Questions and Answers from Thursday 18 June 2020.

**Q1) How were the tax savings you mentioned arrived at overall?**

A1) Over the three webinars we looked at gifts of £500,000 from the grandparents; gifting out of surplus income of £20,000 for ten years; £750,000 from Claire and Peter and the transfer of their Abersoch property to give total gifts of £1.7m and a potential IHT saving of 40% = £680,000 plus the benefit of securing the additional main residence allowance and deferring capital gains tax on the transfer of Abersoch property gives a total saving of £900,000.

If a gift of half of the business assets to Trust on death is factored in that brings it to £1.6m with significant funds outside of the estate too.

**Moira O'Shaughnessy, Financial Planning Corporation.**

**Q2) Assuming that there are no changes to pensions on death, what would happen to my pension pot if I lived into my 80s but didn't take all of the tax-free cash in my pension? Would my daughter be able to receive this tax-free?**

A2) Unfortunately, if you die after age 75 without taking all of your tax-free cash, the tax-free cash is essentially lost, and all of the 'pot' is taxed at your daughter's marginal rate of income tax.

**Helen Thomas, Financial Planning Corporation.**

**Q3) How long might a divorce take to conclude?**

A3) The divorce process (and we are not including here the length of time it may take to conclude the financial side of a divorce in reaching a settlement) can be quick – about 3-4 months if the both parties agree and co-operate in dealing with the process online.
By contrast if the Court process is used – because one party is not going to co-operate then it can take much longer – at least 6 to 8 months and could be longer. There is a minimum 6 weeks "cooling off" period between decree nisi and being able to apply for a Decree Absolute in any event. It is usually advantageous to delay applying for Decree Absolute until after a financial settlement has been reached and an order has been made by the Court.

**Helen Marriott, Brabners.**

**Q4) I've nominated my children to receive my pension when I die but I don't want them to take it all out as a lump sum, is there any way I can insist that they choose the income option?**

A4) Put simply, no. The only way to retain a level of control would be to nominate a trust instead of your children and give the trustees as letter of wishes detailing how you would like the funds to be distributed to the beneficiaries.

**Helen Thomas, Financial Planning Corporation.**

**Q5) If I change my will to exclude any provision for my soon to be ex-spouse, as I am in the middle of a divorce, but then I die before Decree Absolute what happens?**

A5) Yours spouse could bring a claim against your estate under the Inheritance (Provision for Family and Dependants) Act 1975 simply by virtue of still being your spouse.

**Helen Marriott, Brabners.**

**Q6) In the recent Inheritance Tax reform paper, what are the reliefs for business assets on death?**

A6) The paper recommends that Business Property Relief is abolished and so there is no specific Inheritance relief for business assets on death. However, the report proposes that there would be the option to pay the Inheritance Tax on that business interest in ten-year instalments or until the business interest is sold (if earlier).

**David McGurnaghan, Brabners.**