules and may be liable to IHT that might otherwise be avoided.

With our **invaluable advice**, we can help you maximise your allowances as part of a clear financial plan – giving you greater confidence in creating the future you want. Contact your St. James's Place Partner today to discuss this and other ways of protecting and growing your family wealth.

#### 02

One way of reducing your IHT liability is to make the most of your annual gifting allowance. You can gift £3,000 per tax year (£6,000 for a couple) and it will leave your estate immediately for IHT purposes. You can also use last year's allowance if it was unused, however, it can be carried forward for one year only. This means a couple could potentially remove £12,000 from their estate in this tax year.

The levels and bases of taxation, and reliefs from taxation, can change at any time and are generally dependent on individual circumstances.

\*Will writing involves the referral to a service that is separate and distinct to those offered by St. James's Place. Wills and Trusts are not regulated by the Financial Conduct Authority

#### 03

Making larger lifetime gifts, either to individuals or a trust, is an effective way to mitigate IHT. You would generally need to live 7 years for the gift to drop out of account. Any liability persisting in the interim can be covered using a life insurance policy.

