

# PASS IT ON.

Our Gift Scheme allows you to potentially reduce the value of your estate for inheritance tax purposes by making a gift to a trust during your life.

## WITH SO MUCH GOING ON IN OUR EVERYDAY LIVES,

planning for the future may not be something we think about. It's never too early or too late to make a start.

Up to 40% of the value of your estate, over certain thresholds set by the government, could be lost to inheritance tax (IHT). If that happens, there will be less to pass on to your loved ones.

With careful planning, it's possible to reduce the amount of tax to pay, as well as ensuring that what you own goes to the people you want it to after you die.



A financial adviser can help you understand how the various estate planning solutions could help you protect your wealth and provide for your loved ones. If you're looking for a solution that potentially reduces the IHT to pay on your estate, the Gift Scheme could be for you.

### WHAT IS THE GIFT SCHEME?

The Gift Scheme can reduce the IHT due when you die by making a cash gift into trust. You'll no longer be able to access the capital you have given away or any growth from the investment.

### HOW CAN A GIFT SCHEME HELP?

- It could reduce the value of your estate for IHT purposes.
- All of the gift will be outside your estate for IHT purposes after seven years.
- Any growth on the investment bond isn't part of your estate for IHT purposes.
- It allows the trustees to make payments to the beneficiaries of the trust at any time.

## NEXT STEPS

Before you make a gift, you need to decide which type of trust to use. There are **three options** available in our Gift Scheme:

### ABSOLUTE TRUST

In this trust, the beneficiaries are named from the start and can never be changed. The beneficiaries are absolutely entitled to the trust.

### FLEXIBLE TRUST

In this trust there are two types of beneficiaries, the default beneficiaries who you name at outset and the discretionary beneficiaries made up of different classes (such as children and grandchildren). The default beneficiaries have a right to any income produced in the trust but the trustees have discretion over who can benefit from the capital of the trust, by how much and when.

### DISCRETIONARY TRUST

In this trust, there are classes of beneficiaries (such as children and grandchildren). The trustees have discretion over who can benefit from the trust, by how much and when.

To set up the trust, the Trust Deed must be completed and signed by you and the trustees you want to appoint.

You make a cash gift to the trustees who invest it into an investment bond with Legal & General.

If you own an existing investment bond that you want to gift into the trust, you can do this rather than, or as well as, making a cash gift. You would need to enter the details of the bond in the Trust Deed when you are completing it.

## WHAT TO DO NEXT

Speak to your financial adviser to find out more about estate planning and the solutions that could be right for you.

**i** The Gift Scheme is available as an investment bond; your adviser will be able to provide you with further information.

The value of an investment bond and any income taken from it, can fall as well as rise and you may get back less than you invest. Although there is no fixed term, you should consider the investment bond as a medium to long-term investment of at least five years, ideally longer.

The details in this guide are based on Legal & General's understanding of tax law and HM Revenue & Customs practice, which may change.



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