

Bespoke legacy planning | Hybrid Strategy

Case Study

Meet Anne and David

“We are looking for a solution that is flexible to suit our needs and also reduces the burden of IHT for our four grown up children.”



The clients

IFA Hannah has a wealthy couple, Catherine and Alex, within her client base and is seeking a bespoke solution for them. The couple are extremely keen golfers and play regularly with their children.

Hannah wonders if owning their own golf course as part of their estate planning may benefit the family in many ways. Hannah knows that owning and operating a golf course qualifies for Business Relief which should provide 100% relief from IHT after two years. Hannah also knows that retaining ownership of their capital in case they need it in the future is important to Catherine and Alex.

Our solution

With Hannah’s help, Catherine and Alex are keen to invest in Business Relief (BR) qualifying assets seeking to achieve 100% relief from IHT after two years. Hannah recommends the Stellar Bespoke Inheritance Tax service because she realises the importance of experienced managers for these types of assets. It also provides the flexibility required to allow an investor to seek to acquire a golf course near to where they live.

The couple invest in five different companies, one for each of their children and a last one to own the golf

course for the whole family. This means that each of their children will inherit a company which may be used for their own estate planning and the family can retain the golf course to pass down as a family legacy. Stellar has discretion to invest the four companies across their range of qualifying business activities.

They are on track to secure 100% relief from IHT for their children after two years, whilst investing in tangible assets seeking to preserve and grow their legacy.

The following table illustrates the potential benefits of investing £10 million across the five companies sought from the Stellar Bespoke IHT solution. We have assumed the underlying investments provide growth of 4% per annum after fees.

Results after two years	£10 million without IHT planning	Stellar Bespoke IHT Service
Gross investment value	£10,000,000	£10,000,000
Initial fee 1.5%	---	(£150,000)
Consultancy fee up to 2.0%	---	(£200,000)
Net investment	---	£9,650,000
Growth in value after two years	---	£787,440
Inheritance tax at 40%	(£4,000,000)	---
Value of inheritance to each child	£6,000,000	£10,437,440

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