



THORNTONS WEALTH

MAXIMISE YOUR TAX ALLOWANCES BEFORE 5 APRIL

Make the most of your financial situation before the deadline



AUTUMN BUDGET STATEMENT 2024

How could the range of changes impact your wealth planning?

FINANCIAL RESOLUTIONS TO BOOST YOUR WEALTH THIS YEAR

Taking a proactive approach to clarify your current financial standing

NAVIGATING ESTATE PLANNING AMID CHANGING IHT RULES

Ensuring your loved ones are cared for takes proper planning

Thorntons Wealth

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Thorntons Wealth is a trading name of Thorntons Investment Management Ltd (SC438886) and Thorntons Wealth Management Ltd (SC241755). Both companies are registered in Scotland and the registered address is Whitehall House, 35 Yeaman Shore, Dundee DD1 4BU. The companies are authorised and regulated by the Financial Conduct Authority.



**04 MAXIMISE YOUR TAX ALLOWANCES
BEFORE 5 APRIL**

Make the most of your financial situation before the deadline

06 AUTUMN BUDGET STATEMENT 2024

How could the range of changes impact your wealth planning?

**08 FINANCIAL RESOLUTIONS TO
BOOST YOUR WEALTH THIS YEAR**

Taking a proactive approach to clarify your current financial standing

**10 NAVIGATING ESTATE PLANNING
AMID CHANGING IHT RULES**

Ensuring your loved ones are cared for takes proper planning

12 PLANNING FOR THE FUTURE OF YOUR WEALTH

How to integrate emotional, financial and practical dimensions



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WELCOME TO THE LATEST ISSUE OF THORNTONS WEALTH MAGAZINE.

Welcome to the January 2025 issue of Thorntons Wealth's monthly e-zine newsletter.

The end of the tax year is fast approaching, ending on 5 April 2025. This is your opportunity to review your annual allowances and assess how best to make the most of them. With some significant changes to tax allowances in the 2024/25 tax year and further reductions expected in the future, planning ahead is key. Using your allowances now could maximise your wealth by leveraging tax-efficient strategies and minimising liabilities. We provide practical steps to maximise your financial situation before the deadline.

The Autumn Budget Statement 2024 introduced a range of changes that could significantly impact wealth planning strategies. From pensions and tax adjustments to shifts in the treatment of business and agricultural assets, the statement calls for individuals with substantial wealth to reassess their long-term financial goals. These changes present challenges and opportunities depending on your personal and financial circumstances. Taking a detailed and strategic approach to wealth planning is essential, particularly with complex tax alterations on the horizon.

The start of a new year is the perfect opportunity to take a step back and thoroughly reassess your financial situation. It's a natural time to evaluate and reshape your saving habits, particularly important whether you're building an emergency fund, planning for retirement or investing in long-term growth. We look at how this proactive approach clarifies your current financial standing and sets the foundation for a more secure and prosperous future.

Planning your estate is challenging at the best of times. Knowing how to mitigate your liabilities while ensuring your loved ones are cared for takes proper planning and the right tools. The 2024

Autumn Budget Statement announcements could create significant and lasting challenges for rural businesses of all sizes. We highlight how, under the Chancellor's proposed changes, from April 2026, IHT reliefs available to farms and family businesses will be restricted.

When it comes to your legacy, we consider why wealth transfer planning extends beyond the numbers. It's not just about crafting a strategy for minimising taxes – although that remains vital. Today, successful intergenerational wealth planning integrates emotional, financial and practical dimensions, ensuring your wishes are fulfilled, and your beneficiaries are equipped to responsibly carry forward your hard-earned wealth.

We hope you enjoy this issue and find the articles featured interesting. You can also forward this e-zine newsletter to someone else you know who would like to receive a complimentary copy.

Best Wishes,

Thorntons Wealth

The content of the articles featured in this publication is for your general information and use only and is not intended to address your particular requirements. Articles should not be relied upon in their entirety and shall not be deemed to be, or constitute, advice. Although endeavours have been made to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No individual or company should act upon such information without receiving appropriate professional advice after a thorough examination of their particular situation. We cannot accept responsibility for any loss as a result of acts or omissions taken in respect of any articles. Thresholds, percentage rates and tax legislation may change in subsequent Finance Acts. Levels and bases of, and reliefs from, taxation are subject to change, and their value depends on the individual circumstances of the investor. The value of your investments can go down as well as up, and you may get back less than you invested. Past performance is not a reliable indicator of future results.

MAXIMISE YOUR TAX ALLOWANCES BEFORE 5 APRIL

Make the most of your financial situation before the deadline

THE END OF THE TAX YEAR IS FAST APPROACHING, ENDING ON 5 APRIL 2025. THIS IS YOUR OPPORTUNITY TO REVIEW YOUR ANNUAL ALLOWANCES AND ASSESS HOW BEST TO MAKE THE MOST OF THEM. WITH SOME SIGNIFICANT CHANGES TO TAX ALLOWANCES IN THE 2024/25 TAX YEAR AND FURTHER REDUCTIONS EXPECTED IN THE FUTURE, PLANNING AHEAD IS KEY.

Using your allowances now could maximise your wealth by leveraging tax-efficient strategies and minimising liabilities. Here are practical steps to maximise your financial situation before the deadline.

MAKE USE OF YOUR ISA ALLOWANCE

Individual Savings Accounts (ISAs) remain one of the most efficient ways to save and invest tax-efficiently. The annual ISA allowance for the 2024/25 tax year is £20,000. Any gains you make within an ISA shield you from Capital Gains Tax (CGT), making it a valuable option, especially for higher or additional rate taxpayers. Furthermore, you pay no tax on interest or dividends earned within an ISA.

If you're married or in a registered civil partnership, as a couple, you can contribute up to £40,000 into your combined ISAs, thereby increasing your overall tax-efficient saving

potential. You might also consider the 'bed and ISA' technique, where you sell non-ISA investments to realise a capital gain and reinvest the proceeds within an ISA. This can be effective but may involve a temporary period out of the market, and obtaining professional advice is recommended.

BOOST YOUR PENSION CONTRIBUTIONS

Contributing to your pension is another effective way to maximise tax relief. For most individuals, the maximum tax-relievable contribution for the 2024/25 tax year is £60,000 or 100% of your earnings, whichever is lower. However, high earners should be mindful of the tapered annual allowance, which reduces your limit by £1 for every £2 your income exceeds £260,000. The minimum annual allowance for those affected by tapering is £10,000. The money purchase annual allowance (MPAA) is also set at £10,000 per tax

year. This means if you have flexibly accessed your pension, the maximum amount you can contribute to your defined contribution pensions while still receiving tax relief is £10,000.

Even if you don't have an income but are under 75, you can still contribute up to £2,880 into a pension, with tax relief boosting this to £3,600. Pension contributions from both personal and workplace schemes count towards your annual limit. Breaching your allowance will result in tax charges, so understanding your limits is crucial to avoid unnecessary penalties.

PLAN FOR FINANCIAL GIFTING

Another allowance worth considering is your entitlement to make tax-free financial gifts. Each tax year, you can gift up to £3,000 without it being subject to Inheritance Tax (IHT). You can carry forward one year's unused allowance if not used the previous tax year, potentially gifting £6,000 without tax consequences.

Additionally, you can give multiple gifts of up to £250 each to different individuals in the same tax year, provided you don't combine these with your £3,000 annual exemption to the same recipient. Larger gifts, such as those intended for property deposits for children, may also be exempt from IHT if you live for at least seven years after making the gift.



MAKE THE MOST OF YOUR CGT ALLOWANCE

Capital Gains Tax regulations offer an annual exemption, allowing you to make tax-free gains of up to £3,000 in the 2024/25 tax year. This allowance doesn't roll over to subsequent years, so it's worth using before the deadline. This can help you minimise your future CGT liability.

Spouses and registered civil partners can transfer assets between themselves to utilise their annual exemptions, effectively doubling their tax-free gains. Investments held within ISAs or pensions are also protected from CGT, offering additional options to shield your wealth.

REVIEW YOUR PERSONAL ALLOWANCE

Your Personal Allowance allows you to earn up to £12,570 tax-free annually. Couples can optimise their tax liability by transferring assets to the lower rate taxpayer in the relationship. If one partner's income falls below the personal allowance, the Marriage Allowance could allow up to £1,260 of the unused allowance to be transferred to the higher earner, resulting in a tax saving of up to £252.

This approach is particularly useful for couples with a significant disparity in income and should be part of any comprehensive financial review before the tax year ends.

SEEK EXPERT PROFESSIONAL ADVICE

Navigating tax regulations and allowances can be complex, and getting it wrong can prove costly. Discussing your options with us will ensure you make strategic decisions tailored to your circumstances. We'll help you understand the intricacies of tax reliefs, exemptions and allowances while identifying the best opportunities for you. ■

ARE YOU READY TO ACT NOW TO MAXIMISE YOUR SAVINGS BEFORE 5 APRIL 2025?

If you'd like further information or need personalised advice on making the most of your tax allowances, don't hesitate to contact us. Taking action before the 5 April 2025 deadline could save you money and will provide peace of mind that your finances are in good hands.

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THE FINANCIAL CONDUCT AUTHORITY DOES NOT REGULATE TAX ADVICE AND WILL WRITING.

AUTUMN BUDGET STATEMENT 2024

How could the range of changes impact your wealth planning?

THE AUTUMN BUDGET STATEMENT 2024 INTRODUCED A RANGE OF CHANGES THAT COULD SIGNIFICANTLY IMPACT WEALTH PLANNING STRATEGIES. FROM PENSIONS AND TAX ADJUSTMENTS TO SHIFTS IN THE TREATMENT OF BUSINESS AND AGRICULTURAL ASSETS, THE STATEMENT CALLS FOR INDIVIDUALS WITH SUBSTANTIAL WEALTH TO REASSESS THEIR LONG-TERM FINANCIAL GOALS. THESE CHANGES PRESENT CHALLENGES AND OPPORTUNITIES DEPENDING ON YOUR PERSONAL AND FINANCIAL CIRCUMSTANCES.

Taking a detailed and strategic approach to wealth planning is essential, particularly with complex tax alterations on the horizon. Here, we break down the key areas of the Autumn Budget for 2024 and explain how these changes might affect pensions, Inheritance Tax (IHT), Capital Gains Tax (CGT) and investments.

PENSIONS AND LONG-TERM WEALTH STRATEGIES

One of the most direct and impactful changes involves the proposed inclusion of pensions within the IHT framework from April 6, 2027. This adjustment means that individuals who historically viewed pensions as an efficient IHT planning tool may need to reconsider their approach. The consultation period for this proposal ends in January 2025, leaving some time for further clarity; however, proactive planning will be crucial in the interim.

Pensions have long been subject to fluctuating tax regulations. For instance, in 2006, a 35% tax on death benefits after age 75 eligible for agricultural relief led to advice that clients preserve their pensions and

draw from other assets instead. Similarly, adjustments in subsequent years prompted shifts in planning strategies, including a shift away from pensions when a 55% tax rate was introduced. These changes highlight the importance of maintaining flexibility in wealth planning, as adapting quickly to legislative changes can mitigate potential losses.

REVIEWING ALTERNATIVES FOR IHT PLANNING

Pensions could become less valuable tools for IHT mitigation, so it may be time to explore other strategies. Options such as gifting excess income, funding a whole-of-life insurance policy or establishing trusts could be viable alternatives. Each approach has benefits and limitations, which must be tailored to individual needs.

The changes announced to Inheritance Tax extend beyond pensions, with particular focus on business and agricultural relief. Historically, business assets were often assumed to sit outside the estate for IHT purposes, but new measures set to take effect by April 2026 could alter this dramatically. Business owners may consider

transferring assets to discretionary trusts during this planning window to minimise future IHT implications.

BUSINESS ASSETS UNDER THE MICROSCOPE

Changes to business property relief could reshape estate planning strategies for entrepreneurs and investors with significant business holdings. Thanks to 100% relief, business property has historically been immune to certain forms of IHT; however, the government now proposes reducing this relief to 50% on assets exceeding £1m. While this change aims to close perceived loopholes, it could affect decisions about reinvesting in or divesting business assets.

Similar considerations now apply to the Alternative Investment Market (AIM) shares, which have traditionally benefited from the same relief. While the reduction to 50% relief is less severe than the complete removal that some had feared, it introduces new uncertainties. AIM-listed companies may see a reduced attractiveness as part of strategic IHT



planning. That said, AIM shares can still play a critical role in tax efficiencies within ISAs, especially for those willing to tolerate higher market risks.

AGRICULTURAL RELIEF AND THE IMPACT ON FARMING FAMILIES

Another substantial reform impacts agricultural relief, traditionally designed to safeguard farmers' estates from significant tax bills. Under the new measures, farmland and related assets above £1m will be eligible for only 50% relief, which could result in a 20% IHT rate for higher-value estates. While the legislation offers flexibility to spread tax payments over a decade, the immediate impact on cash flow and succession planning could be profound.

For many farmers, including the next generation inheriting these estates, this change underscores the need for careful financial planning to prevent future hardship. The complexities of combining agricultural assets with other allowances, such as the residential property nil rate band, make tailored advice essential.

ADJUSTING STRATEGIES FOR CAPITAL GAINS TAX

Capital Gains Tax (CGT) is also in the spotlight, with a revised rate of 18% and 24% likely to impact investors' behaviour. While less onerous than the previous 28%

rate applicable to properties, the slight decrease may not be enough to alter transaction trends dramatically. Crucially, unlike other taxes, CGT allows for greater oversight over decisions, such as when to sell assets.

For those sitting on significant gains, deferral options like the Enterprise Investment Scheme (EIS) remain available. However, some may prefer to pay the tax now rather than risk a higher future rate in the current environment. Planning for CGT becomes even more important when balancing other tax considerations and wealth goals.

CONSIDERING NON-DOM STATUS VERSUS OTHER STRATEGIES

For individuals seeking to escape the UK tax net, non-domicile status might appear attractive theoretically but is fraught with complexities in practice. While Income Tax can often be avoided relatively quickly by moving abroad, full detachment from the IHT framework takes years. This leaves many questioning whether waiting for ten years outside the tax net is worth the effort.

Alternatively, gifting significant portions of wealth now can be a simpler and more immediate way to sidestep long-term IHT liabilities. Some clients are increasingly exploring philanthropy or intergenerational financial gifting to manage their estates while also creating a meaningful legacy. ■

HAVE YOU BEEN LEFT UNCERTAIN ABOUT THE IMPLICATIONS FOR YOUR WEALTH?

The Autumn Budget Statement 2024 has introduced changes requiring immediate attention and long-term planning. While some measures remain under consultation or offer transitional windows, the time is now to revisit your wealth strategy and ensure flexibility in the face of this fiscal evolution. If these changes have left you uncertain about the implications for your wealth, our team of experienced professionals is here to help. Contact us today to arrange a consultation and start taking control of your financial future.

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THE VALUE OF YOUR INVESTMENTS (AND ANY INCOME FROM THEM) CAN GO DOWN AS WELL AS UP, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

FINANCIAL RESOLUTIONS TO BOOST YOUR WEALTH THIS YEAR

Taking a proactive approach to clarify your current financial standing

THE START OF A NEW YEAR IS THE PERFECT OPPORTUNITY TO TAKE A STEP BACK AND THOROUGHLY REASSESS YOUR FINANCIAL SITUATION. IT'S A NATURAL TIME TO EVALUATE AND RESHAPE YOUR SAVING HABITS, PARTICULARLY IMPORTANT WHETHER YOU'RE BUILDING AN EMERGENCY FUND, PLANNING FOR RETIREMENT OR INVESTING IN LONG-TERM GROWTH. THIS PROACTIVE APPROACH CLARIFIES YOUR CURRENT FINANCIAL STANDING AND SETS THE FOUNDATION FOR A MORE SECURE AND PROSPEROUS FUTURE.

Even small financial adjustments made now can have a domino effect, significantly enhancing your financial wellbeing in the years to come. Expert insights can simplify complex issues, identify opportunities you may not have considered and ensure that your plans are robust enough to weather future uncertainties. By proactively addressing your financial health at the start of the year, you set yourself up for greater financial stability and peace of mind in 2025 and beyond.

ASSESSING YOUR SPENDING AND SAVING PATTERNS

With the cost of living soaring across the past year, having a robust budget has become more essential than ever. Knowing where your money goes is vital in preventing unnecessary expenses and finding opportunities to save for future goals. Even simple changes, such as cutting down on discretionary purchases, can free up money for more meaningful purposes.

It's generally recommended to have a safety net of around six months' worth of essential living costs in an accessible savings account. Once this rainy-day fund is in place, consider longer-term goals. If your objectives span five years or more, exploring stock market investments might be worth consideration. Despite its

inherent volatility, the stock market has historically outperformed cash savings over the long term.

REVISITING YOUR FINANCIAL GOALS

Has anything changed in your life that might impact your financial priorities? A new year is an ideal time to assess your financial ambitions, whether short, medium or long-term. For instance, if your income has increased or your family circumstances have shifted, your financial plan may benefit from some adjustments.

Revisiting goals may also involve reassessing your investment portfolio. It is crucial to ensure that your investments align with your risk tolerance and long-term objectives. Professional financial planners can help you monitor your progress and recommend strategies to keep you on track, preserving and growing your wealth effectively.

CHECKING UP ON YOUR PENSION

Your pension is a key component of your financial future, yet losing track of its growth is easy. Understandably, day-to-day expenses might often take precedence, but it's worth evaluating how much you've accumulated for your retirement. Reviewing your pension pots now helps determine if you're on



course to meet your retirement goals or whether adjustments, such as increasing contributions, are necessary.

It's essential to look at the tax advantages pensions offer. For instance, basic rate taxpayers receive 20% tax relief on contributions. This means a £100 contribution effectively costs £80. Higher rate and additional rate taxpayers receive even greater relief, making pensions one of the most tax-efficient ways to secure your financial future.

MAXIMISING TAX ALLOWANCES

Tax planning is essential to any financial strategy and offers opportunities to stretch your money further. Staying proactive throughout the tax year – rather than leaving it to the last minute – can significantly affect your financial outcomes.

For example, individual Savings Accounts (ISAs) allow you to save up to £20,000 tax-free annually. This makes ISAs particularly suitable for building wealth pre-retirement or as a source of tax-efficient income later on. Beyond ISAs, consider allowances for Capital Gains Tax and dividends, which can also play significant roles in a tax-optimised investment strategy.

REVIEWING YOUR PROTECTION POLICIES

Life can be unpredictable, which is why financial protection is vital. Ensuring you

have adequate insurance coverage – be it life insurance, critical illness cover or income protection – safeguards your loved ones against financial strain in the event of the unexpected. Even if you already hold policies, reviewing them annually is wise to ensure they remain relevant to your circumstances.

Over time, gaps in protection may emerge as your financial commitments evolve, such as having children or taking on a larger mortgage. Updating your policies ensures that your family's financial future is secure.

MAKING OR UPDATING YOUR WILL

A Will is fundamental in guaranteeing that your wishes are carried out after your death. Yet, many overlook the importance of having one in place. If you've already made a Will, consider whether it needs updating – especially if life events such as marriage, divorce or the birth of a child have occurred since it was written.

Ensuring your Will is up to date can also help to minimise disagreements and ensure assets are distributed according to your preferences. It's a small step but one with long-lasting implications for those you care about.

SEEKING PROFESSIONAL FINANCIAL ADVICE

Without expert advice, navigating pensions, investments and tax allowances can feel

overwhelming. We can simplify these complexities and provide strategies tailored to your individual needs and goals.

Why not make this the year you take the next step towards financial confidence? By seeking professional advice, you could gain clarity on your current position, reassurance of future stability and insight into opportunities you may not have considered. ■

TIME TO TAKE CHARGE OF YOUR FINANCIAL FUTURE?

Please contact us if you need help planning your finances or addressing specific concerns. Together, we can explore solutions designed to meet your unique needs and ensure your financial plans are aligned with your goals. Make this year the one where you take charge of your financial destiny. Contact us for tailored planning solutions today!

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NAVIGATING ESTATE PLANNING AMID CHANGING IHT RULES

Ensuring your loved ones are cared for takes proper planning

PLANNING YOUR ESTATE IS CHALLENGING AT THE BEST OF TIMES. KNOWING HOW TO MITIGATE YOUR LIABILITIES WHILE ENSURING YOUR LOVED ONES ARE CARED FOR TAKES PROPER PLANNING AND THE RIGHT TOOLS. THE 2024 AUTUMN BUDGET STATEMENT ANNOUNCEMENTS COULD CREATE SIGNIFICANT AND LASTING CHALLENGES FOR RURAL BUSINESSES OF ALL SIZES. UNDER THE CHANCELLOR'S PROPOSED CHANGES, FROM APRIL 2026, IHT RELIEFS AVAILABLE TO FARMS AND FAMILY BUSINESSES WILL BE RESTRICTED.

Additionally, Business Property Relief (BPR) will be restricted to 50% for all shares designated as 'not listed' on a recognised stock exchange, such as AIM, from April 2026. One such tool that is receiving attention is whole-of-life cover. In addition to being a standard life insurance product, it offers unique benefits that can help individuals protect their legacies while addressing IHT concerns.

WHAT IS WHOLE-OF-LIFE COVER?

Whole-of-life is a life assurance product designed to provide peace of mind. Unlike term life insurance, which only offers cover for a fixed period, whole-of-life cover guarantees a payout whenever the policyholder passes away – whether that's

next year or decades into the future.

This means the policy lasts for the entirety of your life, ensuring that your beneficiaries, such as your children or loved ones, will receive the agreed-upon payout. This reliability makes whole-of-life cover particularly valuable for estate planning purposes, especially when considering tax liabilities.

MANAGING IHT LIABILITIES WITH WHOLE-OF-LIFE COVER

Inheritance Tax is charged at 40% on estates valued above the IHT threshold, currently set at £325,000 in the UK, extended to 2030. This figure often includes the value of your home, savings and investments, making it easy for

estates to exceed the threshold and incur significant tax liabilities.

A whole-of-life cover policy can be set up within a trust, which is particularly advantageous when tackling IHT. The payout remains outside your estate if the policy is placed in an appropriate trust. This means beneficiaries can use these funds to settle any IHT obligations without dipping into their inheritance or liquidating other assets. This strategic structure helps maintain the integrity of the estate while easing financial burdens.

LIFE EXPECTANCY MUST BE CONSIDERED

When determining the appropriateness of whole-of-life cover, several factors



come into play. These include your age, health, lifestyle and the size of your estate. Most importantly, life expectancy must be considered – policies are most cost-effective when individuals live significantly beyond the average life expectancy, as this spreads premiums across many years.

Choosing whole-of-life cover isn't a decision to be taken lightly. It's essential to assess whether the policy's benefits outweigh its costs. For example, if your IHT liability is substantial due to owning high-value assets or property, whole-of-life cover can be a crucial part of your financial strategy.

Similarly, you'll need to weigh the premiums against your budget and personal circumstances.

STABILITY AMID UNCERTAINTY

One of the most compelling benefits of whole-of-life cover is its stability. We live in an era of fluctuating taxation policies, and future budgets could bring changes to IHT thresholds or rates. However, a whole-of-life policy isn't influenced by

such adjustments, offering a dependable safeguard for your estate.

This future-proof nature ensures your loved ones won't face unexpected financial burdens, even in an evolving tax landscape. It's an effective tool for preserving your legacy without worrying about political or economic developments. ■

NEED MORE GUIDANCE ON RETIREMENT PLANNING OR FINANCIAL MATTERS?

Estate planning is about more than just wealth – it's about providing peace of mind and financial security for those you hold dear. Whole-of-life cover is a valuable piece of the puzzle, but its suitability depends on your individual circumstances. If you'd like to explore your options or discuss how whole-of-life cover can work as part of your estate plan, please don't hesitate to get in touch.

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PLANNING FOR THE FUTURE OF YOUR WEALTH

How to integrate emotional, financial and practical dimensions

WHEN IT COMES TO YOUR LEGACY, WEALTH TRANSFER PLANNING EXTENDS BEYOND THE NUMBERS. IT'S NOT JUST ABOUT CRAFTING A STRATEGY FOR MINIMISING TAXES – ALTHOUGH THAT REMAINS VITAL. TODAY, SUCCESSFUL INTERGENERATIONAL WEALTH PLANNING INTEGRATES EMOTIONAL, FINANCIAL AND PRACTICAL DIMENSIONS, ENSURING YOUR WISHES ARE FULFILLED AND YOUR BENEFICIARIES ARE EQUIPPED TO RESPONSIBLY CARRY FORWARD YOUR HARD-EARNED WEALTH.

Historically, wealth transfer planning has often focused on mitigating liabilities, particularly those related to Inheritance Tax. While this remains crucial in protecting the value of one's estate, modern approaches consider the bigger picture. But how can one ensure these plans succeed?

We explore some critical factors in passing on your wealth effectively, from starting family conversations to seeking professional advice.

THOUGHT-PROVOKING QUESTIONS FOR EFFECTIVE WEALTH TRANSFER PLANNING

You've worked hard to build wealth, so it's natural to want your assets managed responsibly after you pass away.

To do so, asking yourself these key questions is essential:

- Have I accurately assessed how much money I will require throughout the rest of my life, including potential costs for later-life care and unexpected expenses?

- What is the total value of my estate likely to be, considering all assets such as cash, investments, properties, businesses and valuables like artwork or jewellery?
- Who do I wish to support through my legacy financially, and are there specific individuals or entities?
- Who do I want to exclude?
- How should my assets be divided among my beneficiaries to reflect my values and intentions?
- Have I considered the benefits and implications of gifting portions of my wealth during my lifetime, and how might this support my broader financial and generational goals?
- What mechanisms can I implement to ensure that my wealth is preserved and passed down to benefit future generations in the way I intend?

These enhanced questions are designed to help you pause and reflect, offering a foundation to shape a comprehensive and meaningful wealth transfer strategy.

PREPARING CHILDREN FOR A SIGNIFICANT WEALTH TRANSFER

For some, leaving a financial inheritance is not just about transferring assets – it's also about transferring knowledge. Without proper planning, your hard-earned assets may dwindle due to mismanagement or lack of financial education. It has long been claimed that 70% of wealth transfers fail by the second generation, and only 13% of family businesses survive through the third generation. I've certainly heard these 'facts' over time¹¹.

If you believe your parents hold considerable wealth but haven't discussed it, it's worth investigating whether they receive professional financial advice. Similarly, preparing your children for the responsibility of inheritance is crucial.

ENCOURAGING FINANCIALLY SAVVY HEIRS

A meaningful starting point is turning wealth management into a family discussion. Explaining the hard work, dedication and motivation behind your investments can inspire future generations to preserve and grow your legacy.

Simultaneously, involve your children in financial conversations sooner rather than later. Introducing them to your trusted advisers or teaching them about concepts such as budgeting, investing or philanthropy offers invaluable insights. A report highlighted that only 12% of UK adults seek professional advice when transferring their wealth to younger



generations^[2]. This statistic underscores the need for increased awareness and utilisation of financial advisory services in wealth transfer planning.

STRUCTURING YOUR LEGACY THROUGH TRUSTS AND TAX PLANNING

If transferring your wealth is on the horizon, be sure your Will is up to date and aligned with your wishes. This will ensure all arrangements are precise, clear and optimally structured. Trust structures, for example, can help you maintain control over how, when and who benefits from your wealth. Beyond preserving your intentions, such structures offer additional protection for beneficiaries and can assist with mitigating inheritance taxes in the UK.

It's also worth exploring options such as a Deed of Variation, which allows beneficiaries to redirect their inheritance, potentially to help a younger generation. While these tools offer flexibility, they're best implemented with advice tailored to your family's unique circumstances.

NAVIGATING SENSITIVE FAMILY DYNAMICS

Transferring wealth always involves complex emotions, which sensitive family dynamics can further heighten. For example, circumstances such as divorce or strained relationships may prompt you to protect assets from in-laws while simultaneously ensuring your children and grandchildren remain financially secure.

Further, conversations about avoiding potential disputes help safeguard future relationships. Unfortunately, family disagreements concerning inheritance are common, and addressing such matters proactively can mitigate misunderstandings.

SEEKING PROFESSIONAL HELP FOR YOUR WEALTH TRANSFER

Planning to transfer your wealth isn't just a logistical task – it's an opportunity to solidify your legacy and empower your beneficiaries. That's why comprehensive wealth transfer plans must balance your personal values, financial goals and family dynamics.

This is where obtaining professional advice from us comes into play, receiving expertise to guide you through these considerations. Additionally, we can liaise with your legal professionals to ensure solutions – such as trusts, tax-efficient structures or lifetime gifting – are properly implemented. ■

WANT TO START PLANNING YOUR WEALTH TRANSFER WITH CONFIDENCE?

We'll collaborate closely with you, your family and your legal advisers to ensure your legacy is carried out precisely as you intend. If you would like further information on transferring your wealth to the next generation, please don't hesitate to contact us to begin the conversation.

Source data:

[1] Study by John Ward in 1987 called 'Keeping the family business healthy'.

[2] Resolution Foundation analysis of YouGov, UK inheritances and intergenerational wealth transfers, December 2021.

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THE VALUE OF YOUR INVESTMENTS CAN GO DOWN AS WELL AS UP, AND YOU MAY GET BACK LESS THAN YOU INVESTED.

THE TAX TREATMENT IS DEPENDENT ON INDIVIDUAL CIRCUMSTANCES AND MAY BE SUBJECT TO CHANGE IN FUTURE.

THE FINANCIAL CONDUCT AUTHORITY DOES NOT REGULATE TAX AND TRUST ADVICE AND WILL WRITING.