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- BROCHURE -

Estate planning

Create a legacy for future generations

Estate or inheritance planning is simply outlining what you want to happen to your estate and your dependents when you're no longer here.

A robust plan using tax efficient measures including wills and trusts could help you protect your assets and help your loved ones.

Estate planning covers:

- Managing your tax obligations
- Putting a comprehensive will in place that reflects your wishes
- Creating a long-term care plan to provide for your future needs
- Safeguarding the financial stability of your loved ones

Estate planning is not just for the wealthy. Largely due to the enhanced value of homes in Ireland, Nearly one-in-ten households inherited their main home and 15pc have been gifted some kind of property, according to new research on intergenerational wealth.

Your Fairstone financial planner will work with you to estimate your potential inheritance tax obligations and provide you with tailored advice on how to manage these requirements.

Your estate planning strategy:

Common considerations include:

- Utilising available tax allowances and exemptions
- Taking insurance to cover your bill
- Reducing your estate by making tax-free gifts
- Spending your money

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Utilising tax allowances

Pensions, and trusts

Pensions

When it comes to pensions, there is no one size fits all approach, and each of us will have our individual ways of saving into our retirement pots.
Those pensions you have built up a fund value with are generally not subject to inheritance tax, which can be a benefit of using pensions for estate planning. Please refer to our retirement planning brochure for further information or speak to your financial adviser.

Trusts

A trust is a way to make sure your assets are given to your loved ones in a timely manner, without incurring an inheritance tax bill. One benefit of using a trust is that it can be set up exactly to your own wishes.
Trusts can be very complex and we recommend speaking to your Fairstone financial adviser when considering this route.

Using life insurance to cover your inheritance tax bill

To support your beneficiaries in paying future inheritance tax liabilities, you could take out a life insurance policy to cover the anticipated bill.

After you die, your assets cannot be distributed in line with your will until the inheritance tax bill has been settled. This often causes issues as the tax needs to be paid but the money from your estate cannot be released to pay it.
An insurance policy that will pay out a lump sum on your death could act as a means of settling the bill quickly and easily.
It is important to remember to set up any such policy in trust. This ensures the payout can go directly to your beneficiaries. If you don't utilise a trust, the money will form part of your estate and your loved ones won't be able to access it until the inheritance tax bill has been paid.

A Fairstone financial adviser can support you in finding the right policy for your circumstances and ensure it is efficiently set up.

Reducing your estate

Gifts

You don't need to wait until after you have gone to share your wealth with your loved ones. You may want to help parents with their long-term care costs, support a child with a deposit for their first home or pay the education fees for a grandchild.

While Revenue has put rules in place to prevent people from avoiding an inheritance tax bill by simply giving away all of their money on their deathbed, Gifts and inheritances can be received tax-free up to a certain amount. The tax-free amount, or threshold, varies depending on your relationship to the person giving the benefit. There are three different categories or groups. If you receive a gift, you may have to pay gift tax on it. If you receive an inheritance following a death, it may be liable to inheritance tax. Both these taxes are types of Capital Acquisitions Tax.

Group A applies where the beneficiary, the person receiving the benefit, is a child of the person giving it. This includes a stepchild or an adopted child.

- Parent - see also Group A above
- Grandparent
- Grandchild or great-grandchild - see below
- Brother or sister
- Nephew or niece of the giver - see below

Group C applies to any relationship not included in Group A or Group B.

Current CAT thresholds (from 9 October 2019)

Group A: €335,000	Applies where the beneficiary is a child (including adopted child, step-child and certain foster children) or minor child of a deceased child of the disponer. Parents also fall within this threshold where they take an inheritance of an absolute interest from a child.
Group B: €32,500	Applies where the beneficiary is a brother, sister, niece, nephew or lineal ancestor or lineal descendant of the disponer.
Group C: €16,250	Applies in all other cases.

Source: https://www.citizensinformation.ie/en/money_and_tax/tax/capital_taxes/capital_acquisitions_tax.html

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Your future

While most people focus on what they can leave behind, it is important to remember that you have worked hard for your money and you should make sure you enjoy it. It is also sensible to think about your longer-term financial freedoms and the potential need for later life care.

Long-term care

As we continue to live longer, the cost of long-term care is something we should all be thinking about. Professional financial advice can help you make provisions for your care costs in later life.

Spending your money

It may seem obvious but spending your money will reduce your inheritance tax bill. That said, spending too much money now could mean a shortfall in the future. Your financial adviser can work with you to forecast your future finances, showing you how much money you'll need for your projected retirement plans, how much you can afford to spend and how much you have to gift - leaving you confident in your decision making and giving you peace of mind for the future.

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Estate planning can be an extremely complex and emotive area...

Advanced planning and independent financial advice can help ensure you have the most effective plan in place to meet your unique needs and enable you to create a legacy for future generations.
Every family is different, and we will work with you and your beneficiaries over the long-term to ensure your plan stays relevant to your circumstances and most importantly that it remains tax efficient.

Get in touch today to book your first meeting:

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