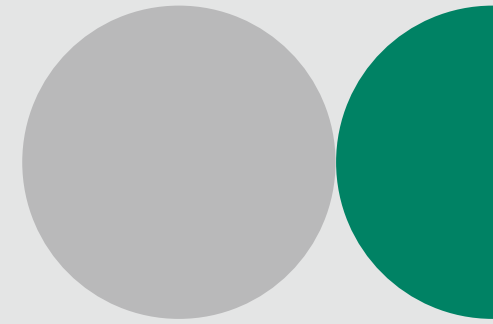


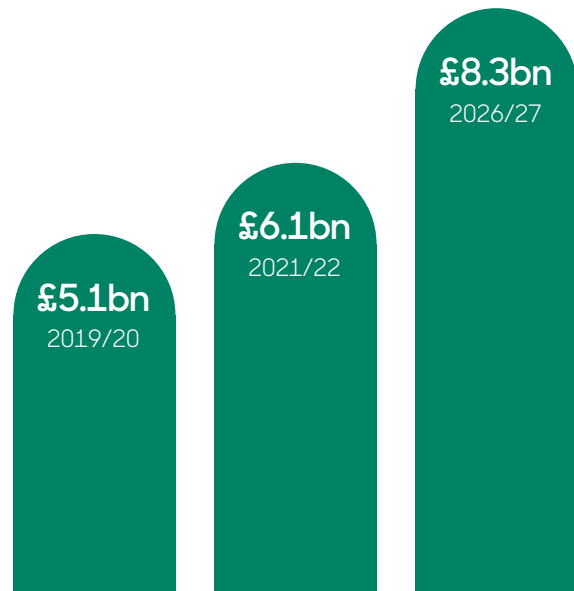
# Managing intergenerational wealth transfer



For adviser use only.

## Rise in IHT receipts

- The IHT nil rate band is £325K and is fixed at this amount until April 2028.
- There is an additional £175,000 residence nil rate band which can be claimed if the family home passes to children or grandchildren.
- IHT receipts have risen £1bn since 2019/20 – an increase of almost 20% which highlights the importance of professional financial advice.



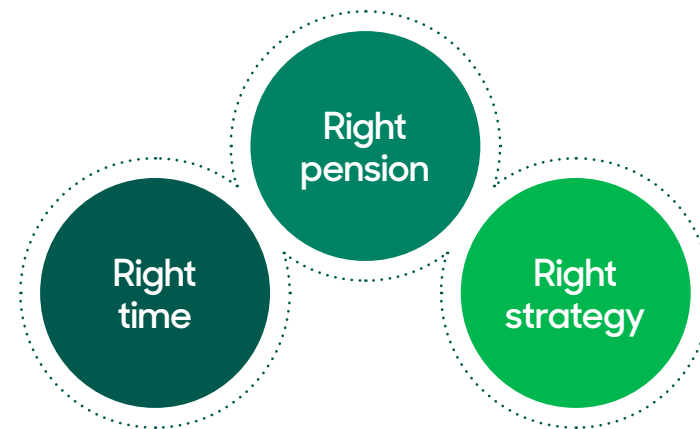
Office of Budget Responsibility expect IHT receipts to rise by an average of around 7% a year between 2021/22 and 2026/27.

## Estate planning isn't just about trusts

**If you only consider one thing, make sure it's this**

- Does your client's current pension allow pension wealth to be passed to nominated individuals in a tax efficient way?
- Is the only option available on death an annuity or a lump sum which would immediately form part of the beneficiaries' estate?
- Pensions that don't offer your clients the range of death benefit options they might require can be transferred to our Wrap Self Invested Personal Pension or Elevate Pension Investment Account which offer a full range of death benefit options to ensure wealth can be passed down generations in a tax efficient way.

**A simple but very efficient estate planning exercise.**



## Inheritance tax efficiency



### Do nothing

On death the value can be severely reduced. £40 in every £100 over the nil rate band will pass in IHT to the government.



### Spend wealth

Nice idea, but does your client know how long they'll live? It could leave them with no income or assets to maintain their lifestyle.



### Cover liability

Have you thought about taking out a life plan to cover your clients IHT liability?



### Will planning

Make things easier for your client and their family at a difficult time and ensure their possessions and assets are passed to people they choose. A will is an essential part of their plans.



### Loan plan

Help your clients reduce IHT liability without them giving up access to their assets. Any growth in the investments held in the plan will be outside the client's estate immediately for IHT purposes. As this is a loan and not a gift the initial investment can be repaid by regular payments from the plan or on demand.



### Discounted gift plan

Help your clients reduce IHT liability, but continue to receive fixed withdrawals from these assets during their lifetime. If discounted, this can immediately reduce the value of their estate for IHT purposes and any growth in the investments held in the Plan will be outside the estate for IHT purposes. The amount gifted into the Plan will fall outside your client's estate after seven years.



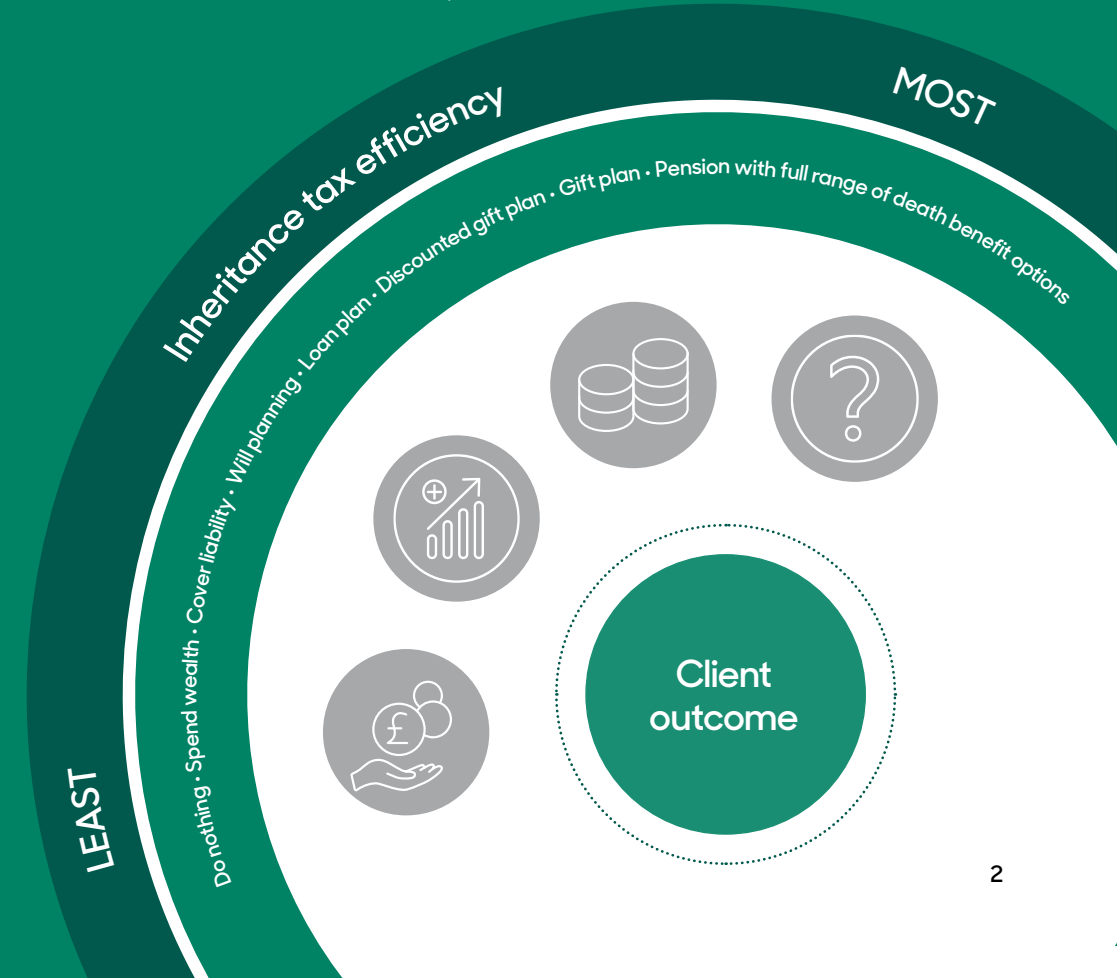
### Gift plan

If your clients don't need access to capital it can be 'gifted' and will be free of IHT liability after 7 years. Any growth in the investments held in the plan will be outside the client's estate immediately for IHT purposes.



### Pension with full range of death benefit options

If your clients current pension doesn't offer a full range of death benefit options you may want to consider transferring to our Wrap Self Invested Personal Pension or Elevate Pension Investment Account to ensure wealth can be passed down generations in a tax efficient way.

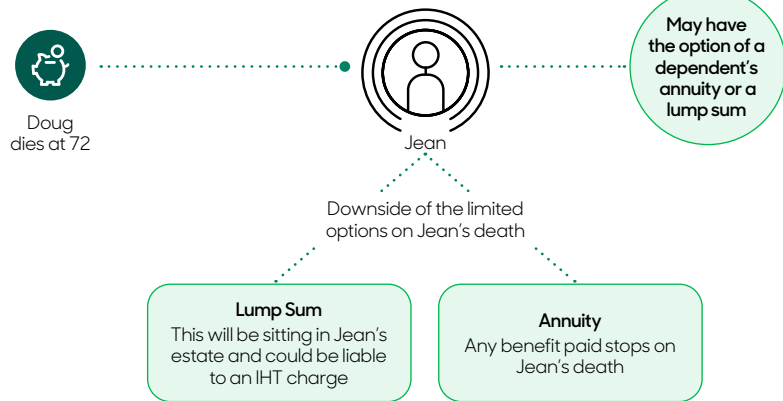


# Examples of estate planning opportunities

01

## Legacy Products

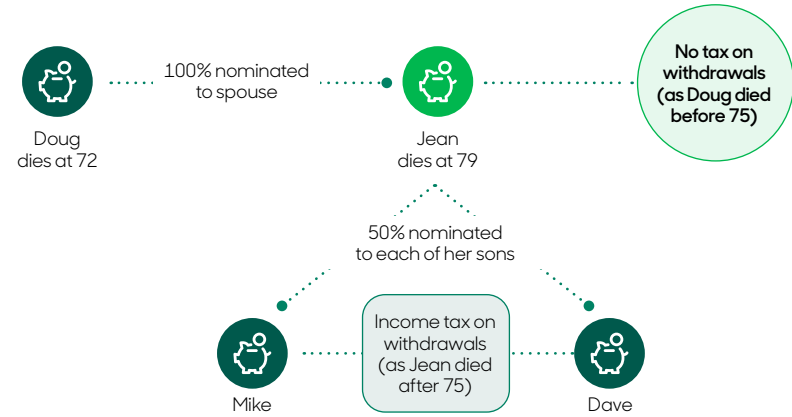
### Treatment of spousal benefits



02

## Inherited drawdown & tax

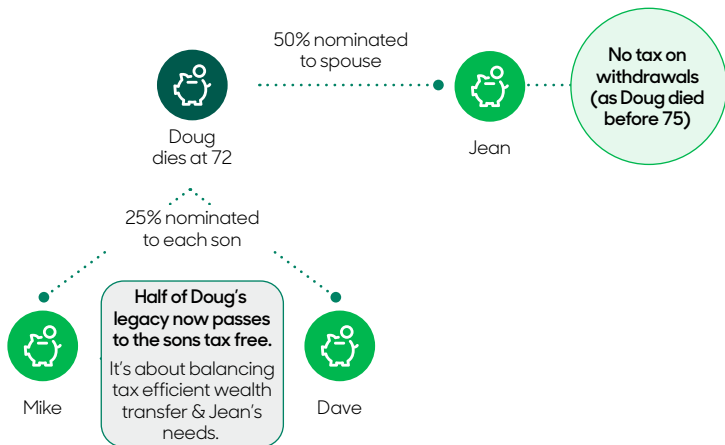
### Conventional nomination to spouse



03

## Inherited drawdown & tax

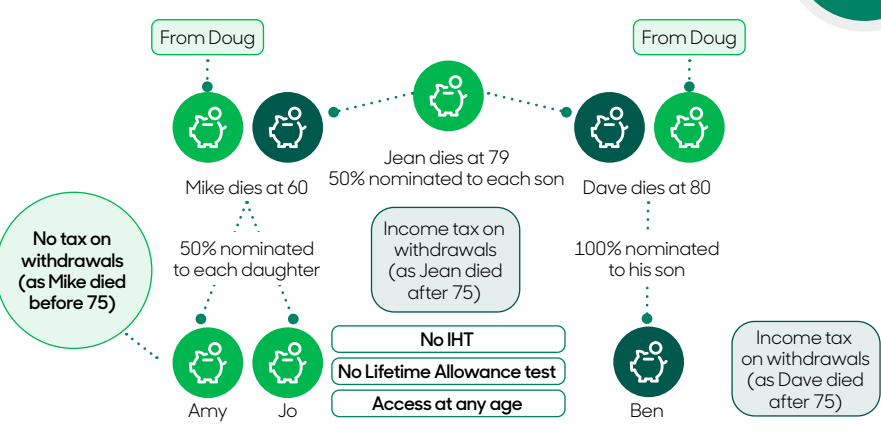
### Alternative 'family' nomination



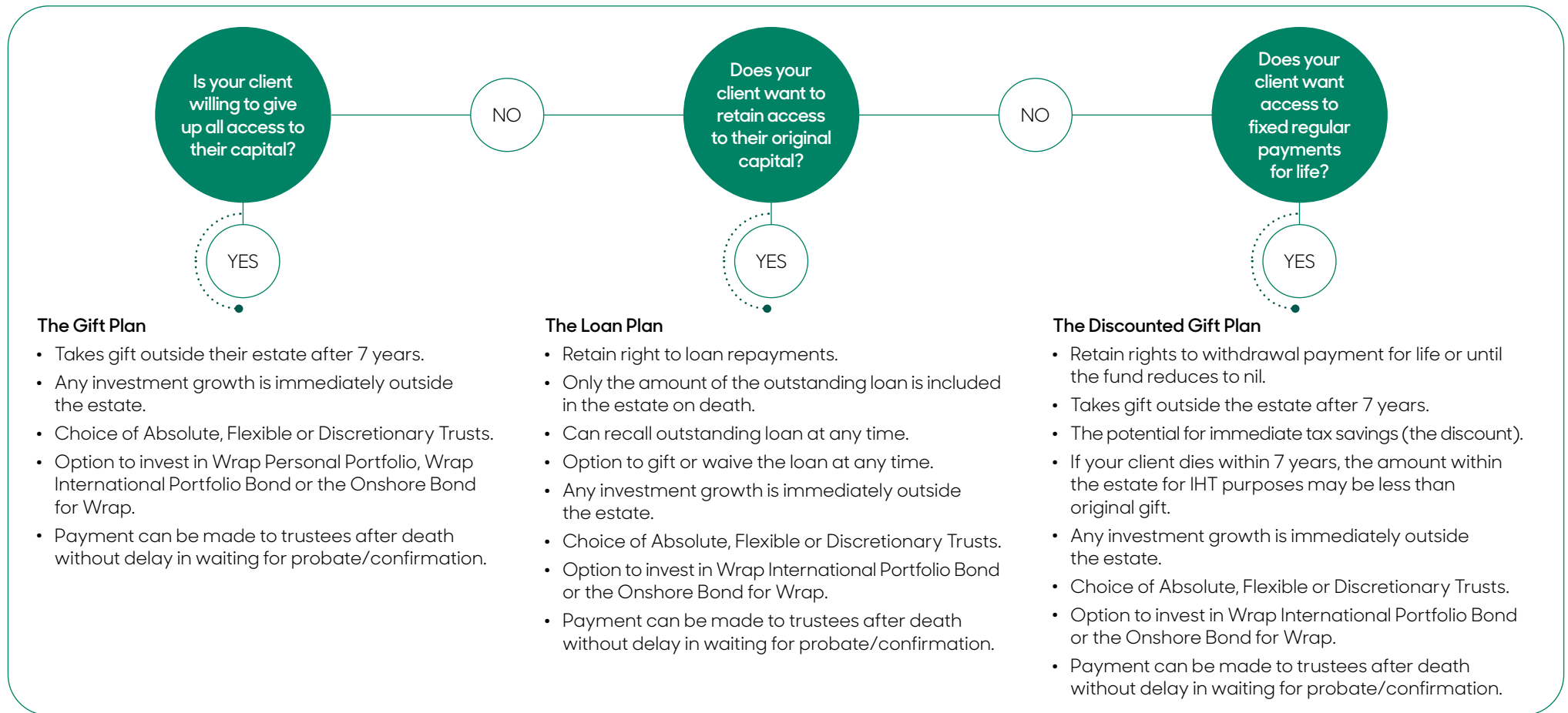
04

## Inherited drawdown & tax

### 'Family' nominations - cascading the wealth



## Which plan is right for your client



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Laws and Tax rules may change in the future and the information is based on November 2022. Your Personal circumstances also have an impact on tax.

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