



PLANNING FOR THE FUTURE OF YOUR FARM

*Simplified, trusted, independent financial advice for
you, your family and your livelihood.*

Financial Advice
for Farmers

powered by Integrity
365



FINANCIAL PLANNING IN THE HEART OF THE COUNTRYSIDE



Understanding You

Our team of advisers have been supporting farmers and agribusiness owners for years. As such, they are familiar with the complexities of financial planning for farmers, as well as the challenges within the rural community that can often delay individuals from seeking advice, such as:

- Climate change and weather
- Focused on generating income for you and your family
- Government support of rural life & green belt decline
- Increased costs
- EU changes
- Legislative risk
- Stress and long work hours

With years of experience serving the unique financial needs of farmers and rural communities, our dedicated team understands the unique challenges and planning considerations that come with agricultural life.

Our Rural Roots

Integrity365 was founded in the picturesque countryside between Chippenham, Bristol and Bath, providing trusted advice to individuals, business owners, families and corporate organisations in the local area. Over time, we have expanded our reach across the UK, earning a reputation for excellence that reflects our commitment to our clients.

We understand the deep-rooted, traditional values that resonate within rural communities, and take pride in fostering long-lasting relationships, which often span generations. Therefore, we not only know the importance of planning for the future but also the profound impact our advice can have on family - and farming - legacies.

The Importance of Independence

As part of our dedication to excellent client service and delivering tailored advice to meet your goals, we are completely independent as a business. This means we have no ties to specific providers, which sets us apart from many other well-known agricultural advisory services.

Instead, we search the whole of the market to find the right solution for our clients. Your objectives are our priority, ensuring that our advice is impartial and focused on what is best for you.



PLANNING FOR THE FUTURE OF YOUR FARM



The Challenge of Inheritance Tax (IHT)

Whatever you have in mind for the future of your farm, from handing your family's farm down to the next generation, diversifying, or even selling your farm in full/part, it is possible to establish a clear path for transferring your business in the most tax-efficient manner. However, the proposed IHT changes of the Autumn Budget 2024 has added another layer to estate planning for farmers - many of whom may not had to plan for this previously.

What is estate planning?

The word 'estate' simply refers to everything you own, and 'estate planning' refers to the plans you make so your money and valuable possessions are distributed in a certain way after you die. It is crucially important to have an estate plan as without one, there is no guarantee your

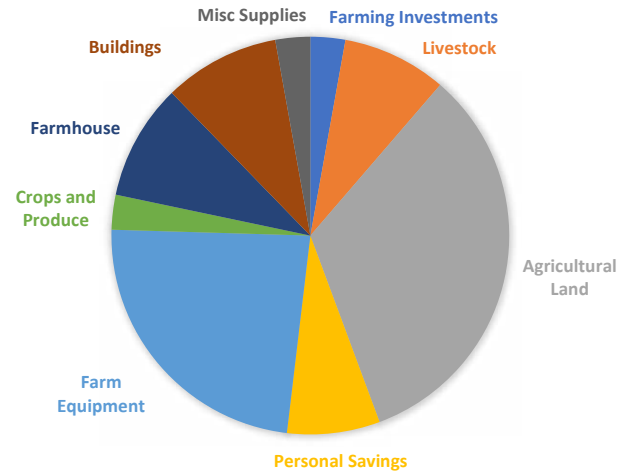
We are acutely aware that choosing how you pass your farm on is a significant and emotional decision in itself. However, recent developments have highlighted a further need for even more careful succession planning.

assets will be passed on to your loved ones as you wish. Not having a plan may also mean they receive less than you thought if Inheritance Tax is due on your estate.

What is included in your estate?

For farmers, your estate can look very different to an individual with a home, savings, household goods, and personal belongings. Instead, yours will likely also consist of tangible assets that link to your farm and livelihood that you will pass on.

Understanding the value of all of these elements, and anything else that might sit within your estate, is an important first step in identifying whether an IHT bill may be due upon your death and start to plan to mitigate this.



**Chart shows % for illustrative purposes only.*



UNDERSTANDING INHERITANCE TAX

What is Inheritance Tax (IHT)?

Once you have added up the value of your estate, you can work out if IHT might be due. If the total value of your estate is more than the tax-free allowances, then anything above these allowances will be subject to IHT.

The standard rate of IHT is 40%, however, there are additional reliefs for Agricultural and Business Property, as well as some additional allowances to be aware of within your calculations.

Agricultural & Business Property Relief

The changes to Business Property Relief (BR) and Agricultural Property Relief (AR) rules were possibly the biggest and stealthiest changes announced within the

The UK Government has announced significant changes to how certain business and agricultural assets will be treated for Inheritance Tax purposes that makes planning in advance even more important.

Autumn Budget 2024, and have a significant impact on financial planning for farmers.

Currently for the 2025/26 tax year a qualifying asset may be eligible for full or partial IHT relief on death, without limit. However, the government's reform of Agricultural Property Relief and Business Property Relief sees the 100% rate of relief reduce to 50% after the first £2.5 million of combined agricultural and business assets from April 2026.

Currently, there is no limit to the BR or AR that an estate can claim. Therefore, for a typical UK business worth more than £2.5 million, the impact of this budget is significant as their estates will pay an additional 20% tax above the £2.5m.

AIM listed shares, which currently benefit from full Inheritance Tax (IHT) relief, were widely speculated to change in the lead up to the Autumn Budget. From April 2026, eligible AIM holdings will instead qualify for partial IHT relief, with tax payable at half the standard Inheritance Tax rate of 40%.

Importantly, this change sits outside the proposed £2.5 million Business Property Relief (BPR) allowance and does not count towards that limit. As a result, there is no cap on the value of AIM shares that can qualify for this relief. Where an estate exceeds the available tax free thresholds, the effective rate of Inheritance Tax on AIM holdings will therefore be 20%.



IHT ALLOWANCES EXPLAINED

Inheritance Tax Allowances

Everyone is entitled to a tax-free allowance of £325,000, this is often referred to as the Nil Rate Band (NRB). There is also a tax-free property allowance of up to £175,000 called the Residence Nil Rate Band (RNRB).

However, this allowance has some conditions that must be met. Broadly, it applies if your home is left to your children or grandchildren (including any adopted children).

If you combine these allowances together (£325,000 and £175,000) you can potentially leave your loved ones up to £500,000 tax-free, as long as you leave your home to your children or grandchildren.

Understanding the various tax allowances and exemptions that apply to you - as well as their rates for the current and future tax years - can help you and your adviser plan to pass on your estate in a tax-efficient manner.

Any unused Nil Rate Band or Residence Nil Rate Band following the death of an individual can be transferred to their surviving spouse or civil partner. Therefore, a married couple can have up to £1m to pass down tax free on death in addition to AR/BR.

However, it is important to note that estates with a net of over £2 million, a taper reduces the amount of the RNRB by £1 for every £2 over this amount - which will apply to many farms. Therefore, if your total estate is valued at over £2.35m for a single individual on death you will not benefit from the RNRB.

For a married couple or civil partnership with a total estate of £2.7m on second death again the taper will bring your allowance down to £0 and you will not benefit from the RNRB. This is particularly relevant to farming families.

Taxation is a complex planning area involving many rules and allowances, therefore professional advice should be sought to make effective and correct use of these based on your individual circumstances.



SMALLER FARMS BEING PUSHED INTO TAXABLE TERRITORY



Case Study: Mrs Anne Smith

Ms Anne Smith runs a profit-making farm where she is the sole owner. Anne is divorced with three grown up children to whom she wishes to leave her estate to.

Following the Autumn Budget 2024 and the proposed changes to Agricultural Property Relief and Business Property Relief, she is concerned about the impact this will have on her Inheritance Tax liability when she passes away, which had never been a concern before due to relief previously available.

What do these changes look like for individual estates? We have applied the proposed changes in this example to show how the reduced AR and BR rates could push more estates into taxable territory.

Her estate is valued at £3.3 million, broken down in the table below. Please note - as her home is not deemed to be a working farmhouse, it does not qualify for AR/BR.

Assets	Value
Home	£250,000
Savings*	£50,000
AR/BR Qualifying Assets & Land	£3,000,000
Total	£3,300,000

**Pensions considered inside estate for IHT calculations from April 2027 onwards.*

Anne has full use of her Nil Rate Band of £325,000 but no Residence Nil Rate Band of £175,000 on death as her estate is over £2m. This means she only has £325,000 of tax-free allowance on death. As Anne's home and savings are valued

under her tax-free bands, there would have been no Inheritance Tax due on her estate upon death prior to the proposed IHT changes to be implemented from April 2026.

However, if Anne passes away following the implementation of the proposed AR and BR changes, only £2.5m of her qualifying farm assets will pass on tax-free. The remaining £500,000 may receive only 50% IHT relief, which could result in a 20% tax charge, totalling £100,000 which Anne now needs to factor into her planning.

Please note: This is a simplified example - every case is assessed individually, please seek advice.

OTHER TAX CONSIDERATIONS



As well as the headline names of Agricultural and Business Property Relief, there are a host of other allowances and exemptions to be aware of, including some of the common ones highlighted below.

Capital Gains Tax

If you are thinking of disposing or selling assets - such as agricultural land and farms - it is important to note that this could be liable for Capital Gains Tax (CGT). A gain is calculated by any profit made (ie. the sale price minus the original purchase price) whilst deducting any eligible expenses such as legal fees or improvement costs.

In the Autumn Budget 2024, CGT rates were increased from the 30th October 2024:

- The lower rate of CGT increased from 10% to 18%.
- The higher rate of CGT increased from 20% to 24%.
- The rate of CGT that applies to trustees and personal representatives increased from 20% to 24%.

Capital Gains Tax Allowance

The CGT Annual Allowance remains at £3,000 in 2025/26. If your total gains for the tax year are below this amount, you will not owe any Capital Gains Tax.

Business Asset Disposal Relief (BADR)

For qualifying assets, this relief can be used to reduce the CGT rate to 14% in 2025/26 - increasing to 18% in 2026/27. This could include farms, subject to a lifetime limit of £1 million. Any remaining gain will be taxed at 24% from 30th October 2024.

A black and white dog, possibly a Border Collie, is sitting on a large hay bale in a field. The dog is looking towards the camera with its tongue out. The background is a blurred field with trees in the distance.

SOLUTIONS TO MITIGATE AN INHERITANCE TAX LIABILITY

When faced with an IHT liability, initial thoughts and worries may go to “Will my family need to sell the farm?” or “Should I sell off farming land, livestock or machinery to cover the IHT bill?” However, there are alternative planning strategies and solutions available which, when used appropriately, can help reduce the bill due and ensure the sustainability of your farming legacy.

Giftng

Giftng part of your estate away is an effective method to reduce its size for IHT purposes - when planned carefully using tools such as allowances and trusts. However, there are certain rules to be aware of to prevent triggering tax implications.

Once we have valued your estate and got an idea of the potential Inheritance Tax liability, our advisers can work with you to devise a tailored plan with solutions aimed to reduce the liability or help pay the bill when due.

For example, you may be familiar with the seven-year rule whereby successful gifts are not included in the value of your estate after seven years (***See our Gifting Rules guide for more information***).

This can be challenging when paired with the complexities of farming life - for example, gifting part of your estate away whilst still living on site and befitting financially. This could be deemed a gift with reservation of benefit. Therefore, it is important to seek trusted, independent financial advice to get it right.

However, many are less familiar with the Capital Gains Tax (CGT) rules on gifting where when an asset is gifted, the donor is taxed on the market value of the asset at the date

of the gift, even though no actual proceeds are received. In certain circumstances, holdover relief may be available to defer the gain.

Succession Planning

Is the farm held in one sole name, as a partnership or a limited company? The proportions owned by individuals can impact your tax position, therefore this is an area we can look at and consider pre-planning.

PROTECTION STRATEGIES FOR IHT



When someone dies, their assets are generally frozen until probate is granted. Farming families may find themselves requiring to sell assets or secure loans during this challenging period to cover costs in the meantime.

Whole of Life Cover

Whole of Life Cover is an assurance policy which can be set up to pay out a pre-determined amount upon death. After calculating the size of your estate and estimated IHT bill, you can take out cover to plan for your tax liability. It is important to ensure these policies are written into trust for beneficiaries to receive the full amount without waiting for probate to complete.

This can be a relatively cost-effective mitigation solution. Especially if the policy is taken out earlier in your life which could result in lower premiums. Furthermore, paying for this in regular instalments, can subsequently reduce the size of your estate.

Term Assurance

Gifts made to anyone from an individual's estate are exempt from IHT if they survive for a period of 7 years from the date the gift is made. It is important to note the person you gave to, might be subject to Inheritance Tax, if you were to give away more than £325,000 within 7 years and pass away within this time frame.

The most common way of protecting your beneficiaries from the potential tax liability is to set up life insurance policies to cover the reducing liability.

THE IMPACT OF EFFECTIVE PLANNING AGAINST IHT CHANGES



Mr and Mrs Mill run and own a farm as a 50:50 partnership. They have 2 grown up children and, after the Autumn Budget 2024, they are concerned about the impact the proposed changes to AR and BR will have on their IHT liability when they both pass away. Firstly, we need to look at the value of their estate and what relief will be available to them. This is broken down as follows:

Assets	AR/BR Qualifying?	Value
Working farmhouse	Yes	£750,000
Personal savings*	No	£50,000
700 acres of active farmland	Yes	£7,000,000
Farm cottage for holiday rentals	No	£350,000
Buildings, Equipment & livestock	Yes	£3,000,000
Total		£11,150,000

**Pensions considered inside estate for IHT calculations from April 2027 onwards.*

There is clearly a lot to consider when it comes to estate planning for farmers, but what does this look like when planning all comes together? We illustrate this in the below example.

For the purpose of this example, they have full use of their Nil Rate Bands of £325,000 each - assuming they received good advice on the layout of their will. However, their estate is not entitled to the main Residence Nil Rate Band, as this is tapered away completely due to its value and the tapering rules (see page 7). Therefore, their total tax free band on death would be £650,000.

Prior to the announced changes to AR and BR in the Autumn Budget 2024, the full £10.75m of qualifying assets would pass tax free due to the 100% relief rate, and the remaining £400,000 would be subject to IHT. However, this amount is less than their Nil Rate Bands, therefore there is no IHT charge due.

However, following the implementation of the proposed AR and BR changes from 6th April 2026, they can only claim £2.5m each (£5m total) in Agricultural Property Relief and Business Property Relief at 100%, and the remaining £5.75m would only be eligible for 50% relief.

Assuming their wills have been updated to ensure they inherit each other's APR/BPR allowances, the Mills family can pass on £650,000 of their NRBs tax free and £2.5m each of AR/BR qualifying assets with 100% IHT relief.

This leaves £5,750,000 of their AR/BR assets attracting 50% IHT relief, resulting in taxation of 20% on death. Creating an Inheritance Tax liability of £1,150,000 on second death.

THE IMPACT OF EFFECTIVE PLANNING AGAINST IHT CHANGES

Financial Planning Solutions

The Mills are advised to see an accountant, solicitor and an Independent Financial Adviser to discuss their circumstances and gain professional advice. They are not ready to gift the full farm down to the next generation yet, but their two children, in their 20s, work on the farm.

The business holds £11.1m of assets (savings are held personally). Their solicitor advises them to write up a partnership agreement and gift the children 24% of the partnership each, leaving 52% with Mr and Mrs Mills.

At the time, both Mr and Mrs Mills were actively farming and living off the income, therefore maintaining the majority holding was necessary. They share the profits and

losses as per the new proportions, and are careful to avoid gifts with reservation of benefit. Upon meeting with their accountant, they are advised that the transaction would be subject to Capital Gains Tax, but they would seek holdover relief if certain conditions were met.

The financial adviser recommends that Mr and Mrs Mills each take out Life Insurance for 7 years to cover the gifts. In addition, after estimating their future IHT liability they budget for a Whole of Life policy. This will pay a tax-free lump sum on second death to cover the remaining IHT liability.

Importantly, these plans are written into trust meaning the proceeds are accessible before probate is granted and tax free on death.

Integrity365 offers holistic financial planning advice, meaning we utilise whole-of-market solutions to create a tailored plan for your individual goals, which often involves a mix of various planning tools.

With good advice, the Mills family have carefully planned for the anticipated tax bill on death. Ensuring the farm can continue without selling assets or taking on further debt.

The Results

After 8 years since restructuring the partnership assets, Mr and Mrs Mills pass away. The gifts are now deemed outside their estate as 7 years have successfully passed (see p14).

Upon their death, their beneficiaries – in this case, their children - require a significant sum of cash to settle the estate and do not have sufficient liquid funds to pay the IHT bill up front. However, their parents successfully planned for the tax bill via their Whole of Life cover, which is paid tax free into the trust upon their death. This is then

used to settle the estate and has ensured that no farming assets were sold upon the couple's death, meaning their children are able to continue their farming legacy

Please note: For the purposes of this example, we have assumed no appreciation in asset values or changes to legislation for simplicity.

WORKING TOGETHER FOR YOU



In our experience, the key to a seamless, tax-efficient plan that aligns with your farm's operations is a professional network with a joined-up approach. We can work at the centre of this for you, liaising directly with your solicitor, accountant, and insurers to ease the process.

If you do not already have these professionals in place, we can introduce you to our trusted connections, with whom we have worked with on behalf of many clients, should you require additional support.

This in no way compromises our independent status; we have access to the whole of market, meaning find the best solution for you, differing from some other agricultural specialists who are restricted in the products they can offer.

Where additional support is required, we want to ensure that your professional network blends together effectively and works as one seamless process towards your individual goals.



Accountants

We can work with your accountants to analyse your tax position, assess your income, gain any documentation required and liaise on your tax returns.

Solicitor

We can collaborate with your solicitor/lawyers to ensure that legal documents and contracts support your financial strategy and compliance needs.

Insurers

With your insurers, we can plan to mitigate any additional risks that could impact your financial position and work together with your comprehensive financial plan.

PROTECTING YOUR FARM, YOUR FAMILY & YOUR OWN FUTURE



Protecting what is most important to you can give you the peace of mind to focus on the day-to-day management of your farm, instead of what could happen if things go wrong.

Protection Solutions

Having the right protection in place is crucial for safeguarding your farming operation. We can help you understand the importance of Key Person Cover for farmers, ensuring that the loss of a vital individual does not compromise your business.

Similarly, if you are in a farming partnership, we can offer advice on establishing shareholder and partnership protection policies aimed to mitigate risks and an added financial burden if your partner passes away.

Managing financial health is also vital to the long-term sustainability of a farm, and we can help you focus on effective debt management and business protection strategies.

Farming Handover

When you are ready to hand down some of your farm, you may be in the situation where you gift value to loved ones. Certain protection policies can help you to cover the Inheritance Tax risk of making such a gift.

As outlined on page 16, Whole of Life cover can also help pay for a remaining IHT liability on your death rather than settling the liability from your assets and savings. When these policies are taken out earlier (when you are younger and healthier), this can be really affordable. Whereas in the later stages of life, they can be more expensive. An Independent Financial Adviser can help you find a solution that works for you.

RETIREMENT PLANNING FOR FARMERS



Once you have planned for the handover of your farm, what does life after farming look like for you? The earlier you start to plan for your well-earned retirement, the better - and your future self will thank you for it.

Many farmers put off planning for their future after farming as they are so focused on the day to day management of the farm. However, taking some time to plan ahead for this stage in your life can help you create a sustainable future for yourself later in life.

It is important to save into a pension on a regular basis, which can help contribute to a successful farm handover in the long run. At the moment, you are likely drawing your income from the farm. In future this may well stop should you handover the farm completely and/or fully retire. Therefore, saving into a pensions offers a source of income to rely upon in later life, reducing your reliance on farm drawings.

An Independent Financial Adviser can help you determine:

- A suitable amount for you to contribute into a pension
- The tax benefits of saving into a pension
- Pension types and options suited to you
- An implementation plan and investment strategy
- Your options for how to draw benefits in future

Buying a tractor is one way to reduce your income tax or corporation tax – but so is contributing to a pension.

A TEAM OF EXPERTS IN FINANCIAL ADVICE FOR FARMERS

Integrity365's trusted team of Independent Financial Advisers have extensive experience in providing financial advice for farmers, and understand the unique challenges of British farming.

To start your financial planning journey, please do not hesitate to get in touch with our experts directly using the following details



Nicola Glass

Having previously worked at NFU Mutual for a number of years where she became one of their top financial advisers, Nicola Glass is particularly knowledgeable and experienced in this field and understands the unique pressures and challenges of farmers and their families.

Nicola advises clients throughout the UK, specialising in advice for farmers, business owners and those planning for retirement. Her passion for optimising her clients' financial position and providing a high level of care and advice saw her named South East Financial Adviser of the Year at Professional Adviser's prestigious Women in Financial Advice Awards.

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Our financial advisers are passionate in helping farmers plan for now and the future, and understand the challenges farmers are currently facing. Please do not hesitate to get in touch to start planning today.



Ross MacDonald

Ross works with clients in Scotland, supported by a highly skilled and experienced team. As a well-known face of financial planning in Inverness and further afield, Ross has supported a large number of farmers and agricultural proprietors in Scotland in his 25+ year career.

He also understands the importance in the legacy of a family business, as MacDonald Partnership (part of Integrity365) was founded by his father in 1978 and has built a considerable reputation. Ross continues that legacy into the future and is passionate in working with clients to continue their business through the generations.

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Esther Clemmey

Chartered Financial Planner, Esther, has a special interest and knowledge around financial planning for farmers and rural high net-worth clients, stemming from her rural upbringing in the farming community, enhanced by her time at NFU Mutual.

Quickly finding success, Esther became one of NFU Mutual's top advisers within her first year of practice. She focuses on giving both business and personal clients a high-quality level of service and especially enjoys resolving more complex financial planning cases.

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Please note: this guide version was published in April 2025 and all information is correct as at this date.

This document is intended for information purposes only and in no circumstances should be taken as advice. If you do require personal financial advice please contact your financial advisers.

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