

ST ANN'S HOSPICE

LEGACY FACTSHEET 5:

TAX ADVANTAGES FROM WRITING A WILL

Current legislation dictates that your beneficiaries will not have to pay any Inheritance Tax if the estate you leave behind is less than £300,000 (the current nil-band). However, any estate worth in excess of that amount will be liable to Inheritance Tax of 40% on anything over the nil-band rate. This applies to all assets, including your house.

For example, you may own a house worth £275,000 plus £50,000 other assets in savings, shares, investments, plus life insurance payments which immediately take you past the £300,000 threshold. Everything over £300,000 would currently be liable to Inheritance Tax of 40% which would go directly to the Chancellor.

Inheritance Tax is avoided by leaving your assets to your spouse or civil partner, as they are exempt. No exemption applies in the case of co-habiting couples.

Where one spouse or civil partner dies without making full use of his or her nil-rate band, the nil-rate band of the survivor will be increased by adding the unused proportion of the nil-rate band of the first to die.

Advice from a solicitor about your Will can effectively help you and your spouse to maximise the use of your nil-rate bands. Another way to limit Inheritance Tax on your estate is to make a donation to charity – this would be completely free of Inheritance Tax whereas if you left the same amount to a person it may suffer 40% Inheritance Tax.

The content of this factsheet is merely informative and should not be relied upon as a substitute for legal advice

St Ann's Hospice advises anyone making or updating a Will to seek independent advice from a solicitor – see St Ann's Hospice Will Week information, Yellow Pages, or a personal recommendation