LEGACY CHECKLIST

Use this checklist to record who the client wants to provide for, how each asset would pass, and how the estate would fund any tax. Complete for each client and model both deaths where relevant.

Client(s) _____ Adviser _____
Meeting date _____ Review date _____

Start with the client

- [ ] **Who relies on you now, or may do so later?** Record partners, children from earlier relationships, relevant ages of children and grandchildren, family loans and ongoing support. Ask whom to include or exclude, including estranged relatives. Could disability, vulnerability or means-tested benefits affect how or when they should inherit?

- [ ] **What must you keep for yourself?** Before discussing gifts, establish the income and capital needed for retirement, housing and foreseeable long-term care. Allow for a survivor's needs and agree priorities if these compete with intended legacies.

- [ ] **What has changed, and what support would help?** Ask about relationships, bereavement, health and overseas moves. Record communication or decision-making needs, agreed adjustments, who may attend or help with consent, and any signs of pressure or financial abuse.

Check the legal documents

- [ ] **Wills and executors.** Confirm dates, applicable jurisdictions, executors and substitutes, guardians, trusts and where originals are kept. Ask the solicitor to review tax clauses, blended-family arrangements and any intended changes.

- [ ] **Who can make this decision?** Check decision-specific capacity. For an attorney or deputy, verify the financial authority, registration or court order, restrictions and gifting powers. Check welfare powers separately. Seek local legal advice on any court approval needed before gifting.

- [ ] **Ownership and beneficiary routes.** Check beneficial shares and survivorship for jointly held property. Map what passes under the will, by survivorship, through pension scheme rules or through trusts and policies.

Build the estate inventory

- [ ] **Assets and liabilities.** Record ownership, valuation date and source, debts and recipient. Cover property, cash, ISAs, investments, businesses, trusts and overseas holdings. Locate a secure inventory of cryptoassets, online accounts, digital business interests, IP and monetised sites, and check succession arrangements. Record where the client keeps their access instructions. Keep passwords, PINs and recovery phrases out of the client file.

- [ ] **Gifts and trusts.** Use HMRC form IHT403 as a record template. For each material gift, log date, donor, recipient, asset, value when given, funding source, exemption, retained benefit and evidence. Obtain trust deeds and check earlier transfers. For gifts from income, see the annual evidence prompt on page 4.

- [ ] **Cross-border exposure.** Record residence history and overseas assets, pensions and beneficiaries. Refer residence, treaty, succession and foreign tax questions to specialists.

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Pension death benefit review

For deaths on or after 6 April 2027, most unused pension funds and pension death benefits enter the estate valuation for inheritance tax (IHT), including where trustees retain discretion. For earlier deaths, apply the previous rules even if payment follows on or after that date.

Complete for each pension or annuity

- **Identify the arrangement.** Record scheme, reference, administrator and contact details. Include active and deferred workplace pensions, SIPPs, drawdown, defined benefit schemes and annuity contracts. Identify inherited arrangements and overseas pensions for separate checks.

- **Confirm what is payable.** Obtain current indicative death benefit values, payment options, guarantees and any benefits that differ before and after retirement or leaving employment. Check annuity guarantee periods and value protection individually.

- **Classify each benefit for IHT.** Identify benefits excluded from the estate valuation, including qualifying death-in-service benefits, dependants' scheme pensions, qualifying commutations of those pensions and qualifying survivor annuities bought with the member's lifetime annuity. Check other lump sums individually.

- **Review nominations with the provider.** Confirm the latest expression of wish, shares and alternatives. Ask who can receive inherited drawdown, a lump sum or an annuity, what discretion applies and what happens if a nominee dies first. Check nominations against the will and the client's family circumstances.

- **Estimate beneficiary income tax.** For death before age 75, qualifying beneficiary drawdown and annuity payments are generally income-tax free, while relevant lump-sum death benefits may be subject to the deceased's available lump sum and death benefit allowance (LSDBA). From age 75, pension death benefits paid to individuals are generally taxable as the recipient's income. Dependants' scheme pensions are generally taxable regardless of the member's age at death.

- **Check the latest income tax rules.** Budget 2026 announced the removal of the two-year income tax rule for relevant pension death benefits paid from 28 October 2026, alongside changes to the assessment of tax on lump-sum death benefits exceeding the LSDBA. Confirm the final Finance Bill 2026-27 provisions and provider treatment before relying on these changes.

Record one line per benefit

Provider and benefit	Value and date	Intended recipient and payment options	IHT and income tax status

Evidence outstanding _____

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Modelling and funding the tax

Compare the outcomes

- [ ] **Run the relevant death scenarios.** Compare death before and from 6 April 2027. For couples model both death orders, first and second death, and survivor spending. Where relevant test death before and from age 75 and alternative beneficiary routes.

- [ ] **Apply allowances and exemptions.** For each deceased spouse or civil partner, record name, death date and bands used. Obtain probate and IHT papers to evidence transferable unused percentages. Check the £325,000 nil-rate band and residence band of up to £175,000 for a qualifying home passing to direct descendants. Reduce the residence nil-rate band by £1 for every £2 the estate exceeds £2 million. For deaths on or after 6 April 2027, count pension benefits that form part of the estate for IHT, even if they pass to an exempt spouse or civil partner.

- [ ] **Evidence reliefs and exemptions.** For Business Relief or Agricultural Property Relief, including investment portfolios claiming Business Relief, record ownership type and duration, valuation basis and eligibility evidence. Model uncertain relief separately. Check cross-border spouse limits, charity exemption and reduced rate. Verify the Budget 2026 proposal for a separate charity pension component.

- [ ] **Model what each person keeps.** Show gross benefit, IHT attributable, beneficiary income tax and net receipt. Where the beneficiary bears pension-related IHT, apply the statutory income tax adjustment where available. Check who ultimately bears the tax if pension and residuary beneficiaries differ.

- [ ] **Compare planning options.** Test pension retention, withdrawals, affordable gifts and life cover against retirement and care needs, tax, risk and flexibility. For lifetime transfers, record base cost and compare CGT now with possible rebasing on death. Check income tax and land taxes (SDLT, LTT or LBTT) with a specialist where relevant.

Plan for the executor

- [ ] **When can funds reach HMRC and the family?** Distinguish immediately accessible cash, funds needing probate, slow sales and assets the family wants to keep. Check the Direct Payment Scheme with each institution. Allow for survivor needs and IHT normally due by the end of the sixth month after the month of death. Record any shortfall and fallback.

- [ ] **Prepare the pension handover.** Keep a secure scheme list and supporting records. Personal representatives lead IHT reporting and payment. Once benefits vest, pension beneficiaries can be jointly and severally liable for the IHT attributable to their entitlement.

- [ ] **Consider scheme payment and withholding.** Where applicable, check whether the scheme can pay pension-related IHT directly to HMRC. If there is reason to believe IHT is due, assess whether a withholding notice is appropriate. A valid notice generally limits payment to 50% of the affected entitlement. Budget 2026 proposed extending access to direct payment to certain prospective personal representatives. Check final forms and guidance.

Death scenario	Estate IHT	Pension IHT share	Net to Beneficiary

Estimated IHT _____ **Accessible cash** _____ **Shortfall** _____

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Client decisions and follow up

Agree actions before closing the meeting

- [ ] **Check understanding.** Ask the client to explain who will receive each major asset, when, the main taxes and uncertainties, and what the plan leaves for their own needs. Record trade-offs, any clarification and the client's decision.

- [ ] **Agree referrals and permissions.** Record what the solicitor, tax adviser and pension providers will confirm. Agree what information can be shared and with whom.

- [ ] **Confirm changes were made.** Obtain evidence of updated nominations, signed documents and any provider acknowledgements. Review at the next annual meeting and after material changes to family, health, residence, pensions, estate values or legislation.

Action or evidence required	Owner	Due date	Confirmed completion

Client priorities and decisions _____

Open assumptions and referrals _____

Official references

1. HMRC technical note on IHT and pensions
2. HMRC technical note 2 on pension IHT administration
3. GOV.UK guidance on tax on inherited private pensions
4. Budget 2026 overview of tax legislation and rates
5. HMRC pension schemes newsletter 186
6. GOV.UK inheritance tax guidance

Evidence to keep

Gifts from income. Each tax year record gross and net income, normal spending, gifts and surplus left. Keep evidence of a pattern or intention and how the donor maintained their usual standard of living.

Life assurance. Check lives assured, sum, term, premium and payer, any gift, owner, trust, trustees and beneficiaries. If cover is for IHT, who can access proceeds before probate and how will they fund payment?

Important: HMRC's May and August 2026 technical notes do not reflect changes announced at Budget 2026. Where this checklist refers to Budget 2026 measures, advisers should confirm the final Finance Act provisions, commencement dates and latest HMRC guidance before implementation.

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