

Building a growing legacy for loved ones

Case Study

Meet Claudia and Cleo

“We want to protect our estate from IHT to leave a growing legacy for those we love.”



so they retain ownership of, access to, and control of their capital.

They should secure 100% IHT relief for their loved ones 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. We have assumed that the underlying investments provide growth of 5% per annum after annual fees.

Their beneficiaries should receive an inheritance of £374,299, over 75% greater than if the capital was kept in cash and subject to 40% IHT.

The clients

Claudia and Cleo are in their fifties 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. This means that their net estate of £350,000 could leave their family exposed to a potential IHT liability of £140,000.

Claudia and Cleo want to reduce their beneficiaries' exposure to IHT, and they want to invest in tangible business assets that are simple to understand.

Our solution

Having spoken to their financial adviser, Claudia and Cleo are keen to invest in Business Relief (BR) qualifying activities to achieve full IHT relief and reduce the liability their beneficiaries 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 Growth Inheritance Tax Service invests in a portfolio of easy to understand assets like commercial forestry and hotels. Investments are made in their name,

Results after two years	Estate without IHT planning	Stellar Growth IHT Service
Gross investment value	£350,000	£350,000
Initial fee 1.5%	---	(£5,250)
1.5% dealing fee	---	(£5,250)
Net investment	---	£339,500
Growth in value after two years	---	£34,799
Inheritance tax at 40%	(£140,000)	---
Value of inheritance left to beneficiaries	£210,000	£374,299

Important Information

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