

LIFE INSURANCE TO MITIGATE INHERITANCE TAX ON LIFETIME GIFTS

SEPTEMBER 2024

COSTS FOR £1 MILLION OF COVER ON A LIFETIME GIFT OF £2.5 MILLION

Age 40

Policy Year	Sum Assured	Annual Premium
1 to 3	£1,000,000	£437
4	£800,000	£352
5	£600,000	£267
6	£400,000	£181
7	£200,000	£93
Total Premiums Over 7 Year Period		£2,203
Effective IHT Rate		0.09%

Age 70

Policy Year	Sum Assured	Annual Premium
1 to 3	£1,000,000	£6,085
4	£800,000	£5,008
5	£600,000	£3,887
6	£400,000	£2,703
7	£200,000	£1,418
Total Premiums Over 7 Year Period		£31,270
Effective IHT Rate		1.25%

Age 50

Policy Year	Sum Assured	Annual Premium
1 to 3	£1,000,000	£996
4	£800,000	£828
5	£600,000	£651
6	£400,000	£454
7	£200,000	£247
Total Premiums Over 7 Year Period		£5,167
Effective IHT Rate		0.21%

Age 75

Policy Year	Sum Assured	Annual Premium
1 to 3	£1,000,000	£11,278
4	£800,000	£9,283
5	£600,000	£7,250
6	£400,000	£5,032
7	£200,000	£2,624
Total Premiums Over 7 Year Period		£58,023
Effective IHT Rate		2.32%

Age 60

Policy Year	Sum Assured	Annual Premium
1 to 3	£1,000,000	£2,586
4	£800,000	£2,145
5	£600,000	£1,678
6	£400,000	£1,158
7	£200,000	£608
Total Premiums Over 7 Year Period		£13,348
Effective IHT Rate		0.53%

Age 80

Policy Year	Sum Assured	Annual Premium
1 to 3	£1,000,000	£27,051
4	£800,000	£22,483
5	£600,000	£17,647
6	£400,000	£12,272
7	£200,000	£6,408
Total Premiums Over 7 Year Period		£139,964
Effective IHT Rate		5.60%

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.