

IHT & Estate Planning Toolkit

This toolkit is designed to help individuals and business owners plan their estate efficiently, minimise Inheritance Tax (IHT) liabilities, and ensure their assets are passed on according to their wishes. Use this checklist to guide your estate planning process.

1. Estate Valuation & Assessment

- List all assets (property, savings, pensions, investments, business interests, valuables, digital assets).
- Calculate total estate value by adding all assets.
- Identify liabilities (mortgages, loans, debts, outstanding taxes).
- Determine net estate value after deducting liabilities.

2. Gifting & IHT Exemptions

- Record date and amount of each gift for tracking.
- Identify exemption status (annual gift exemption, wedding gifts, small gifts, Potentially Exempt Transfers - PETs).
- Monitor the 7-year rule for gifts subject to taper relief.
- Review Gifts with Reservation of Benefit (GROB) – Gifts where the donor retains benefit may still be subject to IHT.

3. Trust & Wealth Protection Planning

- Identify assets suitable for trust (e.g., property, investments, family wealth).
- Choose the right trust structure (Bare Trust, Discretionary Trust, Interest in Possession Trust).
- Ensure trust is tax-efficient – Consider inheritance tax, income tax, and capital gains tax implications.
- Appoint trustees & define terms to ensure proper control and management.

4. IHT Calculation & Tax Planning

- Calculate total taxable estate including all assets.
- Deduct available exemptions & reliefs (spousal exemption, Business Relief, Agricultural Relief, Charitable Donations).
- Estimate inheritance tax liability (40% on estates exceeding the nil-rate band of £325,000).
- Utilise strategies to minimise IHT (lifetime gifting, pension planning, trusts).

5. Business Succession & Tax Efficiency

- Plan for business continuity & ownership transition.
- Ensure eligibility for Business Relief (BR) (up to 100% IHT exemption).
- Review shareholder agreements & succession structures.
- Consider Family LLP's and Family Investment Companies (FICs) for tax-efficient asset control.

6. Pension Planning & Tax Efficiency

- Ensure pension funds are structured to minimise IHT exposure.
- Consider passing pension funds to beneficiaries as a tax-efficient inheritance tool.
- Review pension nomination forms and ensure they align with estate planning objectives.

7. Foreign Assets & Cross-Border Considerations

- Identify any overseas assets and ensure they are included in estate planning.
- Consider dual wills if assets are held in multiple jurisdictions.
- Review potential foreign tax liabilities and seek international tax advice.

8. IHT Insurance & Liquidity Planning

- Consider taking out a life insurance policy in trust to cover IHT liabilities.
- Ensure liquidity in the estate to cover tax bills and prevent forced asset sales.

9. Charitable Giving Strategies

- Consider leaving at least 10% of the estate to charity to reduce the IHT rate from 40% to 36%.
- Utilise Gift Aid and other tax-efficient donation strategies.
- Explore establishing a charitable trust for long-term giving.

10. Estate Planning Action Plan

- Schedule a review with a financial advisor or tax specialist.
- Update will & estate planning documents regularly (every 3–5 years or after major life changes).
- Review Lasting Power of Attorney (LPA) for financial & health decisions.
- Keep clear records for HMRC compliance on gifts, transfers, and trusts.



Important: This toolkit is a general guide. Consult a financial advisor, tax specialist, or solicitor to ensure your estate plan is legally sound and tax-efficient.