

CASE STUDY

Using your ISA for IHT planning



Overview

Charles mitigates his inheritance tax liability using the Stellar AiM IHT Service.

For investment professionals only

Meet Charles

Charles is in his seventies and has spent nearly 20 years accumulating a significant ISA portfolio with a current value of around £150,000.

While this has been a very tax efficient vehicle for both capital gains tax and income tax relief during his lifetime, Charles would like to shelter his investment from inheritance tax (IHT).

Charles doesn't want to give away his assets to do this, nor does he want to go to the expense of putting it into a trust or buying a life assurance policy. It is important to Charles that he retains control over his capital.



Our Solution

Charles has never invested on AiM (the Alternative Investment Market), but has been impressed by Stellar's focus on capital preservation and the performance record of their Stellar AiM IHT Service.

Charles can make a direct transfer into the Stellar AiM IHT Service, which should qualify for 100% IHT relief after two years. This solution gives him access to, and control of, his capital whilst retaining all his ISA benefits.



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.



Maintain Tax Efficiency

Client retains all their ISA benefits in addition to IHT relief.

Results After Three Years

Even if the value of Charles' ISA within the Stellar AiM IHT Service does not increase, his 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.



Estate without IHT planning

£150,000

Gross investment value

(£60,000)

Inheritance tax at 40%

£90,000

Value of inheritance left to beneficiaries

Stellar AiM IHT Service no growth (net)

£150,000

Gross investment value

£148,500

Net investment in Stellar AiM IHT Service

£148,500

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. Investments in unquoted companies are less liquid and are higher 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.