

LIFE INSURANCE TO MITIGATE INHERITANCE TAX ON LIFETIME GIFTS

JULY 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	£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	£6,543
4	£800,000	£5,405
5	£600,000	£4,210
6	£400,000	£2,902
7	£200,000	£1,499
Total Premiums Over 7 Year Period		£33,645
Effective IHT Rate		1.35%

Age 50

Policy Year	Sum Assured	Annual Premium
1 to 3	£1,000,000	£1,039
4	£800,000	£855
5	£600,000	£659
6	£400,000	£452
7	£200,000	£233
Total Premiums Over 7 Year Period		£5,317
Effective IHT Rate		0.21%

Age 75

Policy Year	Sum Assured	Annual Premium
1 to 3	£1,000,000	£10,987
4	£800,000	£9,214
5	£600,000	£7,273
6	£400,000	£5,119
7	£200,000	£2,703
Total Premiums Over 7 Year Period		£57,270
Effective IHT Rate		2.29%

Age 60

Policy Year	Sum Assured	Annual Premium
1 to 3	£1,000,000	£2,412
4	£800,000	£1,937
5	£600,000	£1,462
6	£400,000	£986
7	£200,000	£511
Total Premiums Over 7 Year Period		£12,133
Effective IHT Rate		0.49%

Age 80

Policy Year	Sum Assured	Annual Premium
1 to 3	£1,000,000	£27,840
4	£800,000	£23,139
5	£600,000	£18,161
6	£400,000	£12,630
7	£200,000	£6,595
Total Premiums Over 7 Year Period		£144,045
Effective IHT Rate		5.76%

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.