

# A New Era of IHT

Are UK investors sleepwalking into  
an era of wealth destruction?

December 2025

**Foresight**

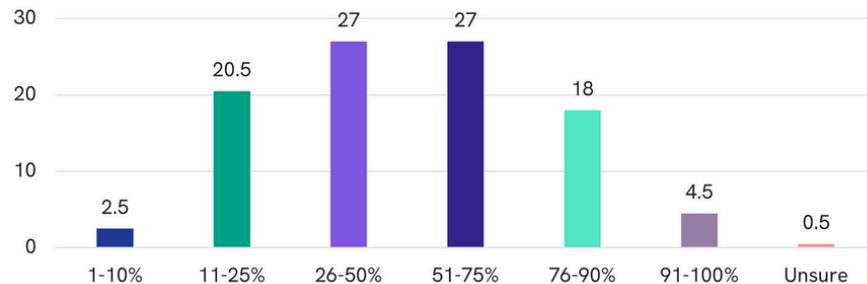
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## Introduction

Inheritance Tax ("IHT") planning has always been a complex and sensitive area of financial advice. For years, advisers have wrestled with client inertia, regulatory uncertainty and the challenge of balancing tax efficiency with flexibility. Our latest research confirms that these issues persist, but the stakes have arguably never been higher.

Recent pension rule changes have amplified the urgency. Half of advisers now say that at least 50% of their client base is impacted by recent changes to IHT and nearly a quarter report that three out of every four clients are affected. Yet despite this widespread exposure and the imminent demolition of UK intergenerational wealth, only 30% of adviser clients have taken action on IHT planning, even though 68% have discussed it. That's a huge gap and a significant challenge that needs to be addressed to help clients and beneficiaries avoid the destruction of their family's wealth.

### Proportion of client base likely to be impacted by IHT



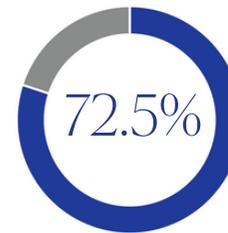
Source: Foresight data, survey of 200 financial advisers

## The scale of the challenge

The numbers tell a clear story. Advisers are talking about IHT, but many clients aren't moving forward. Why? Our research highlights four major blockers:

- Desire for access and control (72.5%)
- Desire to delay until later in life (65.5%)
- Uncertainty around future tax rules (50.5%)
- Perceived complexity of solutions (50.5%)

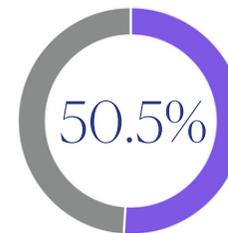
### Barriers to discussing IHT



**Desire for access and control**



**Desire to delay until later in life**



**Uncertainty around future tax rules**



**Perceived complexity of solutions**

## The scale of the challenge (continued)

These barriers aren't new, but they are becoming more entrenched as clients face competing priorities and a volatile policy environment. For advisers, this creates a dual challenge: how to simplify the conversation and how to offer solutions that meet clients' need for flexibility.

The intergenerational transfer of assets will be one of the defining financial trends of the next decade. Ultimately, clients want to preserve wealth for their beneficiaries without losing control during their lifetime. Advisers who can position estate planning as a way to retain family assets and futureproof financial security will strengthen relationships across generations and build and retain assets.

Yet inertia remains a risk. If clients delay planning, they risk poor outcomes, including higher tax bills, fragmented estates and missed opportunities to protect family wealth. Advisers have a critical role to play in bridging this gap.

## Where Business Relief fits

Clients' fear of losing control is the primary barrier to effective planning. Traditional solutions, such as outright gifting or most trust structures, often involve surrendering access to capital. For many clients, that's a deal-breaker.

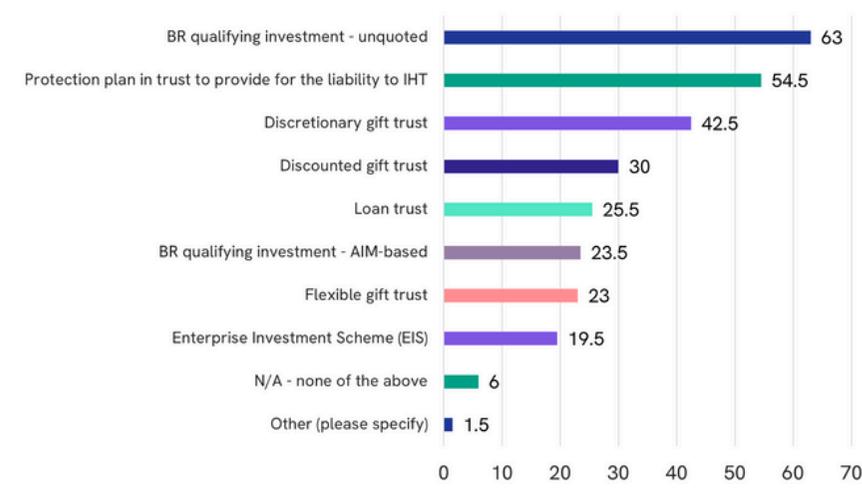
Source: Foresight data, survey of 200 financial advisers

One solution that addresses this challenge is Business Relief ("BR"). BR offers a way to mitigate IHT while maintaining access and control. It's a solution that aligns with client priorities:

- **Control:** Assets remain accessible during their lifetime.
- **Speed:** Qualifying investments can achieve IHT exemption after just two years.
- **Simplicity:** Compared to some trust-based strategies, BR can be easier to implement.

Our research shows that advisers recognise this. BR is now the most popular solution, alongside protection plans, as a route to mitigating IHT. While AIM-based BR faces headwinds post-2026, risk-managed BR solutions continue to offer full IHT relief.

### Solutions used by advisers over the last 12 months (%)



# Turning adviser insight into proactive planning

So, what does this mean for advisers? Three practical steps stand out:

## 1. Start conversations earlier

As pension reforms affect more clients, advisers are seeing greater demand for holistic long-term planning. The Budget changes and upcoming April 2026 reforms offer a natural prompt to revisit IHT, which is now a conversation that often includes beneficiaries as well as the client.

- Include IHT planning in annual reviews.
- Use simple scenarios to illustrate potential tax exposure.
- Frame the conversation around family wealth preservation, not just tax.

## 2. Simplify the narrative

Concerns about complexity and uncertainty are common among clients. Setting out the different planning routes in plain terms, including the features that make BR more flexible than gifting or trust-based approaches, can help them make informed decisions.

- Explain how BR works in plain language.
- Use visual aids or calculators to show potential savings.
- Emphasise that clients retain access to capital.

Source: Foresight data, survey of 200 financial advisers

## 3. Frame BR as a bridge

Clients want control. Advisers want to close the advice gap. BR is the bridge between these two needs. It's a tangible, flexible solution that helps clients act without feeling locked in.

## 4. Addressing client concerns

Before opening new IHT conversations with clients, be ready to navigate the concerns most commonly raised: reluctance to give up control of assets (72.5%), a belief that planning can be left until later in life (65.5%) and uncertainty about future tax rules (50.5%). Build your recommendations in a way that directly acknowledges and resolves these worries.

## The bigger picture

We're entering the most significant shift in estate planning in a generation. More clients than ever are drifting into the IHT net because of frozen thresholds, pension changes and rapid asset growth but most still aren't taking action.

This creates a widening advice gap where client outcomes are at real risk and where advisers who lean in now will win deeper, longer, multi-generational relationships.

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This report is based on research conducted by Foresight Group in December 2025, surveying over 250 UK financial advisers to explore adviser sentiment, client behaviour, and the impact of regulatory change.

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