

ESTATE PLANNING ESSENTIALS FOR PROTECTING YOUR FAMILY'S WEALTH

Safeguarding your legacy
in Norfolk, Suffolk, and Essex

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Safeguarding your legacy in Norfolk, Suffolk, and Essex

Estate planning is a vital step in protecting your financial legacy and ensuring a smooth transfer of assets to future generations. At DG Financial, we recognise that for families in Norfolk, Suffolk, and Essex, addressing specific considerations is often essential. These include the high value of rural estates, the succession of agricultural businesses, and property-related assets. The complexities of UK tax laws during the 2025/26 tax year make it more important than ever to have a comprehensive and strategic plan in place.

This article guides you through essential estate planning strategies, from Inheritance Tax (IHT) mitigation and trust utilisation to philanthropic giving, all tailored to the needs of affluent families in these regions. Getting these steps right provides you with control over your wealth and peace of mind for you and your loved ones.

WHY ESTATE PLANNING IS CRUCIAL FOR AFFLUENT FAMILIES

The foundation of any long-term wealth strategy is detailed estate planning. It helps you protect your assets, manage your wealth efficiently, and distribute your estate according to your wishes. This is especially vital for families with

significant assets, as the lack of an effective estate plan could result in costly mistakes, tax issues, and legal conflicts among beneficiaries.

RISKS OF A REACTIVE APPROACH TO ESTATE PLANNING

Failing to act proactively can have severe financial consequences.

Without a plan, your estate might endure:

- Unnecessary tax liabilities, particularly IHT.
- Lengthy legal processes due to disputes or unclear instructions.
- Dissolution of substantial estates or businesses can endanger livelihoods.

For residents in Norfolk, Suffolk, and Essex, the stakes can be exceptionally high. Many families may own large properties, farms, or established businesses, and careful planning is essential to safeguard these treasured assets for future generations.

NAVIGATING THE COMPLEXITIES OF THE UK'S INHERITANCE TAX RULES

Currently, Inheritance Tax (IHT) is charged at a rate of 40% on any part of your estate that exceeds the IHT-free allowance. For the tax year 2025/26, the Nil-Rate Band (NRB) remains at £325,000, and the Residence Nil-Rate Band provides an extra threshold of £175,000 for qualifying family homes.

The October 2024 Budget proposed sweeping changes to IHT, significantly tightening the laws that were previously more forgiving for families with trading businesses and farmland. Effective from April 2026, these types of assets will have reliefs capped at 100% for the first £1 million of qualifying assets. For valuations exceeding £1 million, the relief will reduce the IHT payable by 50%. While this is lower than the standard 40% rate, the inclusion of businesses and farms within the IHT net has sparked fierce debate, leaving many families



scrambling to reassess their estate planning strategies.

LIFETIME GIFTING AS A SAFEGUARD FOR FAMILY LEGACIES

For families in Norfolk, Suffolk, and Essex, lifetime gifting is one of the simplest and most effective ways to reduce IHT liabilities while safeguarding a legacy. By gifting assets during your lifetime, they can be excluded from IHT calculations, provided you survive for at least seven years after making the gift. This method is especially advantageous for families managing agricultural land, property, or longstanding businesses.

Strategies like holdover relief can help business owners manage potential Capital Gains Tax (CGT) liabilities when transferring shares or other assets. Holdover relief allows the recipient to inherit the assets at the donor's original base cost, thereby reducing immediate CGT consequences.

However, gifting requires careful evaluation. The main focus is to ensure that gifting assets does not compromise your financial stability. Detailed cash

flow planning is crucial to maintaining sufficient income to cover your future needs and lifestyle. The £1 million IHT relief for businesses and farms in the UK now resets every seven years, similar to the nil rate band, enabling multiple gifts while providing flexibility to manage family wealth effectively.

To minimise IHT and preserve family wealth, consider these strategies:

- **Lifetime Gifts:** Regular gifting can effectively lower the value of your taxable estate. For example, a £3,000 annual exemption can be gifted tax-free, while larger transfers may benefit from the seven-year rule provided you survive long enough.
- **Exemptions for Agricultural Estates:** Policies like Agricultural Property Relief (APR) allow a percentage of qualifying agricultural land and buildings to be exempt from IHT. This is especially relevant for families in rural areas of Norfolk and Suffolk who own farmland or manage estates.
- **Intergenerational Transfers:** Passing family homes or businesses directly to

children or grandchildren may qualify for reliefs, significantly reducing the IHT burden.

For families with substantial property assets in Essex, where property prices have increased significantly, applying these strategies can be particularly effective. At DG Financial, our team of expert wealth advisers will help optimise your approach to IHT.

PREPARING FOR ASSET SALES AND TAX OBLIGATIONS

When gifting is not a suitable option, selling assets such as land or businesses may be an alternative for families in East Anglia. However, this strategy requires thorough preparation. From April 2026, the proceeds of a sale will be subject to the full 40% IHT rate on death, effectively doubling the impact from the previous 20%. To minimise this liability, families may consider placing assets in trust before the sale. Trusts allow the proceeds to be protected from the higher rate but can involve increased setup costs and administrative demands after 2026.



Furthermore, selling assets can trigger an immediate Corporation Tax (CGT) liability. Planning ahead is crucial to ensure these charges can be covered. Innovative strategies, such as reinvesting proceeds into tax-efficient products like gilts or qualifying corporate bonds, are becoming increasingly popular. These options can provide reliable income and help your family preserve their wealth, even during economic challenges like rising interest rates. The suitability of this approach depends on each family's individual financial goals and circumstances.

TRUSTS AS AN ESSENTIAL ESTATE PLANNING TOOL

Trusts have long been a valuable tool for estate planning among wealthy families, enabling effective management and control of wealth while lowering tax liabilities. They facilitate organised asset distribution, allowing families to maintain control over their assets even across multiple generations.

CHOOSING THE RIGHT TRUST FOR YOUR CIRCUMSTANCES

■ **Discretionary Trusts:** These offer flexibility, allowing trustees to decide

how and when to distribute funds to beneficiaries, which is particularly useful for families with young children or businesses.

■ **Life Interest Trusts:** These provide income to a specific individual for life while preserving the capital for other beneficiaries later.

■ **Bare Trusts:** Often simpler in structure, these are ideal for those wanting to transfer assets directly to beneficiaries quickly, particularly for grown children or grandchildren.

For families owning agricultural estates in Norfolk or heritage properties in Suffolk, trusts can secure these assets against IHT or family disputes while ensuring they are held according to your wishes.

GETTING YOUR WILL IN ORDER

Having a current and legally valid Will is essential for any estate plan. A well-drafted Will clarifies your wishes, ensuring assets are distributed efficiently and helping to prevent potential disputes among loved ones.

TAILORING A WILL TO YOUR NEEDS

When drafting a Will, focus on these key aspects:

Asset Listing: Include all property, investments, and other significant possessions.

Executors: Name reliable individuals to administer your estate. Consider professionals for complex estates involving family businesses or multiple beneficiaries.

Guardianship for Minors: If you have underage children, ensure their future care is clearly documented.

For families in Essex with high-value property portfolios or those managing farms in rural Norfolk, working with professionals to create a bespoke will ensures that your unique circumstances are thoroughly considered.

ADAPTING TO TAX LAW CHANGES IN 2025/26

UK tax laws evolve frequently, and the 2025/26 tax year sees continued freezes on thresholds, creating new challenges for high-net-worth families. If inflation-adjusted estate values exceed tax thresholds, families might face increased tax burdens.

STAYING AHEAD THROUGH ANNUAL REVIEWS

Regularly reviewing your financial situation and estate plan with the wealth advice team at DG Financial will keep

it up-to-date with changing legislation. This is especially vital for families in Norfolk managing large landholdings or commercial properties that appreciate over time.

PHILANTHROPY AND BUILDING A LEGACY

Charitable giving is not only an altruistic act but also a highly efficient way of reducing IHT exposure. Setting up channels, such as Donor-Advised Funds (DAFs) or charitable trusts, enables tax-free transfers while aligning giving efforts with meaningful causes, including conservation projects in Suffolk or community support in Essex.

For families in Norfolk with a history of philanthropy, legacy-driven planning can cement their goodwill for future generations.

LIFE INSURANCE AS A SHIELD AGAINST IHT

For families in Norfolk, Suffolk, and Essex looking to protect their financial legacies, life insurance offers a reliable solution to cover anticipated IHT liabilities. Specifically designed policies, often written within a trust, ensure that the insurance payout is exempt from IHT. This can cover tax bills without needing to sell key family assets, such as farmland or heritage properties.

A common strategy is to pair insurance with other approaches, such as gifting. For example, term life insurance can be used to cover the seven-year period during which a gifted asset remains part of the estate for tax purposes. Most policies are adaptable to individual needs, with premiums influenced by factors like age and health. By obtaining

professional advice from DG Financial, our highly experienced team will help determine if this option aligns with your overall estate plans.

COMBINING STRATEGIES FOR OPTIMAL RESULTS

The complexity of modern tax laws means that a comprehensive estate plan often involves a combination of strategies. Using lifetime gifting, trust arrangements, and specialised life insurance gives families the flexibility to address tax challenges while protecting their assets. For families with agricultural estates or property portfolios in East Anglia, these combined strategies can help ensure that legacies are preserved for future generations.

Acting early is vital. Starting your planning now will offer a broader range of options and enable you to align your tax reduction strategy with your personal and family goals. Taking proactive steps not only safeguards your wealth but also ensures the businesses, land, or properties you've worked so hard to build remain part of your family's legacy in Norfolk, Suffolk, and Essex for years to come.

IMPORTANCE OF PROFESSIONAL GUIDANCE

From investing and property diversification to business holdings or estate preservation, creating an estate plan requires the expertise of experienced professionals. DG Financial offers a bespoke approach, providing comprehensive financial and wealth management reviews, robust structures, and optimised solutions for families across Norfolk, Suffolk, and Essex.

TAILORED ESTATE STRATEGIES AWAIT YOU

Our experts offer clarity in navigating complex laws, maximising IHT relief, and sustainably preserving wealth. Regular updates ensure your plans adapt to family changes and tax modifications over time. ■

Is it time for you to take the first step towards a brighter and more secure family future?

Contact us to secure your legacy

At DG Financial, we recognise that your wealth bears the responsibility of creating a meaningful, lasting legacy. Contact our highly experienced team today to organise a consultation customised to your family's needs. Protect your future with the assurance that your financial priorities are in expert hands.

Make the call now and take the first step towards a brighter, more secure family future. Your legacy deserves nothing less.

THIS DOES NOT CONSTITUTE TAX, LEGAL OR FINANCIAL ADVICE AND SHOULD NOT BE RELIED UPON AS SUCH. TAX TREATMENT DEPENDS ON THE INDIVIDUAL CIRCUMSTANCES OF EACH CLIENT AND MAY BE SUBJECT TO CHANGE IN THE FUTURE. FOR GUIDANCE, SEEK PROFESSIONAL ADVICE.



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