

Using your ISA for IHT planning

Charles mitigates his inheritance tax liability using the Stellar AiM ISA Inheritance Tax Service.

The Client

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 ISA Inheritance Tax Service. As added protection, he also has the option of taking out insurance to protect his investment from any loss of value to give him peace of mind.

Charles can make a direct transfer into the Stellar AiM ISA Inheritance Tax 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



Maintain Tax Efficiency

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



Control

Clients retain ownership of their capital so they keep control.



IHT Relief

Investments should qualify for 100% relief from IHT after two years.

As the table below shows, even if the value of Charles' ISA within the Stellar AiM ISA Inheritance Tax 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.

Results After Three Years

	Estate without IHT planning	Stellar AiM ISA IHT Service no growth (net)
Gross investment value	£150,000	£150,000
1% initial fee	-	(£1,500)
Net investment in Stellar AiM ISA IHT Service	-	£148,500
Inheritance tax at 40%	(£60,000)	-
Value of inheritance left to beneficiaries	£90,000	£148,500

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