RISK ASSURED

LIFE INSURANCE SPECIALISTS

# LIFE INSURANCE TO MITIGATE INHERITANCE TAX ON LIFETIME GIFTS

## OCTOBER 2025

## £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 50

| Policy Year | Sum Assured | Annual Premium |
|---|---|---|
| 1 to 3 | £1,000,000 | £1,059 |
| 4 | £800,000 | £880 |
| 5 | £600,000 | £691 |
| 6 | £400,000 | £481 |
| 7 | £200,000 | £261 |
| **Total Premiums Over 7 Year Period** | | **£5,490** |
| **Effective IHT Rate** | | **0.21%** |

### 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 70

| Policy Year | Sum Assured | Annual Premium |
|---|---|---|
| 1 to 3 | £1,000,000 | £6,732 |
| 4 | £800,000 | £5,589 |
| 5 | £600,000 | £4,380 |
| 6 | £400,000 | £3,031 |
| 7 | £200,000 | £1,579 |
| **Total Premiums Over 7 Year Period** | | **£34,776** |
| **Effective IHT Rate** | | **1.39%** |

### Age 75

| Policy Year | Sum Assured | Annual Premium |
|---|---|---|
| 1 to 3 | £1,000,000 | £12,293 |
| 4 | £800,000 | £10,260 |
| 5 | £600,000 | £8,101 |
| 6 | £400,000 | £5,678 |
| 7 | £200,000 | £2,973 |
| **Total Premiums Over 7 Year Period** | | **£63.891** |
| **Effective IHT Rate** | | **2.55%** |

### Age 80

| Policy Year | Sum Assured | Annual Premium |
|---|---|---|
| 1 to 3 | £1,000,000 | £30,280 |
| 4 | £800,000 | £25,098 |
| 5 | £600,000 | £19,610 |
| 6 | £400,000 | £13,513 |
| 7 | £200,000 | £6,982 |
| **Total Premiums Over 7 Year Period** | | **£156,042** |
| **Effective IHT Rate** | | **6.24%** |

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.

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