

7 COMMON TRAPS WHEN THINKING OF ESTATE PLANNING

Including Our Firm's
Strategic Approach To
Optimising Wealth



*"An insightful guide to
inheritance tax, informed
by professional expertise,
to help you think clearly
and plan ahead."*

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Welcome Introduction

Prioritising Estate Decumulation

With decades of experience in the high net worth financial services industry, I lead the advisory team at Specialist Private Wealth. It's almost 25 years since our firm was established to serve clients concerned about the value, purpose and destiny of their wealth, as well as the impact of Inheritance Tax (IHT). We offer highly personalised services to help our clients think clearly, plan ahead and accomplish more with their wealth.

For the lifetime secure, thinking about IHT:

This guide is intended for retired individuals, or married couples, with adult children and taxable estates over £2m - including savings, investments and retirement accounts above £500k.

At this stage of life, capital accumulation will have largely been achieved.

The focus must shift to estate decumulation.

Our clients often wish to:

- Secure a lifetime of money;
- Minimise lifetime taxation;
- Offset the impact of inflation;
- Simplify money management;
- Enjoy advancing lifetime gifts;
- Minimise post-death taxation;
- Protect wealth for loved ones.

We consider death duties as voluntary. We believe you can reduce unnecessary tax leakage and transfer wealth in a way that strengthens rather than complicates important family relationships.

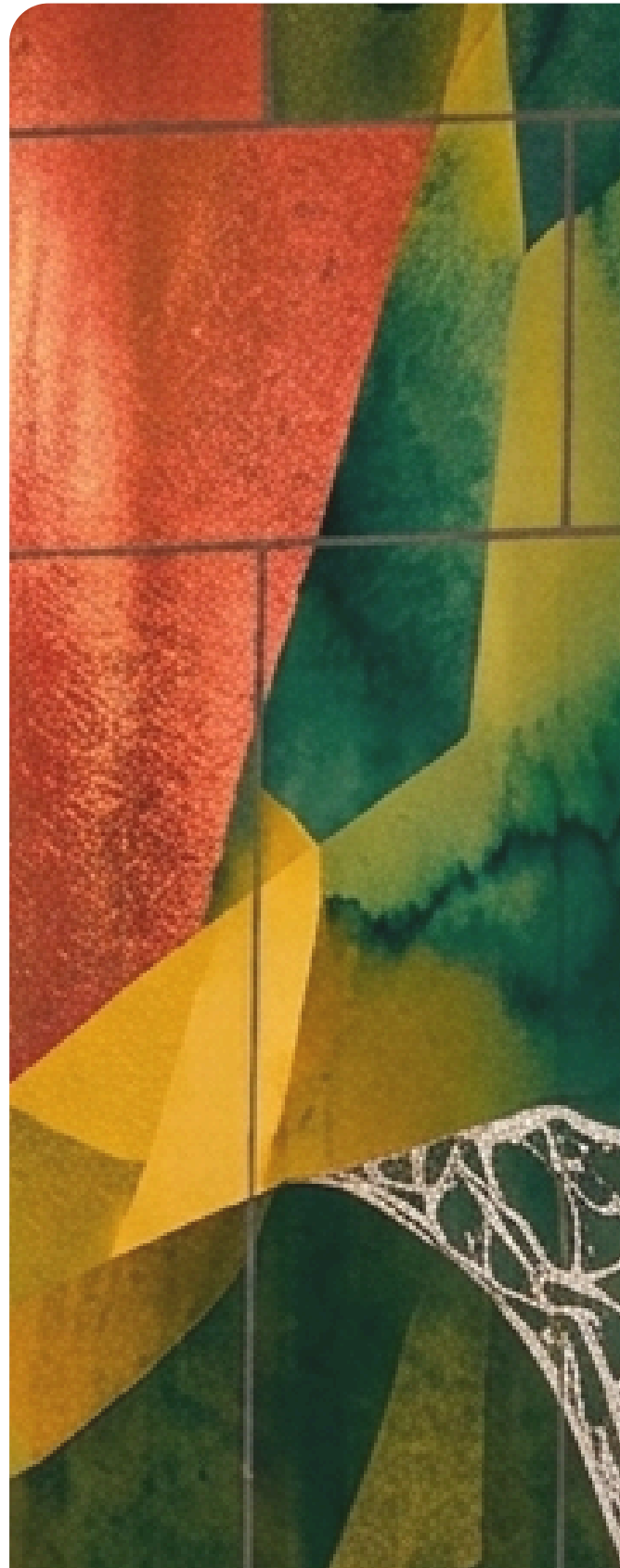
Estate planning failures are rarely dramatic.

They emerge silently through gradual erosion. I hope you find this guide insightful and look forward to hearing from you should you wish to explore your potential.

With best wishes for your Estate Planning Journey.



Ash Vora
Managing Director



Frozen IHT Thresholds

IHT Allowances Lag Asset Values

DOING NOTHING ELEVATES IHT

For estates of £2 million and above, even modest annual growth can substantially increase IHT exposure. Whilst property values and investment portfolios have generally appreciated over time, the principal IHT allowances have remained frozen for extended periods.

As a result, an increasing proportion of a family's wealth can become exposed to IHT.

Every UK taxpayer has a Standard Nil Rate Band of £325,000 and, where qualifying conditions are met, an additional Residence Nil Rate Band of £175,000. The standard allowance has remained fixed since 6 Apr 2009. Both allowances are currently frozen until 5 Apr 2031.

During this same period, most estates are expected to grow faster than inflation.

GROW ASSETS BUT LOWER IHT

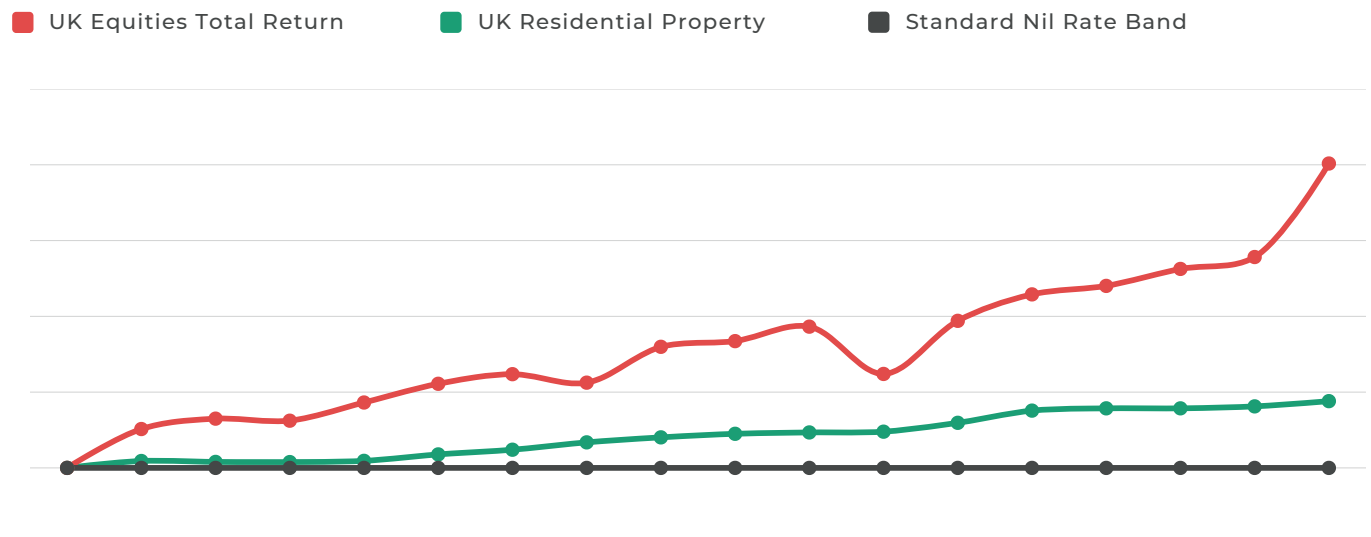
Asset growth is desirable during retirement. If wealth continues to compound within the taxable estate, IHT exposure can increase through the passage of time. Continued asset growth brings IHT consequences that need careful attention.

The longer an estate remains unplanned, the greater its potential IHT liability.

Protecting future growth is only part of the solution. We believe an effective strategy should have two essential objectives. First, to prevent more wealth becoming exposed to IHT. Second, to reduce the amount of wealth already exposed to IHT.

Achieving both objectives simultaneously can ultimately preserve more wealth for your beneficiaries.

THE GROWING GAP BETWEEN ASSET VALUES & IHT RELIEF



The line chart above compares the annual progression of UK Residential Property and UK Equities against the Standard Nil Rate Band between 6 April 2009 and 5 April 2026. UK Residential Property is represented by the official UK House Price Index published by HM Land Registry. UK Equities are represented by the FTSE All Share Total Return Index. All data series have been rebased to 100 at 6 April 2009 for comparative purposes. The Residence Nil Rate Band is a qualifying allowance and has therefore been excluded.

We Will Get To It Soon

Delay Can Cost Unnecessary IHT

THE COST OF WANTING PAUSE

Estate planning is important, but rarely feels pressing, despite the need for a seven-year passage of time to ensure lifetime transfers of wealth are removed from a taxpayer's estate for IHT purposes.

The beginning of retirement often brings psychological pause. After many years of financial responsibility, the absence of urgency can feel earned. There may be no obvious pressure to act. However, time is not neutral. Delay can reduce the effectiveness of estate planning.

THE RISK OF LOSING CONTROL

Health uncertainty increases with age. An unexpected illness can divert attention from estate planning. Decisions that could have been made calmly may instead need to be made under pressure, if at all possible.

Loss of capacity presents a greater challenge. Virtually no IHT-efficient arrangements can be implemented on a taxpayer's behalf. We believe effective planning is best achieved with focused attention and the freedom to explore every reasonable option.

THE IHT CONSEQUENCES OF DELAYING ESTATE PLANNING



The bar chart above shows the IHT consequences of delaying estate planning. It assumes an individual aged 64 with an estate of £2.35 million, growing at 4.5% per annum over the subsequent 17 year period to age 82.

Outcome 1: If no estate planning is implemented, the projected IHT liability is £1.23m (35% of the estate).

Outcome 2: If estate planning is actioned in year 8, the projected IHT liability is £0.76m (19% of the estate).

Outcome 3: If estate planning is actioned in year 1, the projected IHT liability is £0.67m (14% of the estate).

We've Made Our Wills

Wills Cannot Reduce IHT Liability

THE REAL PURPOSE OF A WILL

An essential legal document that represents a person's wishes, a Will directs the distribution of a person's estate after they are gone. It appoints executors responsible for administering the estate, names the beneficiaries who are to receive assets and expresses personal wishes.

A Will provides legal certainty about who receives your wealth. It does not change the value of wealth ultimately available for distribution. Completing a Will can bring a sense of relief, and many think of it as the final step in estate planning. Yet, the underlying IHT exposure remains exactly as it was, unimproved by the Will.

THE ESTATE IS STILL EXPOSED

A technically sound Will guides the distribution of assets and helps ensure IHT allowances are claimed. However, it cannot reduce the estate's IHT liability. For IHT purposes, an estate's value is fixed at death, whereas asset type and ownership structure dictate the tax payable.

After death, the opportunity to reduce IHT has gone. The estate is then administered under prevailing tax rules. Reducing IHT is a planning issue, not a drafting issue, that can only be addressed in a person's lifetime. We believe estate planning is only complete when asset distribution and IHT liability are properly resolved in good time.

SAME START, DIFFERENT IHT

	Couple A: Lifetime Planning Omitted	Couple B: Lifetime Planning Fulfilled
£		
Starting Estate	2,500,000	2,500,000
Lifetime Planning	0	1,100,000
Closing Estate	3,100,000	1,734,000
Available IHT Relief	650,000	1,000,000
Taxable Estate	2,450,000	734,000
IHT	980,000	293,600

The table above compares the IHT outcomes for two identical estates, each valued at £2,500,000 on 6 Apr 2009. The first belonged to Couple A and the second to Couple B. Both estates were assessed for IHT on 1 Jul 2026.

Couple A made their Wills on 1 May 2009. Their Closing Estate at second death was £3,100,000. After Available IHT Relief of £650,000 their Taxable Estate was £2,450,000 resulting in an IHT liability of £980,000 at 40%. They did not undertake Lifetime Planning to reduce their estate's IHT liability.

Couple B also made Wills on 1 May 2009. However, they undertook Lifetime Planning, removing £1,100,000 from their Taxable Estate. Their Closing Estate at second death was £1,734,000. After Available IHT Relief of £1,000,000 their Taxable Estate was £734,000 resulting in an IHT liability of £293,600 at 40%.

Please note that the figures above are for illustrative purposes only. It is assumed that:

- No IHT arises on first death for either couple due to the spousal exemption.
- Available IHT Relief includes all transferable allowances between first and second death, per couple.
- The Standard Nil Rate Band remains unchanged at £325,000 per person since 6 Apr 2009.
- The Residence Nil Rate Band of £175,000 per person is lost by Couple A but secured by Couple B.
- The Lifetime Planning arranged by Couple B is fully effective before second death.
- Both estates experience the same compound growth rate of approximately 1.27% per annum.

How About Our Needs

IHT Solutions Can Include Access

THE FEAR OF GIFTING WEALTH

Retirement naturally changes financial priorities. After spending a lifetime accumulating wealth, preserving sufficient resources for future living costs and health care funding becomes a primary concern. Many therefore hesitate because they assume that reducing IHT requires permanently giving assets away.

This concern is natural and understandable. However, reducing IHT does not necessarily require permanent loss of access. Reassuringly, IHT solutions can be tailored to balance tax efficiency with continued access, flexibility and personal control.

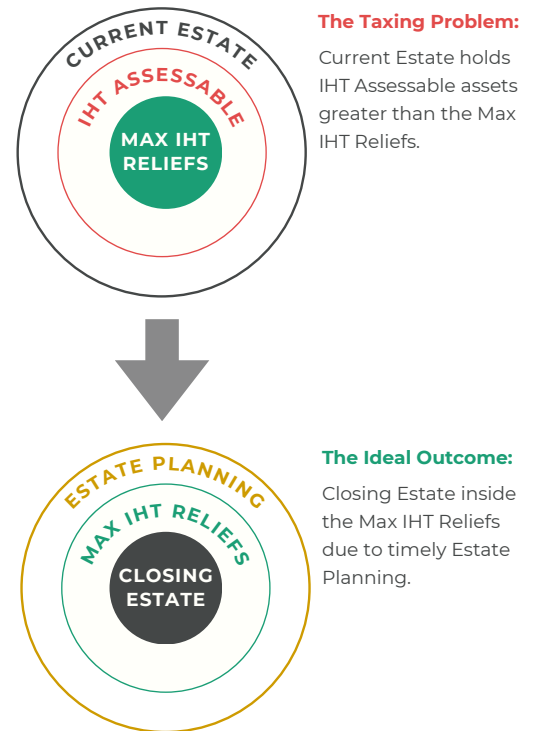
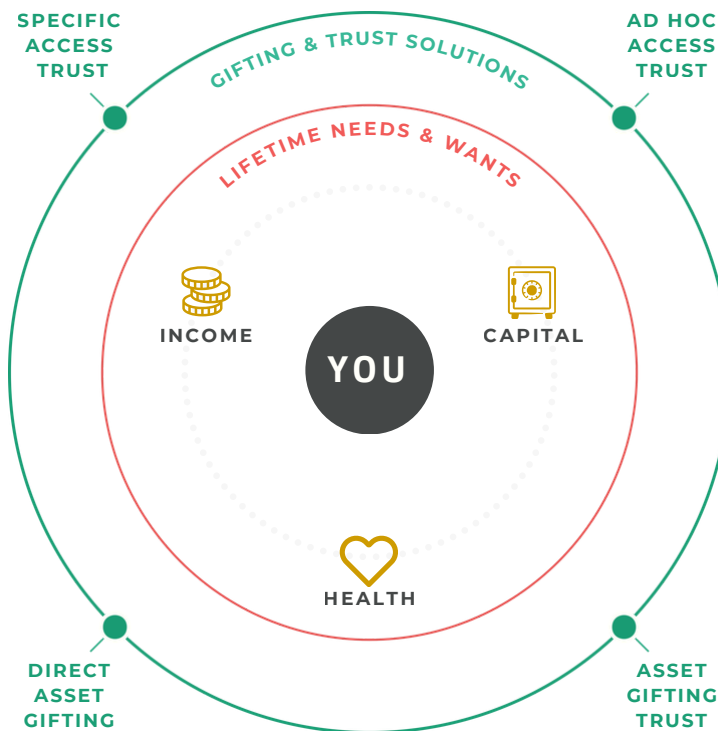
THE WEALTH YOU WILL NEED

The challenge is not only measuring today's wealth, but forecasting how much of that wealth you are likely to require in retirement. Once future expenditure, health care funding and lifestyle objectives have been properly assessed, genuinely surplus capital can often be identified with much greater confidence.

We believe effective estate planning must begin with a clear understanding of lifetime financial needs. This clarity provides the foundation on which to implement appropriate IHT solutions that preserve financial security and reduce avoidable tax.

THE ART OF BALANCING NEEDS, WANTS & IHT EFFICIENCY

Estate planning begins with identifying the wealth required to meet your Lifetime Needs and Wants. The diagram on the left illustrates how IHT Reduction Solutions can be positioned around you to ensure you retain financial abundance for life. The diagram on the right illustrates the ultimate transition - from a Current Estate with an IHT Liability to a Closing Estate covered by the IHT Allowance.



We'll Spend It Anyway

Savers Can Build Wealth And IHT

THE SPENDING EXPECTATIONS

Many enter retirement expecting to spend the wealth they have accumulated. They anticipate funding their lifestyle, supporting their family and meeting future care needs. They assume their estate will naturally reduce over time, limiting future IHT exposure.

However, successful savers frequently accumulate wealth throughout retirement. The prudent habits that enabled them to build wealth extend into retirement and, when combined with asset growth, can silently increase IHT exposure. Within just five years, their estate's IHT liability can be greater than when retirement began.

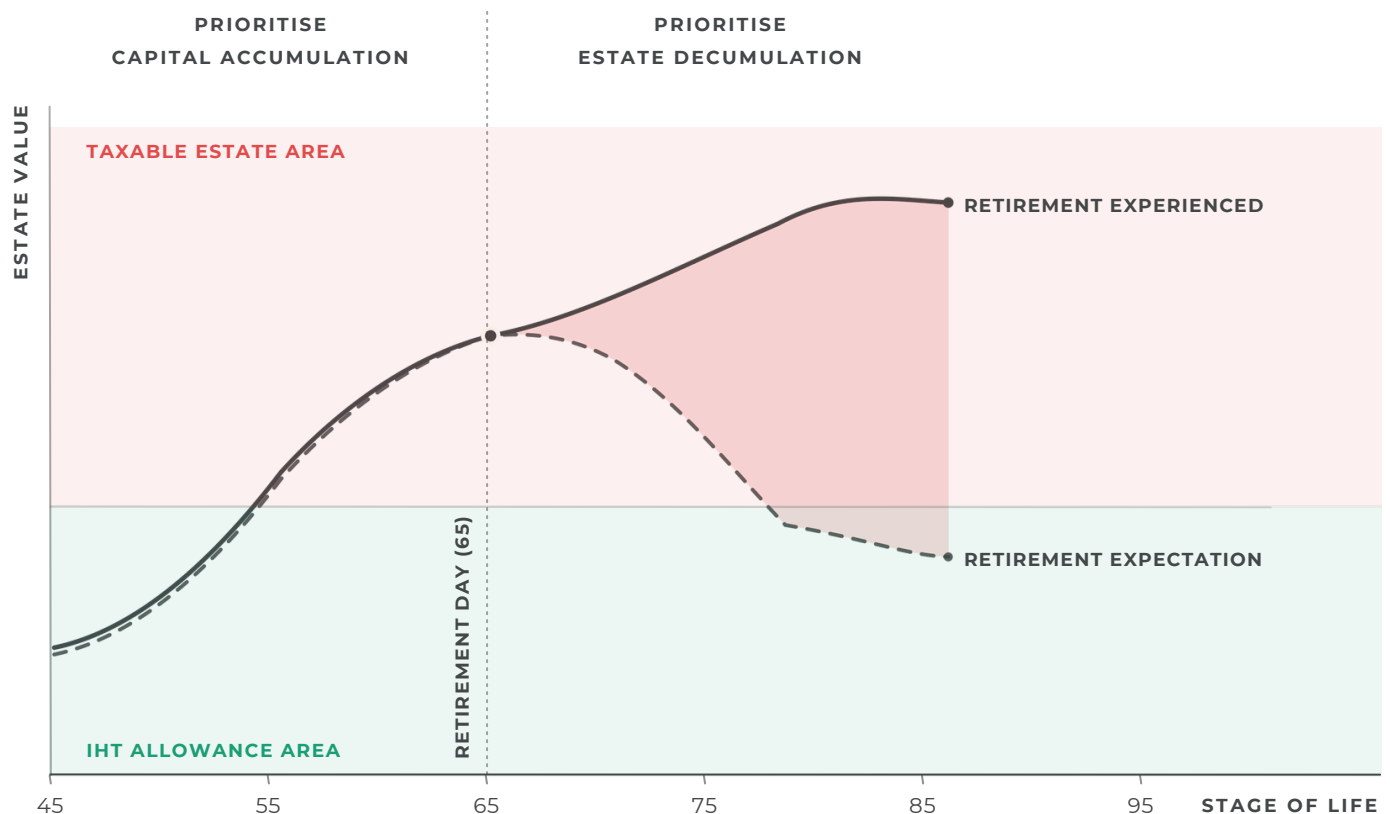
THE PARADOX IN RETIREMENT

Retirement is widely viewed as the stage of life during which accumulated wealth is gradually consumed. For affluent retirees, the opposite is often true. Financial independence allows savings to persist and capital to remain invested, increasing IHT exposure.

Wealth that could have been structured IHT efficiently instead remains within the taxable estate. We believe retirement should not simply be viewed as the final stage of planning. It should also be seen as an opportunity to reassess how accumulated wealth can ultimately pass to the next generation more IHT efficiently.

THE RETIREMENT TRAJECTORY & IMPACT ON IHT LIABILITY

The chart below illustrates how Retirement Experienced by a successful lifetime saver often differs from their Retirement Expectation. Progressive Estate Decumulation is the key to reducing IHT exposure by transitioning assets over time.



Awaiting Better Rules

IHT Rules Progressively Narrow

THE PROMISE OF LEGISLATION

It can be tempting to believe that future changes to IHT legislation will eventually improve the position, perhaps expecting allowances to increase, reliefs to become more generous, or a future government to abolish IHT entirely. Waiting can therefore appear to be a reasonable strategy.

History, however, suggests otherwise. IHT allowances have been frozen for extended periods, while reliefs and exemptions have become more restrictive and qualifying conditions more complex. The long-term direction has generally been towards a progressively narrower estate planning environment.

Misplaced patience can therefore become reliance on an outcome that may never arrive.

THE ADVANTAGE OF STRATEGY

Future tax legislation cannot be predicted with absolute certainty, whereas opportunities available under current legislation can be assessed and acted upon. Strategic estate planning should therefore focus on harnessing known opportunities while they remain available.

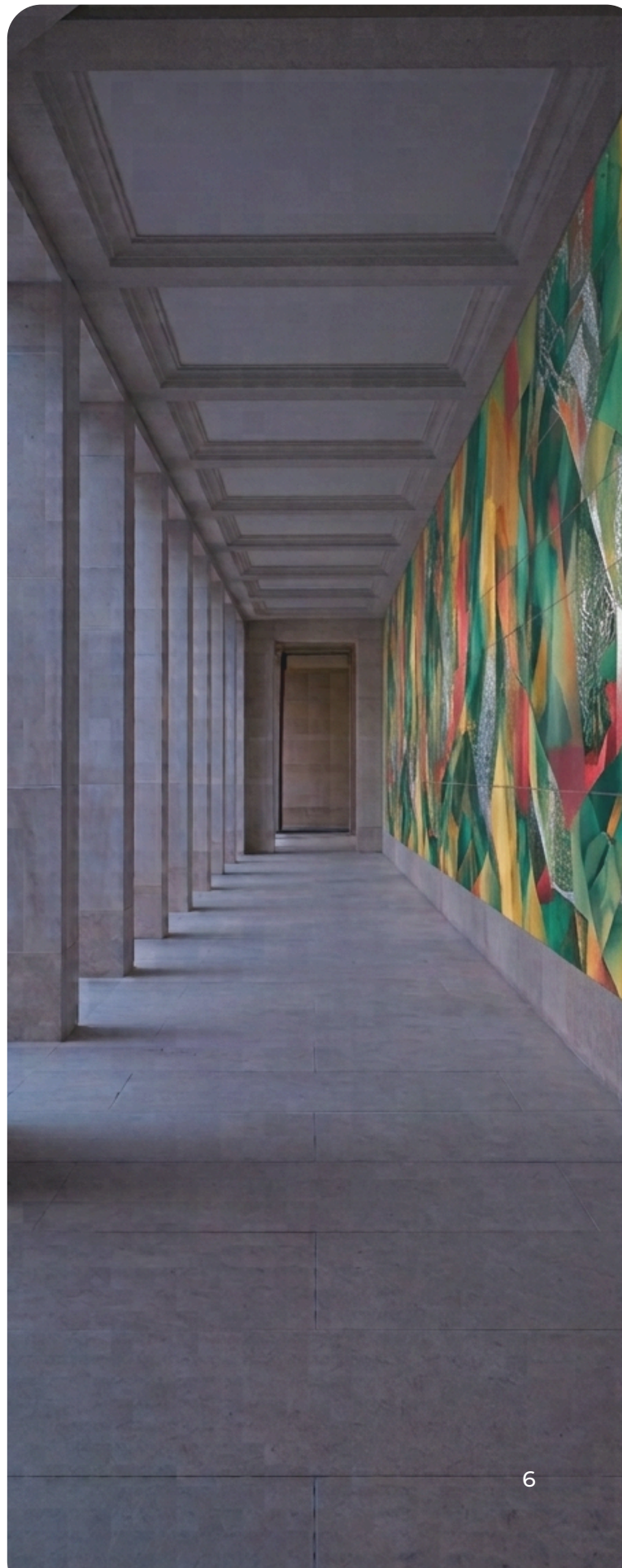
Changes to IHT legislation usually apply from a future date, so generally do not disadvantage estate planning completed under prevailing rules. This can make the timing of implementation as important as the decision to plan itself. We believe estate planning should take advantage of favourable IHT legislation whilst it exists.

Substantial IHT savings historically achieved by many families demonstrate the value of this approach.

THE STRENGTH OF STRUCTURE

Trusts can offer long-term estate planning benefits when carefully structured with provisions for personal access, trustee control and division amongst beneficiaries.

Embracing initial complexity can preserve family wealth for multiple generations to come.



The Detached Adviser

Mitigating IHT Requires Leadership

THE TRADITIONAL APPROACH

Affluent retirees often retain long-standing relationships with several professional advisers.

An accountant may assist with tax compliance, calculate tax and prepare returns. A solicitor may draft Wills and arrange occasional property transfers. A traditional financial adviser may oversee investments for long-term capital accumulation, not strategic estate decumulation. Each adviser provides valuable expertise, but no one is tasked to assume overall estate planning responsibility.

THE LACK OF COORDINATION

Without attentive coordination, the client unknowingly assumes the role of the overall strategist.

They may send the financial adviser's report to the accountant for sense checking, provide tax returns to the financial adviser for review, or instruct the solicitor when essential legal work is required. The client's professional advisers may all be contributing without certainty that they are rowing in the same direction. This can result in sub-optimal estate planning outcomes for the client.

THE SPECIALIST ADVANTAGE

Effective estate planning requires more than individual professional expertise. A specialist adviser can assume strategic responsibility, bringing together financial, taxation and legal considerations around well-defined estate planning objectives. Existing professional advisers can then contribute their respective expertise within a coordinated strategy.

We believe, having accumulated decades of real-world experience, that estate planning is optimised when a specialist adviser provides strategic leadership.





Our Advisory Process

Designed As Three Distinct Phases

Progressing from discovery through evaluation to integration, it takes you from an initial conversation to an ongoing relationship with our firm.

It enables us to understand what matters to you, establish where you are, identify where you want to be and create a Wealth Road Map to help you get there.

DISCOVER

- 1 Focused Exploratory Call**
to agree common ground 
- 2 Discuss Wealth Road Map**
to uncover potential value 

EVALUATE

- 3 Research, Review, Report**
to identify strategy options 
- 4 Consider, Finalise Strategy**
to develop strategy actions 

INTEGRATE

- 5 Complete Strategy Actions**
to fulfil required strategies 
- 6 Confirm Review Schedule**
to keep strategies on track 
- 7 Family Awareness Meeting**
to prepare next generation 

We are pleased to offer the first two steps of our Advisory Process at our expense without obligation.

Why not call us to get started on your Estate Planning Journey? We look forward to hearing from you.

YOUR ESTATE PLANNING JOURNEY COULD START WITH A PHONE CALL

We are pleased to offer the first two steps of our Advisory Process at our expense without obligation.

STEP ONE

Focused Exploratory Call

to agree common ground

STEP TWO

Discuss Wealth Road Map

to uncover potential value

Schedule Free Focused Exploratory Call

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Know someone this could help? Feel free to share this guide with your friends and family.

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