

Help your clients leave more to the people they love



The Investec AIM Portfolio IHT Plan

The AIM Portfolio IHT Plan can reduce your client's Inheritance Tax (IHT) liability on assets passed on to the next generation and also aims to deliver outstanding long-term investment performance.

Investec Wealth & Investment (UK) is a trading name of Investec Wealth & Investment Limited

Reduce your client's tax exposure

The AIM Portfolio IHT Plan can exempt your client's invested assets from Inheritance Tax (IHT) after only two years. It does this by investing in companies that qualify for Business Property Relief (BPR).

The Investec AIM Portfolio IHT Plan

The AIM Portfolio IHT Plan is a discretionary managed service that invests in shares listed on the London Stock Exchange's Alternative Investment Market (AIM). The AIM Portfolio IHT Plan can reduce the inheritance tax liability on assets passed on to the next generation, and aims to deliver outstanding long-term investment performance.

Which of your clients would benefit from the AIM Portfolio IHT Plan?

The AIM Portfolio IHT Plan is primarily aimed at individuals who are concerned that much of their wealth may not pass to the next generation because of an IHT charge on their estate. The plan is suitable for clients undertaking long-term investment planning and those with a restricted timescale to achieve IHT exemption.

A time-efficient alternative

Setting up a trust can be expensive and time consuming. Your clients may also have to wait as long as seven years for their estate to fall outside the remit of IHT. The AIM Portfolio IHT Plan is a tax-efficient, flexible and cost-effective alternative to setting up a trust.

Tax Rules

Current tax rules mean that you can reduce your client's IHT liability by investing in shares classed as business assets. Our specialist Alternative Investment Market (AIM) team selects stocks that qualify for BPR from a range of sectors.

Entry requirements

The minimum investment is £100,000. Further contributions of at least £25,000 (£20,000 for an ISA) can be made after the original investment. If your client dies within two years of buying the shares, the tax relief won't apply.

Client Portfolio Diversification

Each client portfolio is typically invested in 20-40 companies, depending on the size of the investment. This diversifies risk and lets us retain deep knowledge of each investee company. All investments are managed by an experienced investment management team.

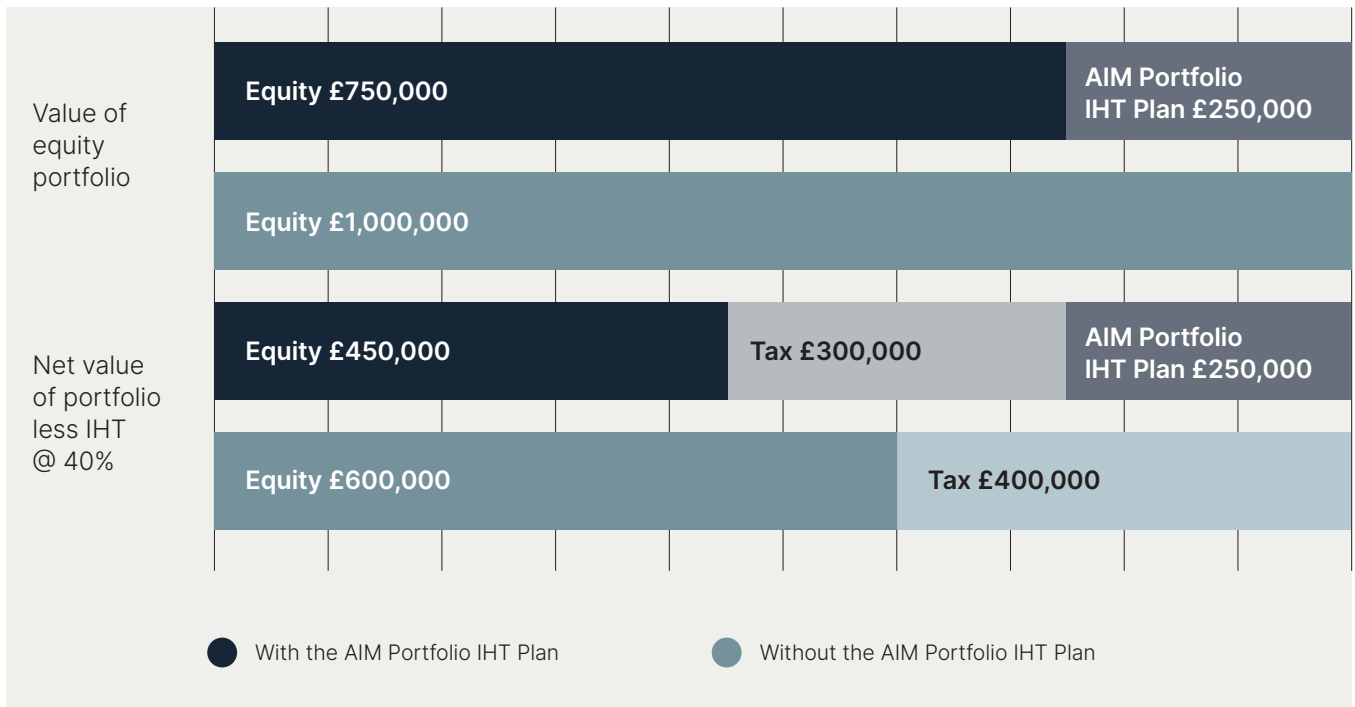
Our selection criteria for AIM companies

- At least five years old
- Have been listed on the AIM for at least a year
- With a proven track record, strong cash flow and liquidity in the shares.

“Reduce your client's exposure to inheritance tax after only two years”



An example of the possible savings for your client:



Mrs Smith has an estate that includes an equity portfolio worth £1m. She has invested £250,000 via the AIM Portfolio IHT Plan. After two years, she is able to pass on an extra £100,000 to her descendants.

Assume that the nil rate band is taken up by the value of other assets, such as the family home, and growth in the portfolio only matches costs.



Investment

Cash is usually invested within 14 days of receiving instructions and cleared funds, starting the two-year 'clock' as soon as possible.

Dividends

Dividends and interest are collected on your client's behalf and these will normally be used to pay ongoing fees or reinvested in the AIM Portfolio IHT Plan. AIM company shares may be less liquid, so large cash balances may take a while to be reinvested in replacement AIM shares, during which time the IHT exemption does not apply. When dividends are reinvested, the resulting new shareholding will begin a two-year qualifying period during which time it will not be exempt from IHT.

AIM Portfolio IHT Plan ISAs

Holdings in qualifying AIM companies in an ISA are exempt from IHT as well as from income tax on dividends and capital gains on profitable disposals

Indicative Performance

Investec strives to deliver exceptional performance for our clients. On average, AIM Portfolio IHT Plan portfolios have generated excellent returns over a number of years after management costs and fees. Quarterly performance reports can be found on our website, investecwin.co.uk. These figures† illustrate the average performance after costs of all AIM Portfolio IHT Plan portfolios under active management over the relevant period.

Reporting

We will issue quarterly valuations with our comments on the performance of your client's investments throughout the period.

Withdrawals

Your client may make full or partial withdrawals at any time, but the IHT exemption applies only if the relevant shares are held at the date of death. Following death, your client's portfolio can be transferred to a spouse without losing the IHT exemption, transferred to another beneficiary, or sold.

We do not prepare an IHT computation on death, but we will supply the necessary information so that this can be calculated on behalf of your client's estate.

Risks

The AIM Portfolio IHT Plan is a higher risk, long-term investment. AIM has less stringent rules and AIM company shares may be less liquid than those of companies listed on the London Stock Exchange.

The value of shares purchased and any income derived may go down as well as up and your clients may not get back the full amount invested. The tax relief available may change at any time. Investec does not guarantee that all investments made will qualify, or continue to qualify for tax relief.

A company on AIM can elect to revert to private status, in which case the shares may become impossible to trade or value and the protections offered by AIM will cease to apply. Your client should only invest in the AIM Portfolio IHT Plan if they have financial security independent of any investment made. Investec does not guarantee the timescale for fully investing portfolios or that portfolios will be fully invested at all times in the future. Past performance is not a guide to the future

Charges

Investec standard terms and conditions apply to the AIM Portfolio IHT Plan, and the fee structure is set out in the relevant rate card, which can be found on the Investec website.

Why Investec

Investec Wealth & Investment is one of the UK's leading and most reputable investment management companies, with responsibility for over £32.0 billion* of client assets. We are recognised industry leaders and were voted the number one preferred Discretionary Fund Manager (DFM) provider for bespoke services in Defaqto's DFM Satisfaction Survey 2020. We have over 25 years' experience working with Advisers in the UK, and in that time we have earned a reputation for providing high quality levels of service.

* as at March 2020

† verified by Asset Risk Consultants (ARC)