

## AIM IHT Service

### What next? How we support you and your client's estate upon death

Knowing what to do next following the death of your client can be difficult, which is why our highly experienced AIM IHT investment management team is on hand to assist our financial adviser partners.

Under current inheritance tax legislation, if a portfolio is invested in qualifying AIM companies for two of the last five years, and remains invested at the time of death of the settlor, the portfolio could be exempt from inheritance tax under the provisions of Business Relief.

### Will we change how we manage an AIM IHT portfolio after the death of a client?

**Yes.** After the death of a client, we will continue to manage the client's AIM IHT portfolio under a discretionary mandate, but we will not reinvest the proceeds of any assets that we sell from the portfolio until notified otherwise by the beneficiaries. We will hold the proceeds of sales as cash within the portfolio. We do this because the AIM IHT portfolio should have achieved inheritance tax exemption by the time of the client's death. Therefore, reinvesting the cash proceeds of sales into AIM stocks will not offer any additional taxation benefits to the estate, and will increase the estate's equity risk.

### What are the options available for beneficiaries of a client that was invested in our AIM IHT service?

There are several options available, depending on the specific requirements of the beneficiaries. We believe that our AIM IHT investment management team is the most experienced in the market, and we encourage financial advisers to leverage our experience.

Below are the three most common options that our AIM IHT team see advisers considering:

OPTION	PROCESS	RATIONALE
Transfer the assets to a surviving spouse.	Once probate has been granted the account can be transferred to the surviving spouse and continue to be managed as an AIM IHT portfolio. This can also be done as an APS ISA.	The surviving spouse can inherit the portfolio free of inheritance tax (via spousal transfer) as they are considered to have purchased the assets when the original owner did. Therefore even if the assets haven't been held for two years, the surviving spouse just needs to survive two years from the date of first purchase for the assets to obtain IHT relief.
Transfer assets in full or in part to beneficiaries (non-spouse)	Investec establish AIM IHT portfolios for the beneficiaries of the deceased after probate has been granted and continue to manage the assets as AIM IHT portfolios.	The beneficiaries can continue to hold qualifying assets for the benefit of their own descendants. Under the 'successive transfers' provisions (IHTM35331) the assets may continue to qualify for IHT relief even if the beneficiaries die within two years, as long as the assets continue to be invested in qualifying BR investments.
Sell the assets down	Investec receive an instruction from the financial adviser to liquidate the deceased's portfolio. We will carry out this process and retain the cash until probate has been issued or payment to HMRC is requested.	Inheritance tax may be due on the deceased's wider estate. The AIM IHT assets can be sold to fund this tax bill.

This document does not constitute investment or tax advice. All comments are based on the current inheritance tax rules as at 13 March 2023 which are subject to change.

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