

Stellar ITS | Legacy planning with tangible assets Case Study

Meet Richard and Sue

“We want to protect our estate from inheritance tax to leave a growing legacy for our family.”



The clients

Richard and Sue are recently retired and have an estate worth £1 million.

As a married couple, their nil-rate band (NRB) allowances in respect of inheritance tax (IHT) amount to £650,000, meaning that their net estate of £350,000 could leave their family exposed to a potential IHT liability of £140,000.

Richard and Sue want to reduce their family’s exposure to IHT, and they want to invest in tangible assets that are simple to understand.

Our solution

Having spoken to their financial adviser, Richard and Sue are keen to invest in Business Relief (BR) qualifying activities to achieve full IHT relief and reduce the liability their family will have to pay.

After considering many different BR options, their adviser recommended a service offered by Stellar which provided diversification from their existing investments and was asset-backed.

The Stellar ITS invests in a portfolio of easy to understand assets like commercial forestry and hotels.

Investments are made in their name, so they retain ownership of, access to, and control of their capital.

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

The table below illustrates the benefits sought from this solution, and we have assumed that the underlying investments provide growth of 3.5% per annum after annual fees.

Their children should receive an inheritance of £363,681, nearly 75% greater than if the capital was kept in cash and subject to 40% IHT.

Results after two years	Estate without IHT planning	Stellar ITS
Gross investment value	£350,000	£350,000
2% initial fee	---	(£7,000)
1% dealing fee	---	(£3,500)
Net investment	---	£339,500
Growth in value after two years	---	£24,181
Inheritance tax at 40%	(£140,000)	---
Value of inheritance left to beneficiaries	£210,000	£363,681

Important Information

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