

CASE STUDY

Using the Additional Permitted Subscription (APS)



Overview

After her husband's death, Caroline wished to consolidate his ISA portfolio with her own and protect its full value from inheritance tax.

For investment professionals only

Meet Caroline

Amongst the investments Caroline inherited from her husband, Roy, she received his ISA portfolio.

Roy had been a real advocate of tax efficiency and, once they could afford it, they never missed an opportunity to utilise their annual ISA allowances. As a result, he had accrued a sizeable ISA portfolio spread across multiple providers. After his death, Caroline was keen to maintain her funds in their tax efficient wrapper. Initially, Caroline was worried that Roy's ISA portfolio would lose its ISA status (and thus its tax efficiency) and she was concerned it would take several years of using up her own annual

ISA allowance to move his sizeable portfolio across to her ISA portfolio. After speaking with her financial adviser, Caroline was delighted to find out a piece of legislation that would allow her to transfer the full value of her husband's ISA portfolio into her own ISA account, preserving the tax efficiency that she desired. Her adviser went on to say that if she elected to transfer the value into an AiM portfolio service, it should qualify for Business Relief and 100% relief from IHT after two years.



Our Solution

Caroline's financial adviser explained that the legislation allowing her to transfer her husband's ISA portfolio into her own is called the Additional Permitted Subscription or APS.



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.

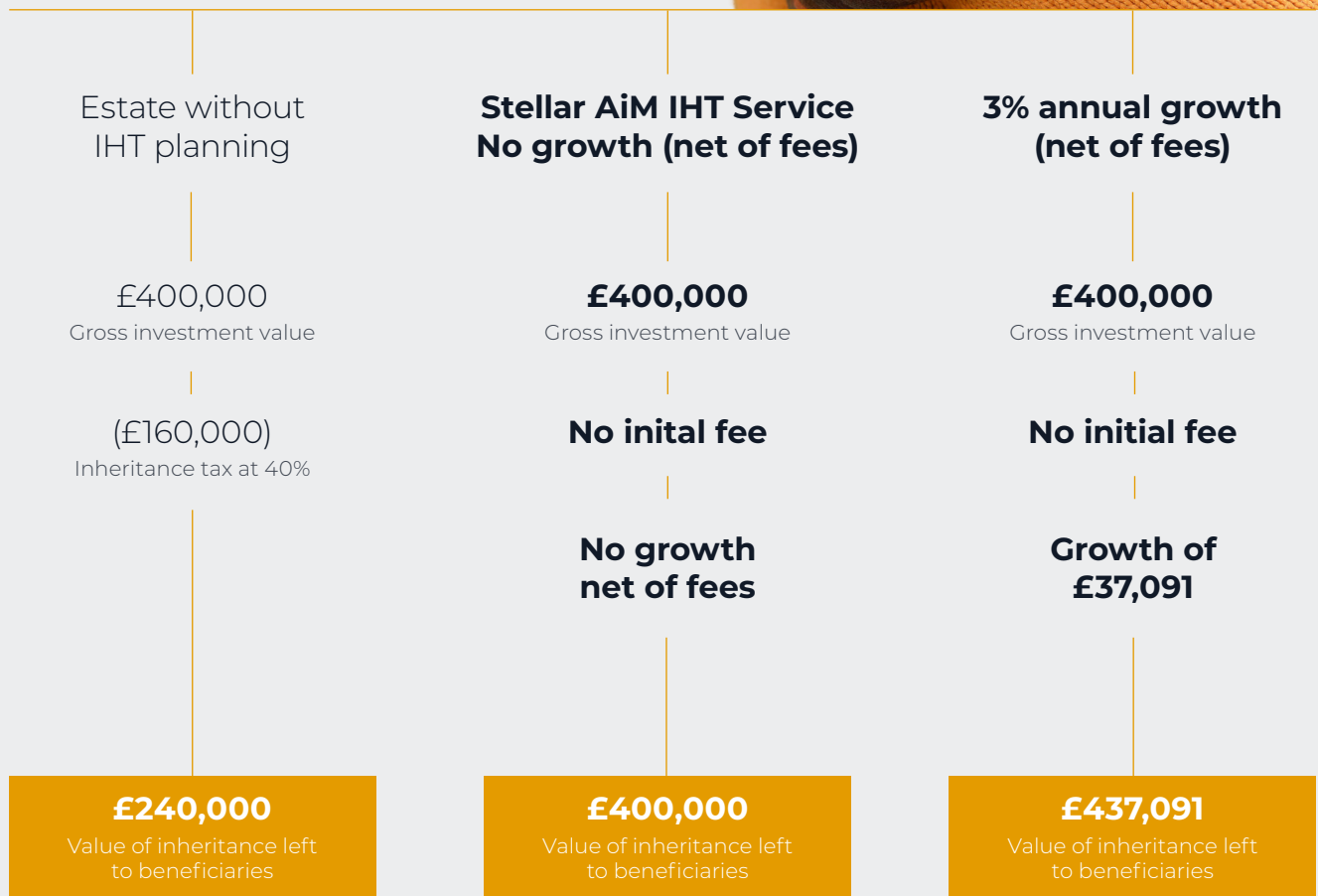


Retain ISA benefits

ISA funds are free from capital gains tax and income tax.

Results After Three Years

Even if the value of Caroline's ISA within the Stellar AiM IHT Service does not increase, her beneficiaries should still be able to save nearly £60,000 after all fees are paid, by not having to pay the 40% inheritance tax liability.



Important Information

Risk warning: Your capital is at risk. Investments can fall as well as rise and investors may not get back the full amount invested. Investments in unquoted companies are less liquid and are higher risk than larger companies. 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. Please refer to the latest product literature before investing; your attention is drawn to the risks and fees contained therein.

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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

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