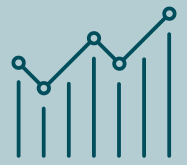
Turning Budget changes into action:

Practical IHT planning strategies for advisers

Key risks to consider

Capital is at risk

Tax treatment may change in the future



Past performance is not a guide to future performance

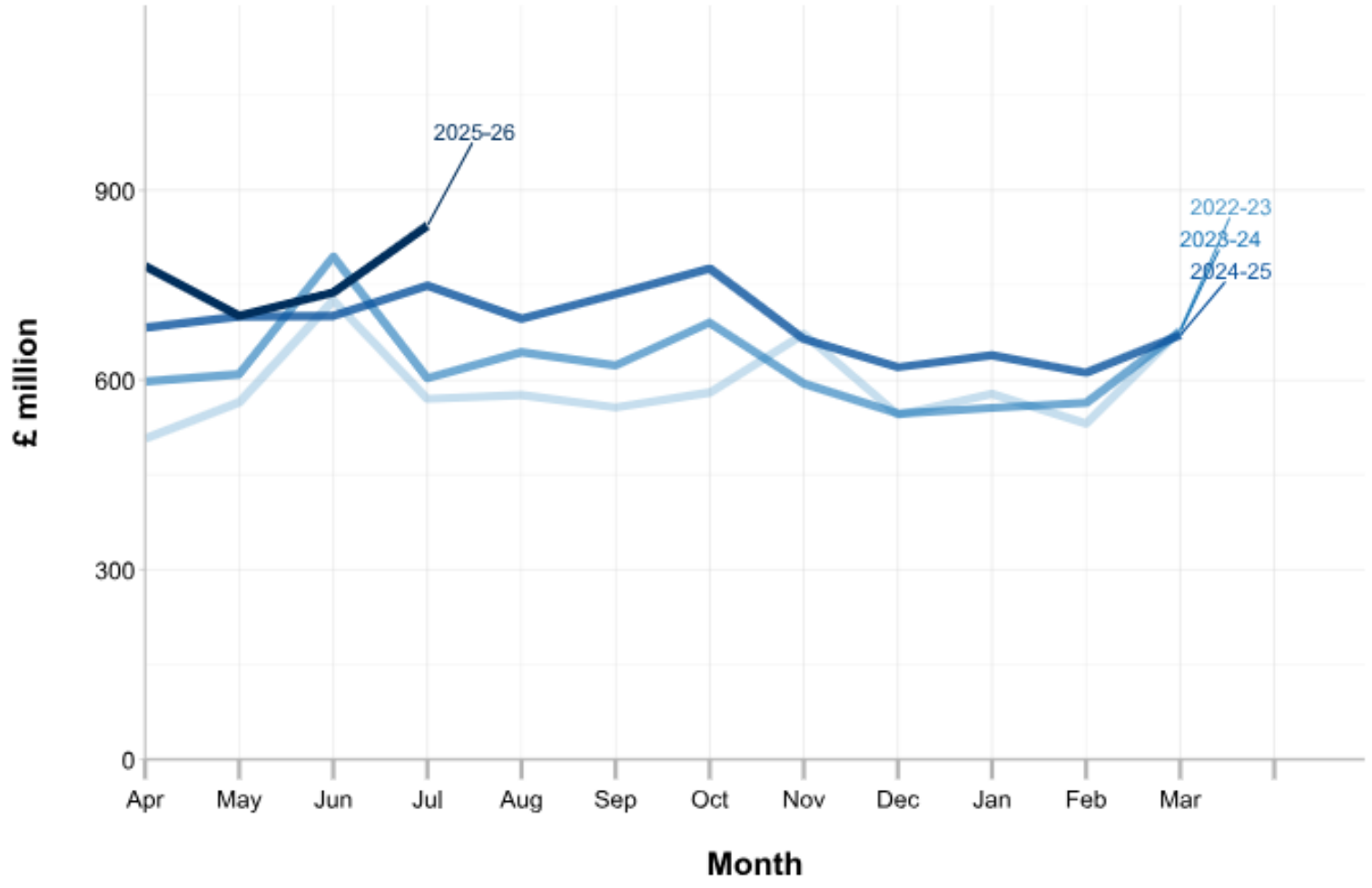
Liquidity cannot be guaranteed

Learning objectives

- Identify the main IHT exemptions and allowances and understand why estate planning conversations shouldn’t be delayed
- Explore client scenarios that have emerged from the Budget, particularly for those now facing an IHT liability
- Understand how Business Relief can be applied across different planning situations
- How to effectively use our IHT calculator to help you calculate your client’s potential IHT liability

Why it is important to act now when it comes to estate planning

Inheritance tax receipts hit all time highs



2025/26
£3.7 billion

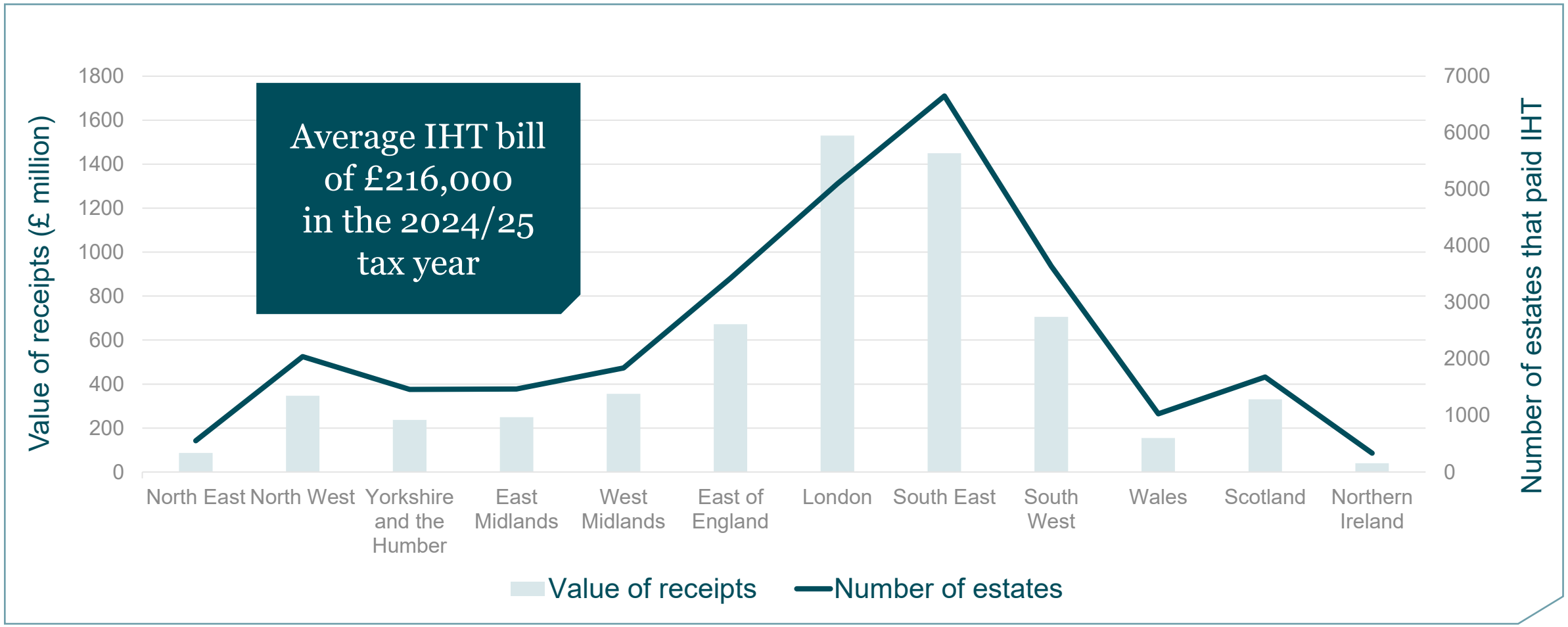
2024/25
£8.2 billion

2023/24
£7.5 billion

2022/23
£7.1 billion

Source: 'HMRC tax receipts and National Insurance contributions for the UK (monthly bulletin)', HMRC, to 31 July 2025

Every region is paying inheritance tax



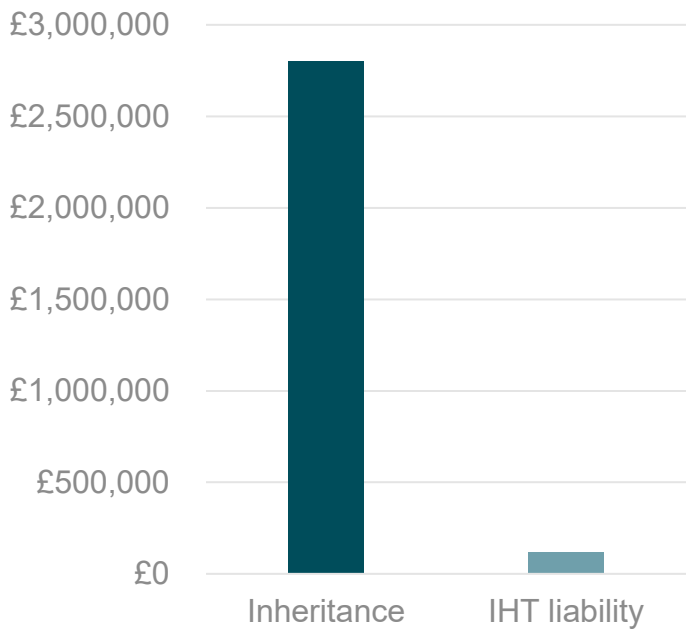
Source: Inheritance tax statistics: Table 12.8 - estimated amounts of tax due by geographical region, HMRC, October 2025

Impact of the budget

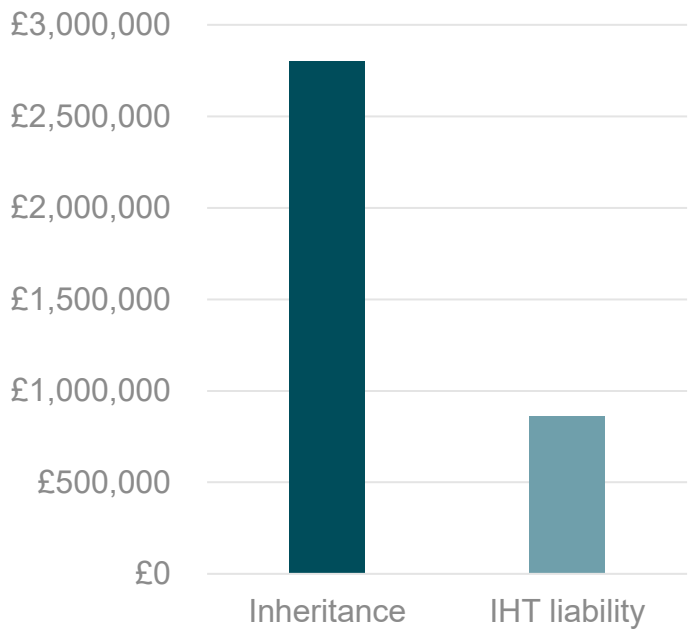
Charles passed away before the age of 75 and has an estate worth £1.3 million.

He also has an unspent pension of £1.5 million.

Before April 2027



After April 2027



Clients with jointly held BR investments

Phil and Jessica hold £2 million of unquoted BR as joint tenants.

They sever the joint holding into single names and amend their wills to leave their BR investments to their children instead.

On first death, the deceased's £1 million 100% BR allowance is utilised.

The surviving spouse's £1 million 100% BR allowance can also be utilised.

For deaths on or after 6 April 2026, 100% Business Relief is limited to the first £1 million of unquoted shares with any amount over that only receiving 50% BR. All AIM BR investments will also only receive 50% BR after this date.

Example case studies

Important information:
TIME is unable to provide investment or tax advice and case studies are for illustrative purposes only.

Clients with undrawn PCLS

Ava has a sizeable pension and would like to maximise the transfer of wealth to her beneficiary.

Ava's adviser suggests she withdraws her PCLS to access 25% of her pension, tax free.

Ava reinvests her PCLS in a Business Relief investment.

Her daughter Olivia might have to pay tax on the residual pension, but not on the BR investment.

When Olivia inherits the BR investment, it will be IHT free, and there will be no CGT or income tax payable.

Clients with overfunded pensions

Barbara funded her pension for IHT planning.

From April 2027, these funds could be liable to IHT.

Barbara starts using her pension for income.

She then encashes her ISA portfolio and invests the proceeds into a BR investment.

After two years the BR investment is IHT exempt.

When her kids inherit the BR investment, it will be IHT free, and there will be no CGT or income tax payable.

*For deaths on or after 6 April 2026, 100% Business Relief is limited to the first £1 million of unquoted shares with any amount over that only receiving 50% BR. All AIM BR investments will also only receive 50% BR after this date.

Clients with over £1 million BR after spousal death

Erica left £1.75 million of unquoted BR assets to her spouse Melvin.

After 6 April 2026, if Melvin dies £1 million would attract 100% BR and the remaining £750,000 50% relief.

Melvin completes a Deed of Variation to transfer £1 million of Erica's BR assets to their children, IHT free.

Melvin keeps the remaining £750,000, saving £150,000 of IHT

Melvin has a further £250,000 100% BR allowance should he need it.

Use Will Trusts

Ted and Barbara married and have a combined estate of £2,500,000 with ownership split equally between them. They each own £125,000 of BR shares.

Their Wills are drafted to leave everything to each other and then to their children.

Calculation on First Death

Estate Value	£1,250,000

Estate passes to living spouse

Calculation on Second Death

Estate Value	£2,500,000
Business Relief	(£250,000)
Residence Nil Rate Bands	(£100,000)
Nil Rate Bands	(£650,000)
Taxable Estate	£1,500,000

IHT Payable: £1,500,000 x 40% = £600,000

Use Will Trusts

Following advice, Ted and Barbara amend their Wills to leave an amount equal to the Nil Rate Band and the Business Relief shares into trust on first death.

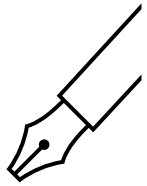
Calculation on First Death

Estate Value	£1,250,000
Nil Rate Band	£325,000 (left to Will Trust)
BR Shares	£125,000 (left to Will Trust)
Residue passing to Spouse	£800,000
Spouse own Estate Value	£1,250,000

Calculation on Second Death

Estate Value	£2,050,000
Business Relief	(£125,000)
Residence Nil Rate Bands	(£325,000)
Nil Rate Bands	(£325,000)
Taxable Estate	£1,275,000
IHT Payable: £1,275,000 x 40% = £510,000	

Using Trusts to maximise the BR allowance



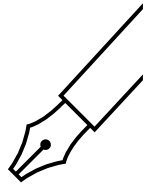
30 April 2026 transfer £1.65 million of unquoted BR assets into trust.

Trust 1 = £1.65 million

Gift to Trust 1 was made more than seven years ago, so it is not a chargeable transfer.

£660,000 IHT saving

June 2031 new unquoted BR investment.



September 2033 invest a further £1.65 million into another trust.

Trust 2 = £1.65 million

Gift to Trust 2 is a chargeable transfer as made within the last seven years, but using BR and NRB is reduced to £nil value.

£660,000 IHT saving

30 December 2034 client passes away and remainder of estate transfers to spouse free of IHT.

Total £1.32 million IHT saving

So why BR?

The impact of BR for beneficiaries

	General portfolio 3% growth		General portfolio 5% growth		General portfolio 7% growth		100% BR portfolio 3% growth		50% BR portfolio 3% growth	
End of Year	Value	Inherited by beneficiaries	Value	Inherited by beneficiaries	Value	Inherited by beneficiaries	Value	Inherited by beneficiaries	Value	Inherited by beneficiaries
0	£100,000	£60,000	£100,000	£60,000	£100,000	£60,000	£100,000	£60,000	£100,000	£60,000
1	£103,000	£61,800	£105,000	£63,000	£107,000	£64,200	£103,000	£61,800	£103,000	£61,800
2	£106,090	£63,654	£110,250	£66,150	£114,490	£68,694	£106,090	£106,090	£106,090	£84,872
3	£109,273	£65,564	£115,763	£69,458	£122,504	£73,503	£109,273	£109,273	£109,273	£87,418
5	£115,927	£69,556	£127,628	£76,577	£140,255	£84,153	£115,927	£115,927	£115,927	£92,742
10	£134,392	£80,635	£162,889	£97,734	£196,715	£118,029	£134,392	£134,392	£134,392	£107,513
14	£151,259	£90,755	£197,993	£118,796	£257,853	**£154,712**	£151,259	**£151,259**	£151,259	£121,007
27	£222,129	£133,277	£373,346	**£224,007**	£621,387	£372,832	£222,129	**£222,129**	£222,129	£177,703

It takes **14 years** for a 7% p.a. growth portfolio to overtake a 3% p.a. growth BR portfolio and **27 years** for a 5% growth portfolio to catch up.

Table is for illustrative purposes and does not consider the impact of fees or charges. The value of investments and the income from them may fall as well as rise and investors may not get back the original amount invested. Any past performance data cited is not a reliable indicator of future results. The levels and bases of, and reliefs from, taxation may change in the future. Any favourable tax treatment, such as Business Relief, is subject to Government legislation and as such may change.

Estimating your client's potential IHT liability

TIME INVESTMENTS

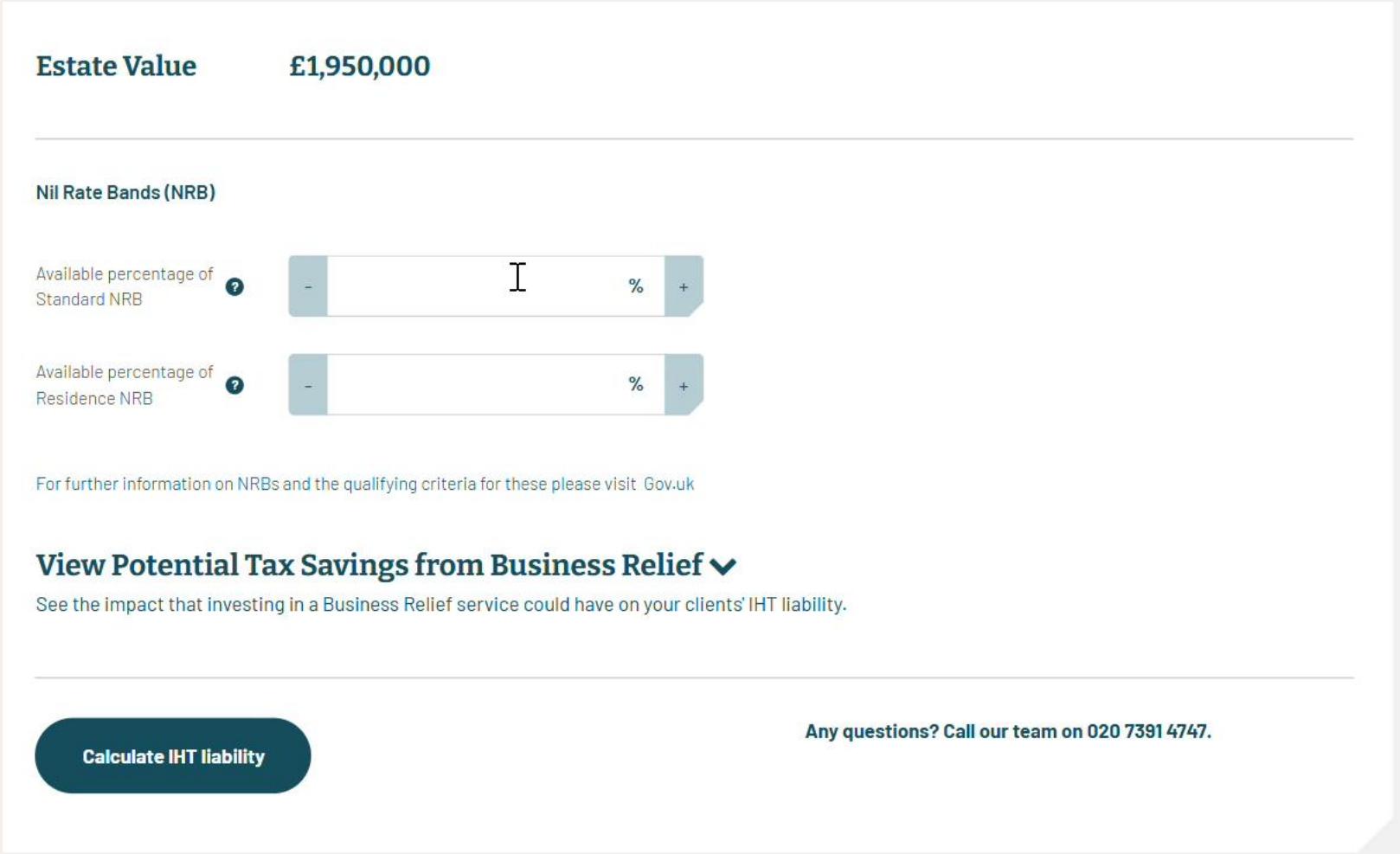
Client Details

Existing investments	Amount	Growth rate assumption
Property value	£ 5	- % +
Investments value	£	- % +
Cash value	£	- % +
Pension value (post 5 April 2027)	£	- % +
Existing BR/APR	£	- % +
Existing AIM BR	£	- % +

Estate Value **£0**

Estimating your client's potential IHT liability

TIME INVESTMENTS



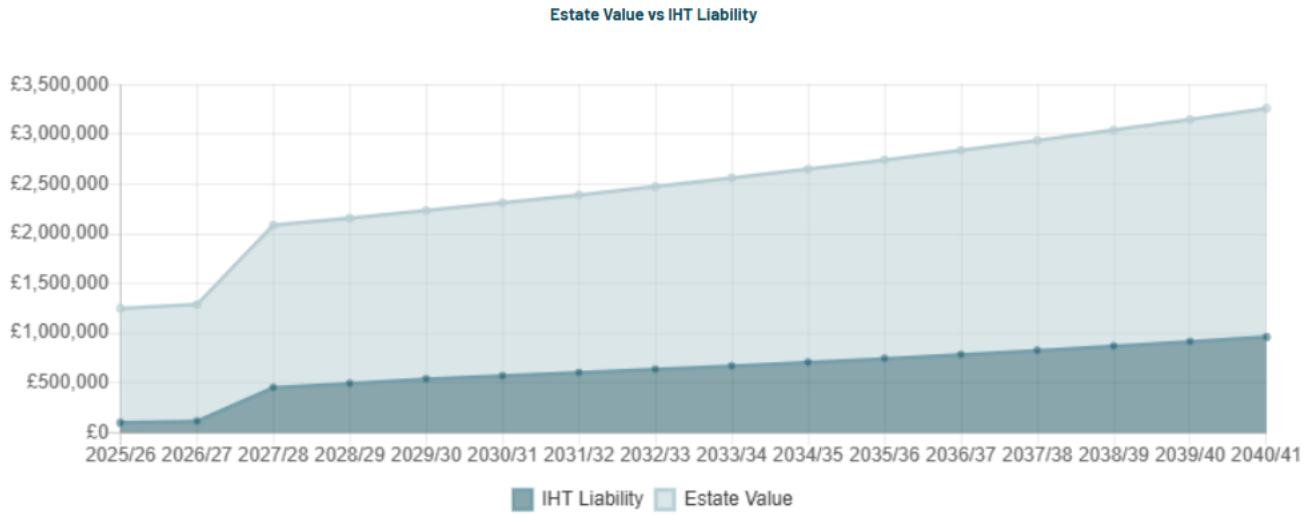
IHT calculator results

TIME INVESTMENTS

Change Inputs

Your Results

If you would like to discuss these results with a member of our team please call **020 7391 4747**.



Year	Standard NRB	Residence NRB	Estate value	IHT liability
2025/26	£ 650,000	£ 350,000	£1,250,000	£ 100,000
2026/27	£ 650,000	£ 350,000	£1,289,000	£ 115,600
2027/28	£ 650,000	£ 306,770	£2,086,460	£ 451,876
2028/29	£ 650,000	£ 270,763	£2,158,474	£ 495,084
2029/30	£ 650,000	£ 233,430	£2,233,140	£ 539,884

IHT calculator results

2030/31	£ 663,000	£ 221,721	£2,310,559	£ 570,335
2031/32	£ 676,260	£ 209,122	£2,390,836	£ 602,182
2032/33	£ 689,785	£ 195,590	£2,474,082	£ 635,483
2033/34	£ 703,581	£ 181,079	£2,560,409	£ 670,300
2034/35	£ 717,653	£ 165,540	£2,649,937	£ 706,698
2035/36	£ 732,006	£ 148,925	£2,742,789	£ 744,743
2036/37	£ 746,646	£ 131,180	£2,839,092	£ 784,506
2037/38	£ 761,579	£ 112,251	£2,938,978	£ 826,059
2038/39	£ 776,810	£ 92,082	£3,042,587	£ 869,478
2039/40	£ 792,346	£ 70,612	£3,150,060	£ 914,841
2040/41	£ 808,193	£ 47,781	£3,261,548	£ 962,230

Request an illustration

Request Now

Email my Results

Send Results

Adviser Support Centre

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Learning outcomes

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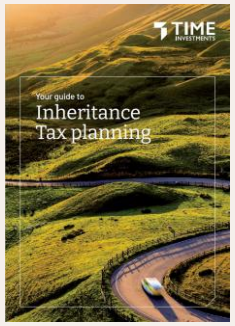
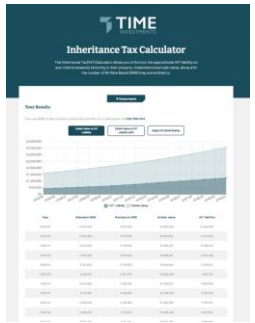
How we can help

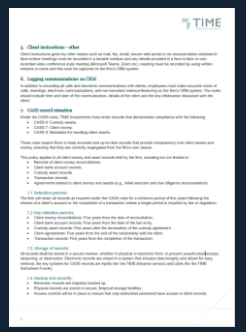


Client friendly & technical guides

CPD qualifying webinars & bespoke training sessions



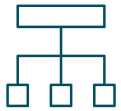
IHT calculator & bespoke client illustrations



Third party due diligence & suitability letters

Access all our support in one place:

Our Business Relief services

	TIME:Advance	TIME:CTC	TIME:AIM
	Private investors	Corporate investors	Private investors
	Discretionary managed service	Bespoke IHT service	Discretionary managed service
	Asset-backed businesses	Asset-backed businesses	AIM quoted companies
	Diversified across seven trades	Predominantly invested in property lending	Diversified across 30 AIM companies

abrdn
Fidelity INTERNATIONAL
FusionWealth
Hubwise
M&G wealth
nucleus
transact
SCOTTISH WIDOWS
7IM

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