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Inheritance Tax and Pension Death Benefits

What is changing from 6 April 2027?

Following legislation in Finance Act 2026, most unused pension funds and pension death benefits will be brought within the value of a deceased person's estate for Inheritance Tax (IHT) purposes from 6 April 2027. Total estate value will be calculated from all assets including unused pension assets.

Key Details At A Glance

- **Implementation date:** Applies to deaths on or after 6 April 2027.
- **IHT rate:** Where the estate exceeds available nil-rate bands, the standard IHT rate of 40% applies to the excess.
- **Spouse / civil partner:** The spouse and civil partner exemption remains available. Qualifying charitable gifts also remain exempt.
- **Income Tax after age 75:** Income Tax may also apply when beneficiaries withdraw pension death benefits. The rules include a mechanism to reduce the Income Tax bill to reflect IHT.

What You Could Do Now

- Make sure your beneficiaries and personal representatives know about your pension arrangements and how to contact us.
- Review your Expression of Wishes / Nomination Form and make sure it reflects your current wishes. Contact us to ensure your details are up to date.
- Speak to your Independent Financial Adviser (IFA). An adviser will review your pension drawdown, spending strategy, insurance, gifting/use of trusts and allowances to create a strategy that's appropriate for your individual needs and circumstances.
- **If you do not currently have an Independent Financial Adviser**, go online to **www.unbiased.co.uk** to find an Independent Financial Adviser. Alternatively, **contact us** and we can refer you to an appropriate regulated adviser.

Contact Us

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Organon Trustees

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