



Six in ten retirees unaware of Inheritance Tax threshold, Just Group finds

- 59% of respondents said they did not know the IHT threshold for the value of an estate
- Four in ten (41%) said they did not have a clear understanding of IHT rules in general

Research carried out by **retirement specialist Just Group** for its **Countdown to Retirement** research series¹ has revealed an important gap among retired and semi-retired over 55s' understanding about Inheritance Tax (IHT) despite increasing numbers falling into the threshold.

The majority (51%) of those surveyed said that they did not know what the threshold is for the value of an estate to pay IHT with a further 8% of the respondents stating that they were not sure.

The starting threshold for IHT (the Nil Rate Band) has been unchanged since 2009 at £325,000, that would be equal to nearly £500,000 today if it had been adjusted by inflation. The residence Nil Rate Band, introduced in 2017, is currently £175,000 and has not increased since 2020-21. Both bands are set to remain frozen for almost another five years until April 2028.

In the meantime, the average UK property price has risen 30% in the past five years, growing from £218,642 in April 2017 to £283,871 in April 2023².

Awareness of the IHT thresholds was slightly stronger among the top third highest-income pensioners responding to the survey, but even among this group 42% still said that they did not know what the thresholds are.

Similarly, half of retirees (50%) also said they did not have a clear understanding of the IHT rules and the amount that can be passed on before tax, an important point for people to understand given that HMRC recently raised its forecast for the number of extra estates it expects to incur Inheritance Tax.

The government estimated in last November's Autumn statement that an additional 13,400 estates would pay IHT in the seven years to 2028 as a result of the frozen starting thresholds³. This was revised up by 36,000 to 49,400 – a near four-fold increase – in the Spring Budget.

Stephen Lowe, group communications director at retirement specialist Just Group, commented: "The pincer movement of rising property prices and frozen tax thresholds means that more and more families are getting caught in the Inheritance Tax trap."

"Anyone planning to pass on an inheritance to their loved ones should make sure they understand if the Inheritance Tax rules will affect their plans and how to mitigate the impact if they do.

"Homeowners should ensure they have an up to date valuation of their property to check whether recent substantial property price rises have tipped them over the threshold.

“Professional, regulated advice can also help people work out the total value of their estate, calculate how much Inheritance Tax those inheriting the estate may be likely to owe and understand what options they have to minimise a future tax bill.”

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Notes to Editors

1 – Just Group, survey of 1,050 UK adults aged 55+ and retired/semi-retired conducted by conducted by Opinion between 17th and 27th August 2023

2 – Land Registry, UK House Price Index: <https://landregistry.data.gov.uk/app/ukhpi>

3 – Daily Telegraph FOI to HMRC, Tens of thousands more families to be dragged into paying inheritance tax: <https://www.telegraph.co.uk/politics/2023/07/30/tens-of-thousands-more-families-to-pay-inheritance-tax>

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