

## **The Scotsman**

**16 August 2008**

### **Inheritance tax planning must include non-property assets**

Thousands of Scots could benefit from the recent changes to inheritance tax (IHT) laws and stagnating house prices. But experts have warned against falling into the trap of ignoring rises in other assets and investments. Under the main change in the legislation, announced last year and finally introduced in the Finance Bill in July, married couples and civil partners.

Under the main change in the legislation, announced last year and finally introduced in the Finance Bill in July, married couples and civil partners can transfer the unused part of their IHT nil-rate band – the value of the estate not subject to IHT – to their surviving spouse or civil partner when they die.

But according to Karen Reid, associate director of CFG wealth Management in Glasgow, many Scots will remain trapped in the IHT net regardless.

The first £312,000 of assets pass to descendants free of IHT and assets or investments transferring to the surviving spouse were already tax free. Now, the nil rate band on the first death passes to the surviving party, so IHT will only be liable on the second death if the estate is more than double the nil rate threshold.

But even though property prices have fallen, other investments can trigger the surprise IHT tax charges, warned Reid.

“The problem is that investment other than residential property will keep on rising. As a consequence, couples with homes in the region of £400,000 to £600,000 and who also have personal capital in the six-figure range are likely to find that growth in the value of their additional funds takes them above the threshold within a few years.”

Gifts away the excess capital now – either into a trust or to family – is one way of countering this prospect, said Reid.

“Survival beyond seven years would remove this from the estate for tax purposes. But many retired couples with capital are loath to transfer personal capital into trust for fear that they need access to the money for themselves in the years ahead.”

For those concerned with potential IHT charges, CFG is offering a free wealth check for couples with estates valued over £500,000.

The check will feature an IHT forecast for a ten-year period based on assumptions about the growth in the value of the estate (including non-property assets) and provide possible solutions for those most likely to incur IHT charges.

For more information call 0141 249 6890 or visit [www.cfgwealthmanagement.co.uk](http://www.cfgwealthmanagement.co.uk).