GUIDE TO LEAVING A LASTING LEGACY

WEALTH ISN'T MEASURED JUST IN FINANCIAL TERMS, BUT IN THE IMPACT IT LEAVES BEHIND.

RAYMOND JAMES

At Raymond James we have decades of experience in helping our clients grow and manage their wealth across all of life's major events.

IN THIS GUIDE

YOUR WEALTH. YOUR JOURNEY

No two financial journeys are ever the same, and they tend to evolve through life as new priorities and commitments factor in. The tax traps and challenges that come with higher incomes and higher levels of overall wealth demand well-thought-out strategies.

You don't have to sail blind. In this series of high-net-worth (HNW) guides, you'll hear from our expert Raymond James Wealth Managers and Financial Planners on how to navigate the twists and turns of your financial life. The series draws on the experience of our people, findings from our research and real conversations with our clients.

GUIDE 1: Building strong foundations
(for people aged 25-35)

GUIDE 2: Growing wealth
(for people aged 35-50)

GUIDE 3: At retirement
(for people aged 50-60)

GUIDE 4: Leaving a lasting legacy
(for people aged 60+)

We hope you find our guides valuable and can use the insights as a basis for your discussions with a financial professional.

99% | of survey respondents are planning to pass down their wealth[1].

To create a lasting legacy that truly makes a difference, you'll need to make sure you're preserving and structuring your wealth in the best way possible in the lead up to succession.

Leaving a legacy is an act of kindness that can benefit future generations. It's important to ensure your wealth is invested such that when succession comes, it's there and waiting to be passed on. This can be achieved through expert advice on a number of fronts.

Reassess your investment strategy

The right wealth structure and investment strategy are the engine of good succession planning. Investing needs to operate hand in hand with a strategy that makes sure your assets are available at the right time and are invested in the right places.

Lasting power of attorney

A lasting power of attorney (LPA) is a vital part of long-term financial planning. It allows people to make health or financial decisions on your behalf should you temporarily or permanently lose the ability to do this for yourself. If you haven't already, it's wise to appoint one or more 'attorneys' to act for you and manage your affairs. LPAs can be made at any time, providing you have sufficient mental capacity.

If you don't make an LPA, someone who wants to act on your behalf will need to apply to the Court of Protection. From there, they can be appointed as your 'deputy'. Not only can this be a lengthy and costly process, but it may also not be the person you'd choose.

- **There are two main types of LPA:** one that covers health and social decisions, and one that covers financial decisions.

Create a will

A key part of legacy planning is making sure the right assets go to the right people and at the right time. Partly, this can be done through a Will, which will set out what assets are earmarked for whom. Anyone who dies without a Will is subject to the laws of intestacy and might find their assets aren't distributed as they expect. When was the last time you updated your Will with important assets or checked who the beneficiaries are? If you don't have a Will, we strongly recommend creating one – no matter your age.

An investment strategy for succession planning will include:

- **Inflation protection** – making sure your assets are inflation protected is essential to looking after their long-term value.
- **Liquidity** – this is how quickly an asset can be sold for cash. Assets need to be available for distributing to heirs at the right time, but also to manage ongoing cash flow requirements.
- **Impact investment** – making sure investments are harmonised with philanthropic and charitable goals.

"Your plan should be reviewed regularly to reflect legislative changes and personal circumstances. A recent example is the inclusion of most pensions within the scope of inheritance tax – effective from April 2027."

LAURA RUSSELL | DIRECTOR OF FINANCIAL PLANNING, RAYMOND JAMES

Planning ahead ensures you have the broadest range of options to mitigate inheritance tax (IHT) for your heirs, making full use of gifts, spousal exemptions, and nil-rate bands.

The standard IHT rate is 40% and is only charged on the portion of your estate above the tax-free thresholds, which are:

£325,000 nil-rate band

This is the value of assets you can pass on without triggering an additional tax charge.

£175,000 residence nil-rate band

No matter the age you die, this is the value of your main home that can be passed to a direct descendant, such as a child or grandchild and/or their spouses, without triggering a tax charge. The allowance is capped at the value of your home and is tapered for any estates worth more than £2mn.

- **Both nil-rate bands are frozen at their respective current levels until at least April 2031.**

A word on spousal relief

If the first spouse has not used their personal nil-rate bands to benefit beneficiaries (everything goes to the surviving spouse), their tax-free allowances can be added to those of the surviving spouse. This means that married couples and those in civil partnerships can pass on £1mn tax free.

Gifting

Financial gifts are likely to be the first port of call for any IHT mitigation strategy. The first £3,000 you gift each tax year immediately falls outside of your estate for IHT purposes. This is known as your “gifting annual exemption”.

DID YOU KNOW?

IHT is forecast to affect over 37,000 estates in 2027, generating nearly £9bn in revenue[2].

Other options for tax free gifting:

1. **Gift £5,000 to a child or £2,500 to a grandchild for a wedding.**
2. **Make unlimited "small gifts" of £250 to as many people as you like, provided you haven't used any other gifting exemptions on them.**
3. **Give unlimited "gifts from excess income" provided you can maintain your usual standard of living after making the gift and can cover the gift with more income in the year it is made.**

Trusts

A trust can be used to place assets where you retain control but make them more tax efficient. In some cases, trusts can act as a halfway house – allowing access to income or capital while removing the assets from your estate. There are many rules about this and it requires careful planning, so it's important to get professional advice.

The seven-year rule explained:

The rule states that gifts will fall outside your estate provided you live for seven years after making them.

If you don't survive for the full seven years, the recipient may pay some IHT on the gift when you pass away.

The amount they pay depends on how long you lived for after transferring the wealth – and this applies on a sliding scale.

77% — **Over three-quarters of wealthy individuals keep track of how much they have ever gifted to family members or friends[3].**

44% — **Nearly half say they have given large sums of money to friends and family for their savings and plan to give more[4].**

Using the annual gifting exemption of £3,000 should be a routine part of any IHT strategy.

Business relief

Business relief is an area of tax planning which is poorly understood; only half of wealthy individuals (51%) understand the rules[5]. Since April 2026, a combined business and agricultural relief allowance of £2.5mn applies per person. This replaces an original proposal for a £1mn combined allowance and gives people considerably more flexibility. For instance, someone with £2.3mn in qualifying business assets and £200,000 in agricultural assets would remain within the combined limit. Amounts above £2.5mn still benefit from 50% relief.

Qualifying AIM shares, however, are treated differently. They don't sit inside this £2.5mn allowance at all. Instead, since 6 April 2026, all qualifying AIM shares will receive a flat 50% relief, no matter how much they're worth.

Capital Gains tax

For capital gains tax (CGT), rates have risen while tax allowances have dropped, meaning more realised profits from assets are falling into the tax net. However, CGT is effectively null and voided upon death. If assets are passed on, the value for the heir is the probate value.

However, if assets are transferred before death, they can be subject to the tax. It's important to bear this in mind with your IHT bill

Changes to pensions & IHT

The IHT treatment of pensions has been subject to considerable change. Prior to 2015, most retirees converted their pension savings into an annuity which died with them unless they included a "widows" pension option. But the Pension Freedom Act gave retirees more flexibility, allowing some or all of their savings to remain invested. This made it possible for the next generation to inherit any unused pension funds tax free. However, that is set to change from April 2027, when unused pension funds will be subject to inheritance tax. There are still circumstances in which pensions can be used for succession planning, but they need to be employed carefully.

With the government engaged in a wide review of the pensions and retirement landscape over the next 18 months, we can expect some tweaks to the pension rules. Perhaps even some wide-ranging changes. But major shifts in the short term look unlikely beyond what was announced in the 2024 Autumn Budget with the inclusion of pension pots in estates for IHT purposes from 2027.

Supporting medical, educational, cultural, or social programmes can create a lasting legacy with meaning.

Philanthropy has become an increasing priority for wealthy individuals. The amount given by foundations in the US now exceeds $100bn per year.

In the UK, the Charities Aid Foundation estimates that if the wealthy donated 1% of their investable assets, they would collectively unlock an estimated £19.9bn for good causes.

There are a range of options available for those who want to give.

Charitable giving and one-off donations

A starting point for many wealthy individuals will be charitable giving. This has the advantage of being both flexible and tax efficient. If you complete a Gift Aid certificate, the charity can claim an additional 20% from HMRC, and if you are a higher or additional-rate taxpayer, you can claim tax relief through your annual self-assessment form.

It's possible to donate qualifying assets to charity – such as shares, land, or property – and these gifts aren't subject to CGT. It's also possible to receive income tax relief on the market value of the asset, again via your annual self-assessment form.

In terms of IHT benefits, any gifts to charity which have been set out in your Will are exempt from the death tax.

Further to that, if you leave more than 10% of your net estate to charity, the IHT rate on the remainder on your estate drops from 40% to 36%.

Making sure you have a Will in place is important for specifying exactly which charities you wish to fund and how much you want to give them. Without a Will, intestacy laws will be applied, and your favoured charities might receive nothing.

36%

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ARE YOU PREPARED FOR THE UPCOMING CHANGES TO IHT?

77%

of experts are seeing more clients interested in gifting assets.

80%

of lawyers have seen a rise in IHT enquiries over the last six months.

66%

of lawyers believe people aren’t aware of their options.

28%

of under-40s are now seeking IHT advice.

Source: The Association of Lifetime Lawyers.

Inheritances shouldn't be surprising gifts. To make sure of a confident handover of wealth, give your heirs plenty of warning and guidance on how to handle your estate.

It's important not to forget the emotional impact of large wealth transfers on those who receive them. The sudden acquisition of wealth by people not used to dealing with large sums of money can be a burden rather than a bonus, causing anxiety and turmoil about what to do with it. Legacy means passing on your wisdom and experience as well as your wealth.

Done in the right way, an inheritance presents an opportunity to create long-term stability and fulfilment for those you love. It's worth considering the following:

- **The right advisers** – does the inheritor know who to talk to?
- **Early involvement** – have the heirs been involved in the transition process? Do they know what they are likely to receive and how to manage it?
- **The right structures** – have you put the right structures and parameters around any inheritance to ensure the inheritor is mature enough before they receive it?
- **Protection** – have you put protections in place to ensure that loved ones aren't exploited and that they have all the necessary insurances and business protections?
- **Earmarked funds** – would it help the inheritor to earmark funds for specific purposes, such as education?

It’s not always an easy conversation

While 88% of respondents to Raymond James’s High-Net-Worth Survey 2025 said they were comfortable talking about money, succession planning remains a sensitive topic.

Even among the financially confident, planning for the future can be emotionally complex. Starting the conversation early can make all the difference.

45% **of people have not discussed succession planning with family or beneficiaries[6].**

11% **say they do not intend to discuss their plans at all and are simply putting it off[7].**

Entrust a dedicated Raymond James Wealth Manager to provide you with a holistic financial plan and a personalised investment strategy.

Our experts are

- **Experienced and knowledgeable** in helping clients secure a better financial future, no matter how complex their needs.
- **Flexible and accessible** advice tailored to you, available by phone, video, or in-person with local branches across the UK.

Our experts can help you

- **Plan ahead** – alleviate worries about potential future life events and how they might affect your finances.
- **Align your goals** – personalised recommendations tailored to your financial goals, stage of life, affordability, risk tolerance, and investment timeline.
- **Protect family wealth** – preserve family wealth by minimising taxes on assets passed down, ensuring family members receive maximum inheritance.
- **Navigate complex regulations and tax rules** – advisers are experienced in tax-efficient wealth management. They'll provide personalised strategies to optimise your tax allowances.
- **Increase potential returns and manage risk** – advisers support you through the market ups and downs and manage risk by diversifying your wealth.

At Raymond James, we specialise in helping wealthy individuals preserve, protect and grow their wealth across generations. Contact us to find out how we can help secure a brighter financial future for you and your family.

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WITH INVESTING, YOUR CAPITAL IS AT RISK

1 Source: Raymond James' High-Net-Worth Survey 2025, 2 Source: HMRC Freedom of Information request, 2025.
3 & 4 Source: Raymond James' High-Net-Worth Survey 2025., 5 Source: Raymond James' High-Net-Worth Survey 2025,
6 & 7 Raymond James' High-Net-Worth Survey 2025, 8 Source: HMRC Freedom of Information request, 2025.