

LIFE INSURANCE TO MITIGATE INHERITANCE TAX ON LIFETIME GIFTS

January 2026

£1 MILLION OF TAX AT 40% ON A GIFT OF £2.5 MILLION

Age 40

Policy Year	Sum Assured	Annual Premium
1 to 3	£1,000,000	£461
4	£800,000	£371
5	£600,000	£282
6	£400,000	£192
7	£200,000	£98
Total Premiums Over 7 Year Period		£2,326
Effective IHT Rate		0.09%

Age 70

Policy Year	Sum Assured	Annual Premium
1 to 3	£1,000,000	£6,867
4	£800,000	£5,700
5	£600,000	£4,468
6	£400,000	£3,092
7	£200,000	£1,610
Total Premiums Over 7 Year Period		£35,471
Effective IHT Rate		1.42%

Age 50

Policy Year	Sum Assured	Annual Premium
1 to 3	£1,000,000	£1,078
4	£800,000	£896
5	£600,000	£704
6	£400,000	£489
7	£200,000	£265
Total Premiums Over 7 Year Period		£5,589
Effective IHT Rate		0.21%

Age 75

Policy Year	Sum Assured	Annual Premium
1 to 3	£1,000,000	£12,539
4	£800,000	£10,465
5	£600,000	£8,263
6	£400,000	£5,792
7	£200,000	£3,032
Total Premiums Over 7 Year Period		£65,168
Effective IHT Rate		2.61%

Age 60

Policy Year	Sum Assured	Annual Premium
1 to 3	£1,000,000	£2,666
4	£800,000	£2,158
5	£600,000	£1,649
6	£400,000	£1,141
7	£200,000	£591
Total Premiums Over 7 Year Period		£13,536
Effective IHT Rate		0.54%

Age 80

Policy Year	Sum Assured	Annual Premium
1 to 3	£1,000,000	£29,702
4	£800,000	£24,624
5	£600,000	£19,247
6	£400,000	£13,273
7	£200,000	£6,873
Total Premiums Over 7 Year Period		£153,124
Effective IHT Rate		6.12%

Effective IHT Rate calculated by expressing total premiums payable as a percentage of the lifetime gift.

All premiums are indicative only and assume standard rates for a client that is a non-smoker and UK resident. This information is intended for professional advisers only. Source Iress.