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## Inheritance Tax Knowledge Gap: Almost one in three don't understand laws and tax regimes

New research\* from M&G reveals a significant knowledge gap around inheritance tax (IHT), with nearly one in three people (32%) who expect to receive an inheritance of at least £300,000 or who have £150k investable assets, admitting they do not fully understand the laws and tax regimes that govern it. This lack of awareness may be contributing to a reluctance to pass on wealth during their lifetime, despite the potential tax benefits of doing so.

The findings come as HMRC reports a sharp rise in inheritance tax receipts, which reached £1.5 billion from April to May 2025<sup>2</sup>—£98 million more than the same period last year. With upcoming changes to include pensions in estates from 2027–28, understanding the rules has never been more critical.

Despite the growing tax burden, only a fifth (20%) of those surveyed plan to pass on most of their wealth before death. The top barriers include uncertainty about future living or care costs (37%) and a lack of understanding of available options (28%). Emotional hurdles also play a role, with 22% citing discomfort discussing inheritance with loved ones and 18% struggling with thoughts of their own mortality.

**Les Cameron, Head of Technical at M&G, commented:** “Inheritance tax is a complex topic, but it’s not just a concern for the wealthy. Many families could reduce their liability through simple planning, yet inaction—often driven by uncertainty—leads to missed opportunities. As property prices remain high and tax thresholds stay frozen, more families are being drawn into the IHT net, resulting in record amounts of tax receipts for the government. While talking about life expectancy is never easy, the sooner these conversations take place, the easier it is to plan.”

Under current rules, inheritance tax is set at 40% and paid on estates worth over £325,000. Spouses and civil partners can inherit any unused allowance from each other and an extra £175,000 allowance may be available if an estate including residential property is passed to a direct descendant, which means it’s possible for a couple’s estate to be worth £1 million without being liable for IHT.

### Women hold the keys to family wealth

The research also highlights the growing influence of women in managing intergenerational wealth. With women typically living four years longer than men<sup>3</sup> and having significant wealth of their own, there is an expanding need to support their financial aspirations.

According to [M&G’s The Untapped Potential of Women’s Wealth](#) report, 31% of women expecting to inherit £300,000 or more believe the bulk will come from a partner—compared to just 18% of men. Financial advice plays a pivotal role, with 80%<sup>4</sup> of advised women planning to use tax-efficient strategies to pass on wealth. Interestingly, financial advice also empowers women to have difficult conversations with family. Just over a third (35%)<sup>5</sup> of women who have a financial adviser feel

uncomfortable talking about the inheritance they will receive with their family, which rises to almost half (49%)<sup>5</sup> of those without an adviser.

**Les Cameron added:** “Our data shows women are becoming the key decision-makers in family wealth, yet the financial advice industry is still adapting. Advisers can play a key role in giving retiring women greater confidence that they will have the money for essential living costs, while ensuring their portfolios are still exposed to the growth required to cover care costs later in life.

They can also give them the confidence to approach difficult conversations with family, by arming them with all the tools needed to explain their wishes. Advisers who engage early and understand the unique needs of female clients can build lasting relationships and help them navigate complex financial decisions with certainty.”

**Adviser takeaways:**

- Recognise the opportunity: Women are creating and controlling more wealth—tailor marketing and advice accordingly.
- Think intergenerational: Understand family dynamics and long-term ambitions to future-proof advice.
- Plan for pension changes: With pensions entering the IHT regime, consider tax-free cash strategies.
- Empower early: Help women prepare for life events and legacy planning with confidence-building strategies.

-ENDS-

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For the full report, please click [here](#)

**Notes to Editors:**

\*The research quoted in this press release resulted from a survey of 1,002 people conducted by Censuswide on behalf of M&G Wealth, which surveyed the following groups between the 31<sup>st</sup> January and the 11<sup>th</sup> February 2025:

- 235 non-advised men, aged 26 and over, with £150,000 or more in investable assets or who expect to receive an inheritance of £300,000 or more.
- 243 non-advised women, aged 26 and over, £150,000 or more in investable assets or who expect to receive an inheritance of £300,000 or more.
- 267 advised men, aged 26 or over, £150,000 or more investable assets or who expect to receive an inheritance of £300,000 or more.
- 257 advised women, aged 26 or over, £150,000 or more investable assets or who expect to receive an inheritance of £300,000 or more.

Censuswide abides by and employs members of the Market Research Society and follows the MRS code of conduct and ESOMAR principles. Censuswide is also a member of the British Polling Council.

‘Strongly disagree’ and ‘Somewhat disagree’ responses combined

<sup>2</sup> [HMRC tax receipts and National Insurance contributions for the UK \(monthly bulletin\) - GOV.UK](#)



<sup>3</sup> Gov.uk, Office for National Statistics, [National Life Tables](#) – life expectancy at birth in the UK: 2020 to 2022 was 78.6 for males and 82.6 years for females.

<sup>4</sup> This stat is the inverse of those who selected 'I haven't used / don't plan to use any tax efficient products / approaches', 'Not sure', 'Prefer not to say'

<sup>5</sup> Strongly agree' and 'Somewhat agree' responses combined

#### **About M&G plc**

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