

Sense Financial Solutions



Welcome to


Best Western

A46 Leicestershire

Sense Financial Solutions



Estate Planning Seminar

"You know it makes sense" 

Agenda

- Inheritance Tax
- Reliefs and Allowances
- The Use Of Trusts with Aegon & Phil Boyd
- HMRC perspective with Tony Key
- Questions

Inheritance Tax

- Estate Duty
- Capital Transfer Tax
- Inheritance Tax*

* Tax legislation may change

“Inheritance Tax is,
broadly speaking,
a voluntary levy
paid by those who
distrust their heirs
more than they
dislike the Inland
Revenue.”

Lord Jenkins
19th March 1986



“You know it makes sense”



Inheritance Tax

- Over the Nil Rate Band (presently £312,000) every estate will pay tax at the rate of 40% with the ability to transfer any unused relief to surviving spouse on first death
- Tax to be paid within six months. If the time taken falls over this period the Inland Revenue will charge interest on the outstanding balance.
- There is an option to pay the tax over a 10 year period but the Executors have to apply for this.

Inheritance Tax

ASSETS

- Property
- Personal Assets
- Cash
- Investments
- Gifts made during last 7 years
(60 day rule)
- Business Assets
- Agricultural Property

LESS LIABILITIES

- Debts
- Mortgage
- Loan

LESS Available Reliefs

EQUALS Taxable Estate

LESS Nil Rate Band

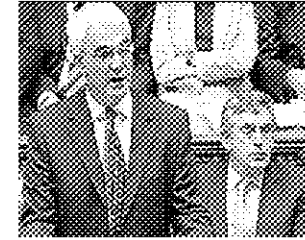
40%* of everything else to HMRC

* Tax legislation may change

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Inheritance Tax Changes



HM TREASURY

- Immediate Introduction of a transferable nil rate band
- Married couples and civil partners only
 - Not single
 - Not co habiting
- Retrospective – no time limit
- Widows and widowers and non planners real beneficiaries

Meeting the aspirations of the
British people

2007 Pre-Budget Report and
Comprehensive Spending Review
October 2007

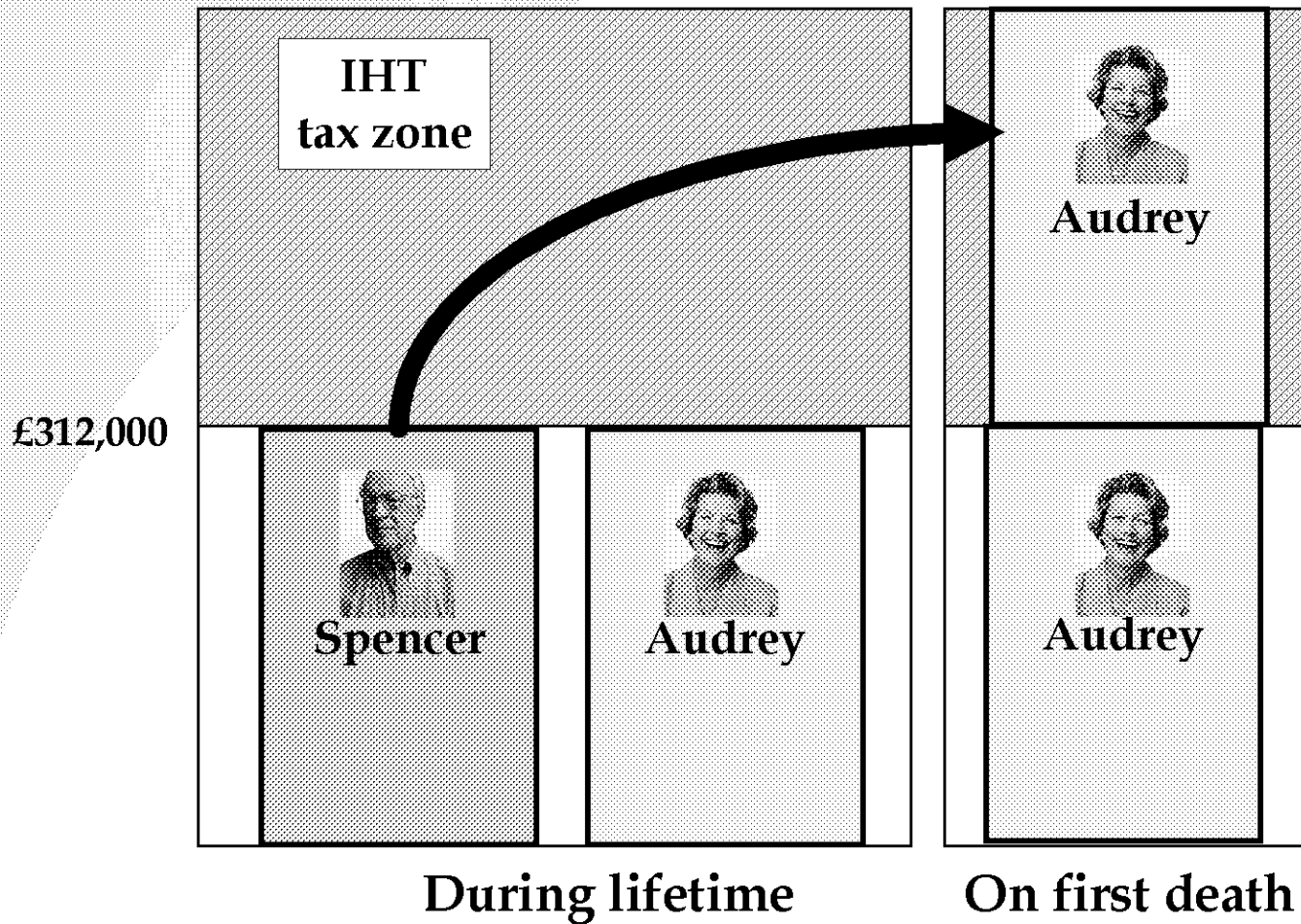
Presented to Parliament by
the Chancellor of the Exchequer
by Command of Her Majesty

Cm 7227 LONDON: The Stationery Office £45.00

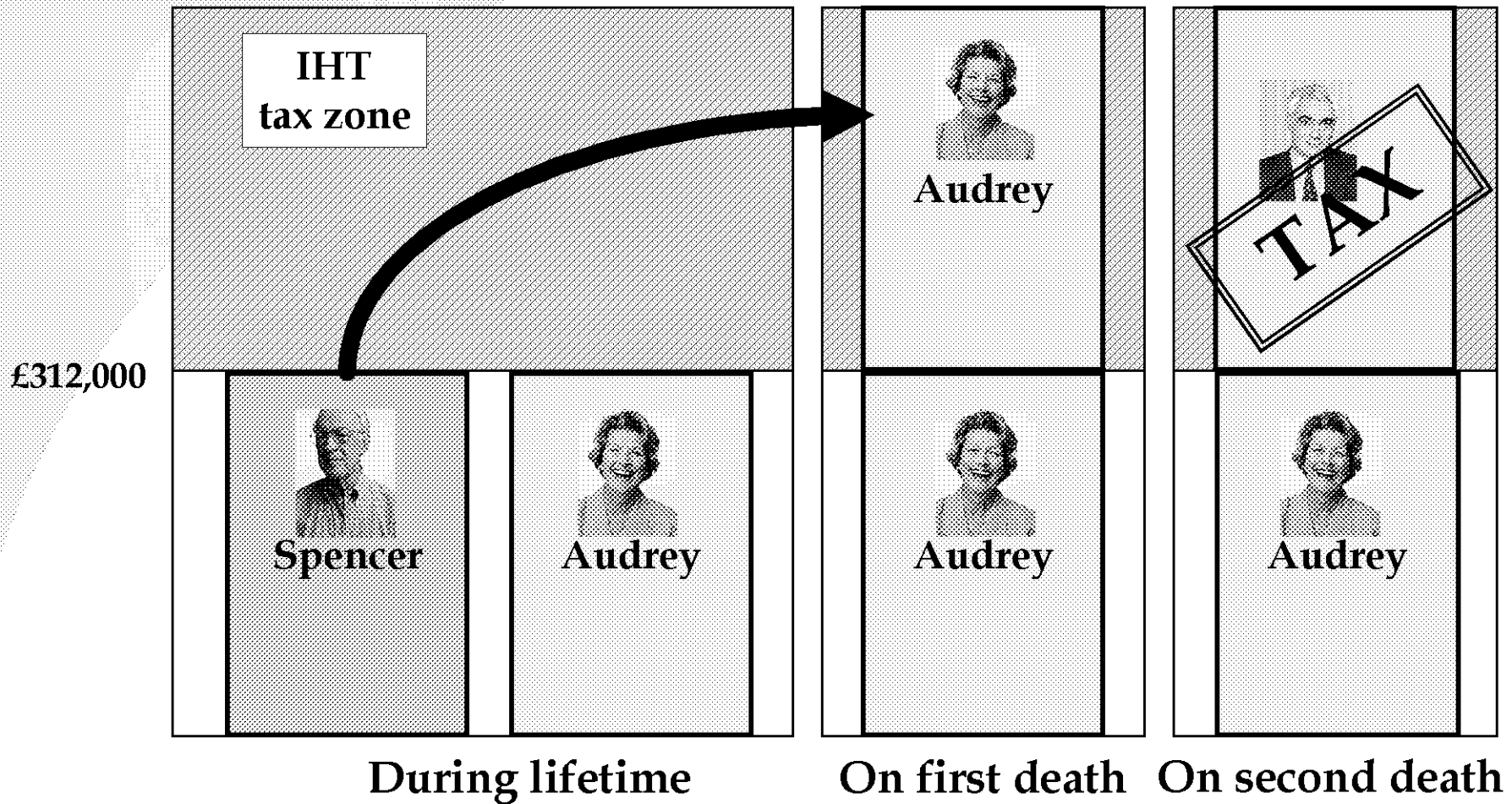
"You know it makes sense"



The Inheritance Tax problem

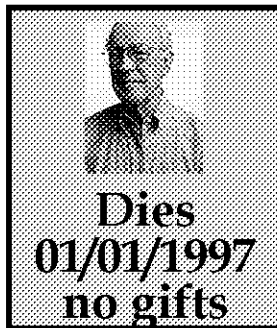


The Inheritance Tax problem



Post Inheritance Tax changes

£215,000

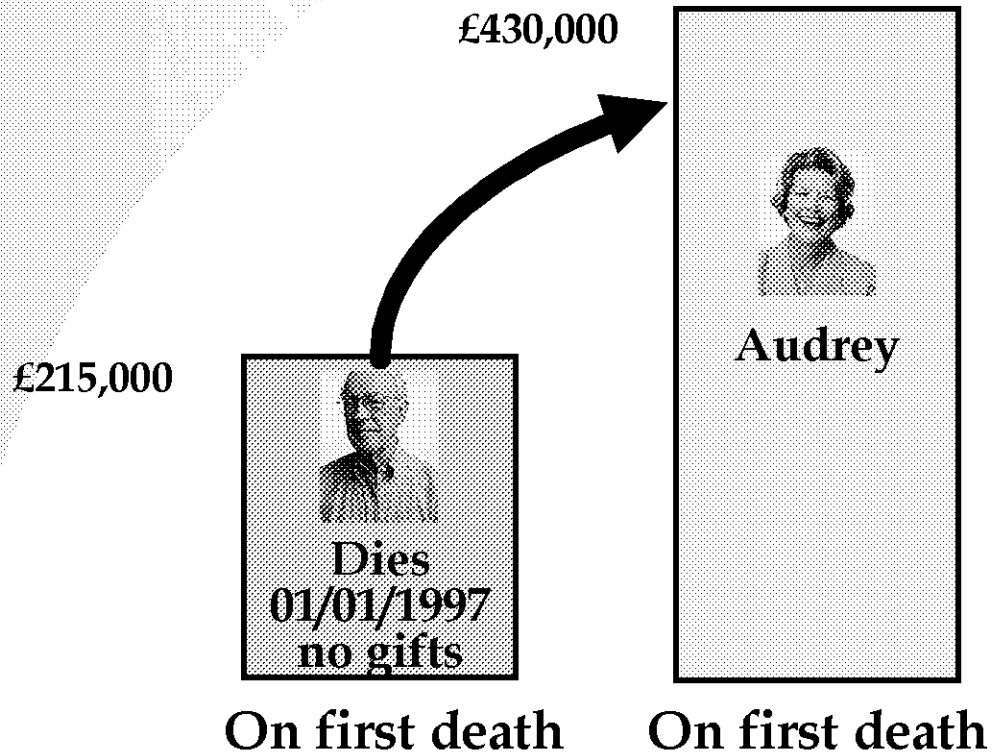


On first death

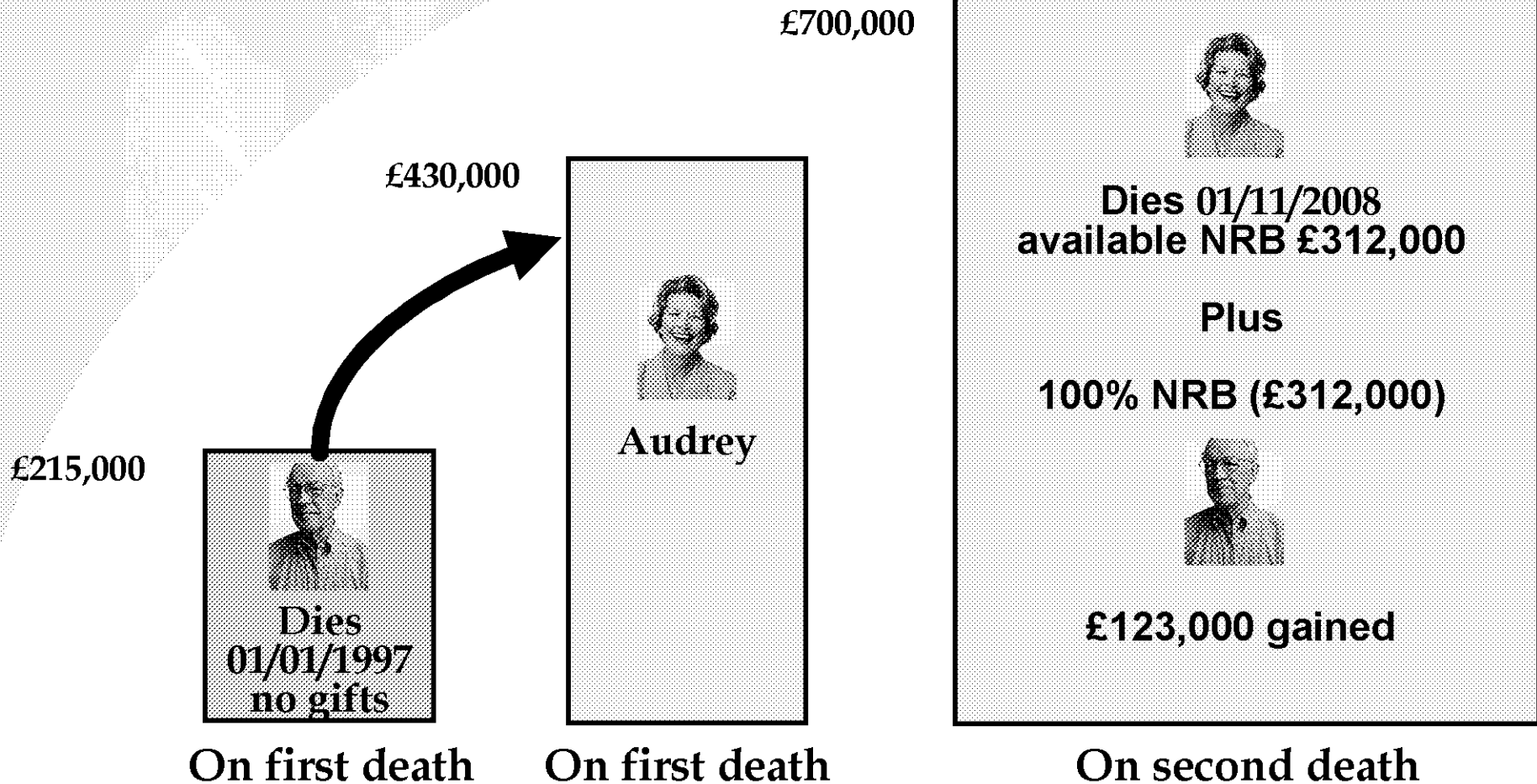
"You know it makes sense"



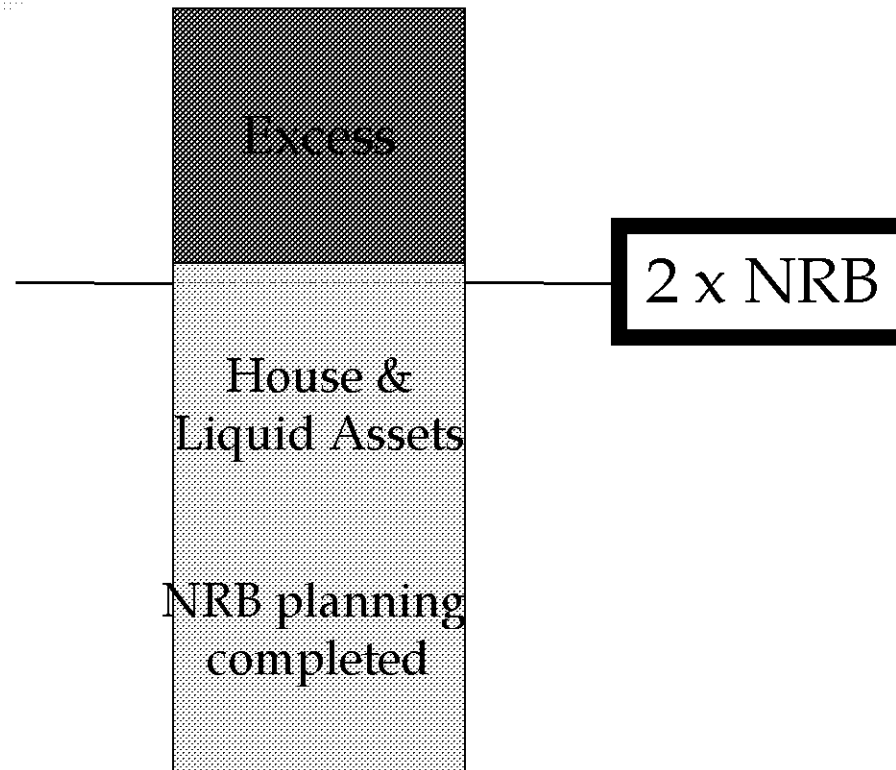
Post Inheritance Tax changes



Post Inheritance Tax changes



Single or NRB planning completed What next?



Inheritance Tax

Your Clients choices:

- Pay it
- Reduce it
- Cap it

Estate Planning

When should estate planning be carried out?

- Every family should have an estate planning strategy
- Need to review regularly
 - Taxation changes?
 - Family changes?
 - Health changes?
 - Financial Changes?

current IHT solutions

Allowances

Exemptions

Wills

AIM

Loan

Trust

Gift

Trust

Whole of
Life

Insurance

Discounted

Gift Trust

.... But by no means all of them

"You know it makes sense"



What can you do?

- Do nothing!
- Deed of Variation

Making Gifts





Warning

Gifts with Reservation

Pre Owned Assets

Lifetime Gifts

- Wholly exempt
- Potentially exempt
- Chargeable lifetime transfers

Wholly Exempt Transfers

- Spouse exemption
- £3,000 annual exemption
- Normal expenditure relief
- Small gifts of £250...
as many as you like!
- Gifts on marriage
- Charities
- Political parties

Potentially Exempt Transfers

- P.E.T.s
- The 7 year rule
- Tapering relief

Business Property Relief

- The Two Year Rule- AIM to beat the tax man

Warning

Ensure your strategy is:

- Flexible
- Realistic
- Understandable

Do it in the right order or PAY the consequences

current IHT solutions

Allowances

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Do something now,
not later

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Sense Financial Solutions Limited is an appointed representative of
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Services Authority

The Financial Services Authority does not regulate all areas of inheritance tax planning

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AEGON

Inheritance tax planning workshop - Phil Boyd

12th April 2008

Trusts

Why create a trust?

- To achieve IHT savings
- To pass wealth to the next generation
- To control who benefits from the trust fund and when eg by using a discretionary trust
- To avoid the delay in obtaining probate

The trust

