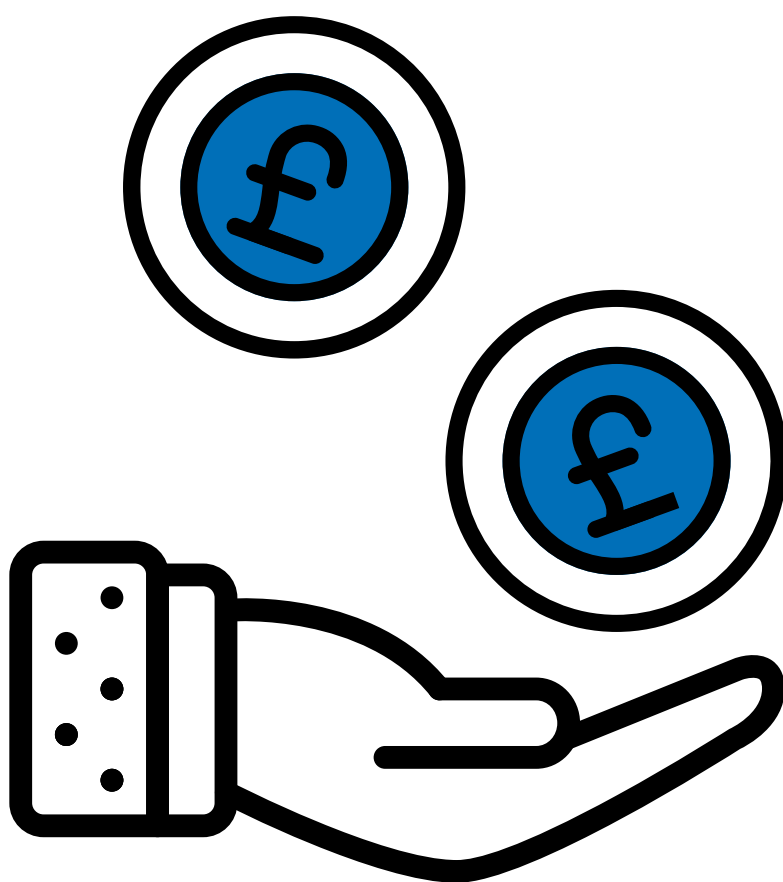


Gift Inter Vivos

Adviser guide



An explanation

With the increasing value of people's homes and more people building assets, Inheritance Tax (IHT) is a growing concern for many more customers. Upon their death, following deduction of their Nil Rate Band (NRB) allowance (£325,000 for 2022/2023) as well as a further potential £175,000 (2022/2023) for the new main residence allowance, then they may be liable to tax at a rate of 40% on their remaining assets.

One way for customers to reduce any IHT liability is for them to make gifts out of their assets during their lifetime. A gift (such as a cash lump sum to children) made during an individual's lifetime may be classed as a potentially exempt transfer (PET) and only become IHT free if the donor survives seven years from the making of the gift. If the donor doesn't survive the seven years then the PET would likely form part of their estate for IHT purposes and could result in a tax liability on the gift (if there is no available nil rate band).

There is taper relief on amounts above the available nil rate band, which could be available during the seven years so if the death occurred in the first three years then 100% of the value of the gift would be used, however this would reduce for deaths in years four to seven (see table below).

Policy year	Full charge of death rate
1 to 3	100%
4	80%
5	60%
6	40%
7	20%

What is Gift Inter Vivos?

A Gift Inter Vivos life insurance policy is one that could provide a lump sum to cover the potential IHT liability that could arise if the donor of a gift not covered by the NRB or Residence Nil Rate Band (RNRB) dies within seven years of making the gift. The lump sum provided is in line with the potential IHT liability and reduces in line with taper relief available (as above).

The policies would be written under trust for the recipients of the gift to enable them to pay the IHT due in respect of the gift if the life assured were to die during the term of the plan.

When is Gift Inter Vivos used?

These plans are useful to people with large estates that want to make a gift, (in excess of their Nil Rate band), in order to reduce their potential bill. Especially if they are concerned that should they die within seven years of making the gift the beneficiary will incur a tax liability.

What are the benefits of Gift Inter Vivos to customers?

By taking this type of insurance the donor helps ensure that the beneficiary can cover any IHT payable on the gift, should they die during the seven years after making the gift, by using the Legal & General pay out to cover that liability.

How can Legal & General support you?

Legal & General can make this process very simple for you. You can call your usual account manager who will advise you how to do the quotes on OLPC (On Line Protection Connect). You only need to complete one application form with the five quotes attached. Legal & General can assist you loading the details onto OLPC.

What are the benefits of our solution?

Legal & General offer this cover via a series of five individual term insurance policies mirroring the liability which means you benefit from:

- Multi-policy discount for all cases
- A single underwriting journey
- Feedback from advisers tells us this route attracts a substantially lower total premium paid over the full 7 year term than a traditional Gift Inter Vivos plan
- A premium that reflects the level of cover your client is receiving at any point in time
- Using five individual plans allows us to address this IHT liability at any anniversary during the term.

Policy year	Total Sum Assured	Monthly Cost					Total monthly cost	Total annual cost
		Plan 1	Plan 2	Plan 3	Plan 4	Plan 5		
1	£900,000.00	£14.42	£14.56	£14.69	£15.57	£16.45	£75.69	£908.28
2	£900,000.00	£14.42	£14.56	£14.69	£15.57	£16.45	£75.69	£908.28
3	£900,000.00	£14.42	£14.56	£14.69	£15.57	£16.45	£75.69	£908.28
4	£720,000.00		£14.56	£14.69	£15.57	£16.45	£61.27	£735.24
5	£540,000.00			£14.69	£15.57	£16.45	£46.71	£560.52
6	£360,000.00				£15.57	£16.45	£32.02	£384.24
7	£180,000.00					£16.45	£16.45	£194.88
								£4,599.72

*The total premium payable for the term of the Gift Inter Vivos plan will be £4599.72 on the basis that your client is accepted on standard terms. Based upon a 50 year old non-smoker. Based on quote dated 21/12/2022

The client can be confident at any point in time that they are paying for the benefit they could receive, as during the seven years when individual policies end, their total premium will decrease.

Life insurance is not a savings or investment product and has no cash value unless a valid claim is made.

Our online menu offering is designed to make it easier for you to do business with us:

It gives you:

- The ability to quote and apply for multiple products from our protection range, in any combination by entering your client's main details only once in one application
- A single underwriting journey per application
- Seamless end-to-end control of your pipeline business
- Multi-plan discounts apply and reduce premiums which will be shown on client specific illustration.

Contacts

Please contact your usual account manager if you have any further queries. [Find your account manager here >](#)

Pre Sale underwriting queries - MUTAL

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0370 3333699

Lines are open Monday to Friday 9am to 5pm. Call charges may vary. We may record and monitor calls.

