



What happens to your wealth after you're gone?

A guide to inheritance tax planning

Canaccord
WEALTH



Planning today, protecting wealth for tomorrow

How do you best protect the people and causes you care about while you're still alive? This is a crucial question for anyone wanting to leave a meaningful legacy for their loved ones, ahead of some fundamental changes in 2027.

Inheritance tax (IHT) is affecting more and more estates in the UK. IHT receipts are continuing to rise, a record £7.7bn being collected by HMRC between April 2025 and February 2026¹.

The amount of IHT your family pays isn't automatic. Wealth planning can help reduce the impact of tax, so more of your wealth goes to your loved ones and wider beneficiaries.

Our guide is designed to help you understand where IHT will have the biggest impact and how planning can help protect more of the wealth you leave to the ones you care about.

You'll find the key questions to consider as you begin IHT planning. Your Wealth Planner will work through these with you, creating a comprehensive strategy tailored to your personal circumstances and wishes.

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How and why should I plan for IHT?

While thinking about what will happen after you're gone can feel uncomfortable, IHT planning will provide you with some valuable reassurance and help you confidently face the future, knowing your family and loved ones are taken care of. Planning now can mean they receive more of your wealth.

How much will my family end up paying?

The sum they'll pay depends on the value of your estate, the gifts you make and how the UK nil-rate band applies to your circumstances (details on this in the next sections).

Your Wealth Planner can help you understand your potential exposure and the options available to manage it effectively.

Why should I plan in advance for IHT?

There are usually three main reasons why you might choose to plan:

- **To protect more of your legacy** – without planning, your loved ones may receive less than intended
- **To reduce the tax impact** – avoiding your wealth being eaten away and easing the administrative burden on your family
- **To navigate complex rules with confidence** – the UK's allowances, exemptions and planning tools can be hard to understand without guidance.



What happens if I don't plan?

IHT planning is often put off because it feels complex. However, a lack of planning has real consequences for the people you leave behind.

Your beneficiaries may receive less

Without planning, you might lose more of your wealth to IHT than necessary. This can significantly reduce what your loved ones and beneficiaries ultimately receive, even if you make your wishes clear.

The burden on your family can increase

A lack of planning can place a heavy burden on family members and executors. They may be left dealing with unexpected tax bills, complex decisions and administrative challenges at an already difficult time.

Good intentions don't always deliver good outcomes

Deciding on what actions you need to take to reduce an IHT liability – such as gifting, property decisions or relying on pensions – can be complex. Without advice, they can also often fail to work as expected, sometimes even increasing both the tax paid and the stress placed on your family.

IHT planning isn't about finding a single 'right' solution. It's about creating a flexible plan that's tailored to you.

Our role is to help you understand how different parts of your wealth interact over time, so you can make informed decisions in your best interests and those of the people you care about.

Who pays IHT?

IHT is paid by your executors after you pass away, and is generally paid on anything you leave behind over a certain threshold (£325,000 per person). It can also apply to some gifts you give during your lifetime.

This tax comes out of your estate, so your family or beneficiaries don't personally pay it. However, IHT does reduce what they will ultimately inherit.

Your executors may be:

- Your family members
- Solicitors
- Other professional executors.

When does my family pay IHT?

The tax must be paid by the end of the sixth month after the person has died.



How much could IHT cost my estate?

This depends on a variety of factors. Your Wealth Planner will take you through all of them.

How will my estate be assessed?

Your IHT liability will be calculated based on the total value of your assets at death, including property, pensions and savings and investments, minus any outstanding liabilities and funeral costs, with some lifetime gifts also being taken into consideration.

What is the nil-rate band?

IHT is charged at 40% on the value of your estate above an allowance known as the nil-rate band, which is currently £325,000 per person. Anything below this threshold is not taxed.

The threshold has been frozen since 2009 and is currently frozen until April 2030. Had it increased with inflation, it would be significantly higher today.

As a result, it's predicted that the number of estates paying IHT is likely to more than double by the end of the decade, especially given the upcoming changes to pensions soon being included in a person's estate².

What is the residence nil-rate band?

The residence nil-rate band is an additional IHT allowance that you can take advantage of when you leave your main home to direct descendants, such as children or grandchildren.

This allowance is subject to strict conditions and begins to reduce once the total value of your estate exceeds £2m, tapering away entirely for very large estates.

Making the best use of your allowances is a highly technical area. Consulting with your Wealth Planner now – ahead of the changes in 2027/2028 – is recommended to understand the implications for your estate – and steps you can take now.

The calculations below show how much a single person and a married couple, both with an estate of £2m, could expect to pay in IHT today, assuming they use both their nil rate and residence nil rate band and have children or a direct descendant to leave their estate to.

Single person		Married couple	
Total estate value:	£2,000,000	Total estate value:	£2,000,000
Nil-rate band(s)	£325,000	Nil-rate band(s)	£650,000
Residence nil-rate band(s)	£175,000	Residence nil-rate band(s)	£350,000
Total allowances	£500,000	Total allowances	£1,000,000
Taxable estate	£1,500,000	Taxable estate	£1,000,000
Inheritance tax @ 40%	£600,000	Inheritance tax @ 40%	£400,000

As you can see above, single individuals without children may face a higher IHT bill than couples, as fewer allowances may be available and certain reliefs depend on marital status or having direct descendants.



What other allowances and exemptions are available?

You may be able to take advantage of several UK allowances and exemptions, reducing the amount of IHT to pay on your estate.

Spouse/civil partner exemption

If you pass assets on to your spouse or civil partner (or they pass them on to you), those assets won't be subject to IHT.

Charity exemptions

Anything you leave to a registered charity is generally IHT-exempt. Because these gifts don't count toward your total wealth, they lower the overall value of your estate.

Annual gift allowance

You can give away a total of £3,000 in gifts each tax year without them being included in your estate.



Small gift allowance

Everyone is also able to gift up to £250 per person per tax year, provided you have not also used your £3,000 annual gift allowance for the same recipient.

Wedding and civil partnership gifts

Gifts made at the time of a wedding or civil partnership of up to:

- £5,000 to a child
- £2,500 to a grandchild
- £1,000 to others

are IHT-free and do not use up your £3,000 annual gift allowance.

Any gifts beyond these categories will be treated as being part of your estate and will therefore be subject to IHT.

Gifts from excess income

Regular gifts made from excess income such as a salary or pension – that don't affect your standard of living – may be exempt from IHT, with no seven-year waiting period. We discuss the seven-year rule in the next section.

Gifting during your lifetime

Strategic gifting can be a powerful tool to minimise the amount of IHT your estate pays. For this reason, it might be worth thinking about whether you'd like to support your loved ones sooner, rather than waiting until they come into their inheritance.

To gift effectively, however, it is important to understand how it works in practice.

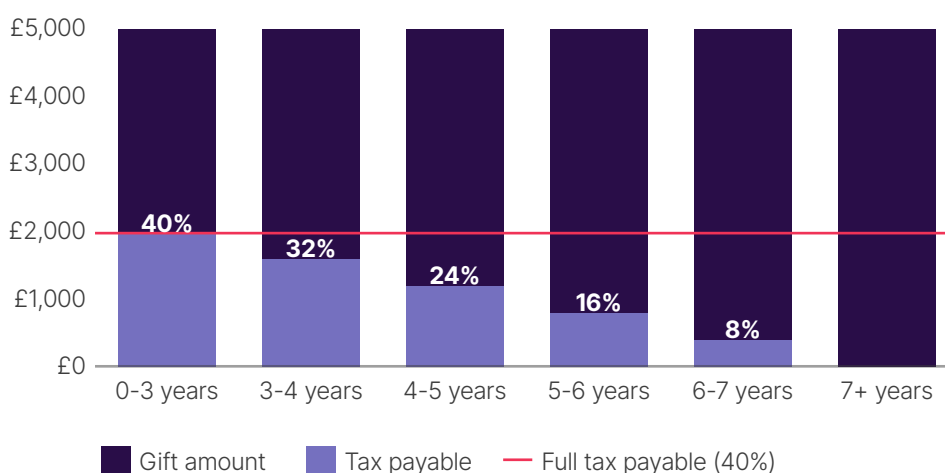
What kind of gifts can I make?

There are two main types of gift you can make that won't be subject to IHT:

- **Gifts within your annual allowances** (see pages 10 and 11)
- **Potentially exempt transfers (PETs)** are large, one-off gifts to individuals that may not be subject to IHT if they're gifted at least seven years before you pass away.

With a PET, if you don't survive the full seven years, HMRC uses a sliding scale called 'taper relief' once three years have passed from gifting. The gift isn't necessarily fully taxed at the full 40% rate of tax. Instead, the tax rate drops the longer you live.

How a £5,000 gift to an individual tapers to zero HMRC clawback over a seven-year period



What are the benefits of gifting?

When structured correctly, lifetime gifts can reduce the amount of IHT payable, protect your wealth for your loved ones, and allow them to benefit from your support when they need it.

Important gifting considerations

There are two things to be aware of when planning your gifting:

- **Gifts with reservation of benefit** – if you continue to benefit from a gift (such as giving away a property but still using it) it may still be treated as part of your estate
- **Failed or poorly structured gifts** – some gifts risk not being acceptable to HMRC if they're made in the wrong order or combined incorrectly with other planning, potentially extending how long it takes before they fall outside your estate.

We can help you structure your gifting in the best way possible.

Trusts as a planning tool

Trusts can play a role in IHT planning, particularly where control, protection or long-term family planning is important.

Trusts need to be used carefully to achieve the right outcome for you and your family. This is where a wealth planner can help you understand if they're a good match for your needs.

Potential benefits of using trusts

Using a trust helps you ensure your wishes are respected. They're financial tools that set out how your assets and estate are transferred after your death.

Control over how assets are passed on – trusts can help manage when and how beneficiaries receive assets, rather than passing wealth on outright.

Support for longer-term family planning – they may be useful where wealth is intended to benefit future generations, or where circumstances require additional structure.

Protection in specific situations – trusts can help where beneficiaries may need safeguarding, or where family arrangements are more complicated.

Understanding the areas that need extra care

Administration and cost – there will be costs to set up a trust as they require ongoing administration. This is something that can be done with the help of a wealth planner.

Loss of flexibility – once assets are placed into a trust, it can be difficult to alter arrangements if circumstances change.

Potential tax implications – trusts have their own tax rules and poorly structured arrangements can lead to unintended outcomes.

How Family Investment Companies could help

If your priority is to retain control and plan for your family's long-term wealth, Family Investment Companies (FICs) could have an important role to play.

What is an FIC?

An FIC is typically a private company set up by a family to hold investments or other assets. Different share classes can be used to separate control from economic benefit.

For example, some family members may be given shares that allow them to make important decisions about the company and assets held within it. Other family members may have shares that give them ownership but not influence over decision-making. This allows you to distribute your wealth, without losing control over who can access what and when.

Potential benefits of FICs

Retaining control – FICs can allow you to pass any future capital growth the company generates to the next generation, without giving up control over how assets are managed.

Support for long-term family planning – they're often used where assets are intended to benefit children or future generations over time, rather than through outright gifts.

Flexibility of structure – different share classes can be used to reflect the needs, roles and circumstances of family members.

Which areas need extra care?

Complexity and administration – FICs are companies, which means they require ongoing administration, reporting and professional oversight.

Upcoming changes to pensions and IHT planning

For many years, pensions have been an effective way to pass on wealth. From the 2027/2028 tax year, that position changes, making it important to review how pensions fit into your wider estate planning.

How will my pension be incorporated into my estate for IHT purposes?

From April 2027, most unused defined contribution pension funds will be included when assessing the value of an estate.

This is a significant and complex change. Wealth planning is essential here, because of the way pensions interact with IHT, other allowances and estate administration.

With limited time before the new rules take effect, it's important to review your position and speak to a wealth planner as soon as possible.



Property and IHT

For many people, property makes up a large part of their wealth and is therefore a significant driver of your IHT exposure.

Do I need to downsize?

Downsizing can be seen as a straightforward way to reduce IHT, but it's rarely effective on its own. The tax impact can be uncertain and the practical and emotional consequences often outweigh any benefit, unless it forms part of a wider, carefully considered plan.

What if I gift my home to my children?

Using your main residence as an IHT planning tool is often a poor strategy. Arrangements where you continue to live in or benefit from the property – even where rent is paid – are complex and are often not accepted, falling back into your estate and creating additional tax and issues for your family.

What if I have more than one home?

Owning more than one property can significantly increase IHT exposure and create further complexity. Property-led planning in isolation is particularly risky and can quickly lead to unintended – and unwanted – consequences.

Bottom line: decisions involving property are often difficult to reverse and well-intended actions can easily fail to deliver the expected tax outcome. This is a complex area where your Wealth Planner can help.



Business and agricultural property relief

These reliefs exist to help family businesses and farms pass from one generation to the next, without being forced to sell assets to pay IHT. When they apply, they can reduce the IHT due, but they are highly conditional and not automatic.

From 6 April 2026, the availability of these reliefs is also subject to new limits, making it particularly important to review how they apply in practice.

What is business relief?

Business relief is designed to protect trading businesses from being broken up or sold when someone dies.

Where qualifying conditions are met, it can reduce the value of certain business interests – reducing the IHT liability. Factors that influence whether this relief applies or not are:

- The nature of the business
- How it operates
- How long the assets have been held.

From 6 April 2026, full 100% relief is capped at £2.5m per individual. This applies across qualifying business and agricultural assets and reduced relief applies above this level.

What is agricultural property relief?

As the name suggests, agricultural property relief applies to qualifying land and property that is used for farming. It's designed to support farming across generations, but eligibility depends on how the land is used and occupied and whether strict conditions are met.

As with business relief, changes from 6 April 2026 mean that full relief is limited to a maximum value, with parts of larger estates potentially falling within scope of IHT.

Considering complexity

While both business and agricultural property relief can be valuable, the rules are complex and constantly evolving. Assets that seem similar can be treated very differently and poorly structured arrangements can fail to deliver the outcome you'd like.

Because of this, early discussion with a wealth planner is essential to understand whether reliefs do apply and how they fit into your wider estate plan.









Charitable giving and legacy planning

You may decide you'd like to leave part of your estate to a charitable cause that's close to your heart. As well as playing an important role in shaping your legacy, charitable giving can reduce IHT if planned carefully.

How can charitable giving affect IHT?

Gifts to registered charities are generally exempt from IHT. If you leave at least 10% of your estate to charity, the rate of IHT for the remaining taxable estate is reduced from 40% to 36%.

Charity and tax planning beyond IHT

Charitable giving can have an impact on your income tax and capital gains tax liabilities, depending on how and when gifts are made. Giving may therefore extend far beyond your IHT alone.

Because charitable giving often reflects personal values as well as tax considerations, it's most effective when considered as part of a wider estate plan. Your Wealth Planner can help ensure charitable gifts are structured in a way that supports both your philanthropy and your overall financial position.

About Canaccord Wealth

Build and protect what matters most with a dedicated team behind you. Canaccord Wealth is one of the top five comparable UK wealth managers (by assets under management), serving you with nationwide offices and international investment teams.

We believe the benefits of scale should never come at the expense of a personal experience. Our size means you can enjoy wide-ranging expertise and economies of scale. But our relationship-led approach means you'll always have direct access to our people and knowledge.

Expertise you can count on

92%
client satisfaction

5-star
Defaqto rating

£40.4bn
assets under management/
administration*

14
offices to support you

* As at 31 December 2025.







What our clients say

We invited over 18,000 private clients to take part in a short, independent online survey³ to discover how they feel about using Canaccord Wealth. Below are some of the highlights:

“Originally my account was set up to service monies for my mother. I thought the money would be gone in a few years, but Canaccord’s stewardship of my account has allowed me to have monies, which I never expected, now that my mum has died.”

“[My account executive] is wonderful, the family relationship has crossed multiple generations and they really care.”



“[My account executive] has managed the family portfolios for over 30 years now and has always shown true professionalism in all accounts! He is very knowledgeable, intuitive, informative and courteous... This was very much felt and appreciated by my late Father who thought very highly of [my account executive] as all in the family do.”

“I inherited [my account executive] from my late father and in the past 20 years he has never given me cause to question why I remain his client.”

³For further information, please ask for a copy of ‘Above and beyond for our clients’ which summarises the results of our client survey undertaken independently by Savanta in February-March 2024.



Important information

Investment involves risk and the value of investments and the income from them can go down as well as up. Tax treatment depends upon individual circumstances, and the levels and bases of taxation may change in the future.

The current inheritance tax rules, and the tax treatment of all investments, depend upon individual circumstances, and the levels and basis of taxation may change in the future. Investors should discuss their financial arrangements with their own tax adviser before investing, as the value of any tax reliefs available is subject to individual circumstances.

This document is for information purposes only and is not to be construed as a solicitation or an offer to purchase or sell investments or related financial instruments. This has no regard to the specific investment objectives, financial situation or needs of any specific investor.

Where investment is made in currencies other than the investor's base currency, the value of those investments, and any income from them, will be affected by movements in exchange rates. The effect may be unfavourable as well as favourable.

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For more information about any terms used in this document, please see our glossary of investment terms at canaccord-wealth.com/glossary.

Ready to talk?

If you would like to protect more of your wealth and leave a lasting legacy, our Wealth Planners are here to help.

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