Quilter

Discounted Gift Trust – Discount calculator

User guide

The Discounted Gift Trust (DGT) discount calculator is designed to provide an estimate of the discount which may apply in two scenarios:

1. **New business** – The calculator provides an estimate of the 'discount' to a proposed gift into trust. The discount represents the interest retained by your client(s) and is based on your client's age along with the amount and frequency of their chosen withdrawals from the trust. **This calculation does not consider your client's health. The discount figures may change once medical underwriting is completed.**

2. **10 yearly periodic charge** – The calculator provides the discounted value of the trust fund to be used by the trustees when calculating the periodic charge which applies to relevant property trusts (such as discretionary trusts). The discount is based on the age, amount and frequency of withdrawals and the underwriter's rating at the time the trust began.

Please note: A discount may only be applied on a 10 year anniversary if the settlor is alive and age 90 or below at the time of the anniversary.

The information provided is based on our understanding of the law relating to UK inheritance tax and HM Revenue & Customs practice as at December 2025. We cannot guarantee that our understanding is correct, and we cannot accept responsibility for any tax consequences that may arise from any guidance that may turn out to be incorrect. Quilter accepts no responsibility for actions taken or refrained from being taken following use of this calculator.

Tips for getting started

1 New business

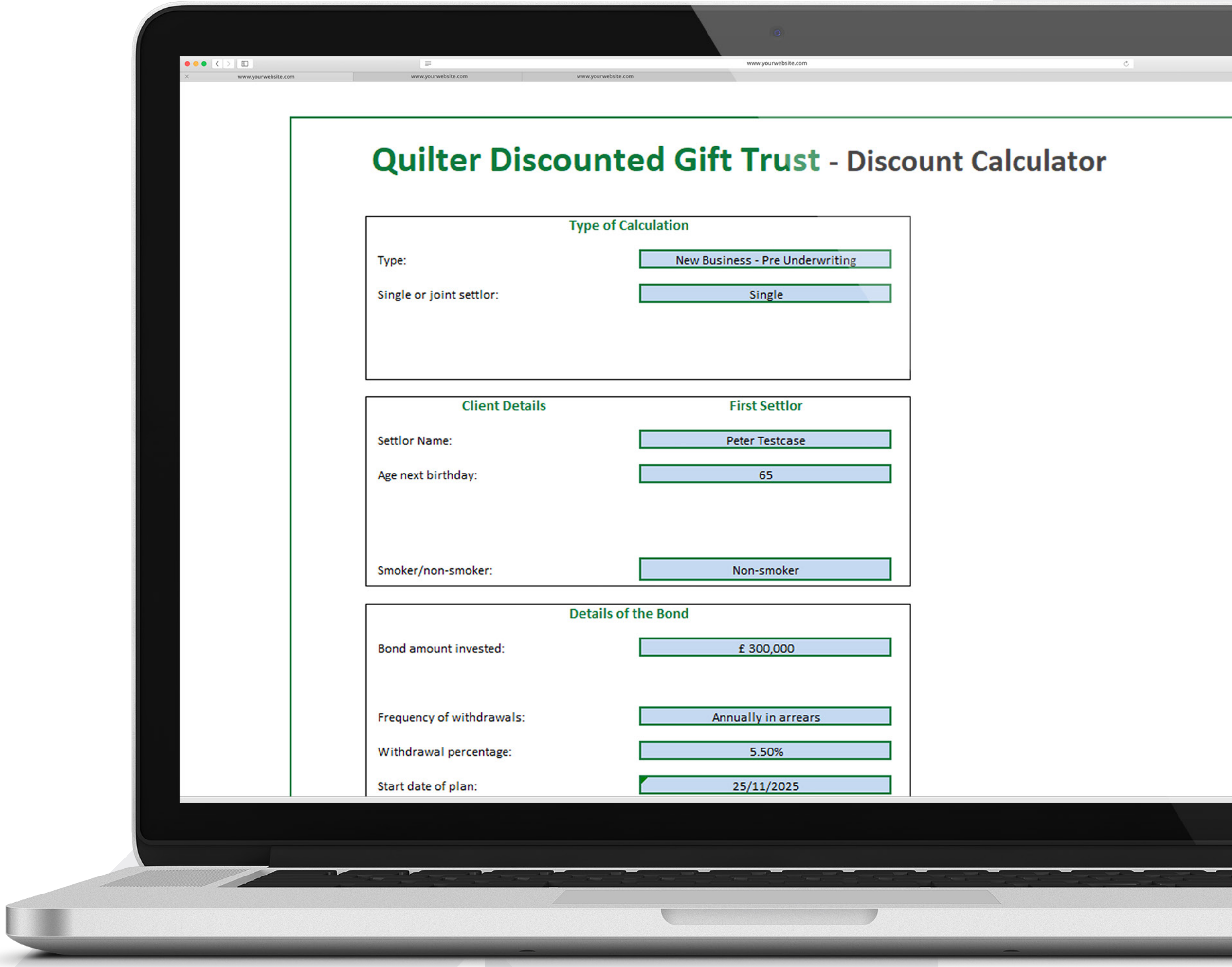
You'll need:

- Your client's name, age and smoker status
- The value of the proposed gift to trust
- The amount of any initial fee you have agreed with your client
- The amount and frequency of withdrawals required by your client per annum

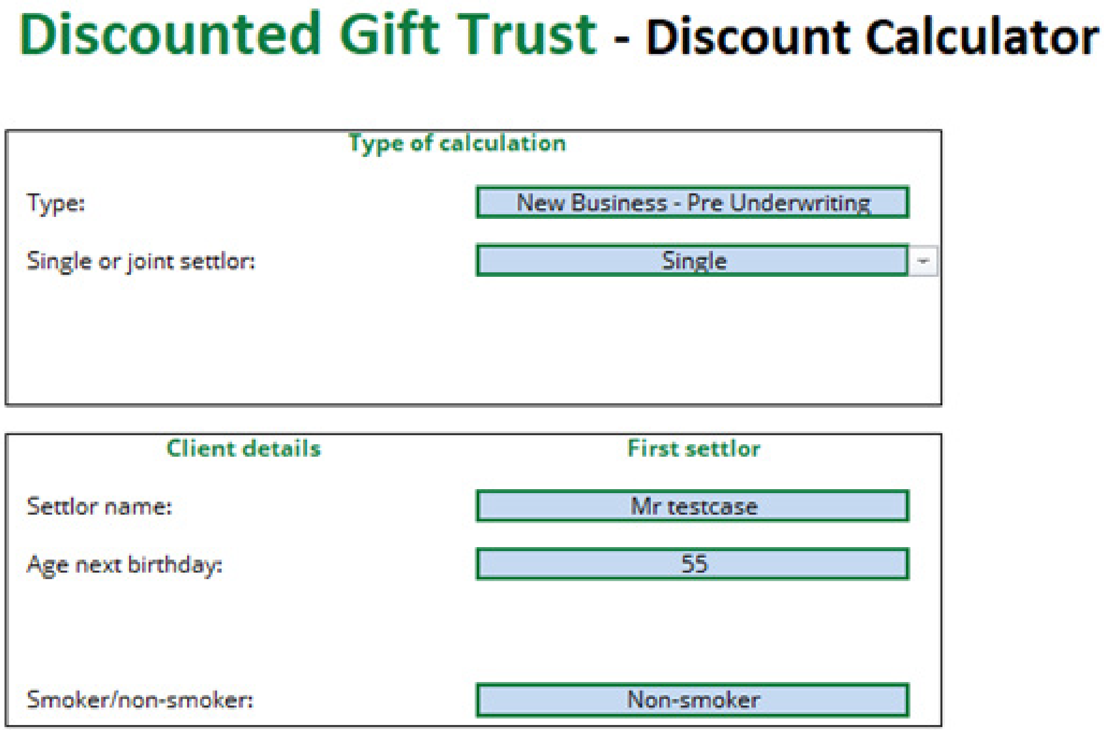
2 10 yearly periodic charge

You'll need:

- Your client's name, age and smoker status
- The age rating applied by an underwriter when the trust initially started, expressed as a number of years to be added to their actual age
- The value of the trust's assets on <u>the day before</u> the periodic charge in question
- The amount and frequency of withdrawals paid to the settlor per annum



Type of calculation and client details


Discounted Gift Trust - Discount Calculator

Type of calculation	
Type:	New Business - Pre Underwriting
Single or joint settlor:	Single

Client details	First settlor
Settlor name:	Mr testcase
Age next birthday:	55
Smoker/non-smoker:	Non-smoker

Case type: For a new business cases, ensure you select ‘New Business – Pre Underwriting’.

If you are doing a 10 yearly periodic charge discount calculation, see section two of this document.

Single or joint settlor – Select whether the DGT calculation is calculated on a single settlor or joint settlor basis.

Settlor details – Enter the details for each settlor - name, age next birthday, and their smoker status.

Details of the bond

Details of the bond	
Bond contribution:	£ 234,568
Adviser initial fee:	3.00%
Bond amount invested:	£ 227,531
Frequency of withdrawals:	Annually in arrears
Withdrawal % (of bond amount invested):	5.00%
Start date of trust:	01/10/2025
First withdrawal after how many months:	12

Bond contribution: Enter the value before any adviser initial fee.

Adviser initial fee: Enter the value of any initial fee agreed with your client – this could be zero. The Bond contribution minus the adviser initial fee equals the 'Bond amount invested'.

Frequency of withdrawals: Enter how often the withdrawals are to be paid e.g. monthly, quarterly etc.

Withdrawal percentage: Enter the withdrawal as a percentage of the 'bond amount invested' (i.e. bond contribution less adviser initial fee). The maximum allowable percentage is 15%.

Start date of trust: Enter a proposed start date, this should be in the future.

First withdrawal after how many months: Enter how many months after the start date the withdrawals will start. As the withdrawals are in arrears, the start date can't be before the first instance of the frequency has passed. For example, for monthly frequency the first withdrawal can only be 1 month or more, quarterly 3 months or more.

Discount results

Single life output:

Discount results	First settlor
Estimated discount	£ 204,132
Expressed as a % of bond amount invested	62.48%
Discounted value of gift (PET/CLT value)	£122,568

Joint life output:

Discount results	First settlor	Second settlor
Estimated discount	£ 106,414	£ 115,374
Expressed as a % of bond amount invested	32.57%	35.31%
Discounted value of gift (PET/CLT value)	£56,936	£47,976

Estimated discount: This is the estimated open market value of the right to withdrawals for the rest of the settlor(s) life. For joint life cases, this is shown for each settlor's half share of the amount invested.

Expressed as a percentage of bond amount invested: This is the discount amount divided by the amount invested. For joint life cases, this is based on each settlor's half share of the amount invested.

Discounted value of the gift: This is the amount invested less the estimated value of interest retained – the discount i.e. the value of the gift (PET or CLT) into trust. For joint life cases, this is shown for each settlor's half share.

Type of calculation and client details

Discounted Gift Trust - Discount Calculator

Type of calculation	
Type:	10 Year Anniversary Charge
Single or joint settlor:	Single
Bond account number:	ac1234567
Bond holder's name:	test case

Client details	First settlor
Settlor name:	Mr testcase
Age next birthday:	55
Underwriter's years to age rating:	0
Calculation age:	55
Smoker/non-smoker:	Non-smoker

Case type: For a 10-yearly periodic charge, click on the cell to select '10 Year Anniversary Charge' from the drop down.

If you are doing a new business calculation, see section one of this document.

Single or joint settlor: Select whether the DGT calculation is on a single settlor or joint settlor basis.

Bond account number and name: Enter the details accordingly.

Settlor details: Enter the details for each settlor - name, age next birthday, and their smoker status.

Underwriters years to age rating: Enter any age rating that was confirmed when the trust was initially started.

2 10 yearly periodic charge

Details of the bond

Details of the bond

Bond contribution:	£ 330,000
Adviser initial fee:	1.00%
Bond amount invested:	£ 326,700
Bond valuation:	£ 345,678
Frequency of withdrawals:	Monthly in arrears
Withdrawal % (of bond amount invested):	5.00%
Date of periodic charge:	01/10/2025
Next withdrawal after how many months:	1

Bond contribution: Enter the value before any adviser initial fee.

Adviser initial fee: Enter the value of any initial fee agreed with your client – this could be zero. The Bond contribution minus the adviser initial fee equals the 'Bond amount invested'.

Bond valuation: The encashment value of the bond on the day before the respective anniversary (e.g. the day before the 10 year anniversary – or the day before the 20 year anniversary etc).

Frequency of withdrawals: Enter how often the withdrawals are to be paid e.g. monthly, quarterly etc.

Withdrawal percentage: Enter the withdrawal as a percentage of the 'bond amount invested' (i.e. bond contribution less adviser initial fee). The maximum allowable percentage is 15%.

Date of periodic charge: Enter the date which is one day before the respective anniversary.

Next withdrawal after how many months: Enter how many months after the periodic charge the next withdrawal will be paid.

2 10 yearly periodic charge

Discount results

Single life output:

Discount results	First settlor
Estimated discount	£ 204,132
Expressed as a % of bond valuation	59.05%
Discounted value of relevant property	£141,546

Joint life output:

Discount results	First settlor	Second settlor
Estimated discount	£ 107,561	£ 119,267
Expressed as a % of bond valuation	31.12%	34.50%
Discounted value of relevant property	£65,278	£53,572

Estimated discount: This is the estimated market value of the right to withdrawals for the rest of the settlor(s) life. For joint life cases, this is shown for each settlor's half share of the amount invested.

Expressed as a percentage of bond amount invested: This is the discount amount divided by the bond valuation provided. For joint life cases, this is based on each settlor's half share of the bond value.

Discounted value of the gift: This is the encashment value less the estimated value of interest retained – the discount. For joint life cases, this is shown for each settlor's half share. This is the relevant property value which forms part of the periodic charge.