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Wealth Preservation Specialists

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Brian Juffkins
Aaron Tawny Ltd

Welcome to our Wealth Preservation Seminar

presented by

Aaron Tawny Independent Financial Advisers

and

Lamb & Holmes Solicitors

Will, Trusts and Inheritance Tax Planning

LAMB & HOLMES SOLICITORS

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Lamb & Holmes - Our Team

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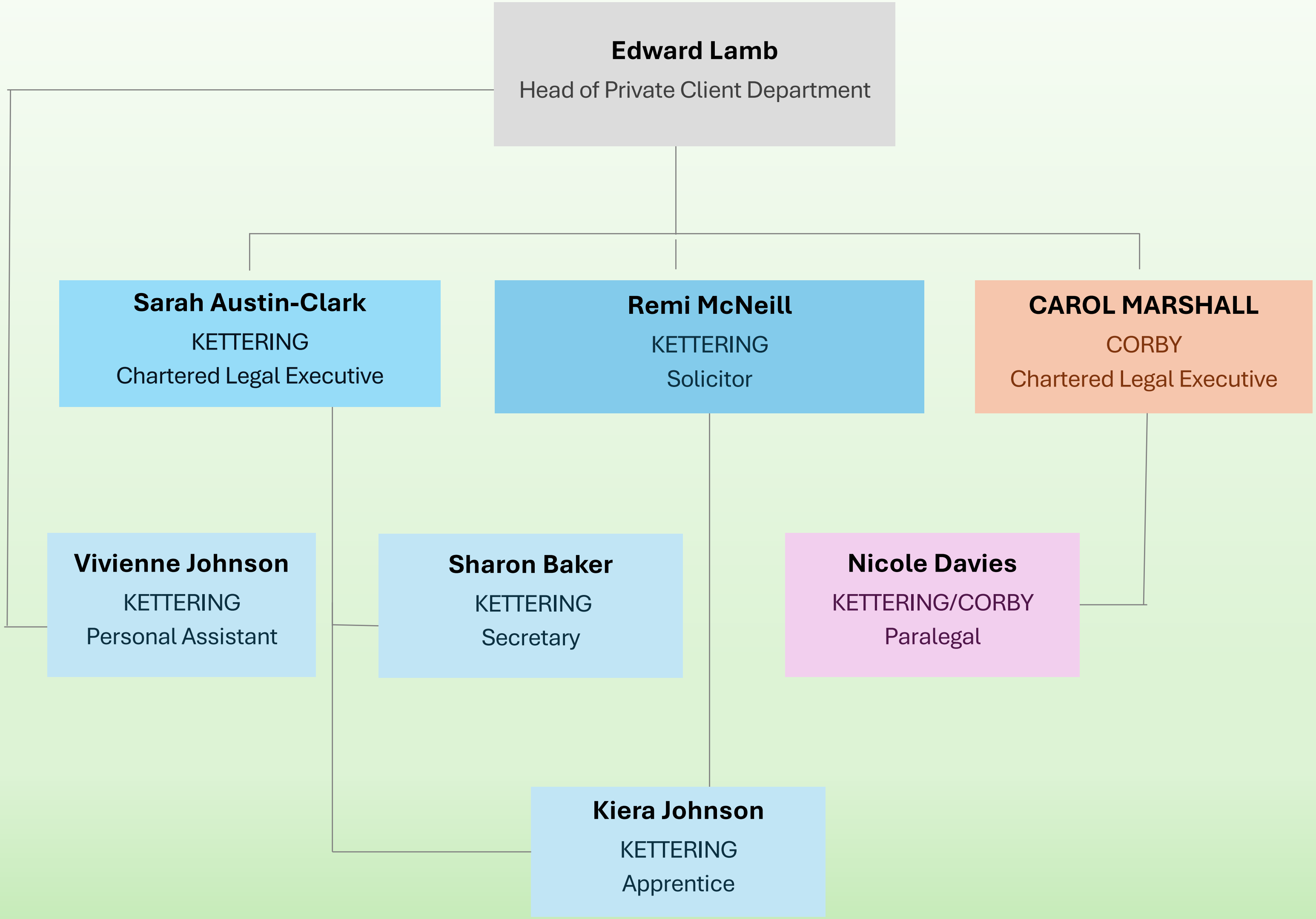

Will Statistics for Making a Will

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1 in every **3** people have not made a Will

Two questions to ask if you have made a Will

- Have you reviewed your Will in the past 5 years?
- Have you told your Executors/Beneficiaries where your Will is stored for safe keeping?

Intestacy Rules apply if no Will

- Certainty Will search
- Estate distributed in accordance with Statute Laws – Statutory Intestacy rules will apply

Reasons for making a Will

- Funeral wishes
- Executors
- Legacies: Spouse and charity legacies exempt
- Trusts:

  Discretionary legacy

  Property Trusts

  Life Interest Trusts

  Children’s Trusts
- Inheritance Tax Planning
- Guardians
- Peace of mind

Inheritance Tax

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- Voluntary tax
- Nil rate band - £**325,000**
- Residence nil rate band - £**175,000**
- Transferable bands to spouse

How to reduce your risk for paying Inheritance Tax on your demise

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- Annual gift allowance - £**3,000**
- Small gifts - £**250**
- Gifts out of surplus income

Lamb & Holmes’ pricing for Wills

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- Single Will: £300 - £450 plus VAT
- Couple: £400 - £750 plus VAT

Why use Solicitors to make a Will?

- Regulated
- Will stored free of charge in firm’s strongroom – fire-proof vault
- Experience and expertise for administering estates

Obscure question...

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How many lawyers does it take to change a lightbulb?

Managing your Personal and Financial Affairs

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Remi McNeill

Solicitor

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Lasting Powers of Attorney

L&H LAMB & HOLMES SOLICITORS

Property & Finance - Your attorneys can manage your finances, assets and property.

Health & Welfare - Your attorneys have the power to make decisions regarding your health care, including living arrangements, medical treatments and surgeries.

Why make a LPA?

- Maintain control
- Peace of mind
- Less stress and anxiety for you and your family
- Essential if you own property jointly with someone
- Alternative is expensive and time consuming

LPA costs

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Single Person

1 type

- £500 plus VAT
- Registration fee £82
- Total £682

Both types

- £700 plus VAT
- Registration fee £164
- Total £1,004

Couple

1 type

- £700 plus VAT
- Registration fee £164
- Total £1,004

Both types

- £1,000 plus VAT
- Registration fee £328
- Total £1,528

Deputyship & Court of Protection

- You have no control over who will be appointed
- Medical evidence required
- Lengthy process
- High costs
- Deputy has a duty to submit annual financial report to the Court
- Court reluctant to issue Deputyship Order for Health & Welfare

Deputyship Costs

Deputyship Order for Property and Financial Affairs

- £950 plus VAT
- Court fee £371
- Capacity Assessment fees £150-£300

Total: £1,811

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Any Questions?

Enquiries@lamb-holmes.co.uk

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Equity Release and how it can be a useful planning tool.

Brian Juffkins
Independent Financial Adviser
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What is Equity Release?

- A mortgage / loan secured against your property
- For the over 55's
- No payments are required and interest will roll up
- You can choose to make payments
- Borrow what you need and possibly have a reserve
- The mortgage is repaid when your property is sold (either when you go in a home, or pass away)
- Advice about the whole market

Why borrow?

- Help family members, especially with deposits for houses
- For the nice things in life, cars & holidays
- Home improvements / changes
- Provide care in the home or pay home fees
- Pay off an outstanding mortgage / loan
- To cover increased cost of living outgoings
- Pass on an inheritance and see them enjoy it
- Avoid Inheritance Tax

The Details

- More can be released the older you are
- More can be released if in ill health
- Can include inheritance protection
- Can use equity release to purchase a property, not just release money from a home you already own
- One lender will allow equity release on a Buy to Let
- There is normally a penalty if the mortgage is paid off in the early years, but not on death or going into a home
- There are fees involved to Aaron Tawny, solicitors, and possibly the product itself

Types of Equity Release

- Lifetime Mortgage
- Home Reversion Plans
- Retirement Interest Only

Equity Release Council

Provides a framework for "good" equity release schemes

All the equity release plans that we recommend meet the standards laid down by the Equity Release Council

- **No negative equity guarantee**
- **Right to remain in the property**
- **Right to move to another property**
- **Fixed rate of interest (or a capped rate if variable)**
- **Can choose to make payments**

Questions?

As Independent Financial Advisers, we can also give advice on the following:

- Pensions
- Life insurance
- Critical illness cover
- Income protection
- Mortgages/Buy to let
- Investments
- Inheritance tax planning and more

01536 512724 or enquiries@atawny.co.uk

BLACKFINCH

Inheritance Tax & Business Relief

Jerry Price & Jonathan Arthur

Blackfinch Group

Agenda

Introduction to Blackfinch

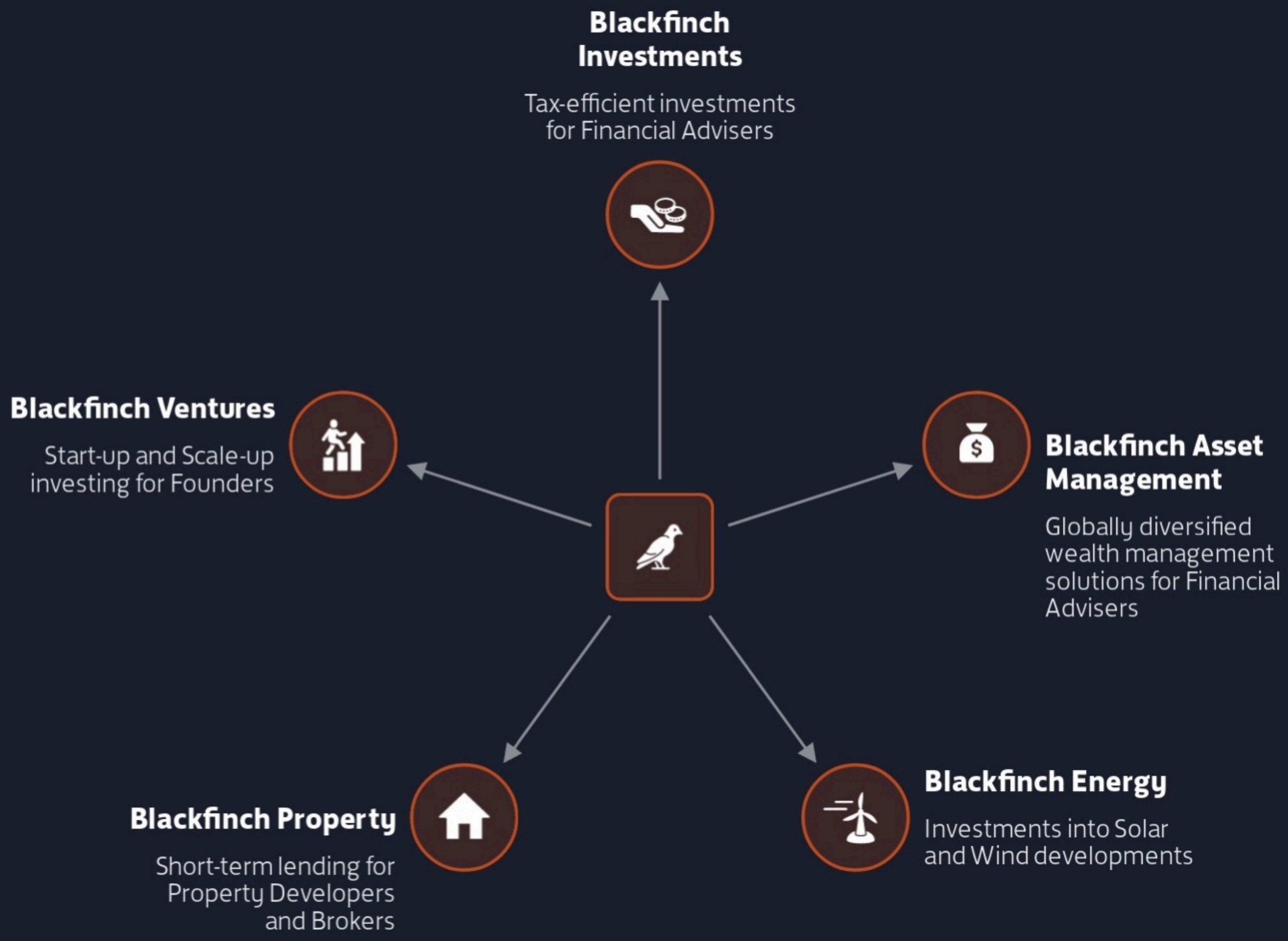
Overview of Inheritance Tax & Business Relief

The Benefits of Business Relief

Investment Scenarios

The Blackfinch Adapt Inheritance Tax Service

Blackfinch Group



Inheritance Tax (IHT) Receipts

Office of Budget Responsibility (OBR) expects to rise

2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
£5.2bn	£5.4bn	£5.2bn	£5.9bn	£6.1bn

HMRC believe 4% drop likely due to Residence Nil Rate Band (RNRB) being claimed
However… OBR forecast IHT receipts will rise to £8.4bn by 2027/28

Benefits of tax-efficient investments are subject to change and personal circumstances

Source: Rising IHT receipts should be 'wake-up call' to take tax advice (professionaladviser.com)

IHT Planning Options Compared

Gifts & Trusts	Life Assurance	Business Relief
7 years	Immediate	2 years
Lose access and control	Can constrain lifestyle	Retain access and control
Complex	Not mitigation - just pays the bill	Simple
Permanent	Can cancel	Can be encashed

← **Asset Reduction** → ← **Asset Conversion** →

Benefits of tax-efficient investments are subject to change and personal circumstances

Business Relief

Formerly known as 'Business Property Relief' – Business Relief reduces the value of a business or its assets when working out how much Inheritance Tax has to be paid. Investors can benefit from up to 100% relief from Inheritance Tax (IHT), provided the shares have been held for two years and are still held at the time of death.

- **Introduced in 1976**
- **Must be UK trading companies - there are exclusions**
- **Extended to (some) AIM Listed companies (1995)**
- **AIM shares can be held in an ISA (2013)**
- **2 year exemption**
  (shares must be held at time of death)
- **HM Revenue & Customs approved**

Benefits of tax-efficient investments are subject to change and personal circumstances

Advantages of Business Relief

Speed
Two-years to IHT exemption

Power of Attorney
Suitable for investors under Attorney

Access & Control
The investor retains full access to and control of their assets until the day they pass

Preserves Family Wealth

Impact on NRB
An investment into BR has no impact on a clients NRB. Safeguarding it for preferential assets

Shares Can Be Gifted
Shares can be transferred to Trust or direct to beneficiaries after two-year to reduce Estate value and regain RNRB

Benefits of tax-efficient investments are subject to change and personal circumstances

Investment Scenarios

Long term care planning Elderly clients looking to keep access and control

Patrick is currently 80 and in good health. However, he's preparing for the future and has been researching the cost of a private care home.

Type body

He's lived in the same house for a long time and over the years its value has increased considerably, contributing to an IHT liability. He wants to have access to his funds for a care home when needed and would like to make his investment tax-efficient so that it addresses his IHT liability

Let's look at how Patrick's estate could change, using two different strategies:

Long term care planning Elderly clients looking to keep access and control

Continued

£250,000
Remains in a high street bank ISA, deposit or current account

Patrick chooses to invest **£250,000** to the Blackfinch Adapt IHT Portfolios. After charges. the net value of the investment into the Portfolio is **£240,125**

Patrick dies 3 years later
Apply a growth rate of 3% per year net of charges

£273,182 ISA valuation

£262,391 Adapt IHT portfolio valuation

£109,273
Inheritance Tax liability charged at 40%

£0
Inheritance tax liability

£163,909
The sum being inherited by beneficiaries

£262,391
The sum being inherited by beneficiaries

EXAMPLE

Business Relief and Power of Attorney

Where a client has lost mental capacity:

- To set up trusts/gifts you MUST apply to the Court of Protection (COP)
- COP application is not required for investing (England and Wales) therefore BR can be used

Why the difference?

- With BR the client retains access; it is not a gift/trust where access is restricted
- NB - Be careful the investment must be in the client's best interest and not just the beneficiaries
- NB - Investment powers must be included in LPAs (lasting powers of attorney) in Scotland

Who, what, where and when to use Business Relief (BR)?

- **Investors concerned about seven years**
- **Investors that don't want their Estate to pay IHT but also don't want to lose control of their assets**
- **Investors who are about to sell a a business, or have sold a business in the last three-years**
- **Families involving Powers of Attorney**
- **Clients with large settlement, Discretionary or Life Interest Trusts**
- **Investors who have lost their Residence Nil Rate Band (RNRB)**

Benefits of tax-efficient investments are subject to change and personal circumstances

Inheritance Tax Planning with a Power of Attorney

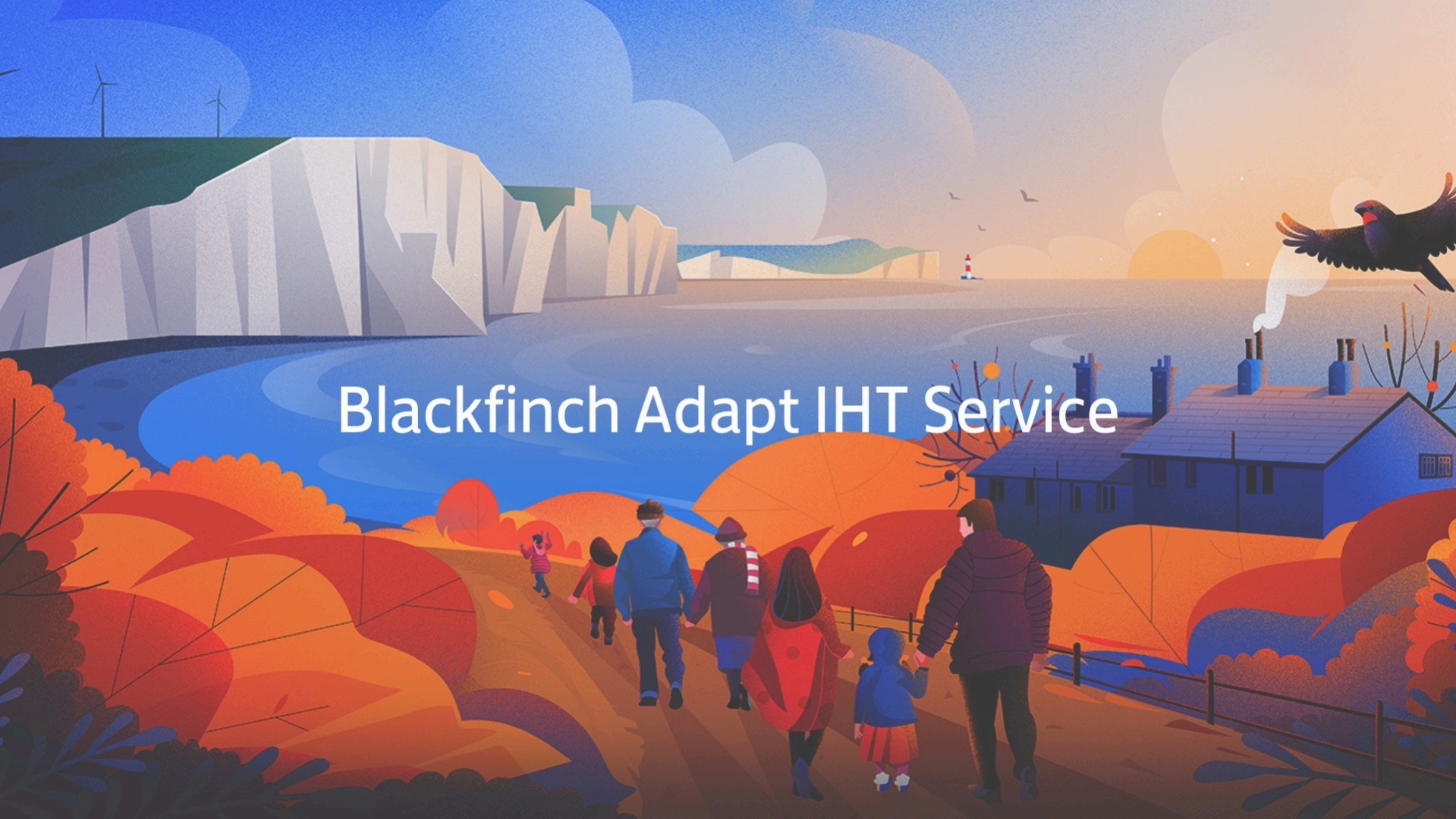
Wayne is a Power of Attorney acting on behalf of Martin. Wayne has approached his financial adviser to seek guidance on how to follow Martin's instructions to mitigate any IHT that will become due on his client's cash holdings which are over the nil rate band.

The cash holdings total £400,000 and his Martin is widowed. Wayne had been considering gifting the money out between Martin's children. The adviser explains that in order for the gift to be exempt from IHT, it would take seven years, which Wayne explains is an unlikely scenario given his client's health. The gift would also have to go through the Court of Protection.

Wayne gifts £400,000 across three children	Wayne invests £400,000 in a Blackfinch Adapt IHT Service

Wayne's client, Martin, dies two years later

£160,000 IHT due on £400,000 (@ 40%)	**£0** IHT due
£240,000 Value of the estate after tax	**£400,000** Value of the estate after tax


Blackfinch Adapt IHT Service

Blackfinch Adapt IHT Service

Key Benefits

Wealth Transfer and Capital Preservation Focus

Low correlated and low volatile return profile

Cost-Effective

Swift Inheritance Tax (IHT) Mitigation

Full Access to Capital

Flexible Withdrawals / Income Options

Environmental Social and Governance (ESG) Aligned

Reassurance

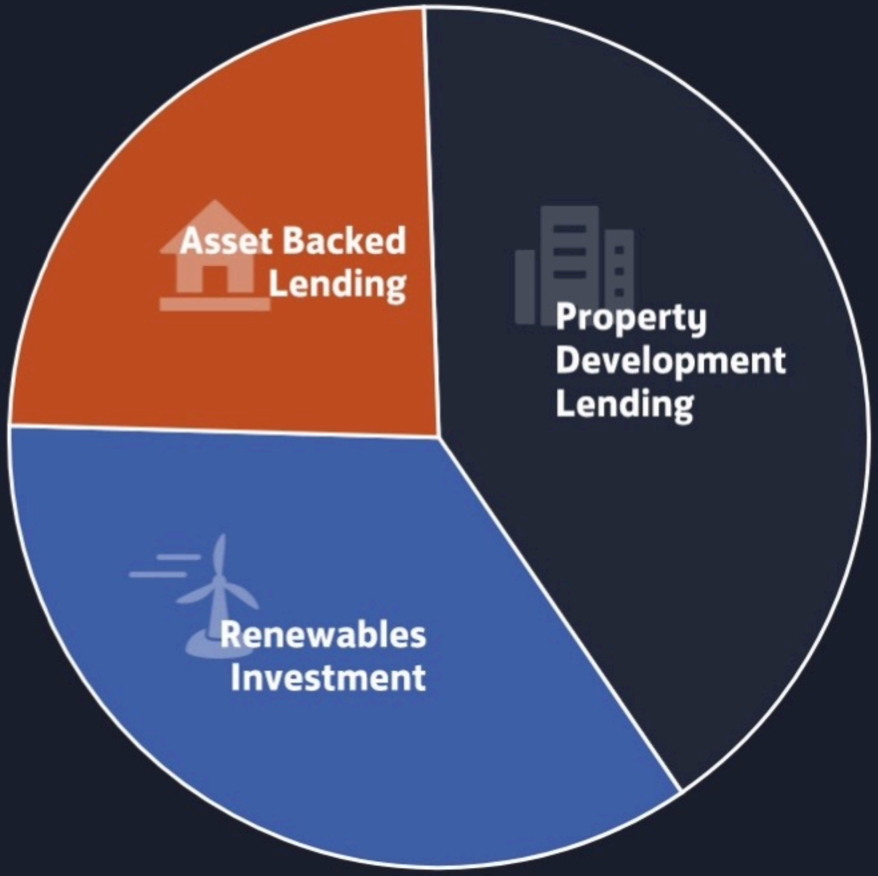
A Simple Solution

Benefits of tax-efficient investments are subject to change and personal circumstances

Adapt IHT Service

Underlying Investments

While the asset allocation will be dynamically managed and change over time, including the addition of new investments into forestry, here you can see the initial asset allocation here



Thank you

Any questions?

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The Blackfinch products may not be suitable for all investors and we would recommend that prospective investors seek financial advice before making a decision.

Risks

Due to the potential for losses, the Financial Conduct Authority (FCA) considers this investment to be high risk.

What are the FCA key risks?

1 - You could lose all the money you invest If the business you invest in fails, you are likely to lose 100% of the money you invested. Most start-up businesses fail.

2 - You are unlikely to be protected if something goes wrong Protection from the Financial Services Compensation Scheme (FSCS), in relation to claims against failed regulated firms, does not cover poor investment performance. Try the FSCS investment protection checker (https://www.fscs.org.uk/check/investment-protection-checker). Protection from the Financial Ombudsman Service (FOS) does not cover poor investment performance. If you have a complaint against an FCA-regulated firm, FOS may be able to consider it. Learn more about FOS protection (https://www.financial-ombudsman.org.uk/consumers).

3 - You won't get your money back quickly Even if the business you invest in is successful, it may take several years to get your money back. You are unlikely to be able to sell your investment early. The most likely way to get your money back is if the business is bought by another business or lists its shares on an exchange such as the London Stock Exchange. These events are not common. If you are investing in a start-up business, you should not expect to get your money back through dividends. Start-up businesses rarely pay these (https://www.financial-ombudsman.org.uk/consumers).

4 - Don't put all your eggs in one basket Putting all your money into a single business or type of investment for example, is risky. Spreading your money across different investments makes you less dependent on any one to do well. A good rule of thumb is not to invest more than 10% of your money in high-risk investments (https://www.fca.org.uk/investsmart/5-questions-ask-you-invest).

5 - The value of your investment can be reduced The percentage of the business that you own will decrease if the business issues more shares. This could mean that the value of your investment reduces, depending on how much the business grows. Most start-up businesses issue multiple rounds of shares. These new shares could have additional rights that your shares don't have, such as the right to receive a fixed dividend, which could further reduce your chances of getting a return on your investment.If you are interested in learning more about how to protect yourself, visit the FCA's website (https://www.fca.org.uk/investsmart).

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Lee Maddock
Chartered Financial Planner

Accredited member of SOLLA

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Ways that care may be funded and the suitability of the options

Funded by local authority.

Funded by NHS Continuing Health Care/Section 117 aftercare under MHA 1983.

Fund out of Income

Retaining Property - deferred payment arrangement; rent out property; equity release.

Sell Property – use cash; use investments; purchase Immediate Care Plan (ICP); combination of the above.

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Funded by Local Authority

- Assessable assets below £23,250* or
- Couple own property, one needs care:
    - property disregarded
    - other assets below £23,250*
    - take all individuals' income
    - leave with PEA
    - top up for more expensive home than LA will provide.

* National variations

Local Authority or NHS

- Health care different to social care.
- Majority of ‘older’ people require ‘social care’.
- Health care free at the point of need.
- Social care means tested (£23,250*).

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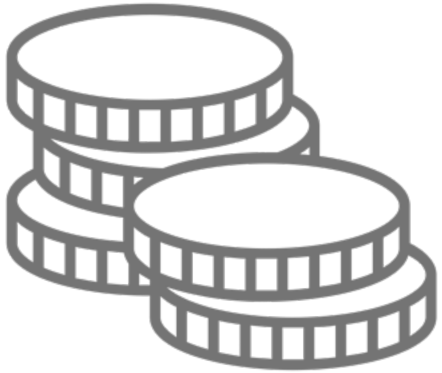
Attendance Allowance

- It is not taxable.
- It is not means tested.
- Stops if go into a home funded by a local authority.
- 2023/24 rates – Higher rate £101.75; lower rate £68.10

Self Fund – Retain Property

- Deferred payment agreement – have to qualify.
- If they meet the criteria the LA should offer it! (Care Act 2014).
- LA charge interest.



For:

- keeps property in the estate (for now).
- low interest rate.
- gives time and flexibility to sell at a time of choosing.
- benefit from increase in value.
- can rent out property.
- stay in more expensive home.

Against:

- have to meet the criteria.
- open ended.
- debt grows.
- repayment of debt.
- property maintenance/insurance.
- drop in value.
- may affect benefit entitlement.

Renting out Property

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For:

- makes the asset work.
- keeps property in the estate.
- benefit from any increase in value.
- tenants pay bills.
- can prevent having to sell in falling property market.

Against:

- may be periods with no tenant.
- maintenance or tenant problems.
- strict safety rules.
- rental income may not be sufficient to meet shortfall.
- potential tax liability.

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Equity Release

Self Fund – Sell Property

For:

- don’t have to eat into capital.
- attendance allowance and funding nursing care allowance can be added to income.

Against:

- how many have sufficient income.
- care homes can cost in excess of £50,000 per annum.
- average pension pot.

Cash at Bank

For:

- low investment risk.
- Accessible.
- gradual reduction in capital.

Against:

- deposits subject to FSCS limits.
- low returns not keeping up with inflation.
- capital depreciation.

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Cash at Bank

Assets £250,000

Care fees shortfall = £30,000 per annum

5% fee increase

Year	Annual Fees	Running Total
1	£30,000	£30,000
2	£31,500	£61,500
3	£33,075	£94,575
4	£34,729	£129,304
5	£36,465	£165,769
6	£38,288	£204,057
7	£40,203	£244,260

Down to LA funding between year 6 and 7

For illustrative purposes only – no allowance has been made for any interest that may be earned

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Investments

For:

- makes money/capital work harder.
- should generate more income than cash deposit.
- gradual deduction in capital.

Against:

- returns less certain.
- subject to FSCS limits.
- pound cost ravaging, could add to stress of funding care.
- what do you invest in?

Immediate Care Plan

For:

- helps to cap cost of care.
- helps protect remaining capital.
- invest balance for estate regeneration.
- tax free income.
- IHT deductible.
- no investment risk.
- benefit 100% guaranteed by FSCS.

Against:

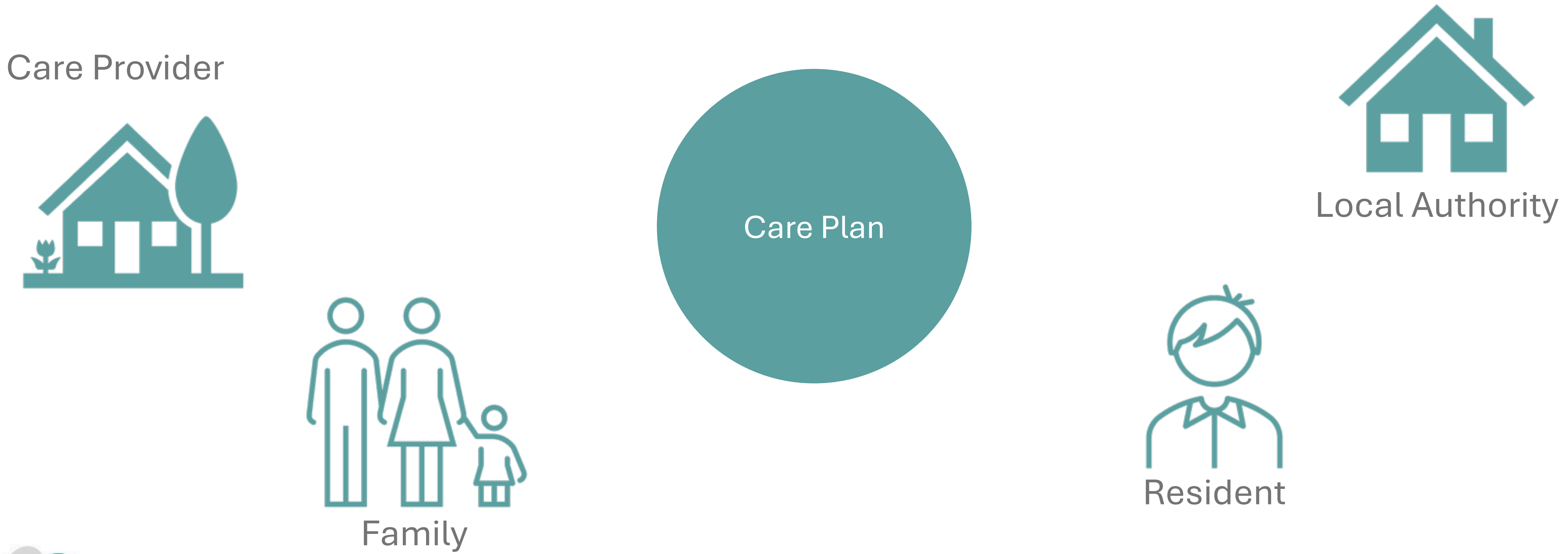
- risk to capital in event of early death if no CP selected.
- may not match the fee increases.
- may not cover cost of increased care need, may affect benefits.

Ideal Scenario

Sufficient capital to:

- Purchase ICP.
- Remaining capital invested.
- Some retention in cash for personal expense / the unexpected.

Immediate care plan benefits all parties



How many erode all assets?

- Mail Online 24th July 2020*
- Britain's elderly spent **£7.4 billion** on care bills last year, financially crippling 100 people a week.
- 'In 2018/19 a total of 5,190 people were forced to run down their bank balance or the value of their home…they have less than £23,250 to show for a lifetime of savings.'
- 'Only at this point….did the state start to shoulder some of the burden….equivalent to 14 people reaching this position every single day, or 100 a week…'

* https://www.dailymail.co.uk/news/article-8554857/Britains-elderly-spent-7-4-billion-care-bills-year-despite-PMs-vow-fix-crisis.html

Establishing shortfall in care fees

- Cost of care fees.
- Establish income position – pension, AA etc, sufficient to fund care?
- Establish capital position – property, other assets, allow for disregards (property and other).
- Arrive at **shortfall.**

Establishing concerns of all

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- Certainty of care costs.
- Peace of mind.
- Concerns how long it will last.
- Consequences of money running out.
- Facilitate inheritance.
- Are they prepared to use part of the estate to bring peace of mind and certainty.

Important Information

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- It is our intention that the information contained within this presentation is accurate.
- We have taken all reasonable steps to ensure that it is up to date and, where relevant, reflects the current views of experts.
- However, we do not accept any liability for errors or omissions in the information supplied and if you require clarification on anything, our recommendation is that you contact us on the details previously provided.

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Any Further Questions?

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Aaron Tawny
Providing Independent Financial Advice since 2000

Thank you for attending this Seminar.
We hope you found it useful.

Your feedback is important to us...

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Aaron Tawny
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Have a safe journey home.

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