



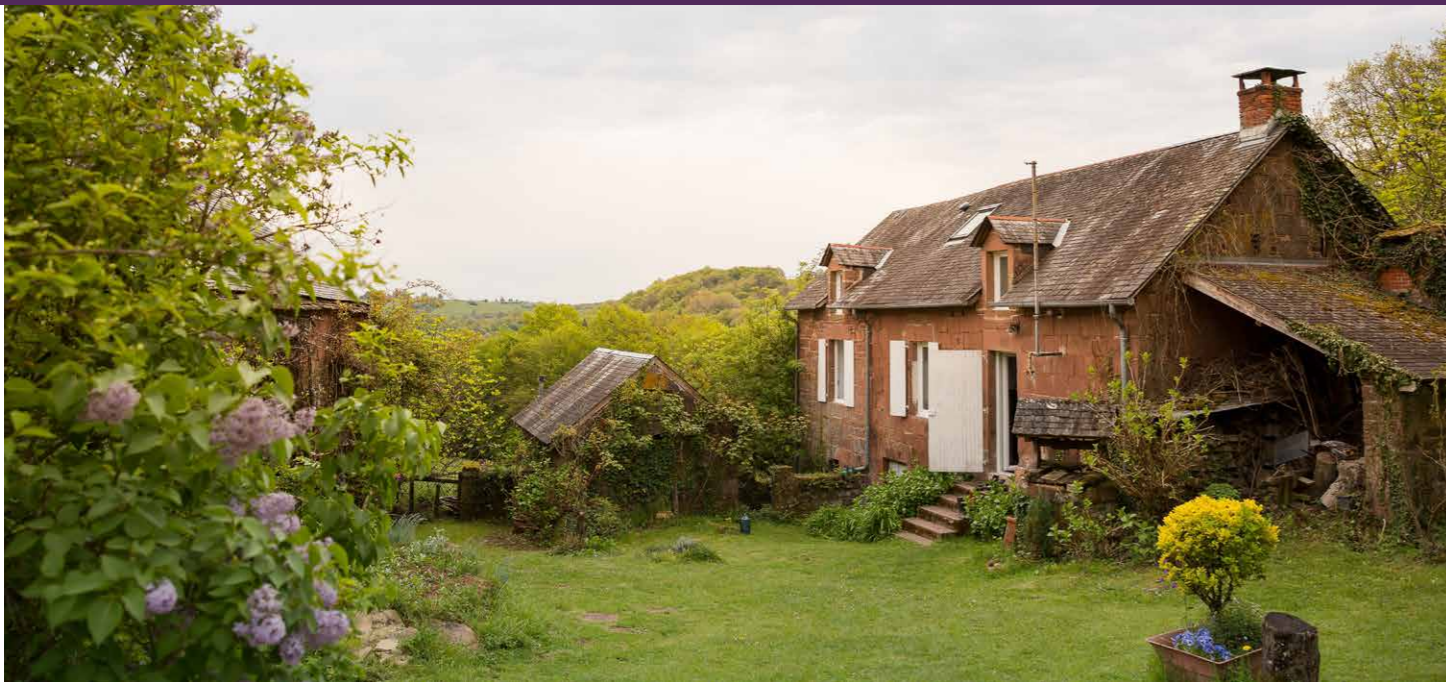
# ESTATE PLANNING

*Get started on planning for what you leave behind.*

 Integrity  
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# WELCOME TO YOUR ESTATE PLANNING GUIDE

The aim of this helpful guide is to assist you in getting started with the planning of your estate.



Like most people, you have probably spent a lot of time growing your savings, increasing your pension pot, and investing wisely. However, what you might not have done yet is think about what happens to all the money and possessions you've accumulated after you are gone.

Getting your affairs in order is a crucial part of your financial plan. If you wish to leave your money and valuables to the special people in your life and prevent an Inheritance Tax bill, planning is essential.

The following guide contains information based on our current understanding of taxation law and practice in the UK, which may change. The amount of tax you pay and relief you receive depends on your own personal circumstances, which may also change in the future.

Estate planning is a complex subject and this guide just scratches the surface. We recommend speaking to your financial adviser to learn about your particular options and what is best for you and your family.

# WHY IS ESTATE PLANNING IMPORTANT?



It is crucially important to have an estate plan. Without one, there is no guarantee your money or valuables will be passed on to your loved ones in the way that you wish.

You might have heard the term 'estate planning' and wondered what it involves. 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. Without one, there is no guarantee your money or valuables will be passed on to your loved ones in the way that you wish. Not having a plan might mean they receive less if Inheritance Tax is due on your estate.

Having an estate plan can help:



make sure your money and possessions go to who you want



reduce or possibly eliminate the tax your loved ones might need to pay on your estate



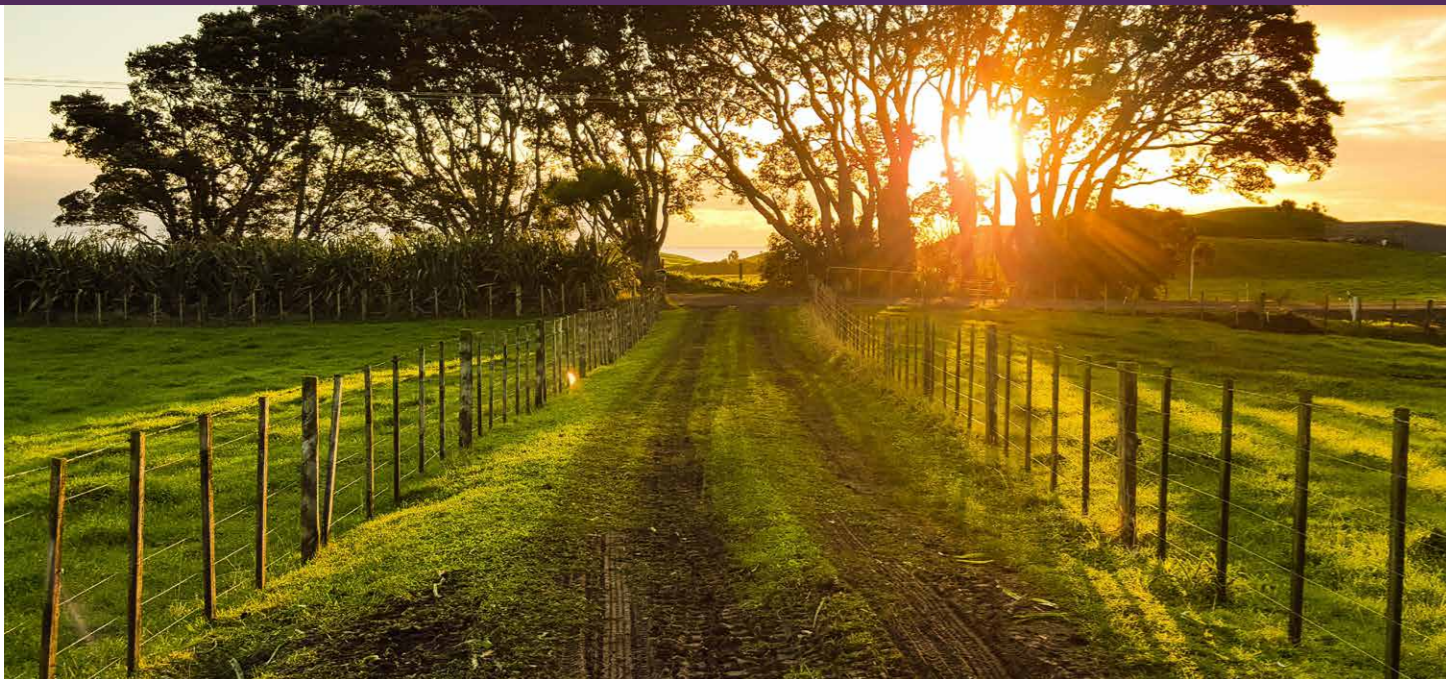
ensure that all of the assets in your estate will be transferred as quickly as possible



help reduce the costs associated with distributing your estate

# WHAT IS IN YOUR ESTATE AND WHY IS IT IMPORTANT?

An estate can contain much more than just your savings and home. It is important that you understand exactly what it includes and how these assets may affect any IHT liability.



To find out if an Inheritance Tax bill might be due, you will need to calculate the value of your estate. Most people understand that their estate is made up of property, savings, investments and valuable possessions (e.g. cars, caravans and boats). Although, an estate could also include much more.

Imagine you could turn your house upside down and shake it. Anything that fell out would also be included in your estate, for example your TVs, laptops, furniture, antiques, jewellery and collections. Also, some trusts might need to be included in the value of your estate. You can see how quickly it would all add up.

## Did you know?

Although your pension can be a very valuable asset, it is currently not usually counted with the other money and valuables in your estate when calculating Inheritance Tax.

However, as announced in the Autumn Budget 2024, unused pension funds and death benefits are set to be counted within the value of a person's estate for Inheritance Tax purposes from 6 April 2027.

# UNDERSTANDING INHERITANCE TAX AND TAX-FREE ALLOWANCES

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 IHT of 40% may be due on the amount that exceeds the allowances.\*

## The main tax-free allowances

The good news is that everyone is entitled to a tax-free allowance of £325,000\* – this is often referred to as the nil-rate band but it's simpler to call it a tax-free allowance.

There is also a tax-free property allowance of up to £175,000\* called the residence nil-rate band. 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 add the two allowances together (£325,000 and £175,000\*) you can potentially leave your loved ones £500,000 tax-free, as long as you leave your home to your children or grandchildren.

If you are married or in a civil partnership, you can also leave everything to your partner completely free from IHT. Your husband/wife/civil partner will also inherit your unused allowances, so by using your tax-free allowances of up to £500,000 plus their own £500,000, a couple can potentially leave £1 million tax-free to their beneficiaries.

Unlock the full guide here:

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