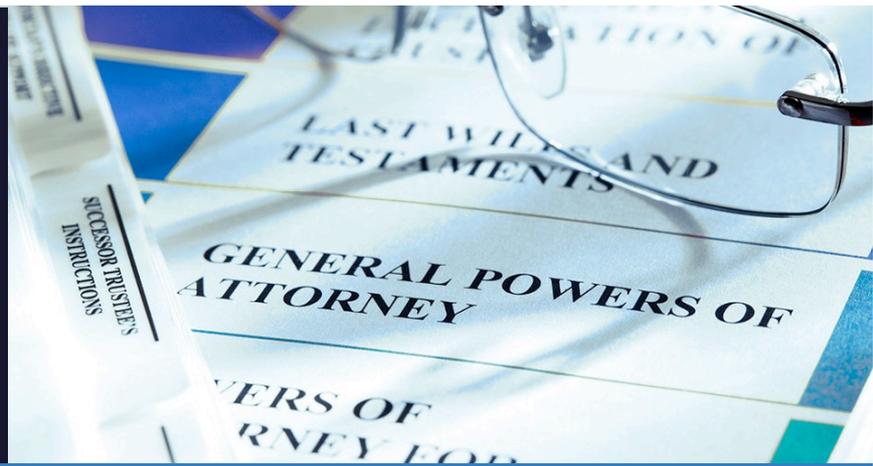


Protect your Family's Inheritance



Inheritance Tax

The level of inheritance tax collected by the Revenue has increased significantly in recent years and as the average number of children per family has reduced in recent times it makes it more likely that families will incur an inheritance tax liability.

Most of us don't consider the financial implications of inheritance tax when we decide to make a will in order to look after our families and dependents in the event of our death. If you are leaving all your estate to your spouse, there is no inheritance tax due.

Group	Relationship to Disponer	Threshold
A	Son / Daughter	€310,000
B	Parent / Brother / Sister / Niece /Nephew / Grandchild	€32,500
C	Relationship other than Group A or B	€16,250

The tax payable over the individual tax free threshold is calculated at 33% of the remaining value of the inheritance/gift. Most people leave the bulk of their estate to their children, as such if the inheritance is more than €310,000 inheritance tax will be payable. Often the majority of the value of one's estate relates to the family home and unless the beneficiary has enough cash to meet the potential inheritance tax liability the asset itself may have to be sold to meet the inheritance tax demand. The following table shows an example of an inheritance tax calculation: -

Inheritance Tax Calculation	
Family Home	€1,450,000
Cash	€ 125,000
Life Assurance	€ 400,000
Total Value of Estate	€1,975,000
2 Children As Beneficiaries	
Each Child Inheritance Amount	€ 987,500
Tax Free Threshold	€ 310,000
Taxable Value	€ 677,500
Tax Payable @ 33%	€ 223,575
Each Child's Net Inheritance	€ 763,925

As you can see from the above illustration there is an inheritance tax liability of €223,575 per child or €447,150 in total representing over 22% of the overall value of the estate.

Solutions

If like most people, you would prefer to see your beneficiaries receive the total value of your estate than there is a solution.

Inheritance tax assurance (section 72 policy) enables you to take out a life policy to the value of the inheritance tax debt. The proceeds of the policy do not form part of the estate for inheritance tax calculations and as such the full proceeds of the policy can be used to clear any inheritance tax due. Leaving the overall value of the estate intact.

Parents themselves can take out the policy or if children are financially independent they can pay for the policy for their parents as in reality they will be the beneficiaries of the overall value of the estate.

It is most important that when completing a financial review that you look for advice regarding estate planning. As part of the MoneyCoach solution, we not only will advise you of the potential inheritance tax liability, provide you with a cost-effective solution but also get independent tax advice to ensure that our proposal not only meets your specific requirements but is tax effective.