5 ways a cashflow model could support your estate plan

Deciding how you'd like your assets to be managed later in life and after you pass away may be intimidating. However, a cashflow model could help you answer both financial and emotional questions, so you're in a better position to tackle your estate plan.

According to a survey conducted by Aegon (5 March 2026), 1 in 3 UK adults has done nothing to prepare for death. Even among adults who have taken steps to prepare, many haven't completed the full process. For example, while 38% said they'd written a will, only 18% had organised their core financial documents, such as pension information, insurance details, or account records.

While it may seem that estate planning is something you can put off until later, being proactive can be valuable. Not only could it offer peace of mind, but a longer time frame could present opportunities to pass on gifts during your lifetime and make tax-efficient decisions.

Cashflow modelling can project how your wealth will change

Cashflow modelling is a powerful tool that allows you to input information about your current finances and then use assumptions to project how the value of your assets might change. You may incorporate variables like expected investment returns, planned outgoings, or when you hope to start using your pension to create an income.

The output of cashflow modelling might help you make more informed decisions.

For example, when you're planning for retirement, you might model several different scenarios to understand how your retirement age may affect your income. Or you could use it to calculate what a sustainable income throughout retirement would be for you.

It's important to note that the output of a cashflow model cannot be guaranteed and will be based on the information you input and the assumptions made.

However, a cashflow model could be valuable when you're making important decisions, including those relating to your estate plan. Here are five reasons why you might benefit from using a cashflow model when you're thinking about how to use or pass on your assets in the future.

1. *Assess the impact of gifting during your lifetime*

For many people, gifting to loved ones during their lifetime is a goal. You might want to help adult children get on the property ladder, boost their income, or cover the cost of a grandchild's school fees.

However, you may be worried about how it'll affect your financial security in the long term. A cashflow model could help you visualise the potential impact of gifting to understand if it's an option you want to consider.

2. *Decide how to pass on your estate*

The value of your estate may affect how you choose to divide your assets. As a result, a cashflow model can be a useful tool when thinking about inheritances.

Understanding the value of your assets could be useful for your beneficiaries too, as their expected inheritance might influence their financial decisions.

3. *Highlight when you might benefit from Inheritance Tax planning*

Inheritance Tax (IHT) is a tax on your estate after you pass away if its value exceeds certain thresholds. As the value of your assets is likely to change during your lifetime, it can be difficult to assess whether IHT is something you might need to consider.

A cashflow model could highlight if your estate may be liable for IHT and potentially help you find ways to reduce the bill.

4. *Support creating a care plan*

Planning for care costs can be challenging. However, it may be an important part of your long-term plan.

As people live longer lives, the number of individuals who require support is expected to rise. Indeed, according to research from the Joseph Rowntree Foundation (22 August 2024), the number of people who could benefit from support with daily activities will rise from 1.7 million in 2015 to 3 million in 2040.

A cashflow model could help you assess how you'd pay for care costs should you need support later in life.

5. *Test "what if" scenarios*

One challenge when making decisions is understanding the long-term impact. A cashflow model could allow you to test "what if" scenarios and assess the impact they might have on your assets.

For instance, you may use a cashflow model to answer questions like:

- How would increasing my annual spending impact what I leave behind for loved ones?
- How would gifting each of my children £25,000 now affect my financial security in the long term?
- How would leaving a percentage of my estate to charity affect the inheritance my beneficiaries will receive?

Being able to visualise the effect of these decisions on your wealth might give you the confidence to move your plans forward or identify potential gaps before you act.

Get in touch

If you'd like to create an estate plan or review an existing one, please contact us.

Please note: This article is for general information only and does not constitute advice. The information is aimed at individuals only.

All information is correct at the time of writing and is subject to change in the future.

HM Revenue and Customs' practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.

The value of investments and any income from them can fall as well as rise and you may not get back the original amount invested.

The Financial Conduct Authority does not regulate estate planning, tax planning or cashflow modelling.

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