Comfort
Estate Planning

ESTATE PLANNING BASICS

Our experienced advisors can help you protect your assets.

Grab our FREE guide!

0800 0987 841

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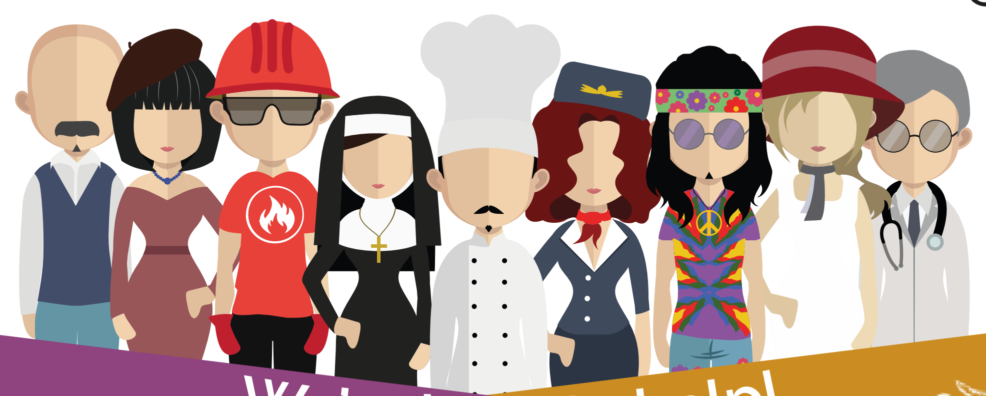
CALL FOR MORE INFORMATION

*Recommend a member of your family or a friend so that they can receive their **FREE Estate Planning Review.***

This booklet has been designed to highlight how you can save your hard earned money through careful use of estate planning.

We have over 20 years of experience advising on estate planning, call us to find out more today.

It doesn't matter who you are



...We're here to help!

What is Inheritance TAX?

Inheritance Tax (IHT) is the tax charge on your Estate that exceeds the Nil Rate Band Allowance, ie the value of your estate above the personal allowance granted by the government from time to time. Inheritance tax is a voluntary tax.

The value of your Estate is made up of any buildings you may own, savings and investments, any other things you may own and any gifts you have given away in the previous seven years before your death. We can help you reduce or eliminate it altogether.

The people appointed to look after and/or pay out your Estate after you have died, known as your executors and named in your will, are responsible for collecting details of and valuing your estate as well as completing a Inheritance Tax return when you die. If your property is protected in a trust - it doesn't form part of your estate

They must also pay the Inheritance Tax bill within 6 months of your death – otherwise probate (or confirmation in Scotland) will not be granted and your assets cannot be distributed in line with your Will.

How much is Inheritance Tax?

If you give away at least 10% of your Estate to Charity your Tax bill will be 36%. If not your tax bill will be 40%.

What is Inheritance Tax?...cont[1]

The Nil Rate band

Currently this is set at £325,000 per person. This is your Personal Allowance and you do not pay tax on your estate if the total value is less than this amount. Any unused personal allowance can be transferred between married couples and civil partners when they die.

This means that managing your wealth correctly could see the first £650,000 of your estate passed on tax free.
If you add in the Residence nil rate band, introduced in April 2017, which will increase over the next three years to £350,000 for a married couple, you can see with proper planning almost £1,000,000 could be paid to the next generation with no Inheritance tax to pay.

For people with larger estates – the Property Nil Rate band will reduce by £1 for every £2 your estate is valued over the £2 million mark. This Nil rate band can only be applied to the family home - not a second home or a buy to let property- and can only be used when passing on assets to direct descendants.

Estate Planning & Inheritance Tax Planning - definition

Estate Planning means passing on more of your assets (your estate) to the next generation by reducing any potential Inheritance tax Bill and ensuring your assets only go to those in your will or trusts, ie to your loved ones.

The first step is to speak with a Estate Planner to identify any potential inheritance tax bill which may become due and then, using a combination of different strategies, reduce or eliminate that threat to your families wealth altogether.

These strategies will involve one or more of the following depending entirely on your wishes at the time we discuss this with you:

- Making Gifts in Trust.
- Keep your assets while reducing the size of your estate.
- Making outright gifts.
- Managing the Tax without making gifts at all.

What is Inheritance Tax?...cont[2]

Making Gifts In Trusts

Eventually your assets will be given, or disposed of, in accordance with your last will and testament on your death.

Trusts effectively make it possible to give these assets to those who will eventually inherit anyway (or indeed to anybody you name in the trust).

You keep control over the asset and, if correctly written, you also continue to benefit from the income or growth of the asset while you are alive.

You will also maintain all the advantages enjoyed before you placed the asset in trust whilst at the same time reducing or eliminating the potential disadvantages – such as the tax bill.

Gifts to people who cannot look after themselves

The main benefit of a trust in these circumstances is you have extra control over the money, Useful if they can't look after the money themselves because:

- • They are too young
- • They lack interest or experience in looking after money
- • They are disabled or in ill health
- • They are going through bankruptcy proceedings, or may do so in the future

In such cases a trust allows you to gift the money while keeping control over how, when and in what circumstances it is received.

Making gifts while taking an income

If correctly written you can gift money whilst at the same time taking an income (for example the interest earned on the money) through regular withdrawals.

You decide how much to withdraw and how often leaving the actual gift to be taken by your loved one (the beneficiary) on your death.

Keeping your Investment while giving away the growth

Essentially the opposite of the above example. You effectively loan an investment to the trust and have any growth built up for your loved ones, the beneficiaries of the trust.

You choose who receives the growth and when it will be paid. You are also able to take the gift back at any time.

Although the Asset would still count as part of your Estate for calculations purposes, the growth would belong to your Beneficiaries and would be outside your estate.

Good if you want to help your loved ones but aren't ready to give away your money completely.

COMFORT'S ESTATE PLANNING 101

Think about it!

Income from Asset Trust

Collect an income knowing your asset is secured for your chosen beneficiary.

Plan for Care Costs

Essential you have the right plans when it comes to care costs.

Don't leave it too late. Help yourself, planning your estate for you and your family to enjoy without the worry of inheritance TAX issues.

Discretionary Trust

For those too young or with poor money management skills to benefit from.

Outright Gift

The most straightforward and cheapest form of estate planning. A house deposit, education fee's or cash.

LIFE EVENTS

Being able to treat your family when life throws up those little celebrations full of joy, tears and bucket loads of happiness.

Saving without a strategy leaves you in an uncertain place; protect your wealth. Save with a plan, a plan that involves you and your families happiness.

You've earnt it, now protect it!!

Trust Gifts

Continued income or growth for you while alive, then inherited by your chosen beneficiary.

TAX free Gifts

£3000 a year for your partner. £250 for as many beneficiaries as you like each year.

ESTATE EXAMPLE

Your estate is worth £500,000 and your tax-free threshold is £325,000. The Inheritance Tax charged will be 40% of £175,000 (£500,000 minus £325,000)

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Act now!
0800 0987 841

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What is Inheritance Tax?...cont[3]

Outright gifts

Gifting is often the most straight forward, and cheapest, form of Estate planning. This can be for a specific reason, eg a house deposit for a loved one or to fund education, or maybe just to pass on funds to your loved ones.

Depending on how much, when made and to whom, gifts are treated differently for Inheritance Tax Purposes.

Tax free Gifts:

Gifts to your partner , free where married or in a civil partnership and the UK is your partners permanent home.

Gifts up to £3000 per year, the £3,000 can be split between as many beneficiaries as you like and can be carried forward for one year if unused.

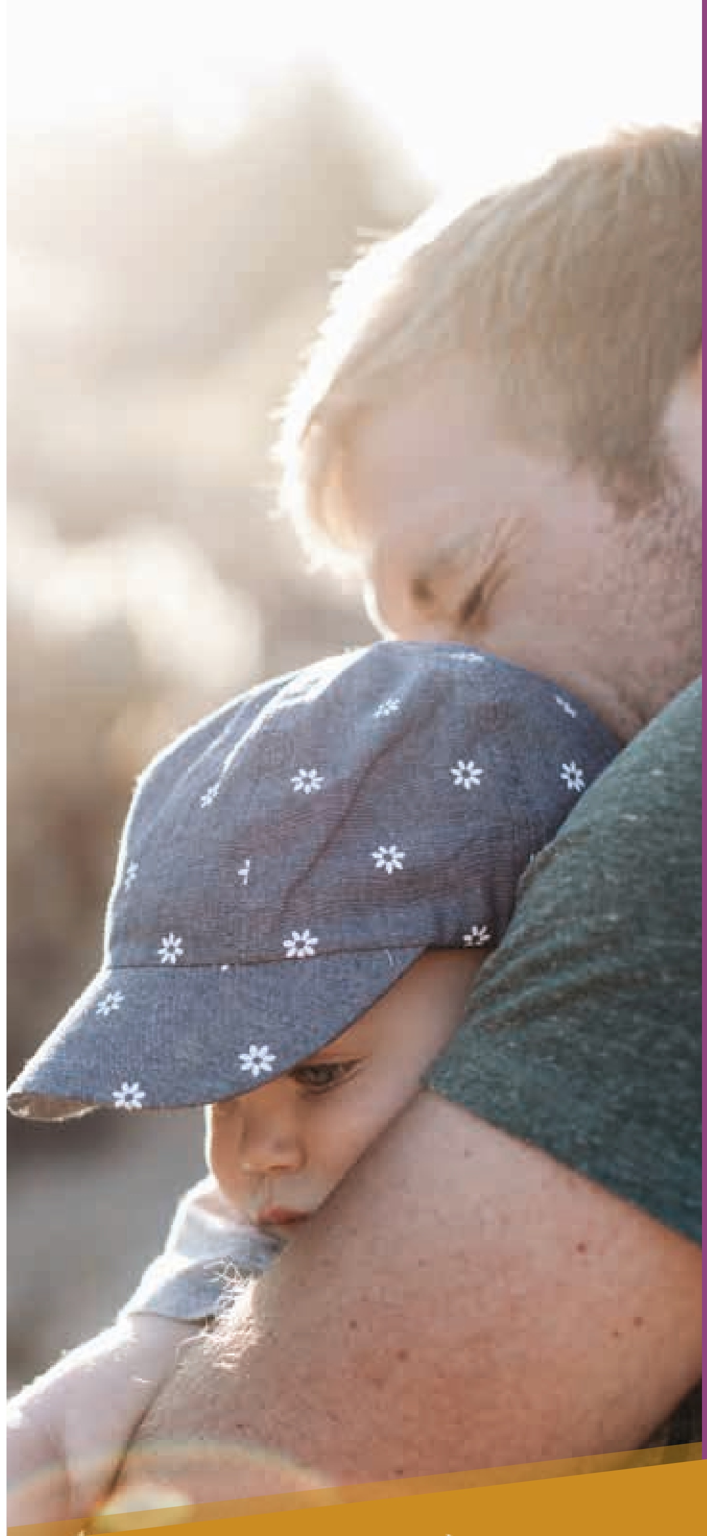
Small gifts of up to £250 per person, as many as you like but each gift can be no more than £250.
Regular gifts out of excess income as long as the gifting will not affect your normal lifestyle.
Gifts to charities, museums, universities, sports clubs and some political parties.

Potentially exempt Gifts (PEGs)

Anything not immediately free of tax is considered potentially exempt. These will be subject to inheritance tax unless you survive for at least 7 years after making the gift.

Death within 7 years of making a potentially exempt gift will mean it counts as part of your estate and that there may be Inheritance Tax to pay on it.

Our Advisors can help you make financial gifts with products designed to maximise the benefits whilst monitoring your actions in line with current legislation.



What is Inheritance Tax?...cont[4]

Managing IHT without making gifts or using trusts

For whatever reason you may feel Trusts or Gifts isn't the way you want to mitigate Inheritance tax, and that choice is perfectly valid and reasonable. There are ways, however, to protect your estate from inheritance Tax whilst holding on to your assets.

Life Insurance

A simple way to protect your estate is to take out life insurance that pays a lump sum to your beneficiaries on your death which can be used to pay the Tax Bill, meaning the family home or your other possessions don't have to be sold.

Claiming Business Relief

Investments or assets that qualify for Business Relief leave your estate after just 2 years. After this you can continue to own them and sell them for your benefit.

You can claim Business Relief on:
- • A business or interest in a business (eg being a business partner).
- • Land, Buildings or machinery owned by a partner or controlling shareholder of a business.
- • Unquoted shares such as those listed on the Alternative Investment Market.

We will be happy to arrange for a suitably qualified advisor to outline more about the Enterprise investment Scheme and other tax efficient investments.

Passing on a pension

The controversial Pension Death tax was removed in 2015 and this made pensions a potentially good Inheritance Tax planning instrument. Pensions don't form part of your estate and are therefore free from Inheritance Tax.

Pensions are free from inheritance tax

Money left in your pension when you die does not form part of your estate and isn't included when your inheritance tax bill is calculated. If you can use other income sources to fund your retirement, you may be able to pass your pension onto your beneficiaries tax free.

Income Tax on pension withdrawals

If you die before the age of 75 your pension can be passed on free of income tax. After 75 beneficiaries will have to pay income tax at their marginal rate.

What is Inheritance Tax?...cont[5]

If you've bought an annuity

If you have already used your pension to buy an annuity there will not normally be any more payments after your death. However, this may be different if you have a joint life annuity or you have chosen a minimum guarantee period or some form of value protection.

Are you interested in passing on a pension and/or Pensions Planning in general?

Book a no obligation consultation through **Comfort Estate Planning** *with a qualified advisor in the comfort of your own home.*

0800 0987 841

Mon - Thurs: 10am - 8pm, Fri: 9am - 1pm

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To discuss further, call 0800 0987 841

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