MCCREA
FINANCIAL SERVICES

ESTATE PLANNING

Many families are still being caught out by unexpected Inheritance Tax bills when a loved one passes away, with £5.36 billion being paid to HMRC in the 2018/19 tax year.

In the UK, the first £325,000 of the value of any estate falls within the Nil Rate Band for Inheritance Tax, with a 40% tax rate applying on any value over the Nil Rate Band.

Due to the Residence Nil Rate Band (RNRB), you can also benefit from an additional tax-free allowance of up to £175,000 to allow you to pass on your home to a child or grandchild.

Taken together, these allowances mean that unmarried people can pass on estates worth up to £500,000 to their loved ones, with that amount rising to £1 million when allowances are properly combined between spouses or civil partners.

Why should you seek specialist advice on estate planning?

Many more people are finding themselves liable to pay Inheritance Tax on money and assets they would like to leave to their loved ones, partly due to the long-term rise in house prices over the last few decades.

Our specialist advisors can help identify your current liability, available personal and shared tax-free allowances, and how to balance any gifts you would like to make to your family with tax efficient estate planning.

It is also important to know that Inheritance Tax can apply to gifts you have made within the last seven years of your life, although there are a number of allowances available, so it's never too soon to seek specialist advice.

Who could benefit from this advice?

While we can all benefit from making plans for what we would like to leave to our loved ones after we're gone, estate planning is particularly important for homeowners and business owners, as well as people with significant assets such as bank savings, investments, pensions and second properties.

How can we help?

As a first step, we undertake an in-depth review of your financial affairs to identify your current Inheritance Tax liability. This will include looking at the value of the assets you currently hold as well as crucial information including whether you are likely to receive an inheritance yourself, whether you have Death in Service employment benefits and whether you have any assets held outwith your estate, such as insurance policies held in trust or nominated pension lump sum benefits.

We can also advise on your personal and shared allowances, how to apply the transfer of unused allowances between couples and explain ways of reducing your potential Inheritance Tax liability through financial planning.

We work with you to evaluate options for managing your Inheritance Tax liability while accommodating your current and predicted spending, ensuring you can maintain your lifestyle and/or helping with gifts to loved ones throughout your life. As well as using the £3,000 annual tax-free gifting allowance, we can help you make larger gifts in the most tax efficient way possible and outline different ways to address any potential liability.

Our expertise in the use of trusts and specialised tax planning products can help you remove assets from your estate while staying within the complex rules which govern Inheritance Tax.

With our ongoing support, your estate planning can also take account of any future rule changes and increases to allowances over the coming years.

Let McCrea Financial Services be your guide through the complex and changing world of Inheritance Tax. We can help give you peace of mind and help protect your family wealth for future generations.

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