

A guide to inheritance tax

Retirement
planning



Adviser Solutions





Introduction

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The plan to include unused pensions in the value of an estate for IHT purposes from April 2027, is likely to have a radical impact on retirement planning. Data reveals that only a small number of estates are liable for inheritance tax (IHT), but this needs to be seen in context. The absolute numbers may be small, but the relative number of advised clients liable for IHT is likely to be high.

This is a significant issue for advisers. It undermines the strategy of using other assets to provide retirement income (given the preferential treatment of pensions on death). These changes could flip that approach 180 degrees. Pensions may now be the first port of call to provide income in retirement. This is particularly apposite after age 75 when income tax will also become payable by beneficiaries at their marginal rate.

Of course, the right strategy for any individual will depend on their personal circumstances. Nevertheless, retirement planning is likely to be more complex post April 2027. To support advisers, we've produced this guide to inheritance tax. Advisers will be familiar with the inheritance tax architecture and the main exemptions. This report should act as an aide memoir and a ready reference guide to inheritance tax planning.

In a future report, it's our intention to look at how advisers can develop effective strategies. This will focus on identifying solutions that meet the need to generate retirement income while maximising wealth transfer on death. The April 2027 changes reinforce the importance of independent financial advice and the key role advisers play in managing a complex mix of interrelated objectives.

It's more important than ever that clients seek professional advice to meet their retirement needs.

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A hammer blow for pensions?

The government's plans to make unused pensions part of an individual's estate, and therefore subject to inheritance tax on death, have been greeted with derision by many. They are concerned that it will disincentivise saving for retirement. They may be right but for most people pensions are still likely to be the most effective vehicle for saving for retirement. And how much impact will these changes have?

The average pension pot held by the age group 60-66 has been estimated at £310,000¹. This could push many into paying IHT who otherwise wouldn't, but most people will need this to fund their retirement. The amount available at the time of their death may be negligible. The government estimates that, out of around 213,000 estates with inheritable pension wealth in 2027 to 2028, 10,500 estates – or around 1.5% of total UK deaths – will become liable for inheritance tax where this would not previously have been the case and roughly 38,500 estates will pay more inheritance tax than would previously have been the case². That means most people will be unaffected by the changes.

Nevertheless, the importance of these changes for those affected should not be underestimated. The government figures apply to the year 2027-2028. Over time, the numbers are likely to increase (particularly if the nil rate bands are frozen beyond 2031). More than three out of four 65-year-olds will live to be 75³. At this point, income tax becomes payable at the marginal rate of the recipient. If some or all of any inheritance is taxed at the additional tax rate, this equates to an effective rate of 67%.

And that's not all. If the inclusion of unused pension assets means the value of the estate on death is over £2m, then the residence nil rate band (RNRB) will be reduced. If unused pensions push the total value of the estate to more than £2.35m the RNRB will be lost completely⁴. This could lead to a tax rate in excess of 80%. This doesn't undermine the value of saving into a pension for retirement income, but it may lead to different strategies being adopted at and during retirement.

Many of the people affected by these changes will be taking professional advice. After April 2027, advisers will need to grapple with a more complex environment. This report covers the IHT rules in detail. In a future report, we'll explore strategies clients can use to mitigate their IHT liability without compromising the need to fund retirement.



If unused pensions push the total value of the estate to more than £2.35m the residence nil rate band will be lost completely. In some instances, this could lead to an effective tax rate in excess of 80%

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1. What's the average pension pot in the UK?, Nuts About Money, June 2025.
 2. Inheritance Tax on pensions: liability, reporting and payment – Summary of responses, HMRC, July 2025.
 3. Life expectancy calculator, ONS, November 2025.
 4. This figure would be £2.7m where allowances have been transferred on the death of a spouse or civil partner.



Inheritance tax: 'the most hated levy'

Research in 2025, found that inheritance tax is considered 'the most hated levy charged by the Government' and considered more unfair than other forms of taxation⁵. The decision to apply inheritance tax to unused pensions is likely to intensify the strength of these feelings. That makes the role of advisers in helping clients manage their financial affairs crucial.

The starting point is to reinforce advisers' understanding of the inheritance tax rules and regulations. Simply put, inheritance tax is payable on the value of an estate on death less any liabilities like credit card debt, loans and mortgages. There is also an allowance for the reasonable costs of the funeral. Below is an overview of some of the main areas that can impact the value of an estate, or the reporting requirements, for inheritance tax:

- IHT allowances.
- Passing on wealth to spouses or civil partners.
- Charitable donations and amateur sports clubs.
- Gifts.
- Jointly owned assets.
- Business relief.
- Life assurance written in trust.
- Trusts.
- Certain pension benefits (post April 2027).
- Excepted estates.



Simply put, inheritance tax is payable on the value of an estate on death less any liabilities like credit card debt, loans and mortgages. There is also an allowance for the reasonable costs of the funeral

5. Inheritance tax named UK's most-hated levy as Rachel Reeves makes Britons pay more of it, Daily Express, January 2025 (polling conducted by TaxPayers' Alliance)

Inheritance tax allowances

These allowances have been frozen until April 2031:

Nil rate band

There is a nil rate band of £325,000 per person. If the value of the estate is less than this, nothing is usually payable.

Residence nil rate band

The residence nil rate band (RNRB) is £175,000. It applies when a property is passed to a direct descendent (children or grandchildren, for example). This allowance doesn't apply to second homes or buy to let properties. Only one home can qualify. If the deceased owned and lived in more than one property, the executor can choose which one to use.

The home does not have to be in the UK but must be within the scope of inheritance tax and included in the estate. For estates worth over £2million, the residence nil rate band is reduced (for every £2 over the £2m threshold the RNRB reduces by £1).

Downsizing, selling or gifting a home doesn't mean that the RNRB is lost. The estate may still qualify for RNRB if the following conditions apply:

- The property was sold, given away or downsized on or after 8 July 2015.
- The former home would have qualified for the RNRB if kept.
- At least some of the estate is inherited by direct descendants.

The downsizing addition will usually be the same as the RNRB lost. It can't be greater than the RNRB if the sale or downsizing hadn't taken place. The PRs must claim within 2 years of the end of the month when death occurred. It's not necessary to advise HMRC when the downsizing, sale or gift happens. Only one move, sale or other disposal of a former home can be taken into account. If the deceased downsized more than once or sold or gave away more than one home between 8 July 2015 and the date they died, the PRs can choose which to use. Precise details of the way the addition is calculated, with worked examples, can be found on the [government website](#).

Transferring allowances between couples

Both the nil rate band and the residence nil rate band can be transferred between married couples and civil partners when one spouse dies. This means the total value of an estate before any inheritance tax is due could be as much as £1m for a couple (including the residence nil rate band). Transferring allowances applies to people who are married or part of a civil partnership but does not extend to couples who live together.



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Passing on wealth to spouses or civil partners

Commonly known as the 'spousal exemption'. Transfers between spouses (married couples and civil partners) are exempt from IHT. This exemption is unlimited. The spousal exemption doesn't apply to transfers between unmarried partners or partners that are not in a registered civil partnership with each other. Spouses do not need to be living together at the time of the transfer for the spousal exemption to be applied. If a UK long-term resident transfers assets to a spouse who is not a UK long-term resident, the exemption is limited at the date of transfer to the nil rate band.



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Charitable donations and amateur sports clubs

Leaving money to a charity or amateur sports club is not subject to any inheritance tax. However, gifts to qualifying charities can qualify for a lower rate of 36% IHT on the taxable part of an individual's estate. The reduced rate of 36% applies where the individual leaves at least 10% of their net estate, known as 'the baseline amount', to charity. The baseline amount is the entire estate in an individual's sole name (not including assets held in trust, or joint assets that pass by survivorship) less debts, funeral expenses and certain IHT exemptions – such as the nil rate band.

Where the gift to charity is less than 10% of the baseline amount, it's possible for a beneficiary to increase the charitable donation to benefit from the lower rate of 36% following the death of the deceased. When they receive their inheritance, the beneficiaries can direct some of it to charity through a deed of variation. This way they can meet the 10% threshold and reduce the IHT payable on the rest of the estate to 36%. This process requires the consent of all beneficiaries.

Gifts, while usually gifts of money, can take many forms. This includes jewellery, art, property, stocks and shares and much more. And it can include anything that's sold to a family member for less than its value. So if a piece of art worth £20,000 is sold to a son or daughter for £5,000, the shortfall of £15,000 is treated as a gift. The following gifts can be made without any liability to pay inheritance tax.

Annual exemption

Up to £3,000 every tax year can be gifted. Any unused allowance from the previous year can be added so a maximum of £6,000, can be given away. Though any unused annual exemption can only be carried forward one tax year. The amount can be gifted to one person or split between more than one person.

Small gift exemption

Small gifts of up to £250 can be made to an unlimited number of people. However, it's not possible to use the annual exemption and the small gift exemption for the same person.

Gifts to charities, museums, universities, the National Trust and political donations

These are exempt from inheritance tax.

Gifts to partner, children and grandchildren

Gifts to a spouse or civil partner are exempt as are wedding gifts up to:

- £5,000 to children.
- £2,500 to grandchildren or great-grandchildren.
- £1,000 to anyone else.

It's permissible to add a wedding gift allowance with any other allowance, like the annual exemption, except for the small gift allowance.

Gifts out of excess income

This may become a popular method of transferring wealth post April 2027 when the new regime takes effect. Some people may choose to run down their retirement savings taking more than they need to cover their normal expenditure or annuitise part or all of their retirement savings and transfer any excess income using this exemption. There are three conditions for the exemption to apply. The gifts must:

- 1 Form part of normal expenditure.
- 2 Be made from income.
- 3 Leave the donor with sufficient excess income to maintain their usual standard of living.



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This may sound straightforward but begs a number of questions. What is 'normal expenditure'? How is 'income' defined? And what constitutes someone's 'usual standard of living'? The first point to make is that this exemption can usually only be claimed on death. At the time the gift is made, it's not possible to state with certainty that the gift will meet all of the qualifying conditions. Let's inspect the criteria a little closer:



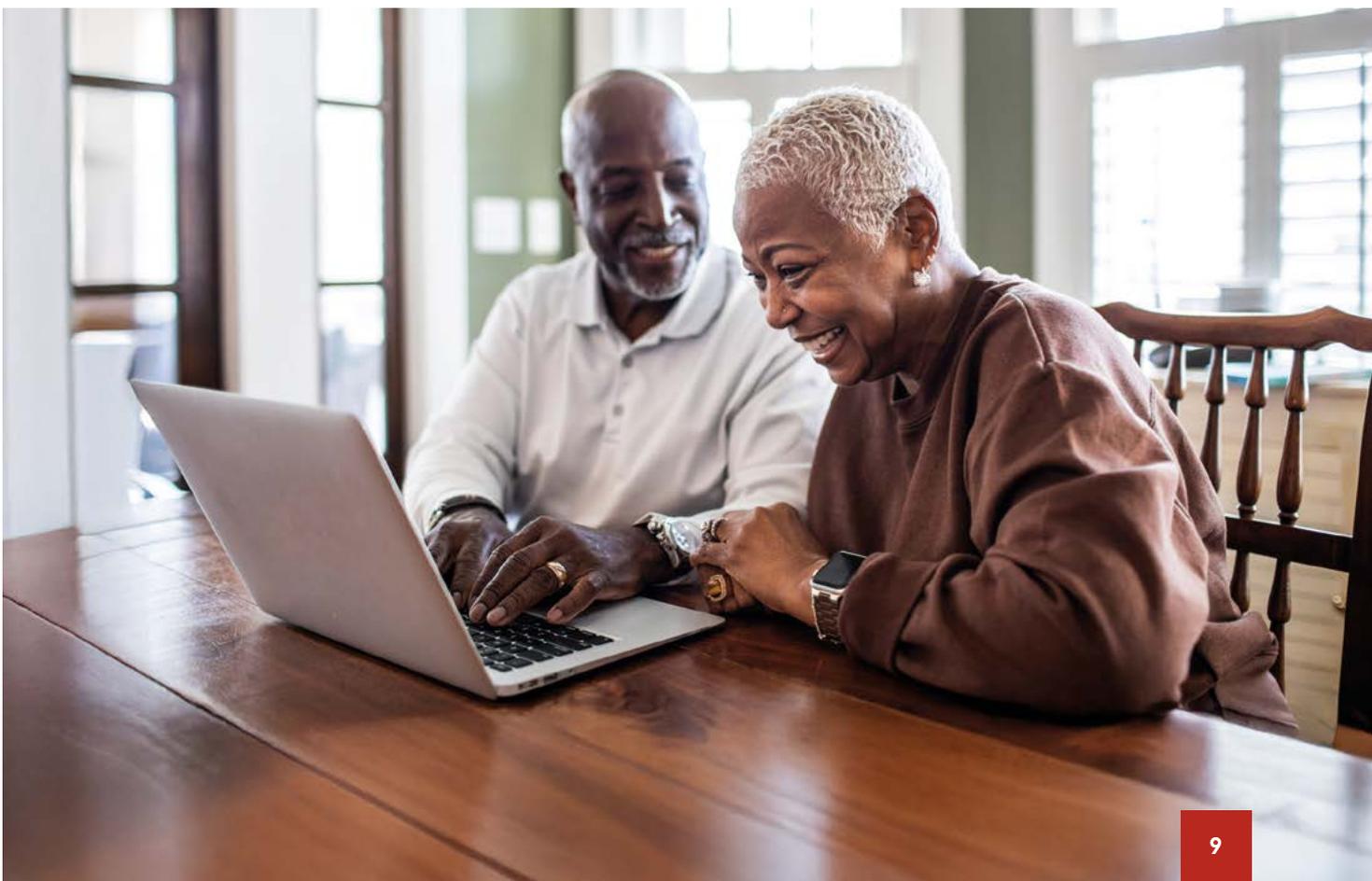
At the time the gift is made, it's not possible to state with certainty that the gift will meet all of the qualifying condition

What is 'normal expenditure'?

This is not defined. However, it can be assumed that:

- Normal means whatever is a normal pattern of expenditure for that individual rather than relative to an index or average. Examples include mortgage payments, gas and electric bills and council tax plus general standard of living expenses like travel and regular holidays.
- Excluded expenditure could be one off expenditure such as an extension, kitchen upgrade or new car (though the latter could qualify if bought on a personal contract purchase).
- There must be enough income, after any gift has been made, to maintain their standard of living and meet their expenditure.
- If not, the donor may need to demonstrate that there is sufficient income taking one year with another.

In a marriage or civil partnership, income and expenditure may differ between the partners. Generally, expenditure like council tax and energy bills are regarded as shared expenses and split equally. However, individual expenditure like golf club membership need not be split. As previously mentioned, gifts do not have to be reported when they're made. The exemption is claimed after the donor dies. Records should be maintained and details sent on form IHT403.





How is 'income' defined?

Income is not expressly defined though there is guidance on this subject. Broadly, income is spendable income. In other words, after tax has been deducted. The following are examples of what is likely to be included or excluded as income:

Included	Excluded
Income from employment	Capital element of a purchased life annuity
Pension income	Bond withdrawals*
Savings and investment income (interest and dividends)	Accumulated income which is reinvested
Rental income	Lifetime care plans
	Payments from a discounted gift trust or loan trust
	Pensions tax-free lump sum**

*Considered a return of capital. ** If this is paid as part of a regular income, for example as part of an UFPLS, this should be acceptable.

What constitutes 'excess income'?

Gifts must be made from excess income, which is basically the amount by which income exceeds regular spending each year. It should mean that any gifts do not affect someone's standard of living. If it's necessary to use capital to maintain their usual lifestyle this is unlikely to meet the requirements.

The amount that can be gifted out of surplus income is only limited by the need to meet normal expenditure. Gifts do not have to be made to the same person each year. So long as the gifts are paid to the same class of beneficiaries, they should still be exempt. Generally, gifts should be either the same or similar each year. This could be a fixed amount or a percentage. Alternatively, where gifts are to cover specific expenditure, such as school fees, they will be subject to change from one year to the next. If there is a significant change in the pattern of expenditure, HMRC may only treat part of the gift as permissible. The balance could be considered a potentially exempt transfer.

Potentially exempt transfers

Gifts which fall outside of the exemptions mentioned are IHT free if the donor survives for seven years after the gift has been made. There is no limit on gifts that can be made this way. On death within seven years of transferring money, inheritance tax could be payable. If the value of money gifted is more than the nil rate band, taper relief is available. This will reduce any inheritance tax liability on the amount over the nil rate band.

Impact of taper relief on potentially exempt transfers

Years between making gift and death	Taper relief	IHT payable
0-3	No taper relief	40%
3-4	20%	32%
4-5	40%	24%
5-6	60%	16%
6-7	80%	8%
More than 7 years	No tax due	Nil



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Jointly owned assets

In England, Wales and Northern Ireland, property can be owned as 'joint tenants' or 'tenants in common'.

- If property is held as 'joint tenants', it automatically passes to the other party or parties on the death of one of the joint owners.
- If property is held as 'tenants in common' each party owns their share of the property. On the death of one of the parties, it does not automatically go to the other owner(s), rather ownership is passed on through the deceased's will or through intestacy, if there is no will.

The same options apply in Scotland, but the terminology is different.

Joint bank accounts

Joint bank accounts are established as joint tenants by default. That means money left in the account goes to the remaining survivor(s) when one of the owners dies. However, this does not mean that there is no liability for inheritance tax. HMRC will treat each joint owner as beneficially entitled to their share of the account based on their contributions. If a father and daughter set up a joint account and all of the funds are provided by the father, then on his death HMRC will include 100% of the balance in the account when calculating any inheritance tax payable. This applies to other assets held as joint tenants too.

It's unusual for joint bank accounts to be set up as tenants in common. Where this does occur, each party will own a specific share of the money. In this case, the funds in the account belonging to the deceased may be subject to inheritance tax. In the case of joint accounts owned between a married couple or partners in a civil partnership, no inheritance tax is payable.

Jointly owned land and property

How this is dealt with on death depends on whether the property is owned as joint tenants or tenants in common. If it is held as joint tenants, ownership of the property automatically passes to the surviving owner or owners on the death of one of the owners (though again the deceased's share is still considered part of their estate). If the property is owned as 'tenants in common', the property does not automatically pass to the surviving owner (s) as each person owns a share of the property. The treatment of the property will be dealt with in accordance with the deceased's will or according to the laws of intestacy, if there is no will. In either case, the situation applies irrespective of whether the property is a holiday home or rental property. It would also apply to commercial premises like shops and warehouses.

Jointly owned investments and savings

Jointly owned investments and savings are treated in the same way as a joint bank account. In other words, ownership will automatically transfer to the surviving owner, while the value will be included in the deceased's estate in calculating any liability for Inheritance Tax.



Joint bank accounts are established as joint tenants by default. That means money left in the account goes to the remaining survivor(s) when one of the owners dies. However, this does not mean that there is no liability for inheritance tax

Business relief

The genesis of business relief lies in the 1976 Finance Act. The objective was to ensure that family-owned businesses can be passed on without having to be sold to pay inheritance tax. It's also available to private investors who invest in qualifying businesses. Currently, investments that qualify receive 100% relief from inheritance tax after two years, while the investor still retains ownership of the investment and any dividends payable. To qualify for business relief the investment must be owned for at least two years and at the time of the owner's death. The reliefs available to holders of qualifying investments is changing from 6 April 2026 as follows:

100% relief is available for:

- A trading business including sole traders and partnerships.
- Shares in an unquoted company.
- Enterprise Investment Schemes.

50% relief is available for:

- A controlling holding of shares in a quoted company. For example, controlling more than 50% of the voting rights.
- Land, buildings, machinery or plant used wholly or mainly for the purposes of the business.
- AIM shares where death or transfer is made after 6 April 2026.

The £2.5 million cap

There will be a £2.5 million cap for 100% relief from April 2026:

- Above the cap, relief will be limited to 50%.
- Any of the £2.5 million allowance which is unused can be transferred between spouses and civil partners on death, including if the first death occurred before 6 April 2026.
- The cap will apply to the combined value of qualifying agricultural and business property.
- The £2.5 million cap will apply during lifetime and on death. Assets gifted on or after 30 October 2024 where the donor dies on or after 6 April 2026 will reduce the allowance available on the death of the donor on or after 6 April 2026.
- The cap will refresh every seven years for lifetime gifting and will be increased in line with the Consumer Prices Index from April 2031 (subject to government approval).

Other considerations

Where the deceased had not met the two-year ownership period, and therefore no relief was available on death, the two-year requirement for the new owner starts from the date of death. However, on the death of a spouse or civil partner, the surviving spouse or civil partner's ownership starts from when the deceased spouse or civil partner acquired the asset. This does not apply if the asset was transferred to a spouse during lifetime. The spouse will not qualify for relief until they've personally owned the asset for two years.



To qualify for business relief the investment must be owned for at least two years and at the time of the owner's death.



Life assurance written in trust

Writing life assurance under trust can make inheritance tax planning easier. Often wealth may be held in illiquid assets like property which can be difficult to realise swiftly. Life assurance in trust can provide the funds to pay any inheritance tax and sit outside of the estate for IHT purposes. What's more, the beneficiaries will receive the inheritance without the need to obtain probate.

The most common trust types used are:

Bare trust

The beneficiaries are fixed at outset and can't be changed later (though the payment is managed by a trustee if a beneficiary is a minor).

Discretionary trust

The trustees decide which beneficiaries receive the payment and how much they receive.

Flexible discretionary trust

With a flexible trust, the beneficiaries are named, but the trustees can exercise discretion as to who should receive any payment.

Survivor's Discretionary Trust

For joint life policies, this ensures the payment is made to the surviving partner if they survive for 30 days after the first death. If not, payment is held on the same basis as a discretionary trust.

Split trust

Where a policy includes critical or terminal illness cover, a split trust allows the benefits to be split between the settlor and the beneficiaries. Commonly, the settlor retains the right to receive any critical illness or terminal illness benefit, without affecting the death benefit, which remains in the trust for the beneficiaries. A split trust can be structured as a bare trust, a discretionary trust or a flexible discretionary trust.

The tax treatment differs between the trust types depending on whether it's a bare or discretionary trust. Transferring a life policy into a bare trust is viewed as a potentially exempt transfer (PET) and subject to the seven-year rule. In contrast, the transfer of a life policy into a discretionary trust is a chargeable lifetime transfer (CLT). This may give rise to a tax charge in certain circumstances:

- An immediate IHT charge of up to 20% may apply when assets are transferred into a discretionary trust if the value exceeds the nil rate band. Additional IHT may be payable if the settlor dies within seven years of creating the trust at the rate of 40%.
- There is also a potential periodic charge at a maximum rate of 6% every 10 years based on the value of the trust, less the available nil rate band and previous chargeable lifetime transfers.
- Furthermore, an exit charge might be applied where the entry charge or 10-yearly periodic charge has given rise to tax payable. An exit charge will be paid on any distributions by trustees out of the trust fund. The rate charged depends on the entry and 10-yearly periodic calculations but can never be greater than 6%.

The value of a life assurance policy written in trust depends on whether it's a whole life or term assurance policy:

- **Term assurance.** Term assurance policies are unlikely to have any value unless the claim proceeds aren't distributed within 10 years of the proceeds being paid into the trust or where the plan has a market value. For example, if the assured is in serious ill health.
- **Whole life assurance.** For whole life plans, the value is the greater of premiums paid or the open market value at each 10 year period. As with term assurance, there may be a charge if the claims proceeds aren't distributed with 10 years of receipt.

Rysaffe strategy

In most instances, there is unlikely to be a periodic or exit charge on a life policy, but where this is a risk, it's possible to establish a series of separate policies on different days under separate trusts. This approach arose out of the case of *Rysaffe Trustee Co (CI) Limited v CIR, 2003*. The case confirmed that separate trusts set up on different days are not connected. This means they can each benefit from their own nil rate band.

General

As well as writing life assurance under trust, trusts can have more wide-ranging benefits in helping mitigate any inheritance tax by reducing the value of the estate. Two common trusts often used in this way are discounted gift trusts and loan trusts.

Discounted gift trusts

A discounted gift trust can be effective for anyone with excess capital which they can afford to give away, but still need to supplement their income by receiving payments from the gift. Pre-agreed regular payments are fixed for life and effectively represent a return of capital. The value of the gift is discounted by the estimated value of future payments. For example, if a donor pays £100,000 paid into a discounted gift trust and chooses to receive payments of £5,000 per year, HMRC may decide that the payments, based on the donor's age and health are worth say £40,000. That means only £60,000 is considered a gift for IHT purposes. After 7 years, the £60,000 is IHT free (the discounted value of the regular payments is immediately outside of the estate).

Loan Trusts

A loan trust describes a trust set up with a loan. Rather than making a gift, the donor lends money to the trust. In turn, the trustees invest the money for the benefit of the beneficiaries. However, the donor can ask for part or full repayment of the loan at any time. This type of trust can be effective when someone doesn't feel comfortable gifting capital in case they need it in the future. A loan trust means any investment growth on the loan is outside the estate. Any loan repayments which are subsequently spent further reduce any inheritance tax liability. The loan itself still sits as part of the donor's estate (excluding any growth).

These trusts are often used with investment bonds either onshore or offshore.



As well as writing life assurance under trust, trusts can have more wide-ranging benefits in helping mitigate any inheritance tax by reducing the value of the estate

Until April 2027, unused pensions and death benefits will not be subject to IHT. From April 2027, this will change. Unused pensions and death benefits will be subject to IHT and on death after age 75 income tax will also be payable at the beneficiaries' marginal rate.

However, there are still some benefits which are excluded from the changes being introduced in April 2027. These are:

- Death in service benefits (both discretionary and non-discretionary pension schemes).
- Dependants scheme pension.
- Joint life annuities.
- Charity lump sum death benefit.
- Trivial commutation of a dependants' scheme pension.

Details have yet to be finalised, but here's what we know so far:

- Personal representatives (PRs) will be responsible for the payment of the inheritance tax liability.
- Schemes will be required to share information with the PRs, specifically a date of death valuation, within four weeks of being notified of the death.
- Once the scheme has decided on the disposal of any discretionary benefits, it should confirm who the beneficiaries are and how much they will receive.
- The PRs are responsible for reporting and paying any inheritance tax due. They may ask the scheme to pay inheritance tax up to the full value due on the scheme benefits.
- Beneficiaries can direct schemes to pay inheritance tax directly to HMRC if the tax due is greater than £1,000 (where the amount is less than £1,000, the scheme can elect to pay directly).

The 2025 Autumn Budget included further information on the process:

- PRs will be able to direct pension scheme administrators to withhold 50% of taxable benefits (or beneficiaries up to 50% of their portion, where allocated) for up to 15 months and pay any inheritance tax due in certain circumstances.
- PRs will be discharged from any liability for payment of inheritance tax on pensions discovered after they have received clearance from HMRC.

For people who are affected by these changes to pensions, there is likely to be a need to review their retirement plans and reassess how to effectively meet their objectives under the new regime.



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Excepted estates

Estates can qualify as excepted if they meet the qualifying conditions. These are:

Low Value Excepted Estates

- Where the total gross value of the estate is below the nil rate band.
- Estates valued at £650,000 or less may also qualify if they include any unused nil rate band transferred from a deceased spouse or civil partner.
- Trust assets within these estates must also be below £250,000.

Exempt Excepted Estates

This applies if the deceased has left everything to their spouse, civil partner, qualifying charity, or a community amateur sports club, and the total value of the estate does not exceed £3 million.

Foreign Domiciled Excepted Estates

- If the deceased had never been domiciled or deemed domiciled in the UK and their gross assets are no more than £150,000.
- If probate is not required, the value of an excepted estate does not need to be reported.

Summary

The plans to make unused pensions liable to inheritance tax are likely to have a significant impact on retirement planning for those who may be affected by the changes. Clients fortunate enough to be able to use other assets to provide income, and ringfence their pension savings for wealth transfer, should review this strategy.

While the number of people who can afford to leave their pensions untouched may be low, there is a further group who may use their pension savings to provide income but are still anxious to leave a legacy on their death. This group may also need to review their plans. Not only will unused pensions become liable for inheritance tax, but on death after 75 income tax will also become payable at the beneficiaries' marginal rate. What's more, the inclusion of unused pensions could push the value of some estates beyond £2m which will impact the residence nil rate band allowance.

For many the problem can be side stepped by using the spousal exemption but at older ages the number of people who are married or in a civil partnership is lower than at younger ages. Data suggests that only a little over 50% of people over age 65 in England and Wales are married or in a civil partnership⁶. Even where wealth is transferred within a marriage or civil partnership this may merely postpone the problem.

The impact of the changes planned for April 2027, could lead to more people annuitising some or all of their pension savings. Alternatively, others may choose to drawdown more aggressively (assuming there are other assets they can fall back on if required). Where either strategy results in more income than is needed this could generate interest in making regular gifts from excess income.

There is no one solution. There are many possible strategies that will depend on the personal circumstances of the client. This report should help advisers as they deal with a series of often conflicting, interrelated objectives, without the option of a beneficial environment for transferring wealth via pensions savings. In our next report, we'll assess different strategies to help achieve a client's objectives where retirement income and wealth transfer are both important.



The impact of the changes planned for April 2027, may lead to more people annuitising some or all of their pension savings. Alternatively, others may choose to drawdown more aggressively

6. Profile of the older population living in England and Wales in 2021 and changes since 2011, ONS, April 2023.

Important information

This document provides information and is only intended to provide an overview of the current law in this area and does not constitute financial advice, tax advice or legal advice, or provide any recommendations. The value of benefits depends on individual circumstances. The minimum age clients can normally access their pension savings is currently 55, and is due to rise to 57 on 6 April 2028, unless they have a lower protected pension age. Different options may have different effects for tax purposes, different implications for pension provision and different impacts on other assets and financial planning

The value of investments and the income from them, can go down as well as up, so clients may get back less than they invest.

More insights on tax and pensions

We're committed to providing you with technical support to help you keep pace with the latest rules and legislation. Our range of practitioner material is designed to help you keep on top of all aspects of retirement planning. Themes covered include death benefits, pensions and divorce, the State Pension, pension withdrawals taxation and much more.

Visit the Technical matters hub on our website

fidelityadvisersolutions.co.uk/technicalmatters

For further information on our pension and investment options including Guaranteed Lifetime Income plan and Smoothed Fund please visit:

fidelityadvisersolutions.co.uk/guaranteed-lifetime-income

fidelityadvisersolutions.co.uk/smoothed



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