



GILSON GRAY

FINANCIAL MANAGEMENT



How does Inheritance Tax work?

How much of your estate could be liable for tax when you die? Go to the next slide to find out...

01

Say that you and your partner die within a few years of each other and leave your combined estate to your children, with a value of

£1 million

First **£650,000** tax free

→ **£350,000** taxed at 40%

Assuming the full allowance was available, that would equate to an Inheritance Tax bill of **£140,000**



02

**Provided that none
of the allowance has already
been used, the first**

£650,000

**isn't liable for tax because you can
combine your tax – free thresholds
(currently £325,000 each) if you
leave your entire estate to
your spouse or partner**

(Note that if your home is included in the estate and you leave it to your children, grandchildren or other lineal descendant, it means the tax-free threshold will increase to £500,000 per person if your total estate is worth less than £2 million.)

The levels and bases of taxation and reliefs from taxation can change at any time and are dependant on individual circumstances.

03

And here are three ways of reducing that bill, so you can pass on as much as possible to your loved ones...

1

Use your gifting allowance before the end of the tax year, 5 April. You and your partner or spouse can each gift up to £3,000 a year and it will be deducted from your total estate for tax purposes. You can also carry forward this allowance for one year if you haven't used it already.

Taxation rules can change at any time and are dependent on individual circumstances.



04



2

Pay into a Junior ISA for your children and grandchildren. You can invest up to £9,000 per child into a JISA this tax year. Please note that a Junior ISA can only be set up a parent or guardian.

The value of an investment with St. James's Place will be directly linked to the performance of the funds selected and may fall as well as rise. You may get back less than the amount invested.

The levels and bases of taxation, and reliefs from taxation, can change at any time and are dependent on individual circumstances.

03



3

Contribute to a pension for your children and grandchildren. You can make a maximum contribution of £2,880 this year, which will be topped up to £3,600 thanks to tax relief. Please note that only a parent or guardian can set up a pension.



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Senior Partner Practice

St.
James's
Place

Working out how much Inheritance Tax might be payable on your estate is complicated—and getting it wrong could be costly for your loved ones.

Get in touch to find out how we can help you make the most of your reliefs and allowances.

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