Financial Pulse

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ACCESSION

Whole of Life Protection could help safeguard your farm from rising Inheritance Tax

For generations, farming families and rural business owners have relied on Agricultural Property Relief (APR) and Business Relief (BR) to help pass assets to the next generation with minimal Inheritance Tax (IHT).

However, recent government changes to these reliefs, together with the planned inclusion of unused pension funds within an estate for IHT purposes from April 2027, mean many more families are likely to face an unexpected tax bill.

Inheritance Tax receipts are already at record levels. HM Revenue & Customs collected around £8.2 billion in IHT during the 2024/25 tax year[*], and with frozen tax thresholds, rising asset values and the latest rule changes, government forecasts suggest annual receipts will continue to increase significantly over the coming years. According to figures published earlier this year by the Office for Budget Responsibility, Inheritance Tax receipts are forecast to rise to £15 billion by 2030.[^]

For many farming and rural families, this creates a difficult challenge. Valuable land, property and business assets may have appreciated substantially, but that does not necessarily mean there is enough cash available to settle an IHT liability. Without careful planning, loved ones could be forced to sell land, livestock or business assets simply to pay the tax.

One solution which is becoming increasingly popular is a Whole of Life Protection policy. When arranged correctly and written into an appropriate trust, the policy can provide a tax-free lump sum on death to help meet the Inheritance Tax liability. This can provide valuable liquidity at the point it is needed most, helping preserve the family farm or business rather than forcing a sale of assets. Whole of Life Protection can also provide greater certainty when planning for the future.

[*] Source: Accredited official statistics - HMRC tax receipts and National Insurance contributions for the UK (annual bulletin) - 19th June 2026.
[^] OBR March 2026

For farming families and rural businesses with estates that are expected to remain above the IHT threshold, it can form an important part of a long-term succession strategy by ensuring funds are available to meet tax liabilities without disrupting the business. This can help protect family ownership, support business continuity and provide reassurance that future generations will inherit assets intact rather than being forced into a sale.

However, life insurance is only one part of the picture. Every family's circumstances are different, and effective Inheritance Tax planning should form part of a wider succession strategy. Reviewing wills, ownership structures, trusts, gifting opportunities and business succession plans is essential to ensure your wishes are carried out in the most tax-efficient way possible.

The earlier these conversations take place, the more planning opportunities are usually available.

If you are concerned about how the recent changes could affect your family, farm or rural business, now is the time to seek advice. We can help you understand your potential Inheritance Tax exposure, review your succession plans and explore solutions, including Whole of Life Protection where appropriate, to help protect the legacy you have worked so hard to build.

The levels and bases of taxation, and reliefs from taxation, can change at any time. The value of any tax relief depends on individual circumstances.

Trusts are not regulated by the Financial Conduct Authority.

Contact us today to review your Inheritance Tax and succession plans.

Tel: **01832 279170**, email: **accession@sjpp.co.uk** or use the QR code.

accessionfp.co.uk

First Floor, 4 West Street
Oundle
Peterborough
PE8 4EF