



Collingbourne

Wealth Management

A Business Owner's
Guide to Inheritance Tax
Planning

Introduction

For many, the largest single beneficiary of their estate will be Her Majesty's Revenue & Customs (HMRC). Due to large increases in private wealth over the last 30 years and freezes in tax bands, more and more estates have been brought into the reaches of Inheritance Tax (IHT).

Any (non-exempt) distributions from an estate on death above the Nil Rate Band¹ (the amount up to which Inheritance Tax isn't paid) will be subject to tax at 40%. It is easy to see the magnitude of IHT liabilities on large estates if no action is taken.

Furthermore, gifts made within 7 years before death are also brought back into account when calculating distributions from an estate. As such, it is very difficult to undertake death bed tax planning and meaningful action should be taken earlier.

Planning can however be very effective; a former Chancellor of the Exchequer, Roy Jenkins, remarked that IHT was a **'voluntary levy paid by those who distrust their heirs, more than they dislike the Inland Revenue'**. It is also critical that effective legacy planning is not just a drive to lower tax liabilities.

For the majority of people, the most important concern will be the individual (and their spouse's) financial security; only after this has been safeguarded should tax mitigation be undertaken. Other considerations, such as the timing of gifts and the impacts this could have on their families will also be a priority. These factors must be balanced against potential tax savings in order to create an appropriate legacy plan.

The aim of this report is to provide an introduction to the main kinds of lifetime estate planning that can be considered. If used correctly a combination of these factors can help reduce IHT liabilities and fulfil ambitions for legacies.

Estate planning is a complex area of regulation and planning, with many interconnecting factors. Furthermore, it is an emotive subject that can have lasting impacts on families. We would always recommend seeking appropriate professional advice before acting, to ensure estate are effectively managed.

This guide is written for individuals who are resident for tax purposes and domiciled in the UK. Different planning considerations, risks and opportunities exist where this is not the case.

¹ And Residence Nil Rate Band (RNRB) where available

Transfers of Assets

Inheritance Tax (IHT) is assessed on transfers of wealth made by an individual on death and during life.

There are three types of transfer (gift) during life:

- Exempt
- Potentially Exempt
- Chargeable

As the name suggests, exempt transfers (*such as between husband and wife, or to charity*) are outside of the IHT regime. We will discuss a few other exemptions later in this report.

Potentially Exempt Transfers (PETs) are typically gifts to individuals, such as family members. There is no IHT on making the gift, however they are brought back into account and subject to IHT in the event of death within 7 years (hence potential – the exemption is conditional on survival).

Chargeable Lifetime Transfers (CLTs) are immediately assessable to IHT. The lifetime rate of IHT is half the main rate, at 20%. These are typically gifts into Trusts (*where the trustees have certain powers*), which are explored later in this guide.

All distributions of assets on death that are not exempt are accessible to IHT at 40%.

The Nil Rate Band (NRB)

The Nil Rate Band (NRB) is an amount you can transfer from your estate, up to which IHT is charged at 0%. The NRB is currently set at £325k. It has been at this rate since 2009 and is fixed until at least 2028 (*with the obvious potential for the freeze to be maintained far beyond this*).

It can be set against all non-exempt distributions, including those on life and death. On death, non-exempt transfers within the past 7 years will consume NRB first.

The NRB can be inherited between spouses; if a husband dies first leaving everything to his wife (which is an exempt transfer), his NRB will be unused and inherited by the wife. On her death she would then have two NRBs available, currently worth £650k. *Only one NRB can be inherited.*

Residence Nil Rate Band (RNRB)

The Residence Nil Rate Band (RNRB) was introduced in April 2017. From the 6th of April 2020 onwards it is worth £175,000 and will also be frozen until April 2028. It is available only on a main residence being passed down to direct descendants e.g. children, grandchildren on death.

It is in addition to the standard £325,000 Nil Rate Band (NRB). Like the standard NRB it can also be transferred between spouses if not used on first death. A RNRB can be transferred, regardless of when the death of the first spouse occurred (*i.e. before it was introduced in April 2017*), or even whether they owned any property. A couple can potentially now pass a total of £1million to their family tax-free, by using 2 x £325,000 NRBs plus 2 x £175,000 RNRBs.

You do not need a £1million home to make full use of the RNRB. An RNRB can be set specifically against the value of the house, leaving the main NRBs for other assets. As such, the RNRB can be fully used with homes worth at least £350,000. There are also additional rules to protect entitlement for those who downsize or sell their home to fund care fees in later life.

An important consideration is that the RNRB will be reduced by £1 for every £2 that an estate exceeds £2million. As such, it will not be available for larger estates. For a distribution on second death where the RNRB had been inherited (*giving £350k total*), the RNRB will be completely lost on estates over £2.7m (*i.e. £2m plus 2 x £350,000*).

For estates at or around this level, an important consideration may be how to retain this allowance, which can be worth as much as £140,000 (40% of 2 RNRBs worth £175,000 each).

Business Assets

For most business owners the majority (or a significant proportion) of their wealth will be the value of the business they have built up. As such, the transfer of the business and its IHT treatment will be of great importance.

There are two reliefs available, Business Relief and Agricultural Relief, designed to help trading private businesses and active agricultural farmland to pass to future generations, without being subject to IHT. However, it is important to check with a professional, such as an accountant, whether assets will likely qualify for the reliefs – or what action needs to be taken to help ensure they do.

Business Relief (BR)

The relief is available for transfers during lifetime and on death. The relief is applied at 100% for a sole proprietor's business, or an interest in a business (such as a partnership), or unquoted shares in a limited company².

The relief is applied at 50% for land, building, plant or machinery owned by a partner or controlling shareholder, which is used wholly or mainly in the business (*provided that the partnership interest or shareholding itself qualifies for relief*). Relief is also applied at 50% for quoted shares in a company, which gives the transferor control³.

Relief is not available where the business or company is engaged wholly or mainly in dealing in securities, stocks or shares, land or buildings or in making or holding investments⁴. A practical implication for this can be where a company builds up investments / property in excess of what is required for the company's trade e.g. if trade is gradually wound down, but invested assets are retained in the company.

For property to qualify for relief it must be owned for two years before the transfer (on life or death). [*The two-year ownership condition can be set aside where someone acquires a property on death and the transfer to them was eligible for Business Relief.*]

Agricultural Relief (AR)

Agricultural Relief (AR) is available for transfers of agricultural property, whether owned, occupied or let. It is available for transfers during lifetime and on death. The relief also extends to certain transfers of shares in companies that own or occupy a farm.

The relief applies to agricultural land or pasture, including any farmhouses, cottages or buildings which are of a character appropriate to the property i.e. not a large house on a small area of agricultural land. The relief is attributable to the **agricultural value** of the property at 100%.

² Unquoted shares include shares dealt in or on the Alternative Investment Market (AIM)

³ Defined by whether they control the majority of the voting powers

⁴ Unless the company is a holding company and the overall group is not wholly or mainly engaged in property or investment holding or dealing (or is a market maker or discount house in the UK).

Property must be occupied for agricultural purposes for two years before transfer, or owned for seven years before the transfer, where the property is occupied for agricultural purposes by another. A farmhouse will only qualify for AR where the person farming the land does so on a day-to-day basis, or did so before retirement, and occupies the farmhouse i.e. a farmhouse where the management of the farm is left to someone other than the occupier would not qualify for AR.

Planning Issues

Due to these reliefs it is not usually the case that business assets need to be gifted during lifetime to reduce IHT liabilities. However, that does not mean business assets can just assumed to be exempt from IHT and ignored. Not all assets will necessarily qualify for BR or AR, such as for assets not being deemed wholly for the use of carrying out a trade. Certain assets will only be eligible for relief at 50%. In certain circumstances it may be advantageous to gift such assets.

A key factor will be what happens on the death of the business owner. Often a business is left to the surviving spouse, who may not be involved in the business, with the intention that it is to be sold. In this instance the spouse will exchange an IHT relieved asset for cash, which falls into their estate and is subject to IHT. In this instance the BR has no benefit, as relief is lost before assets pass to the next generation.

The solution can often be to leave the business (via a will) to a discretionary trust. Such a trust could be for the benefit of the surviving spouse and future generations. The trust should have discretionary powers of appointment and the surviving spouse could also be a trustee. In this scenario assets are passed to the trust. No (or reduced) IHT is payable because the assets are eligible to BR. The trustees can then sell the business for cash under the agreement. The cash in the trust is then not in the surviving spouse's estate as it belongs to the trust.

The trust should contain the powers to loan assets. Should the spouse require funds, amounts can be loaned (interest free for life) rather than gifted. The loan can then be left as a debt against the estate on death, reducing the taxable value. Provided sufficient assets remain, they would then pass to the next generation free of IHT⁵.

For more information on making a will, please refer to our "Guide to Making a Will".

Planning is more complex where there are multiple business owners. Here the requirements of the business partners and their respective families need to be balanced. It is common for share purchase options / agreements to be set up with partners. It is important such an option has been drafted to aid tax efficiency. It is usual for life insurance to be put in place to fund share purchase options.

Also, of great importance is any potential business exit, which needs to be considered in terms of IHT planning. The majority of business owners will exit their businesses at some point, often through a sale or wind-up (with assets extracted). In these cases, a business owner will effectively

⁵ Discretionary Trusts will however be subject to Periodic IHT charges every 10 years and Exit charges when amounts are withdrawn from the trust.

swap an IHT relieved asset for assets (often cash) which fall into their estate. The assets resulting from business exit will be added to existing personal assets, creating potentially large IHT liabilities.

Non-Business Assets

Successful business owners will typically accumulate significant assets outside of their business over time, such as a main residence, investments etc. These assets can accrue potentially large IHT liabilities on their own. We've also just discussed how the death of a business owner or a business exit can result in IHT relieved business assets being converted into taxable personal assets. As such IHT planning with non-business assets can just as or even more important than with business assets.

There are a wide range of options for reducing potential IHT liabilities. Usually, a combination of factors will be required to effectively manage tax considerations and legacy ambitions.

Exemptions

An exempt gift is a transfer of value which is completely exempt to Inheritance Tax (IHT). The assets are taken immediately outside of the donor's estate with no liability to tax. They are also excluded for the purpose of calculating cumulative gifts in the future. Below is a description of the main types of exemption.

Spousal Exemption

One of the simplest and most important exemptions: gifts of any value to a spouse are completely exempt from IHT⁶. The most important impact of this exemption is that IHT can usually be deferred until the second death of the couple – the majority of the estate can be passed to the surviving spouse. Transfers up to the value of the Nil Rate Band (NRB) could be transferred to other parties on first death. If no more than that is passed, with the rest going to the spouse, no IHT will be incurred on first death. This can provide additional time for IHT planning. Furthermore, the extent of the scope for gifting may become more apparent after first death.

As noted, the NRB (and RNRB) can be transferred between spouses. Any proportion of the unused NRB will pass to the surviving spouse. For example, if half an NRB was used on first death, the surviving spouse would have one and half bands on their death.

Small Gift Exemption

You can make any number of gifts to different individuals, provided the total of gifts to the same person in any one tax year do not exceed the current limit of £250. There are also further exemptions for gifts in consideration or marriage: £5,000 for a child, £2,500 for a grandchild or remoter descendant and £1,000 for anybody else.

Annual Exemption

If the total gifts made in any one tax year do not exceed this allowance, currently £3,000, then they will be completely exempt from Inheritance Tax. An unused allowance can be carried forwards by one tax year. The allowance may be small (*having been frozen since 1984!*), but it allows a couple to pass on £6,000 of assets per year, which can accumulate over time.

Normal Expenditure out of Surplus Income

This is a more complex exemption, which can be difficult to claim in reality. Broadly if you have a taxable income that is in excess of your expenditure each year - a surplus income - you could gift this away and it would be exempt from IHT.

The gifting must be on a regular basis (at a minimum annually) i.e. it was made as part of your 'normal' ongoing expenditure. The gift must genuinely be out of excess income e.g. you could not claim you were giving away some of your income whilst also consuming capital.

Whenever this exemption is claimed after death the Revenue usually require evidence of income and expenditure by way of justification. We would always recommend careful record keeping –

⁶ Assuming both spouses are UK Domiciled for IHT

including a letter of intent to claim the exemption and documenting all sources of income and total expenditure each tax year. It would also be prudent to keep supporting evidence of this, such as bank statements. Many find this process too complicated and time consuming, however it can be a useful tool for those with large surplus incomes.

Charitable Gifts

Gifts made to registered charities and political parties are also exempt from charges to IHT, both in life and on death.

Since April 2012, the **IHT rate is reduced from 40% to 36% for individuals which leave at least 10% of their taxable estate to registered charities**. This can be useful concession for those who wish to leave funds to charitable causes. The 10% threshold applies to a taxable estate, after allowing for exempt and relievable transfers⁷.

⁷ Specific rules apply for dealing with joint assets and trust assets when assessing estate distributions.

Lifetime Gifts

With the exception of the spousal exemption, most of the above options will only cover small amounts. They will not cover large gifts made to family members, which are usually the main method of reducing a potential Inheritance Tax (IHT) liability.

When a non-exempt gift is made it effectively remains in the donor's estate for 7 years. There is no charge to IHT at the point the gift is made, but if death occurs within 7 years it will be added to the rest of donor's estate and could become chargeable. As such these gifts are referred to as Potentially Exempt Transfers (PETs). If a gift does become chargeable the value taken is as at the date of the gift, not the value at date of death.

Where gifts are made in excess of an individual's Nil Rate Band (NRB), the potential tax charge will gradually be reduced from 3 years after the gift is made, until it is removed completely after 7 years.

Gifts can either be by way of a cash amount or an asset, such as a property or portfolio of shares. Where assets are gifted there are a couple of important issues to be aware of. If you gift an asset away you cannot continue to benefit from it, otherwise the Revenue would treat you as having "reserved a benefit" and continue to include the asset within your estate. This means, for example, that you could not transfer the legal title to your home to your children and continue to live there rent free. To avoid a reservation of benefit in this situation the children would need to be paid a market rate of rent (reviewable at least every 3 years).

Gifts of assets are also disposals for Capital Gains Tax (CGT) purposes. Any gain on an asset should be calculated (taking into account any available allowances or losses) before gifting, as it may not be worth incurring a CGT liability in order to potentially avoid IHT (*i.e. in the event death occurred within 7 years both CGT and IHT would apply*).

Trusts (with discretionary powers)

In some cases, it may be desirable to pass assets to family members without giving them absolute use of the assets immediately. There could be concerns over how they would use them i.e. spending it all, over potential divorce or creditor claims, increasing the size of their taxable estates or any number of other issues. In such instances it is possible to create or 'Settle' a trust in which you retain control over how the assets are used.

With any trust there are 'trustees' who legally own and manage assets on behalf of 'beneficiaries', who have the beneficial interest in the trust's assets. In the case of a trust with discretionary powers of appointment, the trustees have discretion over how and when assets are distributed. This can provide 'Settlors' (who are usually also trustees) with a great deal of control over the assets. N.B. it is important that the settlor is specifically excluded from being able to benefit from the trust, to avoid any 'reservation of benefit'.

Such trusts have different IHT treatment to absolute gifts. Gifts made into these trusts are 'Chargeable Lifetime Transfers' (CLTs) and are immediately assessable to IHT at the lifetime rate of 20%. As with absolute gifts, the amount will effectively remain in the donor's estate for 7 years

after the gift is made. If the donor was to die within 7 years of making the gift, it would be assessed to IHT on death with an additional 20% being payable (i.e. making a total 40% full IHT rate).

An individual's Nil Rate Band (NRB) can be set against a gift to remove or reduce a lifetime charge⁸. Therefore, if someone who had made no previous gifts, settled £325k into trust with discretionary powers of appointment, there would be no initial IHT liability, as it would be covered by their NRB. If they died within 7 years, the gift into trust would be brought into account and consume the NRB (depriving it for use on the rest of their estate). If the settlor survived 7 years, the gift into trust would be outside of their estate and not brought back into account (*assuming no other non-exempt gifts have been made*).

Discretionary trusts can be used to distribute assets to multiple generations of beneficiaries. They do however incur additional IHT charges every 10 years and on distributions made after this point. The tax charge is complex to calculate, but is applied at a maximum of 6%, although is usually significantly less than this.

Trusts with discretionary powers are far more complex than absolute gifts. The role of trustee is crucial, and you would need to consider who you would wish this to be after your death. We would recommend seeking professional advice before considering establishing trusts. For this reason, they are usually more expensive to establish and maintain than absolute gifts.

Specific Trust Arrangements

There are a few types of trust (or ways of using trusts) which have their own particular rules and potential applications in Inheritance Tax (IHT) planning. Below is an example of two of these.

Gift & Loan Trust

With such an arrangement, a nominal sum, such as £10, is gifted into a trust in order to 'settle' it. Then a larger amount is lent to the trust (appropriately documented). The loan remains part of the settlor's estate and can be requested to be repaid at any point. The advantage is that all the growth on the assets occurs in the trust for the benefit of the trust's beneficiaries (usually family members, excluding the donor themselves) and outside of the estate.

As only the growth occurs outside the estate these arrangements are more suitable when there is a long-time frame to conduct IHT planning and the donor wishes to retain access to capital. These arrangements are obviously more effective at passing assets when high investment growth is achieved.

These arrangements can be set up so the trust gradually repays the loan e.g. 5% of the loaned capital repaid each year for 20 years. The repayments provide the settlor(s) with a cash-flow

⁸ All non-exempt gifts made within the previous 7 years will consume Nil Rate Band and should be deducted from the size of the gift made to discretionary trust in order to avoid an immediate tax charge.

stream and at the end of the 20 years the full value of the trust is outside the settlor's estate as the loan has been repaid.

These arrangements are usually used with trusts with discretionary powers in order for control to be retained by the settlor. An absolute trust without these powers could be used, but the beneficiary(ies) could withdraw their entitlement (i.e. value above the outstanding loan) at any point.

Discounted Gift Trust (DGT)

A Discounted Gift Trust is a trust which includes a defined income stream to be paid to the settlor(s) for the rest of their life/lives. Part of the capital gifted into the trust is deemed to be used to provide this income. This part is treated as if it were consumed to purchase the income (like an annuity) and is not counted as a gift to the trust. This 'discounted' element of the trust is immediately removed from the settlor's estate. The remaining capital will be treated as a gift and will remain as part of the settlor's estate for the usual 7 years.

Below is an example of £400,000 gifted into a DGT. It assumes the settlor receives an income of £20,000 per annum from the trust. In this example £180,000 has been deemed to provide this income and has been 'discounted' and removed from the estate. The remaining £220,000 is treated as a standard gift into the trust. In reality, these figures will depend on medical underwriting of the settlor's health and circumstances.



After 7 years the full amount is removed from the estate. Income payments would continue for the rest of the settlor's life (unless all the trust's assets were exhausted).

The main advantages of gifting an amount into a DGT, compared to other trusts, are:

- Immediate reduction in size of an estate, giving an immediate reduction in IHT liability.
- More than the Nil Rate Band (NRB) could be settled into a discretionary trust, as only the non-discounted value (£220,000 in the above example) is treated as a gift.
- A right to income is retained for the rest of the settlor's life, which can protect financial security.

The main disadvantage of gifting an amount into a DGT, compared to other trusts, is that all access to the capital is lost for the rest of the settlor's life. No funds (other than designated income) could be withdrawn from the trust, either for the settlor or the beneficiaries. This could be particularly important if personal or family circumstances were to change.

Trusts with or without discretionary powers can be used as DGTs. As capital cannot be accessed by anyone during the settlor's lifetime, there is no risk of beneficiaries being able to access their entitlement, even if discretionary powers don't exist.

Reliefs and Exempt Assets

Certain assets are exempt to, or relieved from Inheritance Tax (IHT). This allows these assets to be owned by the settlor without it them adding to IHT liabilities, which can be useful in planning. Business Relief can also be used for qualifying invested assets, as well as ones own business.

Business Relief – Unquoted Shares

Shares owned in unquoted trading companies (Alternative Investment Market, AIM, shares are counted as unquoted for this purpose) for more than two years before death can qualify for 100% Business Relief (BR) from IHT, provided they meet certain eligibility criteria (*e.g. many property, finance and investment firms do not*). Therefore, by purchasing a portfolio of such qualifying shares, amounts can be relieved from IHT, without gifting them away.

It is important to note that these investments will typically be much higher risk than investing in normal quoted shares, therefore will not be appropriate for many. In particular, liquidity (finding a buyer when you want to sell) can be a problem with such shares. There are an increasing number of asset-backed (*e.g. renewable energy sites and property development lending*) portfolio management services, which aim to secure BR on investments, whilst reducing risks. This requires holding lower expected return investments and not all additional risks can be removed.

Unquoted shares can also be held through Enterprise Investment Schemes (EISs) which offer other tax advantages in terms of income and capital gains taxes. If the various tax benefits can be taken advantage of, they can provide a buffer against potential losses. Investments that qualify for EIS tax treatment are usually very small, early-stage companies that carry even greater risk (for which the tax reliefs are afforded).

Pensions

Death benefits paid from most UK registered pension schemes are exempt from IHT. Prior to age 75 pension funds can be paid as 100% tax free lump-sums to selected beneficiaries⁹.

It is also possible to leave pension death benefits to a discretionary trust; the value of the pension benefits will then not fall into anyone's personal estate and fall subject to IHT on their death¹⁰.

As with previously discussed trusts, a spouse and children (and further generations) can be selected as potential beneficiaries and the trust should have the ability to loan assets.

Benefits paid on death after the age of 75 are subject to income tax at the beneficiary's marginal rate of tax but remain free of IHT. Death benefits do not have to be paid out of the pension however; a beneficiary could receive a pension pot, which is simply transferred into their name. No tax is paid until amounts are withdrawn from the pension, say to fund their own retirement.

⁹ Provided benefits are paid within 2 years of death.

¹⁰ Amounts will be subject to Periodic IHT charges every 10 years and Exit charges when amounts are withdrawn from the trust.

Lump sums left to discretionary trusts after the age of 75 would be subject to the trustee rate of income tax of 45%, heavily reducing the attractiveness of this option. It is quite common for clients over the age 75 to leave pensions to their spouse on first death, whereby pensions can pass to children on second death.

Due to the significant tax advantages pensions now have on passing assets to the next generation, where estates are large, it can often be most effective to leave pensions intact and consume other assets to fund retirement expenditure. Consuming other assets in favour of protecting pensions reduces the size of an estate and its associated IHT liability.

Insurance Policies written into Trust

If a policy is not held in trust it will simply pass to the surviving spouse's estate, on a first death policy, or to the individual's own estate with a second death policy. This can then lead to 40% of the pay-out being lost to IHT. Policies should be left to an appropriate trust. Again, the trust should have discretionary powers and the ability to loan assets.

Some also choose to take out joint life second death life assurance policies, written under trust, in order to fund an IHT liability and leave the remainder of an estate intact for their beneficiaries. Another advantage of such a trust (and indeed those used for pension benefits) is that the funds will immediately be available to the beneficiaries to pay any IHT, rather than having to wait until the Grant of Probate has been issued, allowing them to access the rest of the estate.

Such policies are usually 'Whole of Life' schemes, where the death benefit will remain as long as the premiums are paid. The premiums on the policy can usually qualify for the 'annual exemption' or the 'normal expenditure out of surplus income' exemption, in order to prevent them from being treated as a gift into the trust (the policy is held in). The downside of this is that the premiums can be very high (or start low and increase rapidly) and have to be paid right up to the date of death.

Consideration needs to be given to the amount of premiums, both in terms of affordability within lifestyle expenditure and the total amount potentially payable over life, when assessing whether it makes sense to fund an additional inheritance through insurance.

Insurance can be effective in covering a shorter-term IHT liabilities, whilst waiting for further planning to be undertaken, or the period of time before planning is effective (e.g. the 7 years for gifts to fall out of account for IHT).

Inheriting – Deed of Variation

It may sound like an obvious statement but avoiding personally receiving capital sums can be an important element of estate planning. We have just covered two examples; using trusts to prevent pension and life assurance death benefits passing into your or your spouse's estate.

Another example would be in the event of receiving an inheritance from a family member. If you do not require the capital and have your own Inheritance Tax (IHT) problems, it may not make sense to compound this by receiving additional capital. This can be avoided by drafting a Deed of Variation within two years of the donor's death.

A Deed of Variation can be used to revoke a beneficial interest in an estate in favour of other persons or an entity i.e. to your children or into a trust. This allows sums to be redirected to family members, or a trust, as if it were made directly by the deceased.

There are two potential benefits to this. Firstly, if you might need the assets in the future you (or your spouse) could be a beneficiary – because the deceased has made the gift, so reservation of benefits would not apply. If you definitely didn't need the benefits, having them distributed directly from the deceased would be preferable to receiving the amounts and gifting them yourself, as a personal gift would be in your estate for another 7 years, risking IHT in the event of your death.

Concluding Comments

For large estates it is likely that a combination of approaches will be required, rather than any one solution. It is important to have a clear idea of what you want to achieve for your estate planning, in terms of who you want to benefit, in what ways and when, before undertaking any action.

Any planning should also be undertaken within the framework of your financial plan as a whole, with a view to maximising the chances of meeting all your financial objectives. As stated at the top of the report, tax savings are unlikely to be the most important factor. By all means they should be achieved where possible, however other considerations, such as an individual's own financial security, are likely to require priority.

As stated at outset, this is a complex area of planning, with many interconnecting factors and can be a highly emotive subject that can have lasting impacts on families. We would always recommend seeking appropriate professional advice before acting, to ensure estate are effectively managed.

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