



ROBERTS MACKIE WINSTANLEY

INDEPENDENT FINANCIAL ADVISERS

Protecting family wealth

What will your legacy look like?

Estate planning is about putting your affairs in order, to help make the lives of your loved ones easier. It can help to protect your estate for your beneficiaries and reduce the impact of Inheritance Tax (commonly called IHT for short).

IHT is something many of us don't know enough about. Simply because we don't think we need to.

FIVE KEY POINTS TO CONSIDER – TAX YEAR 2022/23

1) IHT DOESN'T JUST AFFECT THE WEALTHY

Traditionally, only the wealthiest in society were affected by IHT. But rising property prices means more and more people are now facing it.

It all comes down to the value of your overall estate upon your death. If it's worth more than your personal nil-rate band (NRB), anything above could be liable to IHT at up to 40%. (If you're single or divorced, the NRB is £325,000 and if you're married, in a registered civil partnership or widowed, it's up to £650,000).

2) THERE'S ALSO THE RESIDENCE NIL-RATE BAND (RNRB) – BUT NOT EVERYONE CAN BENEFIT

If you're wondering what the RNRB is, this can be used alongside your usual NRB – and was introduced to help more people reduce their IHT liability. Every UK adult has a RNRB of £175,000.

But the rules can be more complex than many people realise. Amongst the restrictions, you can only use this allowance if it relates to a property you have lived in, and passed to a direct descendant (such as your child or grandchild – not a friend, niece or nephew).

3) YOUR ESTATE ISN'T JUST YOUR HOME

Your savings and investments, car and any rental properties form a part of your estate. Not forgetting any jewellery you have, household furniture or expensive paintings (minus any liabilities, like an unpaid mortgage).

After working out the value of your belongings, you may be surprised by how much your estate comes to. It could be worth a lot more than you think. It's also important to bear in mind that these assets could increase or decrease in value in the future.

4) ANNUAL REVENUE IS EXPECTED TO KEEP CLIMBING

The latest IHT figures should be a 'wake-up call' for families to think carefully about their tax planning. IHT receipts in the United Kingdom amounted to approximately £5.32 billion in the financial year 2020/21^[1].

5) YOU COULD DO SOMETHING ABOUT IT

There are plenty of perfectly legal steps you can take to protect your family's wealth from the taxman. The IHT solutions include annual exemptions, allowances, direct gifts and trusts.

Of course, there are many different options to choose from – so it's important you find one that's right for you. With this in mind, and the fact

that IHT can be a complex subject, you should always obtain professional financial advice to guide you through the complexities – and help you put suitable plans in place. ■

WORRIED ABOUT INHERITANCE TAX EATING INTO YOUR ESTATE?

How can you leave a tax-efficient legacy? We'll help you leave more to those you love most. Although it's not nice to think about, getting your affairs in order for when you pass away can bring real peace of mind as you get older. To find out more, please contact us to discuss your requirements.

Source data:

[1] <https://www.statista.com/statistics/284325/united-kingdom-hmrc-tax-receipts-inheritance-tax/>

INFORMATION IS BASED ON OUR CURRENT UNDERSTANDING OF TAXATION LEGISLATION AND REGULATIONS.

ANY LEVELS AND BASES OF, AND RELIEFS FROM, TAXATION ARE SUBJECT TO CHANGE.

Roberts Mackie Winstanley

Jonathan Scott Hall, Thorpe Road, Norwich NR1 1UH

T: 01603 628403 F: 01603 661223 E: enquiries@robertsmackie.co.uk W: www.rmw-ifa.co.uk

Partners: Andrew Mackie • Iain Mackie

Authorised and regulated by the Financial Conduct Authority

