ELYSIUM WEALTH
ADVISORS

UK INHERITANCE TAX & ESTATE PLANNING GUIDE 2027

2027 EDITION

Protect your wealth and plan your legacy with confidence.

WEALTH PLANNING | ESTATE PLANNING | TAX EFFICIENCY | GENERATIONAL WEALTH

elysiumwealthadvisors.com

Inheritance Tax at a glance

The headline rate is only one part of the calculation. Exemptions, reliefs, gifts and residence rules all matter.

NIL-RATE BAND

£325,000

Frozen at this level through 2030/31 under current policy.

RESIDENCE NIL-RATE BAND

£175,000

For a qualifying residence passing to direct descendants; tapered above £2m estates.

MAIN IHT RATE

40%

36% can apply to qualifying estates leaving 10% or more to charity.

POTENTIAL COUPLE TOTAL

Up to £1m

Where both nil-rate bands and residence nil-rate bands transfer and conditions are met.

ANNUAL GIFTING EXEMPTION

£3,000

Unused amount can be carried forward one tax year.

A major 2027 change

From 6 April 2027, most unused pension funds and pension death benefits will be brought within the value of a deceased person’s estate for IHT purposes. Death-in-service benefits from registered pension schemes remain outside the change, and spouse/civil-partner and charity exemptions continue to be relevant.

GOVERNMENT IMPACT ESTIMATE

HMRC estimates that in 2027/28 around 10,500 estates with inheritable pension wealth could become newly liable to IHT and around 38,500 estates could pay more IHT. The estimated average increase in IHT liability for affected estates is around £34,000.

Pensions and IHT from 6 April 2027

WHAT CHANGES

- Most unused pension funds and pension death benefits are brought into the estate for IHT purposes on deaths from 6 April 2027.
- Personal representatives are responsible for reporting and paying IHT attributable to affected pension wealth, with information-sharing and payment processes involving schemes and beneficiaries.
- The reform is legislated in Finance Act 2026; HMRC has published technical notes and expects further supporting regulations and guidance before implementation.

IMPORTANT EXCEPTIONS AND NUANCES

- Death-in-service benefits payable from registered pension schemes are excluded from the reform.
- Spouse/civil-partner and charity exemptions remain relevant when qualifying benefits pass to them.
- Cross-border treatment can depend on long-term UK residence status and where the pension scheme is established.
- Income Tax can still apply separately to inherited pension benefits; IHT and Income Tax need to be considered together.

PLANNING POINT

A pension should no longer be viewed automatically as “outside the estate”. Retirement withdrawals, gifting, insurance and beneficiary planning may need to be revisited as one integrated estate plan.

Lifetime gifting

USEFUL EXEMPTIONS

- Annual exemption: £3,000 per tax year, with one year of unused exemption potentially carried forward.
- Small gifts: up to £250 per person per tax year, subject to the rules.
- Wedding/civil partnership gifts: up to £5,000 to a child, £2,500 to a grandchild/great-grandchild, or £1,000 to another person.
- Normal expenditure out of income can be exempt where gifts are regular, affordable after normal living costs and genuinely made from income.

THE SEVEN-YEAR RULE

- Potentially exempt gifts can fall outside the estate if the donor survives seven years.
- If death occurs within seven years, earlier gifts may use the nil-rate band and tax may become due.
- Taper relief can reduce the tax rate on gifts made more than three years before death, but it does not restore the nil-rate band used by gifts.
- Gifts where the donor retains a benefit can remain in the estate under “gift with reservation” rules.

PLANNING POINT

Good gifting records matter: dates, amounts, recipients, exemptions claimed, evidence of income and affordability should be retained for executors.

Wills, trusts and beneficiaries

CORE ESTATE DOCUMENTS

- A current will should reflect family circumstances, executors, guardianship wishes and how assets are to pass.
- Pension and life-policy beneficiary nominations should be reviewed alongside the will, because they may follow different decision processes.
- Powers of attorney and clear records of assets, liabilities and digital accounts can reduce administration difficulties.
- Cross-border estates may need coordinated wills or succession advice in more than one jurisdiction.

TRUSTS: USEFUL, BUT NOT SIMPLE

- Trusts can provide control, protection and succession flexibility, but tax treatment depends on the trust type.
- Relevant-property trusts can face entry, ten-year anniversary and exit charges; the maximum periodic/exit rate can be up to 6%.
- Transfers into some trusts are immediately chargeable lifetime transfers rather than potentially exempt gifts.
- Trusts should be chosen for a clear planning purpose, not simply because they are assumed to "save IHT".

PLANNING POINT

Estate planning is legal, tax and investment planning at the same time. The most effective structure is usually the one that works for the family even if tax rules change.

Your next-step checklist

Use this as a discussion framework with your adviser; it is not a substitute for personal advice.

BEFORE YOU ACT

- ☐ Estimate the estate including property, investments, business interests and pension wealth under the post-2027 rules.
- ☐ Review wills, executors and beneficiary nominations together.
- ☐ Map available nil-rate bands, residence nil-rate bands and transferable allowances.
- ☐ Keep a formal gifting record and evidence for gifts out of normal expenditure.
- ☐ Review trust arrangements for purpose, tax charges, control and administration.
- ☐ Consider liquidity: how would executors fund IHT without forcing an untimely asset sale?
- ☐ Revisit life assurance and other funding strategies where an IHT exposure is likely.

Primary sources and further reading

• GOV.UK - Inheritance Tax on pensions: Technical Note (11/29 May 2026) and Technical Note 2 (27 August 2026).
• GOV.UK - Inheritance Tax on unused pension funds and death benefits: policy paper / impact estimates.
• GOV.UK - Inheritance Tax thresholds: nil-rate band £325,000, residence nil-rate band £175,000, £2m taper threshold.
• GOV.UK - How Inheritance Tax works: rules on giving gifts (annual exemption, seven-year rule, normal expenditure out of income).
• GOV.UK - Trusts and Inheritance Tax; HMRC Inheritance Tax Manual (trust charges and QNUPS sections).

Talk to Elysium Wealth Advisors

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Information correct as at 27 August 2026. This guide is for general information only and does not constitute personal financial, investment, tax or legal advice. Tax treatment depends on individual circumstances and may change. Cross-border matters can depend on both UK law and the law of your country of residence.

About Gary Day

Founder of Elysium Wealth Advisors | Senior Wealth Advisor

28+ YEARS

INTERNATIONAL FINANCIAL SERVICES

Experience shaped by discipline

Gary Day brings more than 28 years of international financial services experience across the United Kingdom, Europe and the Middle East. He began his professional career in the British Army before moving into financial services in 1990, developing a disciplined, structured and analytical approach that continues to shape his advisory work.

CLIENT FOCUS

International and expatriate clients navigating complex, multi-jurisdictional financial decisions with a need for clarity, precision and long-term structure.

GLOBAL PERSPECTIVE

Gary works with clients across the EU, the UAE and other international markets, supporting a geographically diverse client base. He is also involved in UAE-based estate planning structures through Elysium's regional operations.

Core areas of expertise

01 Cross-border financial planning

International residence, mobility and multi-jurisdictional considerations.

02 Estate & succession planning

Including UAE wills and structures intended to support orderly wealth transfer.

03 Pension structuring & transfers

Guidance informed by extensive pension and transfer-related professional education.

04 Investment portfolio design

Portfolio construction aligned to objectives, risk and time horizon.

05 Protection planning

Individual and corporate protection as part of a broader financial strategy.

ADVISORY APPROACH **Clarity | Precision | Long-term structure**

Professional qualifications

Industry-recognised qualifications and advanced specialist study

PROFESSIONAL QUALIFICATIONS

01 Level 4 Diploma in Financial Services - Institute of Financial Services

02 Financial Planning Certificate - Chartered Insurance Institute

03 CF2: Investment and Risk - Chartered Insurance Institute

04 Mortgage Advice Qualification - Chartered Insurance Institute

05 Equity Release Qualification - Chartered Insurance Institute

06 Long-Term Care Qualification - Chartered Insurance Institute

07 Level 6 Award in Pension Transfers - Institute of Financial Services

ADVANCED SPECIALIST TRAINING

- Professional Certificate in Hedge Funds - New York Institute of Finance
- Equity Portfolio Management - New York Institute of Finance
- Fixed Income Portfolio Management - New York Institute of Finance
- Foundations of Central Bank Law - KU Leuven
- Governance in the European Union - KU Leuven
- European Union Law - KU Leuven
- Contract Law: From Trust to Promise to Contract - HarvardX
- Public Debt, Investment, and Growth (DIG & DIGNAR Models) - International Monetary Fund
- Local Currency Bond Markets - International Monetary Fund

ISLAMIC FINANCE CERTIFICATIONS

Islamic Banking: Principles, Practice and Risk Management - Islamic Research and Training Institute

Islamic Insurance and Investment - Islamic Research and Training Institute

Career context

Gary has held senior advisory and leadership roles within FCA-regulated firms in the UK and has extensive experience working with high-net-worth individuals, internationally mobile professionals and expatriates.

One coordinated advisory framework

Designed to connect planning decisions rather than treat each financial issue in isolation.

What clients say

Independent client feedback highlighting clarity, service and long-term relationships

> Gary provided an independent review and report on transferring two UK pensions for me. Gary's report was very detailed and clearly laid out the difference between old and new schemes, and highlighted everything I needed to know.

Verified Client

Outside UK / United Kingdom

> Thank you, Gary. You and your team were absolutely fantastic throughout the entire process. Your professionalism, expertise, and dedication made everything seamless and stress-free. I truly appreciate all your efforts and can't thank you enough. I will definitely be recommending your services to others.

Grant B.

United Arab Emirates

> For the last 10 years Gary Day has given us guidance and support in our portfolio management and planning for retirement. His approach is straight forward and there's been no hidden agenda. He presents things in an easy-to-understand way. Gary very knowledgeable, calm but enthusiastic to deal with. We value his advice.

Elaine P & John

Hungary

Real people. Real results.

Let's build your future, together.

Trusted across borders

Client relationships, profile summary and contact details

“ Gary has been helping with my finances for many years, I have complete trust in his advice. My pensions have been managed, I have an ISA and a Bond, all based on the guidance Gary has provided. Can't recommend him highly enough.

Hannah G - Milton K

United Kingdom

“ I am delighted to recommend my financial advisor, Mr. Gary Day. His expertise and professionalism in managing my portfolio have been invaluable. He provides insightful, reliable advice and is a dedicated, customer-focused communicator. I highly recommend his services to anyone seeking a knowledgeable and trustworthy financial advisor.

David B.

United States

“ We were extremely impressed with the will preparation and coordination services provided by Gary Day and Elysium44. The whole process was clear, personable and professional from start to finish, with everything explained in a straightforward and reassuring manner. We were kept well informed throughout, and the service represented excellent value for money. We are very happy with the final results and would have no hesitation in recommending Gary and Elysium44 to anyone looking for a professional and reliable will preparation service.

Lee B

United Arab Emirates

Profile summary

Gary Day combines more than 28 years of international financial services experience with a broad range of professional qualifications and specialist training. His work centres on bespoke financial strategies for expatriates, high-net-worth individuals and internationally mobile clients, with particular focus on cross-border planning, estate and succession planning, pensions, investments and protection.

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Independent. Global. Client focused.

Clarity, structure and long-term decision-making.