

FOR INVESTMENT PROFESSIONALS ONLY

Client with Lasting Power of Attorney in place- Estate planning with Attorney

Case Study

George is elderly and he recently took the decision to register a Lasting Power of Attorney in favour of his grandson Michael as a precaution for the future. Michael is in the process of planning his estate with a financial adviser. George has a comfortable wealth and so his estate could potentially incur a large IHT bill on death. He would like to leave as much as possible to Michael and his other grandchildren but does not want to lose control of the money in case he needs it in the future.

Giftng money and settling into trust can be difficult to justify as these tend to be in the interests of the receiver more than the donor. Furthermore, under these arrangements George would lose control of the assets and he would not be able to draw on the funds if needed.

FACT!

A Lasting Power of Attorney gives another person authority to make decisions on behalf of the grantor. These decisions however must be in the interests of the grantor which limits the options available for estate planning. An AIM Portfolio can have 100% Relief from IHT after two years and the client retains ownership of the assets.

Solution

Giftng and settling into Trust would not be in the best interests of George as he would lose control of the assets.

An investment could be made into a Fundamental AIM IHT portfolio which would qualify for 100% relief from inheritance tax after two years through business relief and George would retain access to the funds should he need to draw on all or some of them in the future.



The Importance of IHT Planning



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