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## **Keeping your hands on the family silver**

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If you are wondering whether you should take action to protect your family's wealth now or wait for the government to make up its mind about scrapping inheritance tax, then stop wondering – take some sensible steps right now to prevent the taxman getting his hands on the family silver. The inheritance tax (IHT) threshold of £300,000 is not index-linked to house prices, so it has caught more than double the number of home owners in the last five years. If your estate (your house and all your assets) exceeds this amount when you die, then your estate will have to pay 40% tax on everything above the IHT threshold, before the estate can be distributed.

So here are five tips to help you steer clear of the IHT trap:

- Make a Will – if you don't have a Will, the law dictates who receives money and assets from your estate, so you do need to make one. Remember to update your Will when circumstances change, for example when you marry, divorce or have children; and you could consider setting up a family trust. It may be possible to vary your Will after your death to transfer some of your assets to your children or others, within the threshold nil rate band, or set up a trust and these bequests could be IHT-free.
- Change the ownership of your home – instead of owning your home jointly with your partner, change ownership to become tenants in common so that each of you owns half. You can then use the value of your half of the house and set up a trust under your Will, (making provision for the surviving spouse) and use up your IHT allowance.
- Give away some of your money or assets and make use of the government's gift allowance, sooner rather than later.
- Put your life cover in trust – if you do this, your life insurance will pay out to your beneficiaries or trustees without a grant of probate or being included in your estate for IHT purposes.
- Put any personal pension you have into a trust so that your pension pot can pass tax free to whoever you wish

For help with these and more ways to beat inheritance tax, call Sheila Glyn-Owen on 01256 854637 or drop Sheila an email at [sglyn-owen@phillips-law.co.uk](mailto:sglyn-owen@phillips-law.co.uk)