SENECA PARTNERS

Example IHT client planning scenario

Consider the following scenario:

This is Anthony. He is 66 years old and married with children and grandchildren. He and his wife own their own home and Anthony has a healthy pension and investment portfolio. Whilst he hopes to have a few years left in him, Anthony would like to increase the value of his legacy for his children and grandchildren.

At this stage, Anthony does not want to make a substantial gift to his children and would prefer to avoid further exposure to stock markets or what he views as complicated arrangements (such as setting up a trust).

Whilst he doesn't require an income from his investment, Anthony would like to have access to his capital in case he needs it to pay for care in later life.

Anthony has spoken to his financial adviser who has suggested the Seneca IHT Service as a simple way in which Anthony can reduce the amount of Inheritance Tax that will be due on his estate.

His adviser starts by comparing the differences in tax treatment between investing £100,000 in the Service to making an investment without any IHT planning:

	No IHT Planning	Seneca IHT Service
Initial Investment	£100,000.00	£100,000.00
All Upfront Fees*	-	(£2,675.58)
Amount Invested*	£100,000.00	£97,324.42
*Assumes 2 Year Growth at 4% p.a	£108,160.00	£105,226.09
Inheritance Tax at Death (charged at 40%)	(£43,264.00)	£0.00
All Exit Fees	-	(£261.04)
Cash Value to Beneficiaries	£64,896.00	£105,005.05

* Assumes that we have not been asked to facilitate any advice fees

In this example, the beneficiaries would receive over £40,000 more assuming we have not been asked to facilitate any advice fees.