

LIFE INSURANCE TO MITIGATE INHERITANCE TAX ON LIFETIME GIFTS FOR BPR/APR ASSETS
January 2026
£1 MILLION OF TAX AT 20% ON A GIFT OF £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	0.05%	

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	0.77%	

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	0.11%	

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	1.40%	

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	0.27%	

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	3.12%	

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.