INHERITANCE TAX
CASE STUDY

Deepbridge

SWITCH

SCENARIO

Mr McLintock's financial adviser has been prudently estate planning for a while and Mr McLintock has £1million in an AIM based IHT planning investment, which he has held for 3 years. This investment targeted a 3% yield per annum but has to date averaged a yield of 1.9%.

PROBLEM

Mr McLintock wishes to remain invested in a Business Relief qualifying proposition so the investment remains exempt from inheritance tax but is concerned that AIM is susceptible to market shocks and that his investment has not been hitting the target returns he expected.

However, Mr McLintock is concerned that switching to another Business Relief qualifying investment proposition will cost him considerable sums and leave him exposed for a period of time while waiting for his new proposition to be invested.

POTENTIAL SOLUTION

Mr McLintock's adviser recommends that he switch from his existing AIM based IHT planning investment to a renewable energy based proposition which charges fees to the investee company rather than the investor. Mr McLintock's adviser recommends this for a number of reasons:

- There are no fees charged to the investor
- Renewable energy revenues are relatively predictable
- Renewable energy assets are largely uncorrelated to financial markets and therefore less likely to be affected by market shocks than AIM.

IF THE INVESTOR DIES AFTER 2 YEARS

£1m returned to the estate, saving £400,000 in inheritance tax.

DEEPBRIDGE FEES CHARGED TO THE INVESTOR

Nil. If invested via a financial adviser, there are no fees, dealing costs, custodian fees or exit penalties charged to the investor at any time during the investment, all of the investment is deployed affording up to 100% tax relief.

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