



Henson Crisp

making your future possible

INHERITANCE TAX

Case Study

David was introduced to us by a solicitor he had been working with following the death of his wife. After inheriting his wife's wealth, David found himself in a position where his assets could be subject to inheritance tax on his passing.

THE INITIAL MEETING

We had an initial meeting, at our expense, with David and his solicitor to understand his current position. David had a regular income and used some of his pensions to top this income up, he was 'comfortable'. David led an active social life, participating in various clubs and enjoying hobbies. Since his wife's passing, he relied on these even more for company and conversation. He was keen to continue to manage his own pensions and investments as this is of interest to him which we fully supported. David wanted his children and grandchildren to inherit his and his wife's hard-earned money without paying a large amount in taxes in the event of his passing. He also wanted to understand how he could start to move money over to his family to watch them enjoy the money and set them up for their future. After all, he said, "I am never going to spend it all".

THE RESEARCH & ANALYSIS

We agreed with David that we would:

- Review his overall financial situation and income he is drawing for us to establish any tax allowances available to him and potential tax efficient opportunities to reduce the potential Inheritance Tax liability.
- Review the whole of market for the opportunities available to David and his family to make his money more tax efficient.
- Liaise with his children directly to establish their own personal tax allowances
- Consider David's gift allowance available.
- Look at ways in which David could pass on his estate including that recently inherited from his wife, to his children.
- Pull all of our finding and research together and write a recommendation report which details what recommendations we would make to David and why in a simple, clear and concise manner. As David would call it, "his plan".

THE PLAN & PRESENTATION

The recommendation report included:

- Specific recommendatin of how David can utilise all of his gift allowances with money he has accessible
- Details fo how any gifts are viewed for inhertiance tax purposes and how this can reduce his potential inheritance tax liability in the future.
- Calculations of David's income to ensure it is being drawn in the most tax efficient way and how to use any surplus income he had.
- Information of how David's children could utilise their gifts in the most tax efficient way, with reassurance we have checked and confirmed the children's available allowances.
- Specific recommendations based on how David's solicitor can help in setting up a trust which could have the effect of reducing David's inheritance tax liability.
- We provided David with a document so that David could log and detail any gifts made to his family so that when David does pass away his family can deal with his estate with greater ease.



THE FEES

We agreed to a fixed fee with David before we started any work, after the initial meeting. We agreed the most tax efficient way for David to pay our fee was by paying it directly, as it immediately reduced his estate by paying the invoice. David's fixed fee was £2,500 +VAT and we agreed we would work on a transactional basis, therefore should David wish for us to review his circumstances again he can approach us and we would agree a fee each time.


David has since returned to us a year later and asked us to review his plan as discussed originally to ensure that it is still aligned with any tax and personal changes.

£2,500 + VAT

This case study is based on real clients' and their financial circumstances. Names have been changed to maintain client confidentiality. These case studies provide insight into how we work and the services we provide for our clients which may or may not be suitable for you. Each clients' circumstances are assessed on a case by case basis and our recommendations and advice may differ from the solutions we provided to the above client. Please speak with one of our advisers who can take your individual circumstances into account when offering guidance or putting together your personal financial plan.

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