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Aviva sees more Britons avoiding IHT by using pre-inheritance gifts

Nearly half of Britons receive a pre-inheritance gift from a relative or loved one before the person dies, according to research by life and pensions provider Aviva.

About 46 per cent of adults say that they have received a pre-inheritance, where the benefactor passes on some of their estate to beneficiaries before they die, compared with 37 per cent who have received a traditional inheritance.

Clive Bolton, a retirement director for Aviva, said: "We are now seeing a number of shifts in how people use their money in retirement. The pre-inheritance is a fairly new initiative.

"Alongside the obvious benefits of cutting the amount of money liable for inheritance tax, it also seems many benefactors like to see their money being enjoyed while they are still alive.

"For example, some people are choosing to help their grandchildren by paying off student debts or providing a deposit for a first home. We understand that everyone has different priorities in retirement. However, we also know that while many over-55s want to assist their loved ones, for some leaving a pre-inheritance is not an option, as they need all their money to support their retirement.

"We would encourage anyone in this position to consider all their assets, so they can really enjoy their golden years and potentially help their loved ones too."

Fiona Sharp, senior financial adviser for Norfolk-based Almary Green Investments, said: "I would agree pre-inheritance is on the rise, as parents are gifting to their children to help them get on the property ladder.

"But some people are continuing to stick to the traditional model, for instance, because of long-term care issues."