

Transferring an equity portfolio for IHT planning

Learn how Jane protected her large equity portfolio from inheritance tax using the Stellar AiM Inheritance Tax Service.

The Client

Jane has recently been widowed and she has an equity portfolio of £200,000. When her husband died, he used up the entirety of his nil-rate band (NRB) allowance. Jane's property and other assets will exceed her NRB.

Jane is concerned by the large inheritance tax (IHT) bill that her children will face when she passes. She wants to pass as much as possible to her children but also wants to keep control of her capital during her lifetime, as she is concerned that she may need to fund medical and long-term care costs in the future.

Jane has considered more traditional planning methods, but her deteriorating health means that there may be insufficient time to utilise gifts or trusts and life assurance policies are likely to be expensive if they are approved.

Our Solution

After speaking to her financial adviser, Jane decided to invest in the Stellar AiM Inheritance Tax Service because it should qualify for 100% relief from IHT after two years. Additionally, Jane can keep full control of her money, in case she needs it in the future.

Key Features



IHT Relief

Investments should qualify for 100% relief from IHT after two years.



Control

Clients retain ownership of their capital so they keep control.



Liquidity

Market traded assets are more liquid.

The table below illustrates that even assuming the value of Jane's Stellar AiM Inheritance Tax Service portfolio does not increase, her beneficiaries should still be able to save nearly £80,000 after all fees are paid.

Results After Three Years

| | Estate without IHT planning | Stellar AiM IHT Service no growth (net) |
|---|-----------------------------|---|
| Gross investment value | £200,000 | £200,000 |
| 1% initial fee | - | (£2,000) |
| Net investment in Stellar AiM IHT Service | - | £198,000 |
| Inheritance tax at 40% | (£80,000) | - |
| Value of inheritance left to beneficiaries | £120,000 | £198,000 |

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