

CASE STUDY

Building a growing legacy for loved ones



Overview

Meet Claudia and Cleo who want to protect their estate from IHT to leave a growing legacy for those they love.

For investment professionals only

Meet Claudia and Cleo

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 Family Trading Company Tax Service 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 loved ones after two years, whilst investing in tangible assets seeking to preserve and grow their legacy.

Results After Two Years

See below 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.



Estate without IHT planning

£350,000

Gross investment value

(£140,000)

Inheritance tax at 40%

£210,000

Value of inheritance left to beneficiaries

Stellar Family Trading Service

£350,000

Gross investment value

(£3,500)

1.0% initial fee

(£5,250)

1.5% dealing fee

£339,500

Net investment

£34,799

Growth in value after two years

£374,299

Value of inheritance left to beneficiaries

Important Information

Stellar Asset Management Limited does not offer investment or tax advice or make recommendations regarding investments. Capital is at risk. The rates of tax, tax benefits and tax allowances described are based on current legislation and HMRC practice. They are not guaranteed, are subject to change and depend on personal circumstances. This document is dated January 2025 and is exempt from section 21 of the Financial Services and Markets Act 2000 and is not required to be and has not been approved for the purposes of the section because it is only being communicated to selected Investment Professionals (as defined under article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005). If this document is forwarded to any other person, you must ensure that you have taken responsibility for the document under the financial promotions rules and identified yourself as the issuer. Stellar Asset Management Limited, 20 Chapel Street, Liverpool, L3 9AG is authorised and regulated by the Financial Conduct Authority.

Get in touch

We're here to help

Investors

We recommend you speak to a Financial Adviser in the first instance, as we cannot offer investment or tax advice.

If you have any other questions please contact us on 020 3195 3500 or email us at enquiries@stellar-am.com

For further information, please visit www.stellar-am.com

Stellar Asset Management Limited
20 Chapel Street,
Liverpool,
L3 9AG

Registered in England and Wales No. 06381679. Stellar Asset Management Limited is authorised and regulated by the Financial Conduct Authority.