

## Inheritance Tax – Could your pension lose 40% of its value?

Prior to April 2027, unused pension funds on death were generally excluded from Inheritance Tax and Estate valuations.

However, from April 2027, unused pension funds and death benefits will be subject to Inheritance Tax.

*Whilst individuals are entitled to the Nil Rate Band, currently set at £325,000, pension funds that exceed this amount will be subject to Inheritance Tax at a rate of 40%.*

The personal representatives, who are usually the executor(s) of a will, will primarily be responsible for reporting and paying any Inheritance tax due on pension funds and death benefits, although they can request that the pension scheme administrators pay this.

There are several exemptions in place, which includes Death in Service benefits paid from registered pension schemes.

It is becoming increasingly vital to review any pension plans and wills currently in place, to ensure these are structured in a tax-efficient way for Inheritance Tax purposes, and to avoid any unnecessary surprises.

If you do require assistance, please do let us know and we can steer you in the right direction.

Contact your team at [Galloways](#) today!

Just call us on 0800 012 9190 or [email us](#)