CASE STUDY

Our client is a farmer and he has significant assets outside of the farming business. Inheritance Tax mitigation was not an immediate concern to our client, and he had over the years accumulated a large pension fund but was unable to make significant pension contributions due to their low profits.

ISA allowances have been used each tax year and during our review meeting the client raised the question of his cash savings and the low interest rate. Having determined that he has more cash than he would need and that the investment objective would be for capital growth a full review of their investments was conducted.

The client agreed that a further £250,000 would be made available for new investment.

Although IHT mitigation wasn't the immediate objective a significant liability would exist and so we made a recommendation for investments into two Business Relief schemes. These schemes would target a modest estimated return of between 3% - 4% per annum but with the added benefit of IHT exemption after holding the investments for 2 years. The investments would allow access to the capital and no Trusts or complicated legal structures were involved.

On presenting the idea to the client they felt that on reflection the IHT mitigation was an objective and so they proceeded with the investment. After two years the client will have potentially saved £100,000 in Inheritance Tax.

CHRISTIAN HARTNELL

CONSULTANT

ALBERT GOODMAN CHARTERED FINANCIAL PLANNERS