



## **Press Release**

### **I retired recently and I am drawing down an income from a substantial Approved Retirement Fund (ARF). If I pre-decease my spouse, will my ARF pass onto her and my children tax-free?**

**Answer: Mark Reilly, Pension Proposition Lead, Royal London Ireland**

First, you need to specify in your will that you want your ARF to be left to your spouse and children. Otherwise, your ARF will slide into the residue of your estate and it may not be distributed as you would like it to be.

Next, carefully consider whether you should leave your ARF to your spouse alone rather than to both your spouse and children.

The most tax-efficient way to pass on your ARF is for it to transfer into an ARF in the name of your spouse or civil partner. Neither Capital Acquisitions Tax (CAT – inheritance tax) nor income tax is triggered for the spouse or civil partner in this instance, though they will pay income tax on any withdrawals from the ARF.

Should you leave some or all of your ARF to a child, the tax treatment varies, depending on the age of the child.

ARF benefits payable to a child under the age of 21 may be subject to CAT, though no income tax will be due.

ARF benefits payable to a child over the age of 21 are subject to income tax at a rate of 30pc, regardless of the size of the fund. However, CAT is not payable.

**ENDS**

## **Notes to the Editor:**

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