Passing on your wealth to the right people at the right time

Approved by The Openwork Partnership on 06/08/2026

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What is Inheritance Tax (IHT)?

IHT is a tax on the assets that belong to you when you die.

Assets include the total of everything owned by you and a share of anything owned jointly. Here are the most common assets:

Personal property

Securities

Property/land

Cash

Shares

Future inheritances

Chattels

Life insurance death benefits not in trust

The facts

Almost £8.5bn – the amount the government received in Inheritance Tax in the 2025-26 tax year.[1]

[1] Statista 'Inheritance tax receipts in the United Kingdom from 2011/12 to 2025/26' May 2026

The nil-rate band

For the tax year 2026/2027, each individual has a nil-rate band of £325,000. Married couples and civil partners may be able to benefit from a combined allowance of up to £650,000, depending on their circumstances.

If your estate is worth more than this your executor may be liable to pay tax at a current rate of 40%.

An additional nil rate band of up to £175,000 may also be available when your home passes to direct descendants, which can help reduce a potential inheritance tax bill.

HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

Will writing is not part of The Openwork Partnership proposition and is offered in our own right. Openwork Limited accepts no responsibility for this aspect of our business.

Will Writing, Trusts and Estate Planning are not regulated by the Financial Conduct Authority.

OPW_0975_B184_Aug26 | OW8002 | Exp: 05/08/2027

Reducing your IHT liability

There are a range of options that help reduce the potential tax liability on your death. Investing a little time and effort now means you can rest assured the people you want to leave your possessions and wealth to will not be faced with an unexpected bill to pay on your death.

We cover some of the options here, but please do get in touch to discuss the right option for your own personal circumstances:

— **Make a Will and keep it up to date**
The first step to estate planning is to make a Will (if you haven't made one already).

Without a Will your estate will be subject to intestacy rules which could mean the things you leave behind don't go to the people you'd like them to. Once you have made your Will, make sure you keep it up to date as your circumstances may change over time.

Exemptions

There are a number of exemptions that could be used to immediately reduce the value of your estate. If used correctly they are an efficient way to reduce any IHT bill:

— **Annual exemption allowance:** you can gift up to £3,000 each year. Where total gifts in a year fall short of this allowance, the balance can be carried over to the following year and added to that year's allowance. You can carry over up to a maximum of £6,000, and if the carried allowance is not used in that year it will expire.

— **Spouse exemption:** most married couples and civil partners can ensure no IHT is payable by arranging, through a Will, that on first death all the deceased spouse's/partner's assets pass to the surviving spouse/partner.

— **Wedding gift/civil partnership ceremony gifts:**

  — Parents can give up to £5,000
  — Grandparents can give up to £2,500
  — Anyone else can give up to £1,000

— **Small gift**
Up to £250 to as many individuals as you like each tax year, although not to someone who has already received a gift of your whole £3,000 annual exemption.

— **Charity**
Gift at least 10% of the net value of your estate in your Will and potentially reduce the amount of IHT paid to 36%.

— **Normal expenditure**
Regular gifts made from surplus income can be exempt.

— **Trusts**
A trust is a legal arrangement where a person (trustee) holds assets for the good of one or more beneficiaries. Trusts are complicated and must be set up carefully. We can advise you on which trust, if any, may be right for your needs.

Summary

Now you know a little more about inheritance tax, when it applies and what steps you can take to reduce it. However, this is a complicated area and advice is important.

Once you have plans in place, you should review them regularly to make sure they remain right for you.

If you're worried you may be leaving a potential IHT bill to your loved ones, please get in touch.

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