

M  
&G

Les Cameron's  
**Big Fat Quiz of the Year**

December 2025



This content is based on our understanding of current taxation, legislation and HM Revenue & Customs practice all of which are liable to change without notice. The impact of any taxation (and any tax reliefs) depends on individual circumstances.

Where content includes case studies or examples these are for illustration purposes and are not recommending a specific course of action.

Past performance is not a reliable indicator of future performance. The value of an investment can go down as well as up and your client may get back less than they've paid in.

No reproduction, copy, transmission or amendment of this presentation may be made without our written permission.

# Learning objectives

By the end of this session, you will be able to:

Describe the key  
elements of tax  
planning in 2025

Techy  
Thursday

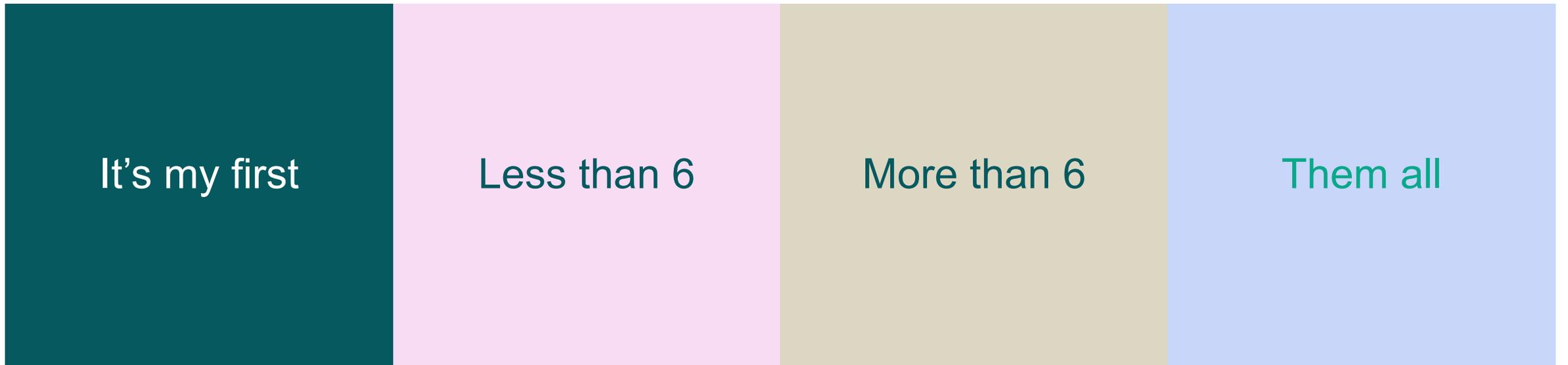
1

# Techy Thursday

Regular?

We run our Techy Thursdays on the 3<sup>rd</sup> Thursday of every month with a couple of specials added here and there.

How many have you been to this year?



**A**

**B**

**C**

**D**

# Tech Matters

Award winning technical support for Financial Professionals



Pensions



Investment & Taxation



IHT & Estate Planning



Tools and Calculators



Events & CPD

## Government

Last Updated: 26 Nov 25 | 20 min read

[Autumn Budget 2025](#) →

[See all](#) →

## Tech Team in the Press

## Les recommends

Last Updated: 26 Nov 25 | 20 min read

[Autumn Budget 2025](#) →

20 Jun 24 | 90 min watch

[IHT planning using Gift, Loan and Discounted Gift Trusts](#) →

13 Feb 25 | 5 min read

[Bonds School](#) →

## Upcoming events

18 Dec 25 | 1 min read

[Les Cameron's Big Fat Quiz of the Year](#) →

## On-demand events

10 Dec 25 | 60 min watch

[Paraplanners Assembly 2025: Budget reality vs Budget](#)

# Techy Thursday

Regular?

We run our Techy Thursdays on the 3<sup>rd</sup> Thursday of every month with a couple of specials added here and there.

How many have you been to this year?



Barrie's  
Bond  
School

2

# Who's liable

If you went we trust you'll know the answer

George and Mildred jointly set up a discretionary trust that holds an investment bond.

Mildred died a few years ago. George passed away last month.

The trustees have surrendered the bond and paid the proceeds equally to Terry and June.

**Who is liable for the gain?**

A horizontal bar divided into four colored segments, each representing a different liability option. Below each segment is a large letter label: A (dark teal), B (pink), C (tan), and D (light blue).

| Option | Liability                   |
|--------|-----------------------------|
| A      | Terry and June equally      |
| B      | Trustees and George equally |
| C      | George                      |
| D      | Trustees                    |



There are only **two trust types** for chargeable gain purposes  
– bare and everything else



**Split gain** by settlor proportions



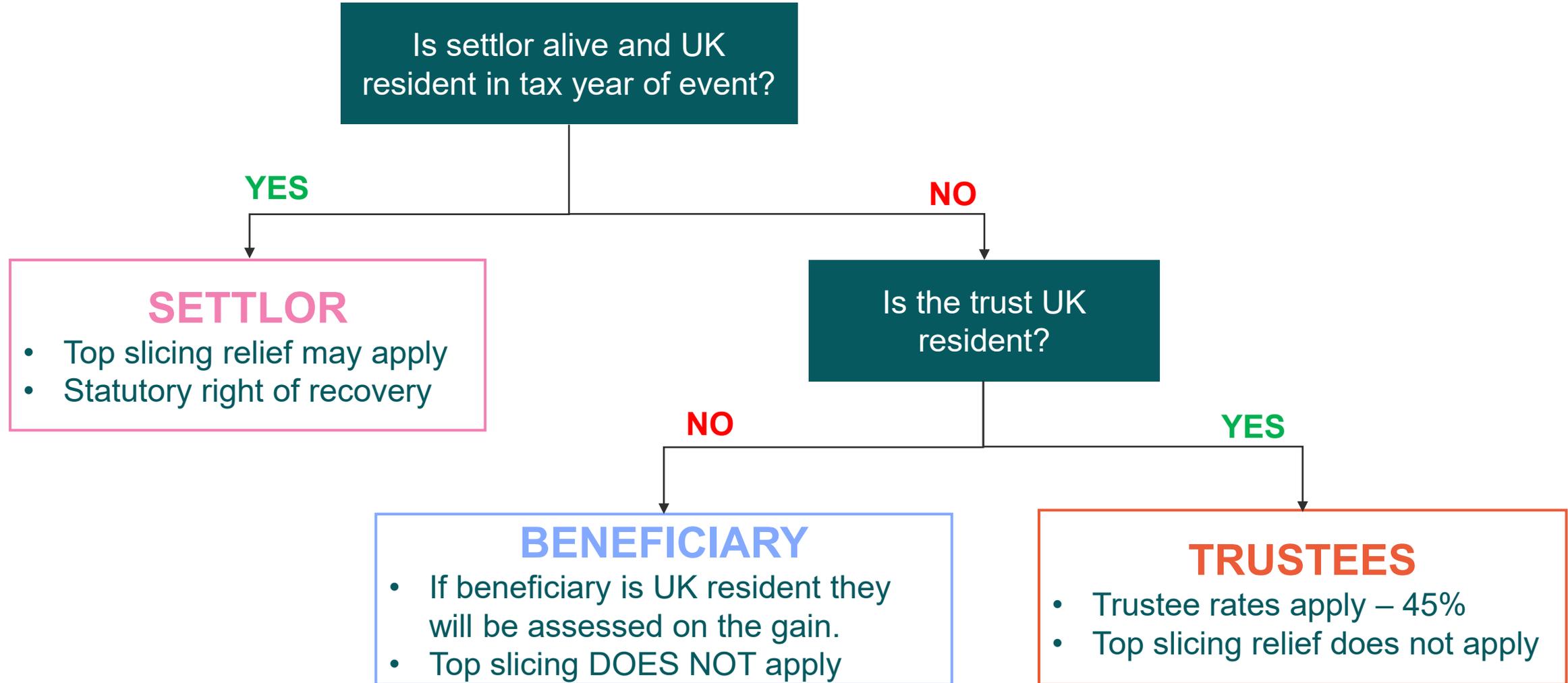
Beware **parent settlement** and bare **Discounted Gift Trusts**



Follow the process...

# Not bare

Who is liable



# Who's liable

If you went, we trust you'll know the answer

George and Mildred jointly set up a discretionary trust that holds an investment bond.

Mildred died a few years ago. George passed away last month.

The trustees have surrendered the bond and paid the proceeds equally to Terry and June.

**Who is liable for the gain?**

|                        |                             |        |          |
|------------------------|-----------------------------|--------|----------|
| Terry and June equally | Trustees and George equally | George | Trustees |
| A                      | B                           | C      | D        |

The  
onshore  
offshore  
debate

3

# Onshore or offshore

How we rolling post budget?

The Autumn Budget last month has increased the tax on dividends from April 2026 and Savings Interest from April 2027.

**In pure tax terms** what best describes the impact on offshore bonds compared to onshore?



# Onshore or offshore

How we rolling post budget?

## ONSHORE

## OFFSHORE

|                                   | Pre budget | Post April 27   | Pre budget | Post April 27 |
|-----------------------------------|------------|-----------------|------------|---------------|
| Gross Return                      | £100       | £100            | £100       | £100          |
| Tax within fund                   | 20%        | 22%             | 0%         | 0%            |
| Net Return                        | £80        | £78             | £100       | £100          |
| <b>Where's the slice</b>          |            |                 |            |               |
| Basic Rate                        | £0 > £80   | £0 > £78        | £20 > £80  | £22 > £78     |
| Higher Rate                       | £16 > £64  | £15.60 > £62.40 | £40 > £60  | £42 > £58     |
| Additional Rate                   | £20 > £60  | £19.50 > £58.50 | £45 > £55  | £47 > £53     |
| <b>Overall effective tax rate</b> |            |                 |            |               |
| Basic Rate                        | 20%        | 10%             | 20%        | 22%           |
| Higher Rate                       | 36%        | 4.4%            | 40%        | 5%            |
| Additional Rate                   | 40%        | 3.7%            | 45%        | 4.4%          |

The higher the dividends the lower the effective rates onshore

# Savings allowances

The crux of the matter



# The “exit”

Employment income

Gain Disposal Zone

Fixed pension income

Who will be liable?

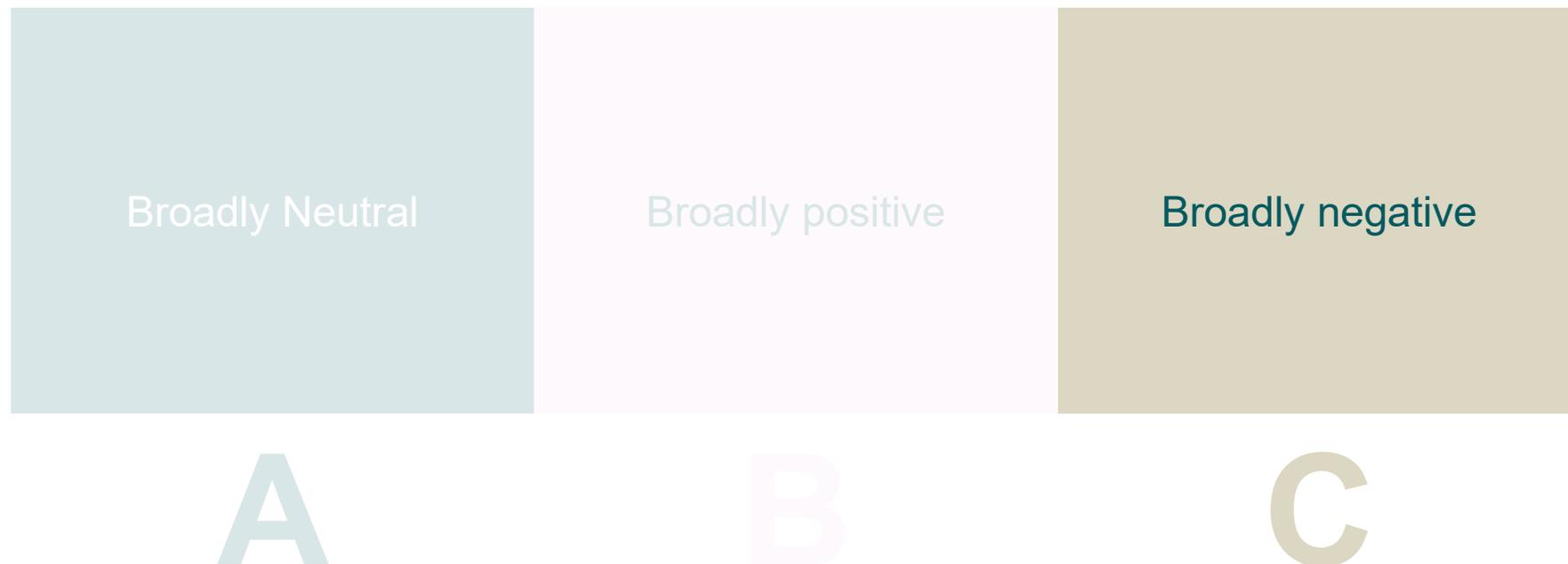
What will their income  
position be?

# Onshore or offshore

How we rolling post budget?

The Autumn Budget last month has increased the tax on dividends from April 2026 and Savings Interest from April 2027.

**In pure tax terms** what best describes the impact on offshore bonds compared to onshore?



# Tax Wrapper Comparison Tool

built by M&G

Tax Year 2026/27

## Planning Assumptions

|                                       |                            |
|---------------------------------------|----------------------------|
| Invested Amount                       | £250,000.00                |
| Proposed Term (5 to 10 only)          | 10                         |
| Use annual exempt amount?             | No                         |
| ISA Wrap each year?                   | No                         |
| Regular withdrawal amount?            |                            |
| Bond encashment method                | Full segments and partials |
| Year 1 ISA Allowance from Investment? | No                         |

## Income Assumptions

| Existing income                      |         | Increase assumption           |
|--------------------------------------|---------|-------------------------------|
| Non Savings Non Dividend             | £60,000 | 2.00%                         |
| Savings                              | £500    | 0.00%                         |
| Dividend                             | £100    | 0.00%                         |
| CPI Increase for Tax Bands from 2031 |         | 2.50%                         |
| Income in year of encashment         |         | Projected income - encashment |
| Non Savings Non Dividend             | £15,000 | £71,706                       |
| Savings                              | £500    | £500                          |
| Dividend                             | £100    | £100                          |

## Investment Assumptions

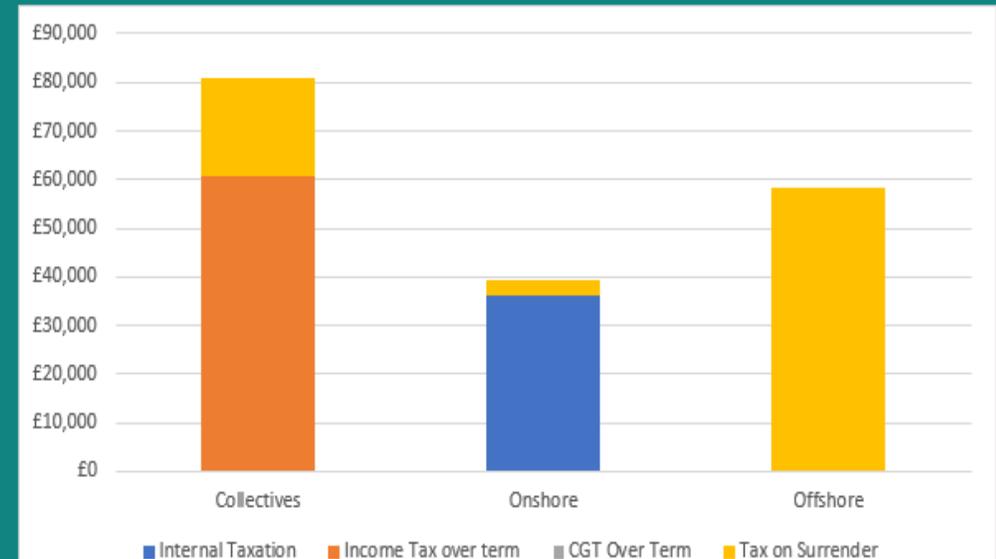
|                    |       |                                |        |
|--------------------|-------|--------------------------------|--------|
| Savings Income     | 2.50% | Onshore Bond Internal Tax Rate | 14.67% |
| Dividend Return    | 2.50% | Internal Tax Rate In Year One. | 13.33% |
| Capital Gain       | 2.50% |                                |        |
| Extra Wrapper Cost | 0.25% |                                |        |

RESET

## Projected Values

|                               | Collectives | Onshore  | Offshore |
|-------------------------------|-------------|----------|----------|
| <b>End of term values</b>     |             |          |          |
| Surrender                     | £515,258    | £453,830 | £502,520 |
| Gain                          | £88,419     | £203,830 | £252,520 |
| <b>Taxation</b>               |             |          |          |
| Internal Taxation             | £0          | £36,258  | £0       |
| Income Tax over term          | £60,860     | £0       | £0       |
| CGT Over Term                 | £0          | £0       | £0       |
| Tax on Surrender              | £20,182     | £2,954   | £58,484  |
| <b>Net Proceeds</b>           |             |          |          |
| On Surrender                  | £495,076    | £450,876 | £444,037 |
| ISA Value                     | £0          | £0       | £0       |
| Gross Withdrawals             | £0          | £0       | £0       |
| Personal Taxes Paid Over Term | £60,860     | £0       | £0       |
| Overall Outcome               | £434,216    | £450,876 | £444,037 |

## Tax Breakdown



IHT  
planning

4

# Decisions, decisions

Relieved with relief

Who is the odd one out when it comes to IHT mitigation options?

Joan puts £100,000 in a discretionary trust

Roy makes a £100,000 outright gift to his son

George puts £100,000 in a bare trust

Bob puts £100,000 in a business relief scheme

**A**

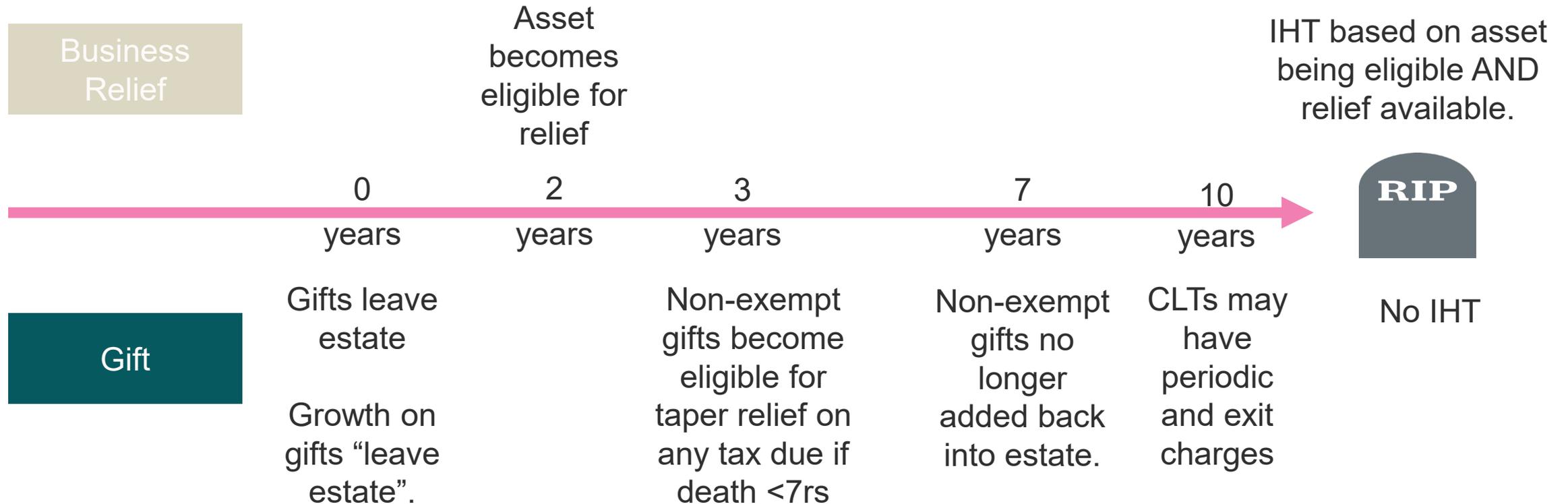
**B**

**C**

**D**

# Timeline - Reliefs v gifting

## Reliefs v Gifting



# Decisions, decisions

Relieved with relief

Who is the odd one out when it comes to IHT mitigation options?

Joan puts £100,000 in a discretionary trust

Roy makes a £100,000 outright gift to his son

George puts £100,000 in a bare trust

Bob puts £100,000 in a business relief scheme

A

B

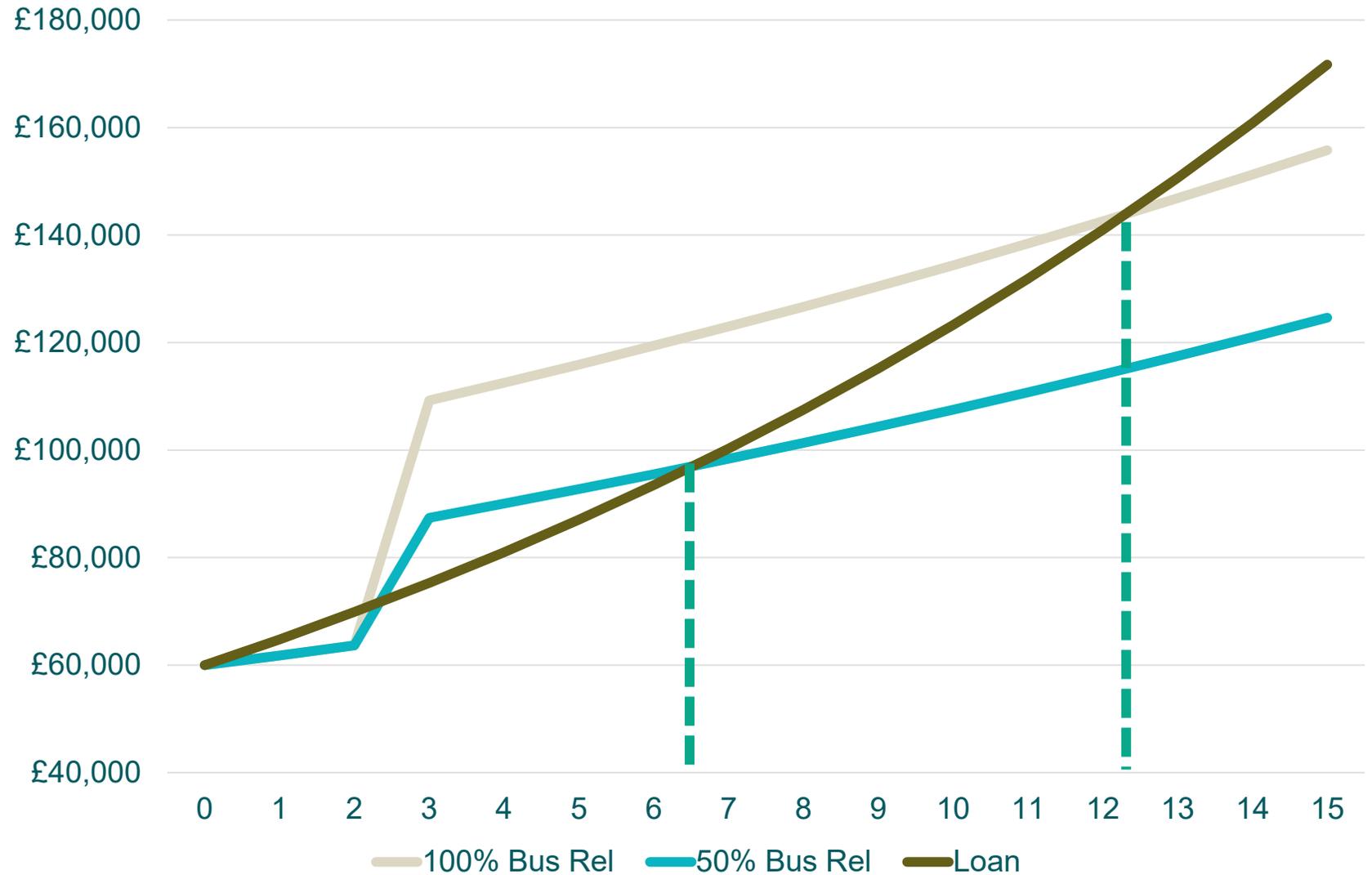
C

D

# Business Relief 3% v Loan Trust 6%

## £100,000 invested

- 20% tax on bond gain
- No tax on BR
- 40% IHT on Loan
- 50% IHT relief on BR
- 100% IHT relief on BR



Is total access required?

Annual  
Allowance

5

# Carry Forward

There's only one rule

Scott, Keiran and Kenny all worked together many years ago and are paid up members of their old employers scheme and have not paid into pensions since then.

- Scott has been out the country working the last 5 years
- Keiran has been UK resident but unemployed the last 5 years
- Kenny has had relevant earnings of £20,000 the last 5 years

They have set up a company to run trips to the World Cup. They plan on making large employer contributions if successful – **who has the most carry forward?**



A

B

C

D

# Ask yourself

Only this...

## THREE YEARS AGO

Were they a member of a UK registered pensions scheme.

Or, a currently relieved member of a currently relieved non-UK scheme

How much annual allowance was unused

## TWO YEARS AGO

Were they a member of a UK registered pensions scheme.

Or, a currently relieved member of a currently relieved non-UK scheme

How much annual allowance was unused

## ONE YEAR AGO

Were they a member of a UK registered pensions scheme.

Or, a currently relieved member of a currently relieved non-UK scheme

How much annual allowance was unused

You need to go back more than 3 years if there is an excess in last two years

# Carry Forward

There's only one rule

Scott, Keiran and Kenny all worked together many years ago and are paid up members of their old employers scheme and have not paid into pensions since then.

Scott has been out the country working the last 5 years

Keiran has been UK resident but unemployed the last 5 years

Kenny has had relevant earnings of £20,000 the last 5 years

They have set up a company to run trips to the World Cup. They plan on making large employer contributions if successful – **who has the most carry forward?**

It's equal

Scott

Keiran

Kenny

A

B

C

D



Insurance  
Company  
Trusts

6

# Trust selection

Prefer Girls Aloud

Geri, Emma and Victoria are all widows with fully transferred NRBs and RNRBs and have estates more than their available allowances

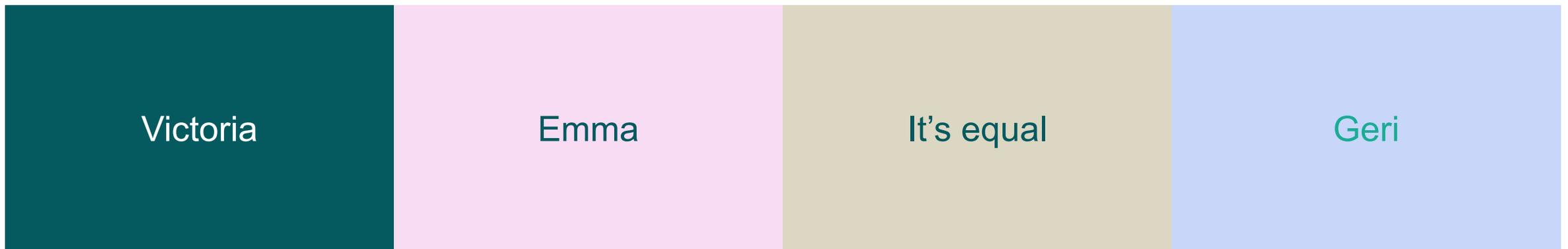
They all put £300,000 into a trust and draw £10,000 a year from it before all dying simultaneously in 20 yrs time.

Geri used a Probate Trust

Emma used a Loan Trust

Victoria used Discounted Gift Trust

**Whose family benefits the most?**



**A**

**B**

**C**

**D**

# Trusts IHT effectiveness

| Trust                        | Capital                     | Growth |
|------------------------------|-----------------------------|--------|
|                              | <b>What's Inside Estate</b> |        |
| <b>Probate</b>               | Yes                         | Yes    |
| <b>Loan</b>                  | Outstanding Loan            | No     |
| <b>Discounted Gift Trust</b> | Unspent settlor payments    | No     |

| IHT Positions                 |
|-------------------------------|
| Whole trust in Geri's estate  |
| 100k of Loan in Emma's estate |
| Nothing in Victoria's estate  |

# Trust selection

Prefer Girls Aloud

Geri, Emma and Victoria are all widows with fully transferred NRBs and RNRBs and have estates more than their available allowances

They all put £300,000 into a trust and draw £10,000 a year from it before all dying simultaneously in 20 yrs time.

Geri used a Probate Trust  
Emma used a Loan Trust  
Victoria used Discounted Gift Trust

**Whose family benefits the most?**



**A**

B

C

D

# Results (single)

Victoria

Years to Death: 20

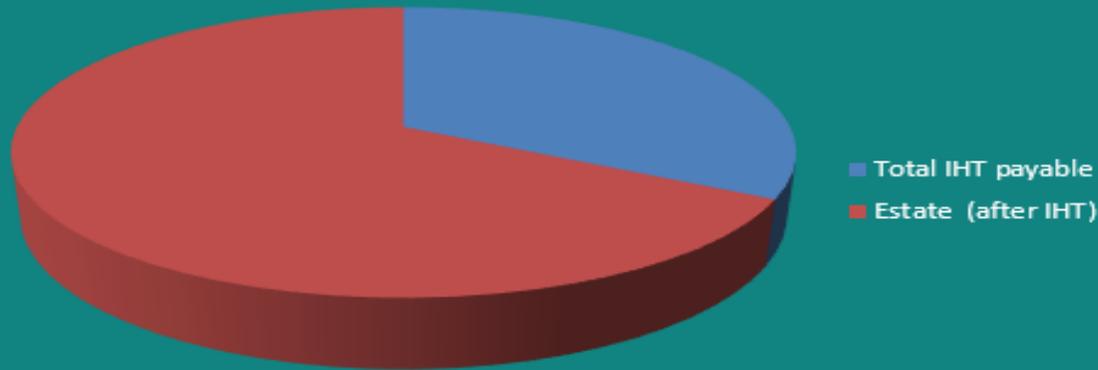
Age at death: 85

Input here for results

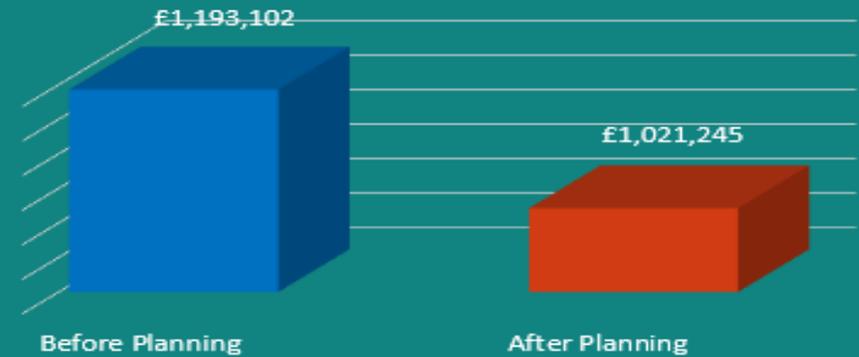
|                              | Before Planning | After Planning | Change    |
|------------------------------|-----------------|----------------|-----------|
| Total Estate (pre IHT)       | £3,632,754      | £3,183,957     | -£448,797 |
| Estate IHT                   | £1,193,102      | £1,013,583     | -£179,519 |
| Trust IHT                    | N/A             | £7,662         | £7,662    |
| Total IHT payable            | £1,193,102      | £1,021,245     | -£171,857 |
| Estate (after IHT)           | £2,439,652      | £2,170,374     | -£269,278 |
| Trust - Victoria (after IHT) | N/A             | £457,285       | £457,285  |
| Settlor payments spent       | N/A             | £200,000       | £200,000  |
| Combined Wealth*             | £2,439,652      | £2,827,659     | £388,007  |

\*after IHT and including settlor payments spent

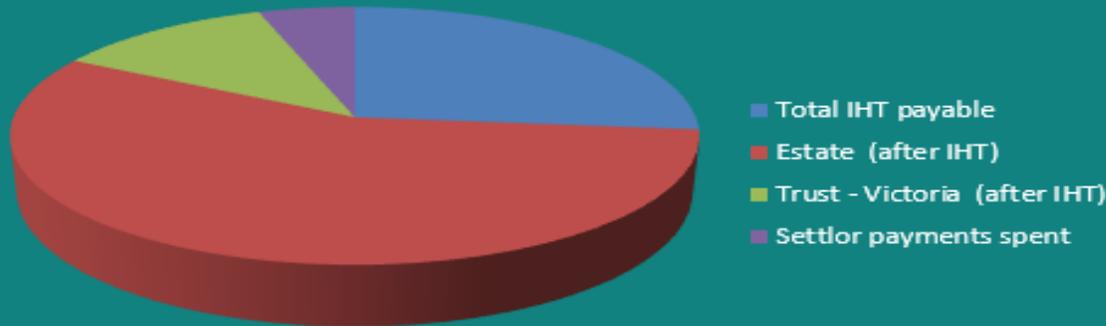
BEFORE PLANNING



IHT PAYABLE



AFTER PLANNING



COMBINED WEALTH  
(after IHT and including any spent settlor payments)



# Pension Tax Relief

7

# Pension Tax Relief

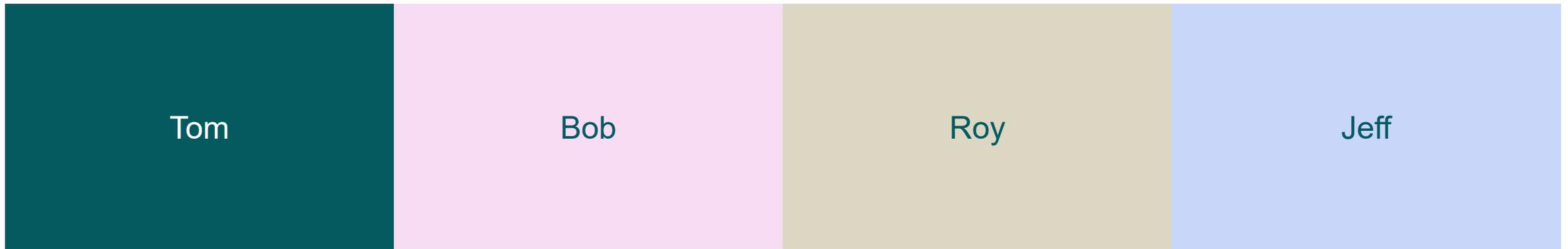
Of the RAS variety

Tom, Bob, Roy and Jeff all have non savings non dividend income of £45,000. And...

- Tom has a £30,000 onshore bond gain accrued over 10 years
- Bob a £30,000 bonus
- Roy £30,000 dividends
- Jeff has a £30,000 capital gain

They each put £5,000 gross into their personal pension.

Who has the highest **effective rate** of tax relief?



**A**

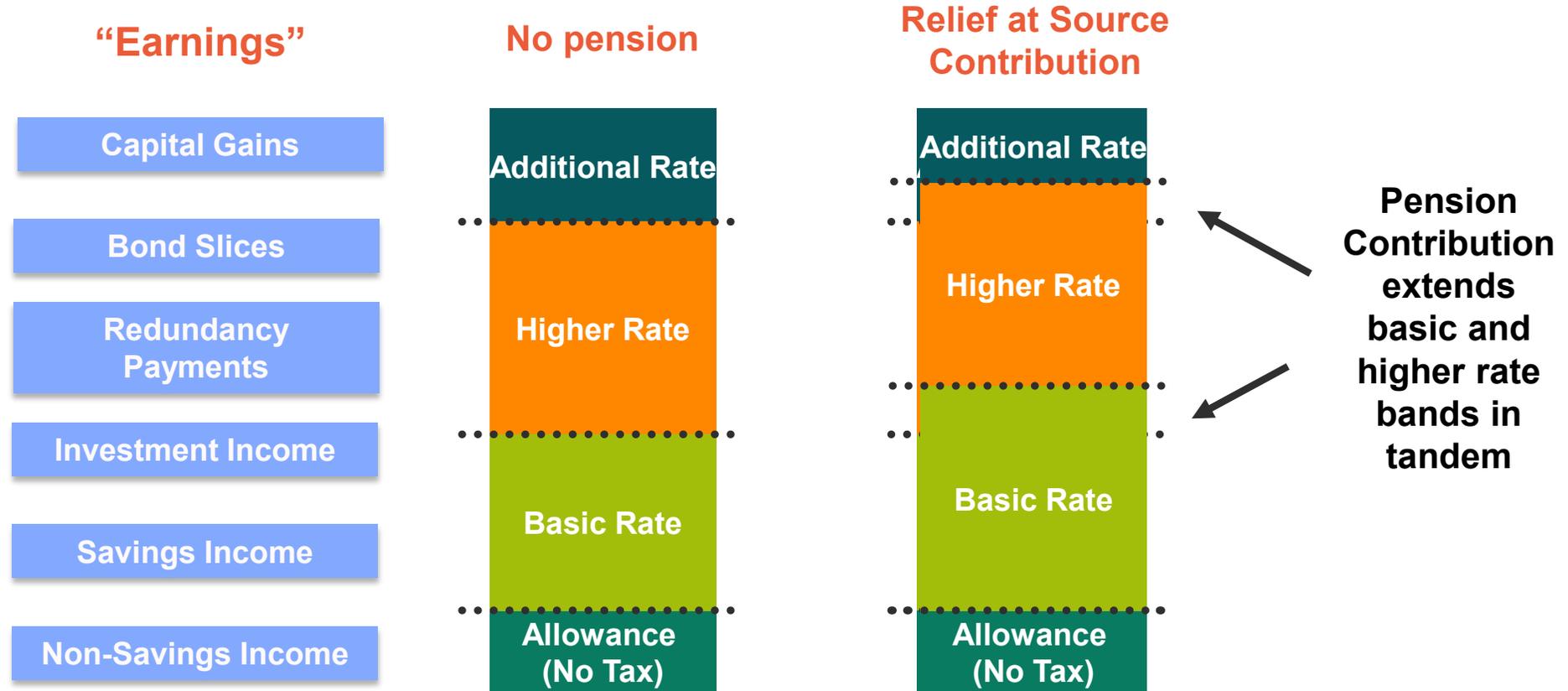
**B**

**C**

**D**

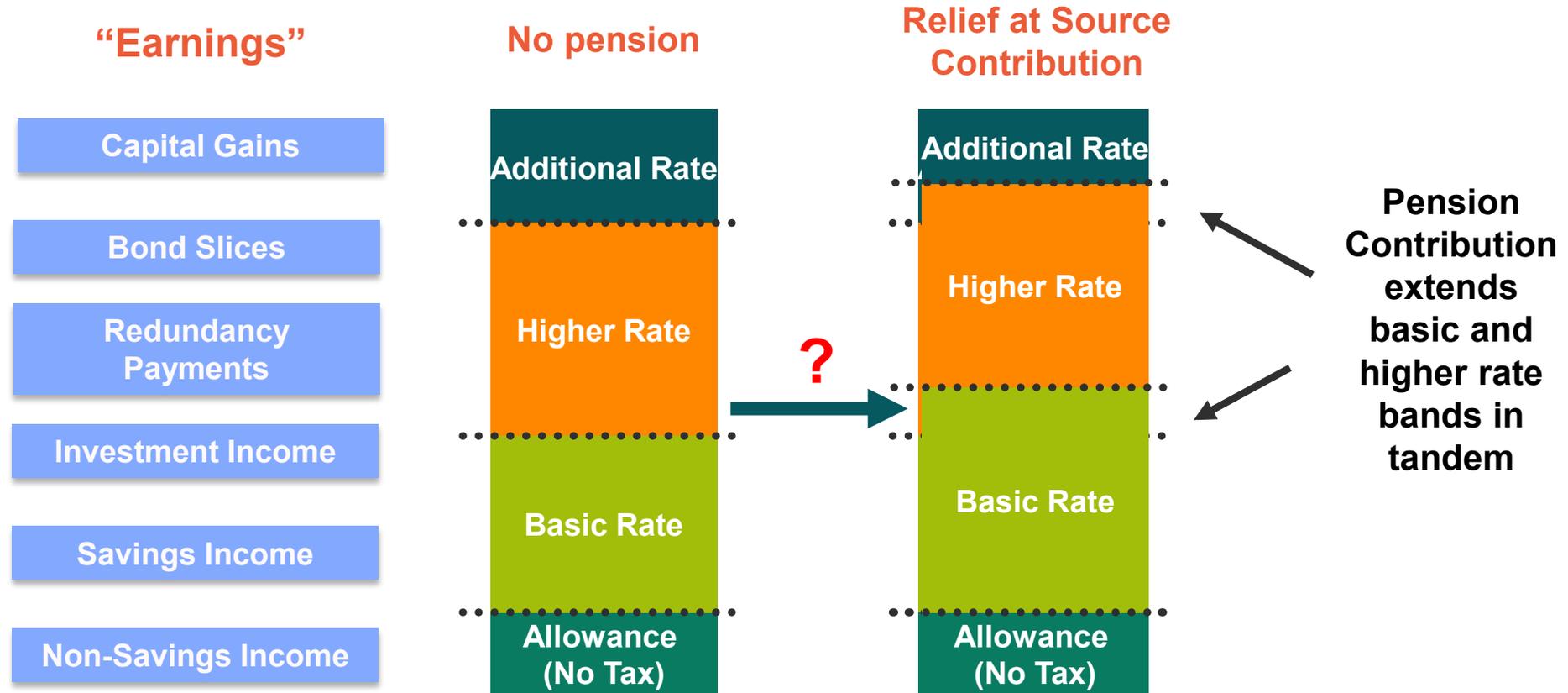
# How higher rate personal pension tax relief works

It's the main way to raise your thresholds these days...



# How higher rate personal pension tax relief works

It's the only way to raise your thresholds these days...



All contributions get 20% basic relief BUT what got moved from higher to basic?

# Tax Relief Modeller Tool

built by M&G

## Tax Year 2022/23

### ABOUT YOUR CLIENT

What is the client's age?

Scottish Tax Payer?

Number of Children

Gift Aid (Gross amt)

### CHARGEABLE EVENTS - BOND GAINS

| Onshore Gain            | Offshore Gain   | Years Gain           | Slice          |
|-------------------------|-----------------|----------------------|----------------|
| Onshore Gain 1: 250,000 | Offshore Gain 1 | Years Gain 1 (N): 37 | Slice 1: 6,757 |
| Onshore Gain 2          | Offshore Gain 2 | Years Gain 2 (N)     | Slice 2        |
| Onshore Gain 3          | Offshore Gain 3 | Years Gain 3 (N)     | Slice 3        |
| Onshore Gain 4          | Offshore Gain 4 | Years Gain 4 (N)     | Slice 4        |

### INCOME SOURCES

Employment Income

Benefits in Kind

Taxable Dividends

UFPLS

Drawdown

State Pension

Pension Income

### EXISTING PENSION CONTRIBUTIONS

Source (Net Amount)

Contributions paid gross

Pension Contributions (Net Amount)

Pension Contributions (Gross)

**Tom**  
onshore bond gain  
20%  
Slice in BRT

**Bob**  
bonus  
40%  
40%-20%

**Roy**  
dividends  
45%  
33.75%-8.75%

**Jeff**  
capital gain  
26%  
24%-18%

|                            | Tom             | Bob             | Roy             | Jeff      |
|----------------------------|-----------------|-----------------|-----------------|-----------|
| "Total Income"             | £296,000        | £296,000        | £296,000        | £296,000  |
| Adjustments                | £296,000        | £296,000        | £296,000        | £296,000  |
| Personal Allowance         | £0              | £0              | £0              | £0        |
| Personal Savings Allowance | £0              | £0              | £0              | £0        |
| Child Benefit Charge       | £0              | £0              | £0              | £0        |
| Capital Gains Tax          | £0              | £0              | £0              | £0        |
| <b>Tax Liability</b>       | <b>£29,262</b>  | <b>£10,140</b>  | <b>-£19,122</b> | <b>£0</b> |
| <b>Bond Gains Summary</b>  |                 |                 |                 |           |
| Tax on gains               | £107,300        | £107,120        | £180            | £0        |
| Onshore Tax Credit         | £50,000         | £50,000         | £0              | £0        |
| Top slicing relief         | £38,898         | £57,120         | £18,222         | £0        |
| Liability                  | £18,402         | £0              | -£18,402        | £0        |
| <b>"Bank Balance"</b>      | <b>£266,738</b> | <b>£282,980</b> | <b>£16,242</b>  | <b>£0</b> |

**Effective Rate of Tax Relief**  
(on new contributions) **551.17%**

Please navigate between workings and inputs using the tabs at the bottom of the sheet.

# Pension Tax Relief

Of the RAS variety

Tom, Bob, Roy and Jeff all have non savings non dividend income of £45,000. And...

- Tom has a £30,000 onshore bond gain accrued over 10 years
- Bob a £30,000 bonus
- Roy £30,000 dividends
- Jeff has a £30,000 capital gain

They each put £5,000 gross into their personal pension.

Who has the highest **effective rate** of tax relief?



A

B

C

D

Company  
Investing

8

# Company Investing

It's not really a tax thing

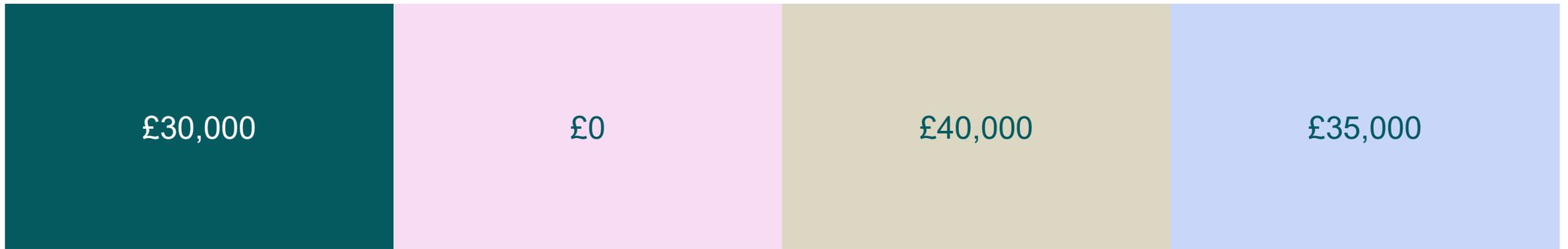
Dunning Technical Services Ltd own an onshore investment bond.

The policy started with £100,000 and is in its 6th policy year.

Due to the boom in technical support required they have just topped up by another £100,000.

There have never been any withdrawals.

How much **tax deferred allowance** is available?



A

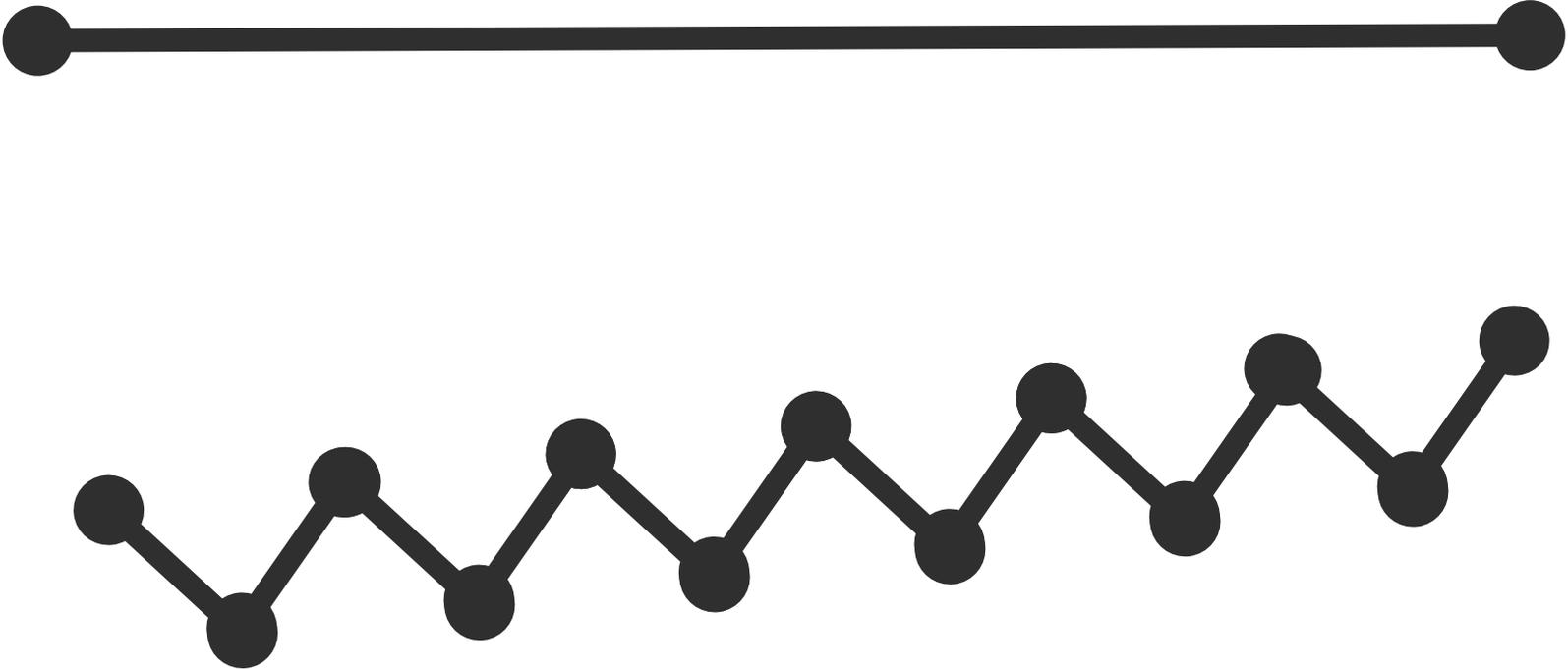
B

C

D

# Company Investing

It's a value of money / investment thing



# Company Held Bonds

No need to understand bond tax!

... where a company... is a party to an 'investment life insurance contract', this is treated as a loan relationship of the company. It is taxed as a creditor relationship under the loan relationships rules ... rather than under the chargeable event gain rules, with any profits or losses arising treated as non-trading credits or debits of the company

**!!!Forget chargeable events!!!**

# Company Investing

It's not really a tax thing

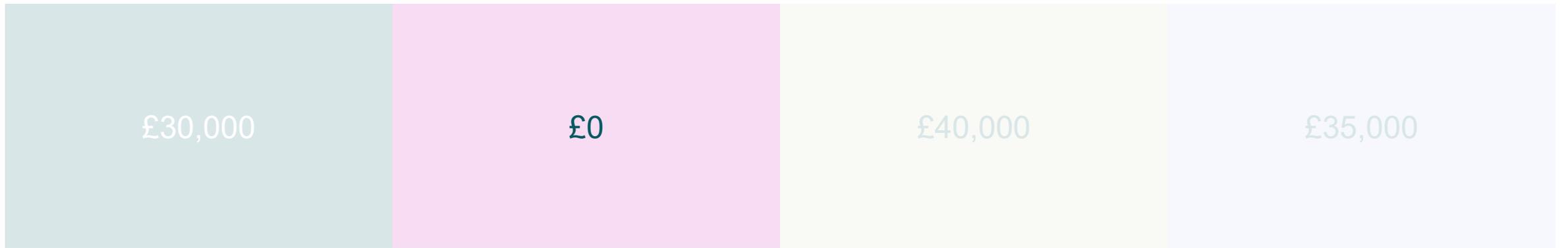
Dunning Technical Services Ltd own an onshore investment bond.

The policy started with £100,000 and is in its 6th policy year.

Due to the boom in technical support required they have just topped up by another £100,000.

There have never been any withdrawals.

How much **tax deferred allowance** is available?



A

B

C

D

# The \$64,000 questions!

Aren't they all

**COMPANY v PERSONAL**

**OEIC v BOND**

**ONSHORE v OFFSHORE**



# Pensions and IHT

9

# Pensions and IHT

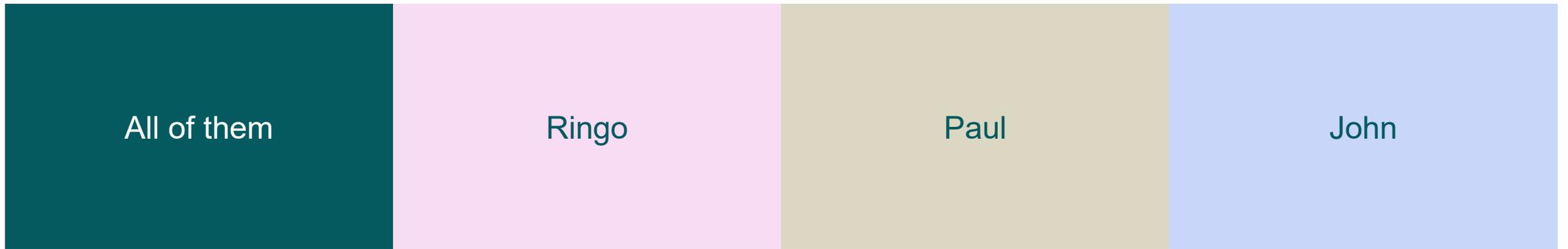
It's changing a bit.

John is an unmarried member of the NHS pension scheme, working there but living at home still.

Paul has a Joint Life annuity he took out a few years ago, with his unmarried partner as the second annuitant

Ringo has a Retirement Annuity Plan that is not under trust.

Whose **IHT position will change** if they die after April 2027?



A

B

C

D

# IHT on pension schemes

Always in the net but the net is changing

Power of Disposal  
(with some  
exceptions)

~~Within estate~~

Maybe exempt

Estate entitled

Within estate

No change

Discretionary  
Disposal

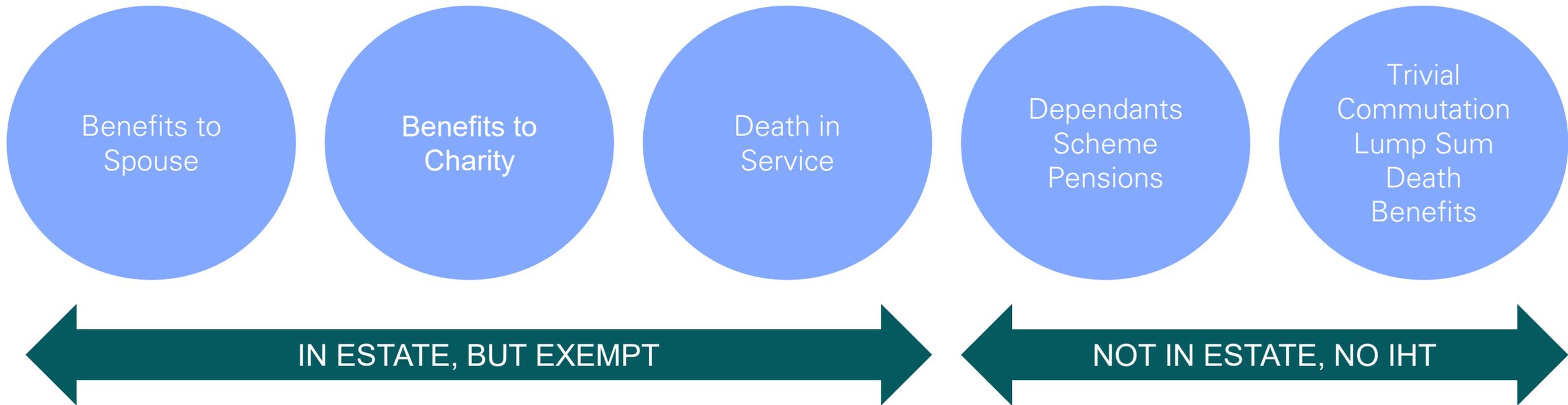
~~Outside estate~~

Within estate

In

But out!

## 5 things that **won't trouble\*** the IHT bill



\* Things in your estate but exempt have RNRB impact

# Annuities

But not the Bombay Duck ones

Single life

Guarantee period  
Estate “disposal”

Joint Life  
spouse/civil partner

Value Protection Lump Sums  
Estate “disposal”

Joint Life  
non spouse/civil partner

Guarantee period  
Discretionary “disposal”

Value Protection Lump Sums  
Discretionary “disposal”

Buying an annuity is a transfer of value

There's no annuity in a Fixed Term Annuity

# Pensions and IHT

It's changing a bit.

John is an unmarried member of the NHS pension scheme, working there but living at home still.

Paul has a joint life annuity he took out a few years ago, with his unmarried partner as the second annuitant

Ringo has a Retirement Annuity Plan that is not under trust.

Whose IHT position **will change** if they die after April 2027?



A

B

C

D

# Advising Trustees

10

# Trustee Investing

Should I, not can I

Elizabeth died and left her total estate in trust with a life interest for her husband Victor then falling on discretionary trust for her wider family when he died.

The trustees have wide investment powers and are looking for investment advice.

Can they **buy a bond**?

|     |                               |    |                                                                        |
|-----|-------------------------------|----|------------------------------------------------------------------------|
| Yes | Only if STEP provisions apply | No | Yes, but only if the trustees are allowed to advance capital to Victor |
|-----|-------------------------------|----|------------------------------------------------------------------------|

A

B

C

D

# Trustee Investing

A balancing act

*Ensure reasonable  
treatment of all  
beneficiaries*

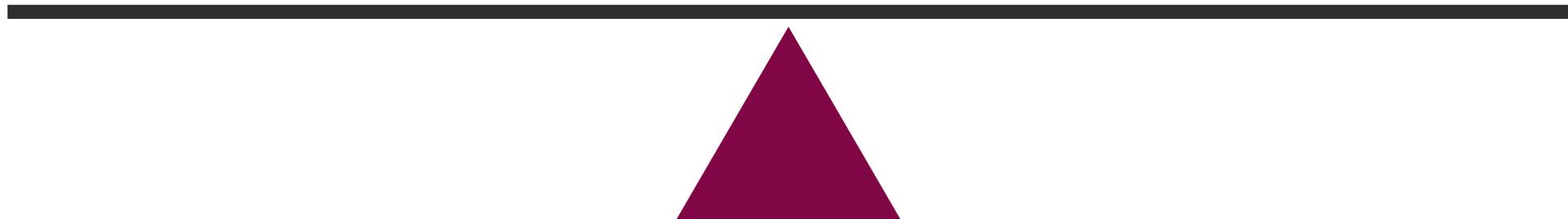
Trustee  
Responsibilities

*Consider tax  
status of  
beneficiaries*

Investment  
Suitability

*Capital or income  
need / want*

Trustee  
Objectives



# Trustee Investing

Should I, not can I

Elizabeth died and left her total estate in trust with a life interest for her husband Victor then falling on discretionary trust for her wider family when he died.

The trustees have wide investment powers and are looking for investment advice.

Can they **buy a bond**?

|     |                          |    |                                                                        |
|-----|--------------------------|----|------------------------------------------------------------------------|
| Yes | If STEP provisions apply | No | Yes, but only if the trustees are allowed to advance capital to Victor |
|-----|--------------------------|----|------------------------------------------------------------------------|

A

B

C

D

# Trustee Investing

## Essential Reading



Pensions  
and IHT  
planning

11

# Pension legacy planning

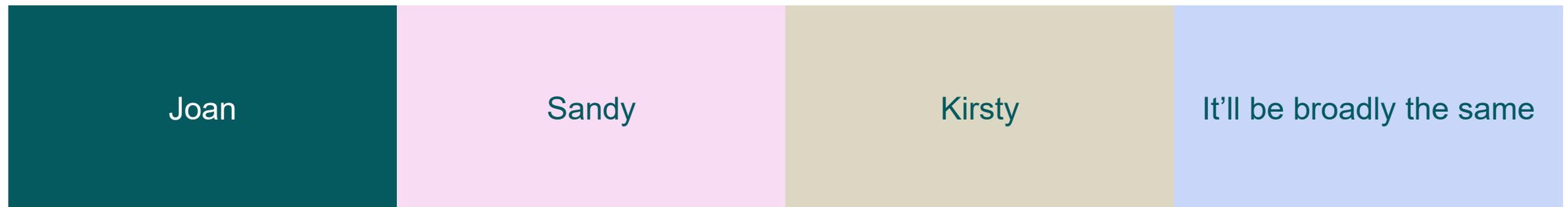
## Schrodinger's solution

Joan, Sandi and Kirsty are 3 widows all with access to a £480,000 tax free beneficiary drawdown pot that is surplus to requirements.

They all get annuity quotes. As they are all 74 and in identical health they can have an income of £1,472 per month. They all expect to live until 89, their average life expectancy

- Joan purchases a whole of life policy with a sum assured of £450,000
- Sandi uses the monthly income to place money in a trust for her grandchildren using normal expenditure, she expects growth of 5.1% per annum
- Kirsty invests 15 years worth of premiums (£264,960) as a single lump sum IHT efficiently and also expects 5.1% growth

Whose legacy will be the highest if they die **at 89**?



**A**

**B**

**C**

**D**

# Decisions, decisions

Tell me when you're going to die and I'll tell you what to buy

*“Joan will be 99 before she'll have paid over £450,000!”*

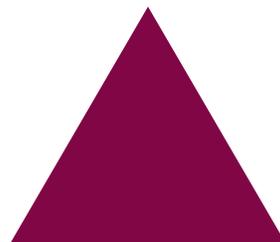
|                         |
|-------------------------|
| £1,472 p.m              |
| Sum Assured<br>£450,000 |

*“Sandi will be into her 90s before she beats the sum assured”*

|                                |
|--------------------------------|
| £1,472 p.m*                    |
| 90 - £435,549<br>91 - £476,371 |

*“Kirsty will surpass the sum assured by 85 (and still have some pension pot left behind)”*

|                                                 |
|-------------------------------------------------|
| £264,960*<br>(15 yrs premiums)                  |
| 85 - £463,770<br>89 - £568,475<br>99 - £995,026 |



# IHT planning

**SPEND**

**INSURE**

**RELIEVE**

**GIFT**

**Schrodinger's Solutions**

# Pension legacy planning

## Schrodinger's solution

Joan, Sandi and Kirsty are 3 widows all with access to a £480,000 tax free beneficiary drawdown pot that is surplus to requirements.

They all get annuity quotes. As they are all 74 and in identical health they can have an income of £1,472 per month. They all expect to live until 89, their average life expectancy

- Joan purchases a whole of life policy with a sum assured of £450,000
- Sandi uses the monthly income to place money in a trust for her grandchildren using normal expenditure, she expects growth of 5.1% per annum
- Kirsty invests 15 years worth of premiums (£264,960) as a single lump sum IHT efficiently and also expects 5.1% growth

Whose legacy will be the highest if they die **at 89**?



A

B

C

D

# Pension Legacy Modelling Tool

built by M&G

## Inputs

|                        |          |
|------------------------|----------|
| Pension value          | £250,000 |
| Pensionholder tax rate | 0.00%    |
| Beneficiary tax rate   | 20.00%   |
| Term (years)           | 15       |
| IHT                    | 40%      |

|                      |       |
|----------------------|-------|
| Net growth           |       |
| Pensions             | 6.00% |
| Loan Trust and Gifts | 6.00% |
| Business Relief      | 3.00% |

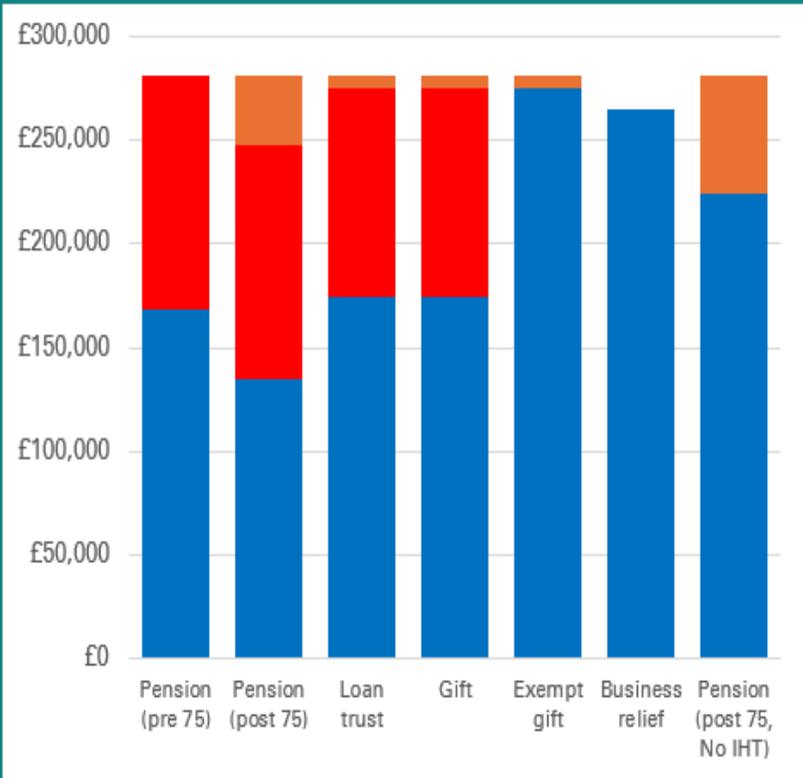
**RESET  
INPUTS**

## Key

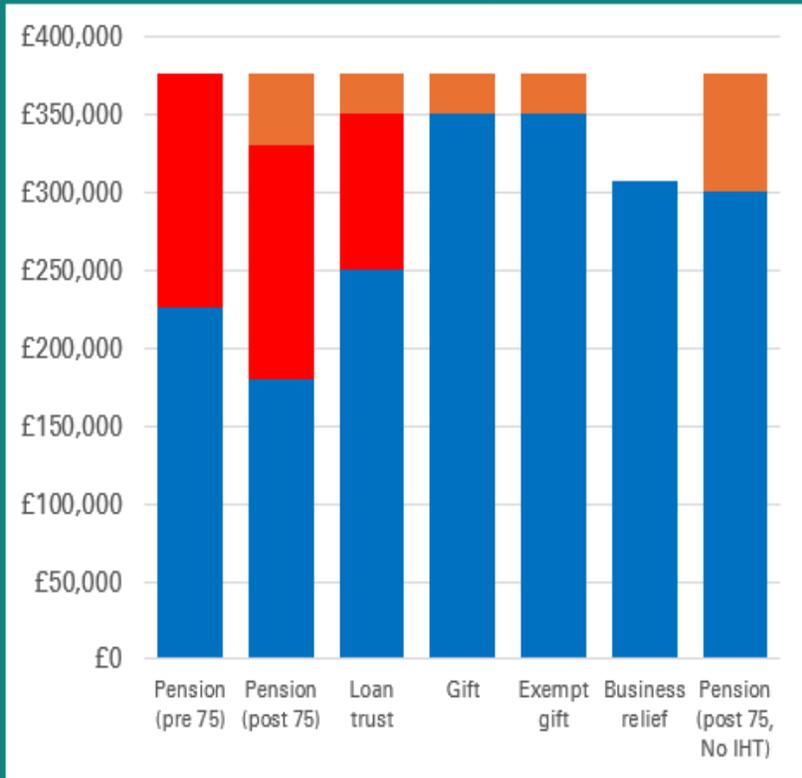


## Tax and Net Legacy Breakdown by Term

Values after 2 years



Values after 7 years



Values after 15 years



BOND  
RESURGENCE  
CONTINUING



IHT  
PLANNING  
BOOM



INCREASED  
DEMAND FOR  
ANNUITIES





Search for posts in this group



Home



My Network



Jobs



Messaging



Les Cameron **Manager**

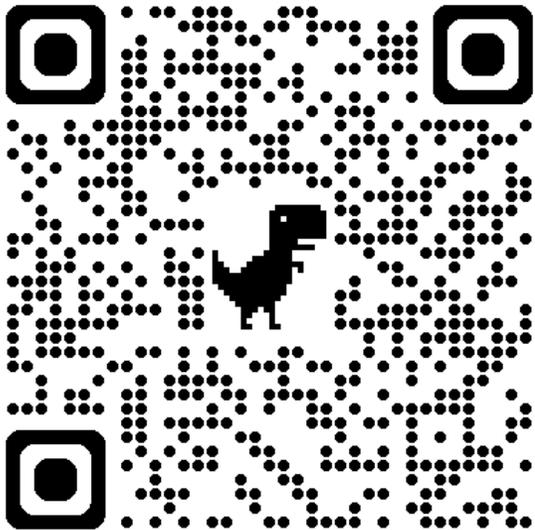
Joined group: Feb 2023

Pending posts

0

Requests to join

0



# M&G for Advisers - Tech Matters

Private Listed

[Earn an Active Group badge](#)



Start a post in this group



Video



Photo



Poll

# Learning objectives

By the end of this session, you will be able to:

Describe the key  
elements of tax  
planning in 2025

Q & A

?

Thank  
you



[www.mandg.com/wealth/adviser-services/tech-matters](http://www.mandg.com/wealth/adviser-services/tech-matters)

M  
&G