

Charles protects the value of his ISA investments and mitigates his inheritance tax liability using Stellar ESP AiM

KEY POINTS

- ★ **IHT Relief:** investments qualify for 100% relief from IHT after two years.
- ★ **Control:** provides full control of and access to capital throughout lifetime.
- ★ **Tax-efficiency:** client retains all their ISA benefits in addition to IHT relief.

THE CLIENT

Charles is in his seventies and has spent nearly 20 years accumulating a significant ISA portfolio with a current value of around £150,000. While this has been a very tax efficient vehicle for both income and capital gains tax relief during his lifetime, Charles now needs to shelter his investment from Inheritance Tax (IHT).

Charles doesn't want to liquidate his portfolio to do this, nor does he want to go to the expense of putting it into a trust or buying a life assurance policy. It is important to Charles that he retains control over his capital.

OUR SOLUTION

Charles has never invested through AiM (the Alternative Investment Market), but has been impressed by Stellar's focus on capital preservation and the outstanding ten-year performance record of their ESP AiM portfolio service. As added protection, he also has the option of taking out insurance to protect his investment from any loss of value to give him peace of mind.

By simply filling in the appropriate form, Charles has been able to make a direct transfer into Stellar ESP AiM ISA, which will qualify for 100% IHT relief after only two years. **This solution gives him access to, and control of, his capital whilst retaining all his ISA benefits.**

RESULTS AFTER THREE YEARS

	Estate without IHT planning	ESP AiM no growth (net)	ESP AiM 3% growth (net)
Gross investment value	£150,000	£150,000	£150,000
Initial fee (0.5%)	-	(£750)	(£750)
Net investment in Stellar ESP AiM	-	£149,250	£149,250
Inheritance tax at 40%	(£60,000)	-	-
Growth in value	-	-	£13,840
Value of inheritance left to beneficiaries	£90,000	£149,250	£163,090

As the table shows, even if the value of Charles' ESP AiM ISA does not increase, his beneficiaries would still be able to save nearly £60,000 after all fees are paid, by not having to pay the 40% inheritance tax liability.

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