A **Lifetime Mortgage** can be a strategic tool in inheritance tax planning, potentially reducing the tax burden on your estate. Here's how it works:

How a Lifetime Mortgage Reduces Inheritance Tax

1. **Reduces Estate Value**: By releasing equity from your home, the value of your estate is reduced, which can lower the amount of inheritance tax payable.
2. **Tax-Free Cash**: The money released through a lifetime mortgage is typically tax-free, meaning it doesn't count towards your estate for inheritance tax purposes.
3. **No Immediate Repayment**: You don't need to repay the loan until you pass away or move into long-term care, allowing you to use the funds for living expenses or other needs.

Considerations

- **Accrued Interest**: The interest on the loan can compound over time, increasing the total amount owed. This could reduce the inheritance left to your beneficiaries1.
- **Impact on Benefits**: Releasing equity can affect your entitlement to means-tested benefits.
- **Professional Advice**: It's important to consult with a financial advisor to understand the full implications and ensure it aligns with your overall financial and estate planning goals.