

Equity Release and Inheritance Tax:

It is also possible to use Equity Release to mitigate your Inheritance Tax liability. Equity Release is often thought of as a means to release cash from the value of your property for people who are "asset rich - cash poor." But it can also be used to reduce potential IHT.

The cash released can be given away, and after 7 years would fall outside of the estate. It could also be used with other options such as a Discounted Gift Trust (see bonds and trusts) and benefit from an immediate reduction.

By effectively reducing the amount of equity that is held within the estate this can be a highly effective way of reducing IHT issues. It must also be noted that you would always be able to live in your property. The pros and cons of this method be discussed with a qualified IFA.

This method will not be suitable for all. Please use our enquiry page to request further information.