INHERITANCE TAX PLANNING

BY KEITH LIGGETT, DIRECTOR AND ESTATE PLANNING SPECIALIST

Inheritance tax remains one of the areas where the lack of planning in advance leads to large proportions of estates being paid to the HMRC. After personal allowances the remainder is taxed at 40%.

There are many ways one can address this problem but each situation needs careful assessment to ensure that steps taken now for the mitigation of inheritance tax will provide a solution in the future. A recent ruling by the House of Lords on agricultural land will have a major impact.

With up to a third of the land in Northern Ireland let as conacre (a type of agricultural let not operated elsewhere in the UK), there is increasing concern among local famers that they may not be able to leave their farms to the next generation free from tax as has traditionally been the case. The House of Lords recently refused a further appeal that seems to suggest that farming land with development potential will no longer be exempt from IHT. This introduces a level of uncertainty that needs expert help to overcome.

In Medimoneycare there are many clients in the medical and dental professions who may feel that such a ruling has no affect on their circumstances but since many are from farming backgrounds this could have a major impact. It is my advice at this time that if you have not already any IHT planning in place you should ask us for our help in assessing your potential liability. If you have done IHT planning in the past it is important that you review your present arrangements and this is particularly important where there are trusts involved. As a specialist in this area I am ideally placed to provide the advice that will help solve your IHT problems.

NHS PENSION CHOICES BY IAIN FLEMING, SENIOR CONSULTANT

The NHS pension scheme represents the longest financial commitment that you will contribute to and hopefully the longest financial commitment that you will draw upon! Electing to remain in the 1995 Section Scheme or transfer to the 2008 Section Scheme, will certainly have an impact on that commitment.

Despite contributing between 6.5% and 8.5% of basic salary to the scheme (even more if you are making extra contributions to fund your full compliment of added years) very few appreciate the benefits afforded & the impact of the changes of the 1995 section and 2008 section schemes.

By now, you should be in possession of your Pension Choice Statement. The statement not only compares the main benefits & features of each scheme, but illustrates your retirement benefits afforded by each scheme. It closes with an invitation to elect membership of either scheme before the deadline of 31st January 2010.

Deciding whether to remain in the 1995 Section Scheme or transfer to the 2008 Section Scheme is a significant financial decision and as each person's position will be different, it is important that you consider all the pertinent issues. The two most important are the age at which you plan to retire and whether you're likely to leave the pension scheme before retirement.

Making an uninformed decision to remain in the old scheme or transfer to the new, would appear to be folly. If you have any doubt, as to which scheme to elect, we are well placed as financial specialists to the profession, to offer some guidance on the matter

CHILD TRUST FUNDS BY IRVINE GREY

Very often Child Trust Fund vouchers (CFT) are viewed a meagre amount of money that requires little thought as to how best to invest. An article in the Observer in August 2008 showed that for the previous twelve months only 58% had bothered to invest their vouchers. Given that you are looking at an investment of eighteen years it is important that you ensure that your CFT Voucher is invested to provide above average returns. There are a number of providers around who want to invest your voucher and it is not a case where they are all similar. Most provide a choice of deposit accounts and equity based funds. Charges and performance between various providers show quite a gap so it makes sense to ask for independent financial advice. Even if you have a CFT we can review this and this can be transferred to another provider if that would be appropriate. There are many who are making additional investments into the CFT account and this has the potential to build up significant capital in the future but it does need to be carefully monitored. For more information please give us a call or complete the reply slip and return it to us.