

PLANNING FOR YOUR FAMILY INVOLVES MORE THAN A WILL

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Nationally, the total inheritance tax (IHT) bill for the 2016/7 tax year has hit £4.9 billion and a further increase of over 20 per cent is expected in the current tax year. The burden is likely to grow as asset prices rise and the government looks for more tax revenue.

Rising house prices in areas such as Sutton Coldfield have drawn many more families into the IHT net. The general threshold of £325,000 at which 40 per cent IHT becomes payable has not risen since 2009, with no increase planned until 2021.

Despite the introduction of an additional IHT allowance where a family home is passed to children, the IHT threat remains a problem for many. This is because the enhanced allowance only applies in a limited number of circumstances. For example, the full benefit of this additional IHT allowance (£175,000 for an individual - a tax relief of up to £70,000) will not be available for another three years - furthermore, the relief is reduced where the value of an estate is above £2m and it will not be available at all where the estate value exceeds £2.25m.

There are other available reliefs and exemptions, such as where assets pass from one partner to the other on death. Outright gifts are IHT-free where the donor survives for more

than seven years after making the gift. Business assets such as shares in privately owned trading companies can also attract relief from IHT.

In addition, recent times have seen the welcome introduction of additional tax effective options regarding the passing of personal pension plans and individual savings accounts (ISAs).

Planning tailored to the individual's circumstances and a carefully drawn Will can reduce the IHT burden through using exemptions and reliefs as well as ensuring that the individual's wishes are carried out.

Asset protection can be even more important than tax-efficiency. Trusts are not just for the wealthy and can play a major part here, effectively by placing your assets in the hands of responsible people who will ensure that your wishes continue to be implemented after your passing.

For example, if your Will contains a trust with your children as beneficiaries, there is a better chance of resisting claims by wives or husbands if they divorce. In addition, the increasingly common situation of second or even third families requires careful planning.

A Will is a cornerstone of estate planning but is not enough on its own - more comprehensive planning is needed. Lifetime planning should also be considered. For example, trusts can be set up during an individual's lifetime as well



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Our specialist firm of private client and tax lawyers is focused on helping clients to ensure that their assets are passed on in line with their wishes.

We work with clients to ensure not just that their wishes are carried out but also that inheritance tax bills are minimised and assets are protected.

Our services include advice on Wills, powers of attorney, trusts and long-term tax planning, all tailored to clients' needs and we are able to provide an indication of likely fees at the outset.

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as under the Will but tax liabilities can arise so professional advice is essential.

Also, a Will only takes effect on death. So it does not cover the problems which arise if you cannot manage your own affairs because of

long-term illness or incapacity. It is advisable to make a power of attorney naming trusted people to act for you in these circumstances.

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