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an advanced guide to  
estate planning.

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# 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.

- Inheritance tax
- Making gifts during your lifetime
- intestacy rules and Will writing
- Trusts
- Further Information

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estate planning.

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# inheritance tax (IHT).



HMRC apply IHT to your worldwide assets if your permanent home ('domicile') is in the UK



If your permanent home ('domicile') is abroad, IHT is only paid on your UK assets (e.g. property or bank accounts you have in the UK)

# domiciled in the UK.

An individual will be treated as domiciled in the UK for all tax purposes if either Condition A or Condition B is met.

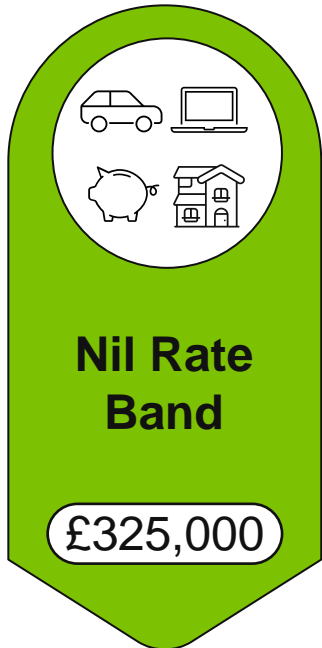


be born in the UK  
have the UK as his/her domicile of origin  
was resident in the UK for 2017 - 2018 or later years

The individual has been UK resident for at least 15 of the 20 tax years immediately before the relevant tax year.



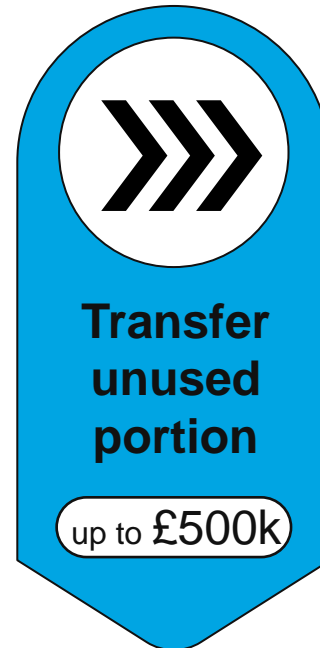
# inheritance tax (IHT).



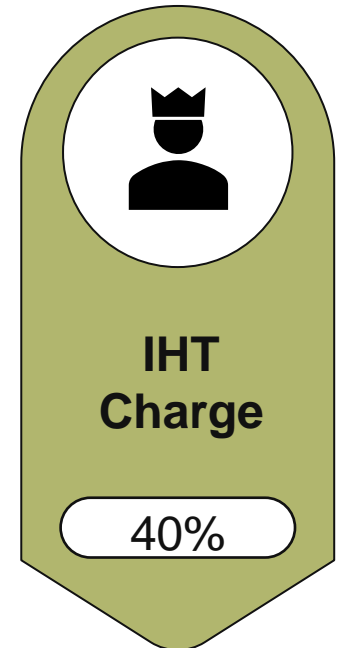
Applied to any part of an estate that is chargeable to IHT



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



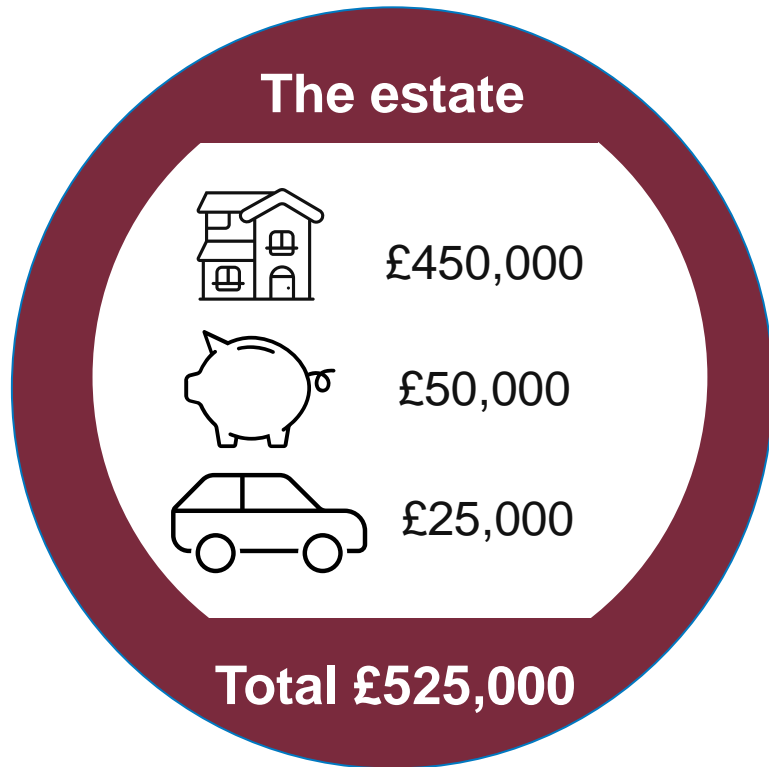
A couple could potentially pass on up to £1m before IHT becomes due\*



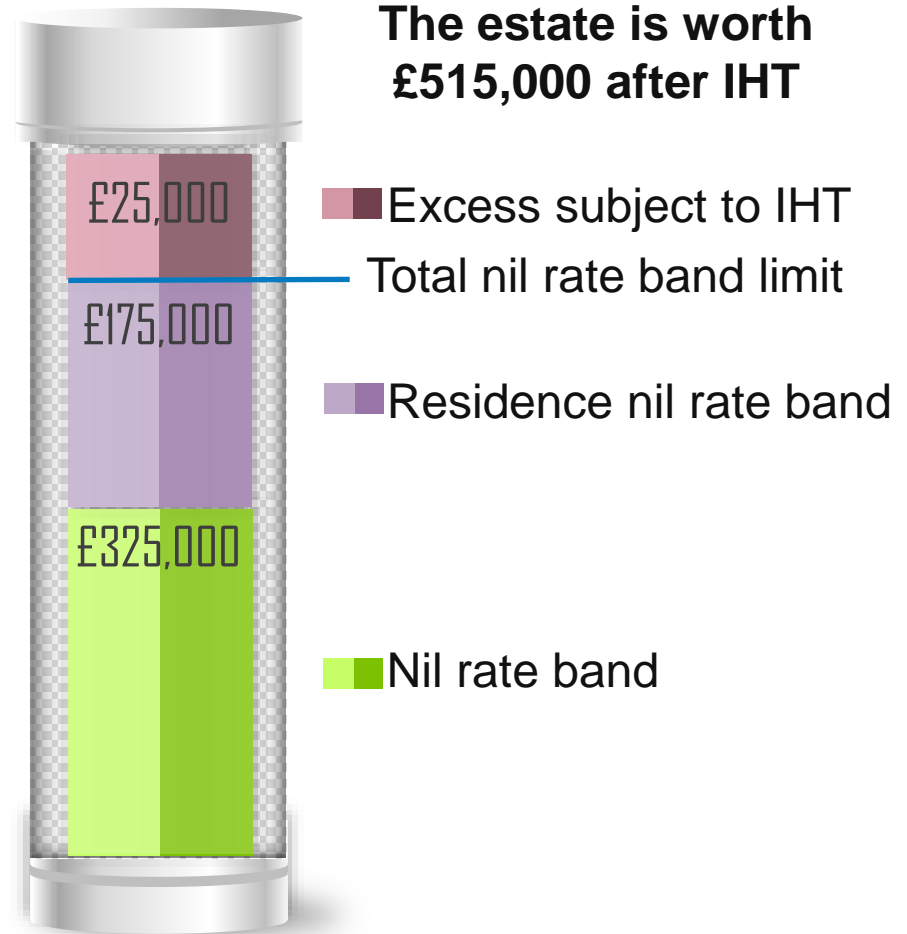
\* A couple in this context is a spouse or civil partner



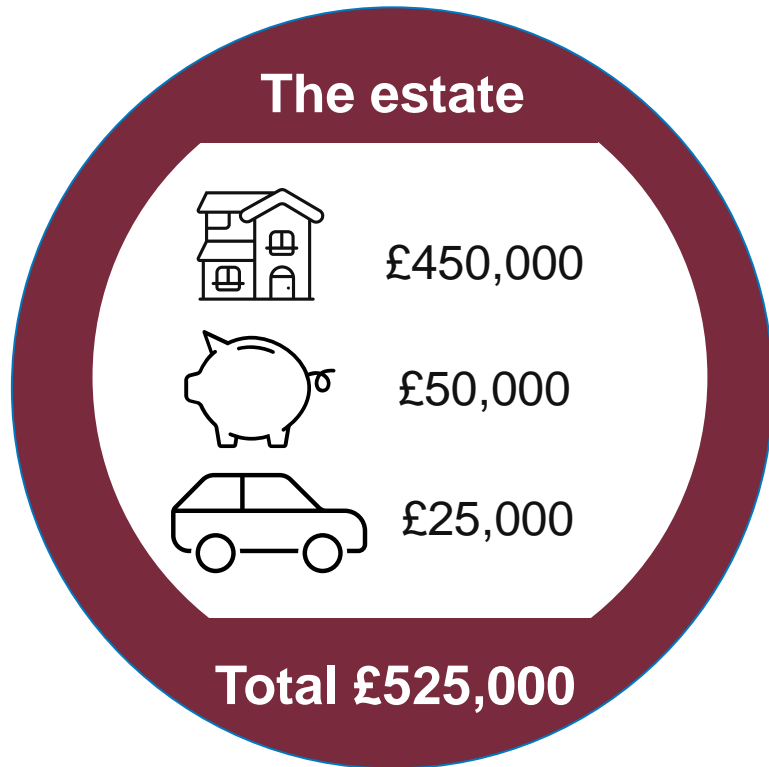
# inheritance tax (IHT) - example.



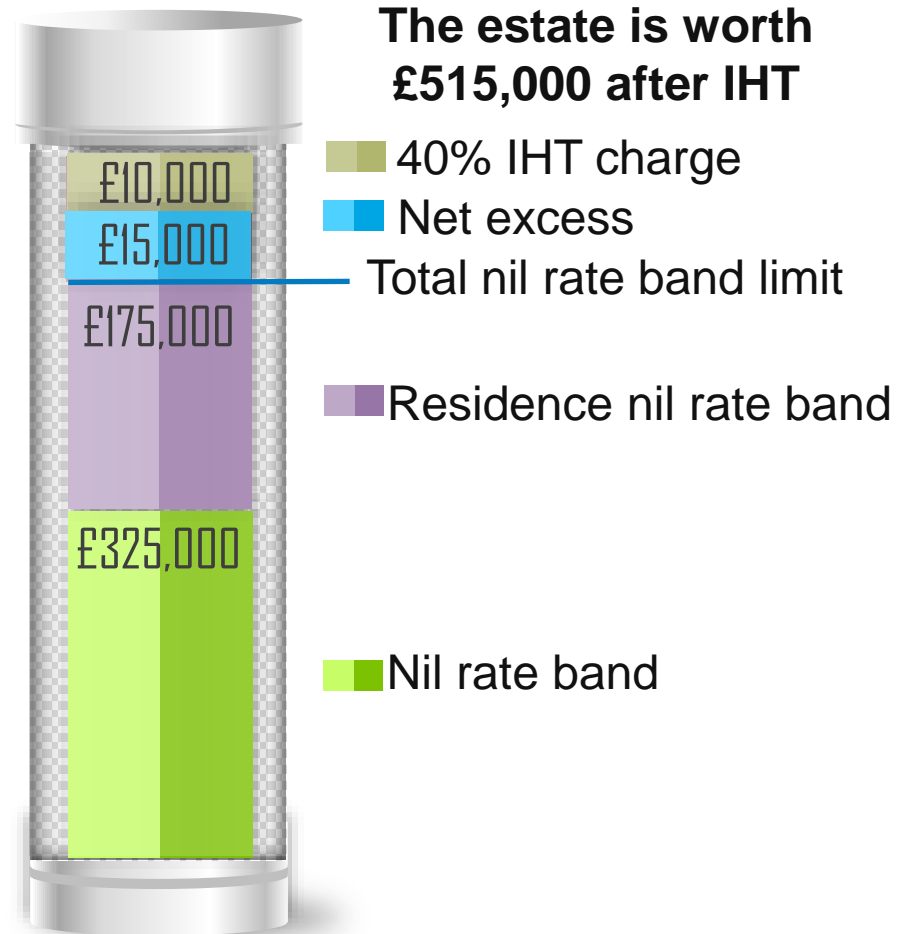
The estate is being passed to a direct descendant



# inheritance tax (IHT) - example.



The estate is being passed to a direct descendant



# taper threshold (TT).

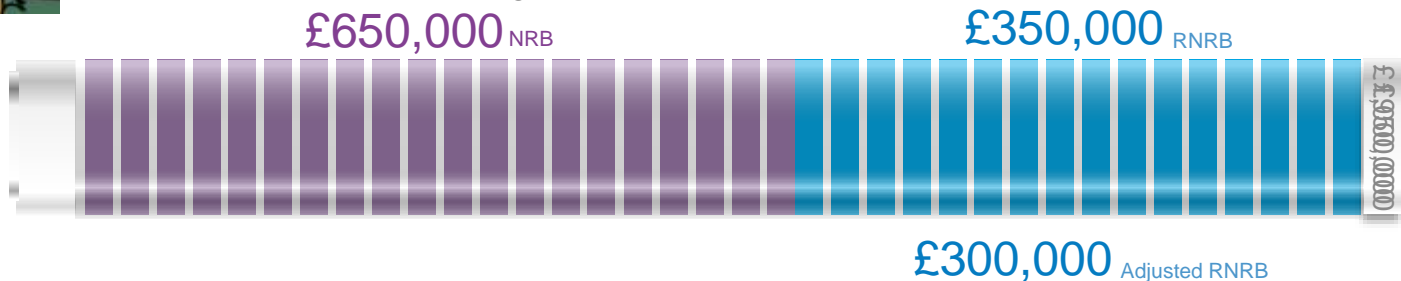
For estates valued at over £2,000,000 a taper may apply to the RNRB.

- 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.\*

## Maria's Example:



- Estate valued at £2,100,000 including a home worth £500,000
- Maria has inherited her husband's full NRB + RNRB from his death
- Maria dies leaving the full estate to their children



\*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:



The person sold, gave away or downsized to a less valuable home on or after 08.07.2015



The former home would have qualified for the RNRB if they'd kept it until they died



Their direct descendants inherit at least some of the estate

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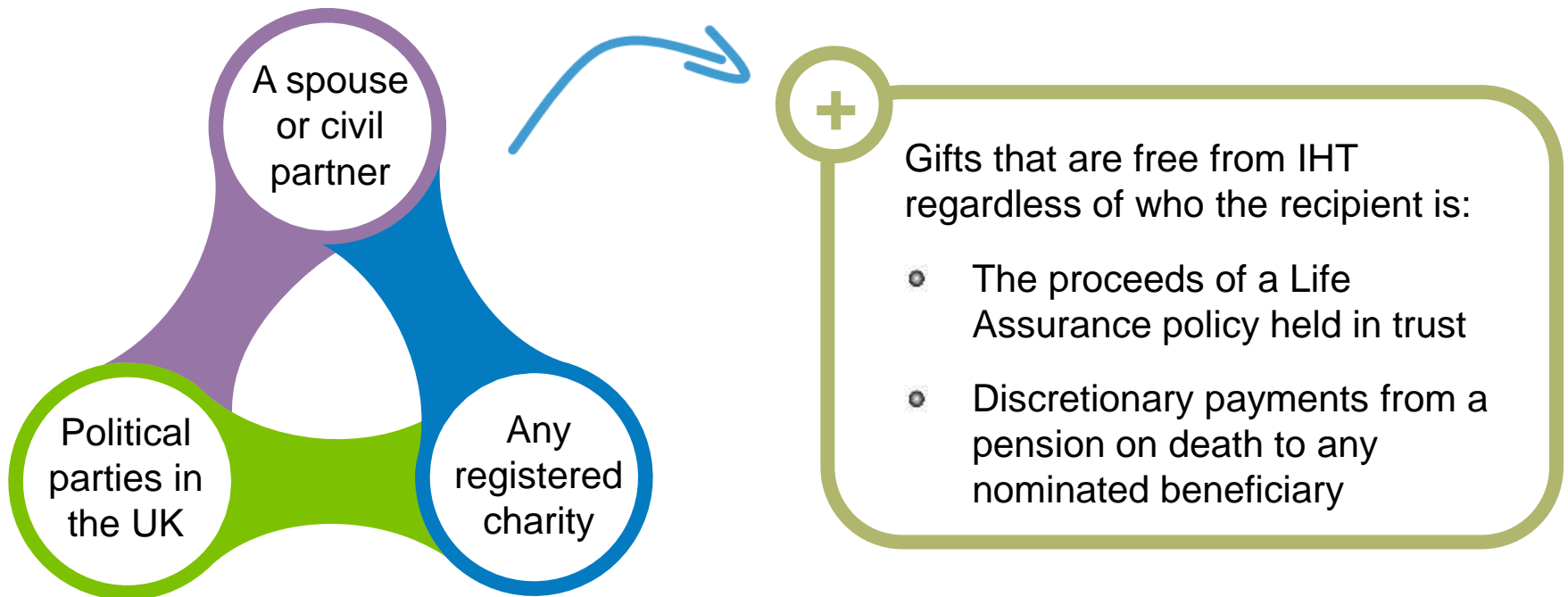
making gifts during your  
lifetime.

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# 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.

# 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

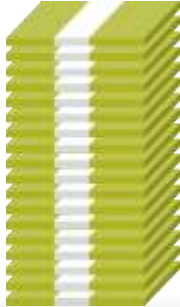


# potentially exempt transfers.



2021

Sally makes  
a cash gift  
of £300,000



2028

Survival date for  
the gift to be  
excluded from her  
estate

2021

2022

2023

2024

2025

2026

2027

2028



2025

Sally dies - leaving  
an additional  
£200,000 but no  
house

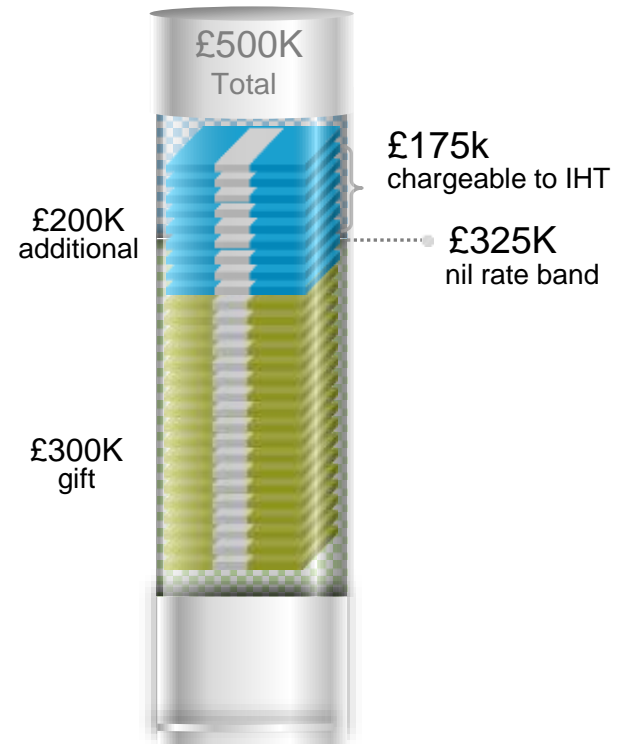


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# potentially exempt transfers.

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



\*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

Time since death	Tax paid
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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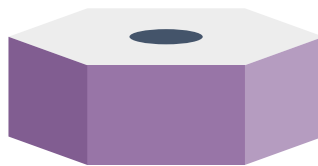
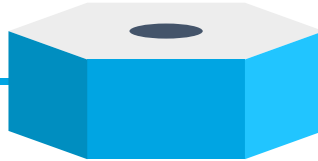
# intestacy rules and Will writing.

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# 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



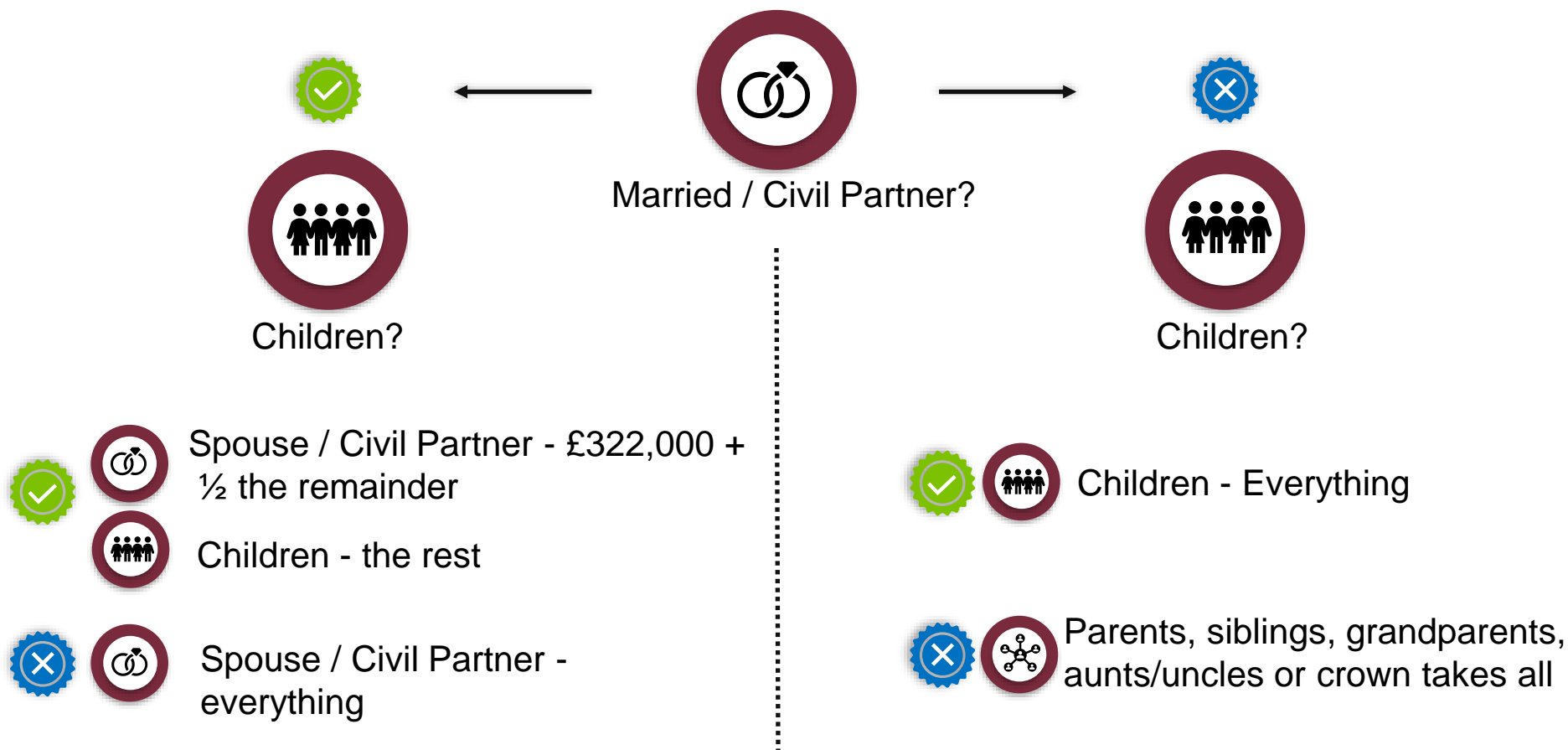
\* Unless your Will specifically states otherwise

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# 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.



# applying for probate.

Probate is the legal right to deal with an individual's estate when they die.



## If the person left a Will

- You can apply for probate if you're named as the executor
- You will get a 'grant of probate'



## If the person did not leave a Will

- The administrator deals with the estate
- A spouse, civil partner or child can apply to be the administrator
- You'll receive 'letters of administration'

# applying for probate.

- If tax is due, at least some of it is normally payable before probate is granted
- The executor can claim the tax back from the estate or the beneficiaries

## Probate application fees

£273

If the value of the estate is £5,000 or over

No fee

If the estate is under £5,000

For more information and to apply for probate:



[www.gov.uk/applying-for-probate/apply-for-probate](https://www.gov.uk/applying-for-probate/apply-for-probate)

An executor can apply for probate or pay a solicitor to apply on their behalf



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trusts.

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# trusts.

There are 3 groups of people involved in setting up a trust:



## **The Settlor**

Puts assets into  
the trust



## **The Trustee**

Holds legal title to the  
assets in the trust



## **The Beneficiaries**

The people who  
benefit from the trust



Trust wording sets out how to  
manage and distribute the assets

# trusts.

**Two of the main reasons for setting up a trust are:**



**To keep control in some way until an event happens**

**As part of a tax planning exercise**

# trusts.

Other examples why an individual may look to set up a trust include:

- ✓ When someone is too young to manage their own finances
- ✓ When someone cannot manage their own finances because they are incapacitated
- ✓ To administer assets for charitable purposes
- ✓ To pass on assets when you die (a 'will trust')

**It is not advisable to try and set up any trusts without expert advice from a solicitor and/or tax adviser.**

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next steps.

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# useful contacts.

01

## Free Wills Month

[freewillsmoth.org.uk/](http://freewillsmoth.org.uk/)

02

## Citizens advice – Help with dealing with an estate

[citizensadvice.org.uk/family/death-and-wills/](http://citizensadvice.org.uk/family/death-and-wills/)

03

## Residence Nil rate band – further information

[gov.uk/guidance/inheritance-tax-residence-nil-rate-band](http://gov.uk/guidance/inheritance-tax-residence-nil-rate-band)

04

## Intestacy rules

[gov.uk/inherits-someone-dies-without-will](http://gov.uk/inherits-someone-dies-without-will)

05

## Power of Attorney – further information

[moneyhelper.org.uk/en/family-and-care/long-term-care/setting-up-a-power-of-attorney-in-england-and-wales](http://moneyhelper.org.uk/en/family-and-care/long-term-care/setting-up-a-power-of-attorney-in-england-and-wales)

06

## Workplace nomination forms

visit scheme websites

# seeking advice.

An adviser will assess your circumstances, objectives and risk profile and provide you with a personal recommendation to meet your objectives.

All regulated firms are listed on the Financial Services Register, this provides confirmation that the firm is authorised, the specific services they are authorised to provide and details of the advisers who work for them.

Financial Services Register link:

- <https://register.fca.org.uk>

# contact us.

We provide a telephone helpline and a regulated investment advice service through **my wealth** - a trading name of Wealth at Work Limited which is part of the Wealth at Work group.

It helps individuals to understand their personal financial situation especially when selecting their retirement income options.

• Telephone **0800 028 3200**

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thank you.

0800 028 3200

[www.wealthatwork.co.uk/mywealth](http://www.wealthatwork.co.uk/mywealth)

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