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IHT & pensions: key process from 6 April 2027
Summary of the new rules & practical steps

6 April 2027: most pension death benefits become subject to IHT

Is the pension benefit excluded from charge?

- Spouse/civil partner
- UK charity
- Certain dependants' schemes
- Death in service benefits

Yes

No IHT on excluded benefits

No

IHT applies

Personal representatives (PRs) must identify all pensions & where they are based

- Review records and paperwork
- Check UK/non-UK scheme status
- Obtain values and nominated beneficiary details

Pension scheme administrator (PSA) information deadlines

- Valuation after formal request: 28 days
- Beneficiary details/exempt status: 28 days (or 14 days from determination)

Protective measures for PRs

Withholding Notice (WN)

- Freeze up to 50% of entitlement
- Use promptly
- Generally effective only within 15 months

Payment Notice (PN)

- Can be issued by PR or beneficiary
- HMRC payment within 35 days
- No equivalent 15-month limit

Key risks

- PRs liable for tax on assets they do not control
- WN/PN do not apply to some overseas schemes
- Problems on intestacy
- No pension loss relief/illiquid assets can create funding gaps
- Different estate and pension beneficiaries can cause disputes

Before distributing the estate

Seek HMRC statutory clearance *(main protection against personal liability for undiscovered pensions)*

What should individuals do now?

- Keep a pension record ideally stored with the will
- Review wills and charitable gifts
- Consider lifetime IHT planning

Take professional advice & contact us:
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