Leave a gift not a burden

Gift inter vivos cover with Aviva

AVIVA

Contents

Protecting the people you care about when you choose to give

When you give a significant gift - such as money or property - you want your loved ones to enjoy it fully. But if you pass away within seven years of making that gift, they may face an unexpected Inheritance Tax (IHT) bill.

That’s where **Aviva’s gift inter vivos** solution can help.

It’s designed to provide a lump sum if IHT becomes payable on your gift should you pass away within seven years. This can help reduce the financial impact on the person receiving your gift and give you greater certainty when making it.

Why choose Aviva's gift inter vivos solution?

Peace of mind

If something happens to you, the cover helps pay the tax due on your gift, so your loved ones don't have to.

Fast and simple

Your adviser can complete one quick online application and get an instant decision with our fast-track process.

Lower costs over time

As the potential IHT liability reduces each year, so does the amount of cover. That means your premiums decrease too, so you only pay for the protection you actually need.

How the cover works when you’re making a gift

Setting up protection for a financial gift is easier than you might think

- You make a large gift
- If you die within seven years, IHT may be due
- This cover can pay out to the person who received the gift
- The amount of cover reduces each year until no tax is due

After seven years, when no IHT would apply to the gift, the cover ends automatically.

How Inheritance Tax applies to gifts

If you pass away within seven years of making a gift, some or all of the gift may be liable for IHT. **Up to 40% of the gift’s value** may need to be paid in tax. The tax liability reduces gradually the longer you survive after making the gift - this reduction is known as **taper relief**.

When making a gift, a tax liability may arise if the value of the gift exceeds available Inheritance Tax thresholds.

You can check the current Inheritance Tax threshold (also known as the nil-rate band) on the official HMRC website **here**.

How we match your cover to the reducing tax liability

To keep things simple and aligned with the tax rules, with Aviva's gift inter vivos solution, we create **five separate life insurance policies**.

Each policy:

- Covers **20% of the total potential IHT bill**
- Runs for a different length of time
- Ends automatically as the tax risk reduces

Although these are separate policies, they work together as **one solution**, and you don't need to manage them individually. This solution helps keep the level of cover aligned with the actual tax risk over time.

Your adviser only needs to complete **one application** using our online platform, and we'll take care of the rest.

Example: How the cover reduces over time

If the gift could lead to a £1 million IHT liability, the cover would be arranged as:

- five policies
- £200,000 cover on each policy
- Total initial cover: £1 million

How taper relief affects the cover:

Years since gift	% of IHT still payable	Example IHT liability	Number of policies active
0-3	**100%**	£1 million	5
3-4	**80%**	£800,000	4
4-5	**60%**	£600,000	3
5-6	**40%**	£400,000	2
6-7	**20%**	£200,000	1

This example is for illustrative purposes only.

As the potential tax bill reduces, **one policy ends each year** - keeping your cover in line with the remaining risk. After seven years, no IHT is due, and all policies have ended.

Making sure the cover works as intended

To help ensure the payout does not form part of your estate (which could create additional tax), each policy should be **written in trust** for the person receiving the gift.

Writing the policy in trust means:

- The money goes directly to the trustees, to pay to the intended person
- Payment can usually be made more quickly
- The payout is generally more tax-efficient

Your adviser can explain how this works and help you set up the trust if it's right for you.

Before making a gift, it's also worth thinking about how it could affect your own IHT liability.

Please remember:

- Gifts are usually only taken into account for IHT if you die within seven years of making them
- If this happens, earlier gifts are assessed first and use up your nil-rate band before the rest of your estate
- If a gift exceeds the available nil-rate band, IHT may be payable on the gift
- This could also mean more IHT is payable on your estate

Planning to make a gift in the future?

If you're thinking about giving a large gift in the future that may exceed IHT thresholds and want to protect the recipient from a possible IHT bill.

With our gift inter vivos benefit, you can:

- Convert your **existing Aviva life cover** into a gift inter vivos solution
- Make the switch quickly and easily
- No need for new medical underwriting

This benefit is available at **no extra cost** if you have **joint life second event cover** through our Life Insurance+ product.

Important: Protection products require ongoing premium payments. Cover will end if premiums stop.

Tax treatment depends on individual circumstances and may change in the future.

Trusts must be set up correctly for the intended tax treatment to apply.

Your adviser can help you understand whether this type of cover is appropriate for your individual circumstances. If you don't have an adviser, MoneyHelper provides up-to-date resources to help you find regulated advisers at **moneyhelper.org.uk/choosing-a-financial-adviser** or call 0800 011 3797. Advisers may charge for their advice, but there are usually a number of ways to pay.

You can find more information about Inheritance Tax on the Government's **website**.

Need this in a different format?

Please get in touch if you'd prefer this brochure (**PT151695**) in large print, braille, as an audio, or in a different colour.

How to contact us

0800 068 6800 @ contactus@aviva.com

Lines are open Monday to Friday from 8.00am – 6.30pm.
Calls may be recorded and/or monitored.