

Bespoke legacy planning | Tailored Strategy

Case Study

Meet Anne and David

“We want to explore the options available to reduce the inheritance tax bill that our two children may face.”



The clients

Anne and David have recently celebrated their golden wedding anniversary with their two children and eight grandchildren. They have an estate of approximately £75 million.

They have a long-standing relationship with their financial adviser, Maddie. They have been selling other assets to provide funds for a range of gifts, trusts and other arrangements for their children and grandchildren.

They are also seeking assets that would qualify for relief from inheritance tax and which enable them to keep control over should they need these funds in the future. Maddie mentions Business Relief, in particular forests.

David’s family are from the Highlands of Scotland and he and Anne are very keen on the environmental benefit of forests. David and Anne are very keen on building a portfolio of forests within a personal trading company. They would like to invest independently of others to allow them full control of the timing of any sales.

Our solution

With Maddie’s help Anne and David learned that forests should qualify for Business Relief (BR) and achieve 100% relief from IHT after two years.

After considering a range of BR options, Maddie selects the Stellar Bespoke IHT Service because it allows a bespoke solution to structuring the investment and selecting qualifying activities which suit their wishes.

The family is then on track to secure 100% relief from IHT for their children after two years, whilst investing in tangible assets which seek to preserve and grow their legacy. They are also reassured that should they need further capital in the years to come they will be able to sell a forest to provide the additional capital.

The following table illustrates the potential benefits of investing £5 million through the Stellar Bespoke IHT solution. We have assumed the underlying investments provide growth of 4% per annum after fees.

Results after two years	£5 million without IHT planning	Stellar Bespoke IHT Service
Gross investment value	£5,000,000	£5,000,000
Initial fee 1.5%	---	(£75,000)
Consultancy fee up to 2.0%	---	(£100,000)
Net investment	---	£4,825,000
Growth in value after two years	---	£393,720
Inheritance tax at 40%	(£2,000,000)	---
Value of inheritance to each child	£3,000,000	£5,218,720

Important Information

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