

Foresight

BLOODLINE WEALTH & TAX MANAGEMENT FROM GENERATION TO GENERATION

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Introduction

Foresight deal specifically with bloodline & inheritance tax planning of estates in excess of £1million, for clients who wish to make sure they pass their estate on through their family in the most tax efficient manner while ring-fencing their estates for multiple generations to come.

To underpin the wealth acquired by our clients, Foresight provide a range of trust solutions designed to meet a variety of client needs to ensure generational planning, asset direction and wealth protection for families.

Bloodline Planning ensures that your assets reach your children, grandchildren and other relatives, rather than ending up in the wrong hands!

When assets are distributed via your Will (if you have one) to your chosen beneficiaries, these assets are then considered to be part of the beneficiary's estate and would be at risk of attack from any future divorce settlements, creditors and or taxation.

With the strategic use of Trusts, you can ensure that your children and grandchildren are able to benefit completely from the inheritance you want them to receive and at the same time offer protection of the family home and other assets from being lost to attack from any future divorce settlements, creditors, taxation and the costs of Long Term Care.

What does Bloodline Protection mean?

It means to protect the bloodline against undue taxation of the estate, care fees, divorce liabilities and potential creditors.

Most people want to leave their wealth to their spouse, children or other family members. Putting your wealth into Trust protects it so that only the people you want it to go to, actually get it. If you simply gift cash, property or other assets directly to your family members in a will, these gifts are included in the estate of the person who receives them.

This means they are exposed to social impacts, such as divorce, remarriage or bankruptcy.

Directing your wealth into Trust means it is better protected from third party claims, such as from an ex-partner or creditors. The assets are owned by the Trust and are generally considered outside of the beneficiaries estate, which means they may not be included as part of a divorce arrangement or in their estate for assessment of care. Even if a child predeceases their partner, monies keep in the bloodline from generation to generation.

We don't like to think that we or our children will divorce, but the reality is that it may happen – exposing your assets to claims outside of your bloodline.

What does Generational Protection mean?

Generational Protection means keeping more of your wealth in your family for future generations. Most people want to leave their wealth to their children, grandchildren and great grandchildren.

Leaving your assets into discretionary Trusts over and above any new RNRB IHT allowances can deliver additional tax benefits to the beneficiary's estate, equal to £40,000 for every £100,000 put into Trust. It seems ludicrous to think that the same money that's been used to pay inheritance tax can be taxed again and again.

You work hard to build up your wealth and it is important to think equally hard about protecting it from erosion through the generations because of unnecessary tax payments. We believe inheritance should be a 'True Legacy' allowing each generation to benefit not just one.

If Our clients have a clear understanding on the subject they then know what's best for them and their family and how to make it happen legally.

Beneficiary Protection Plans

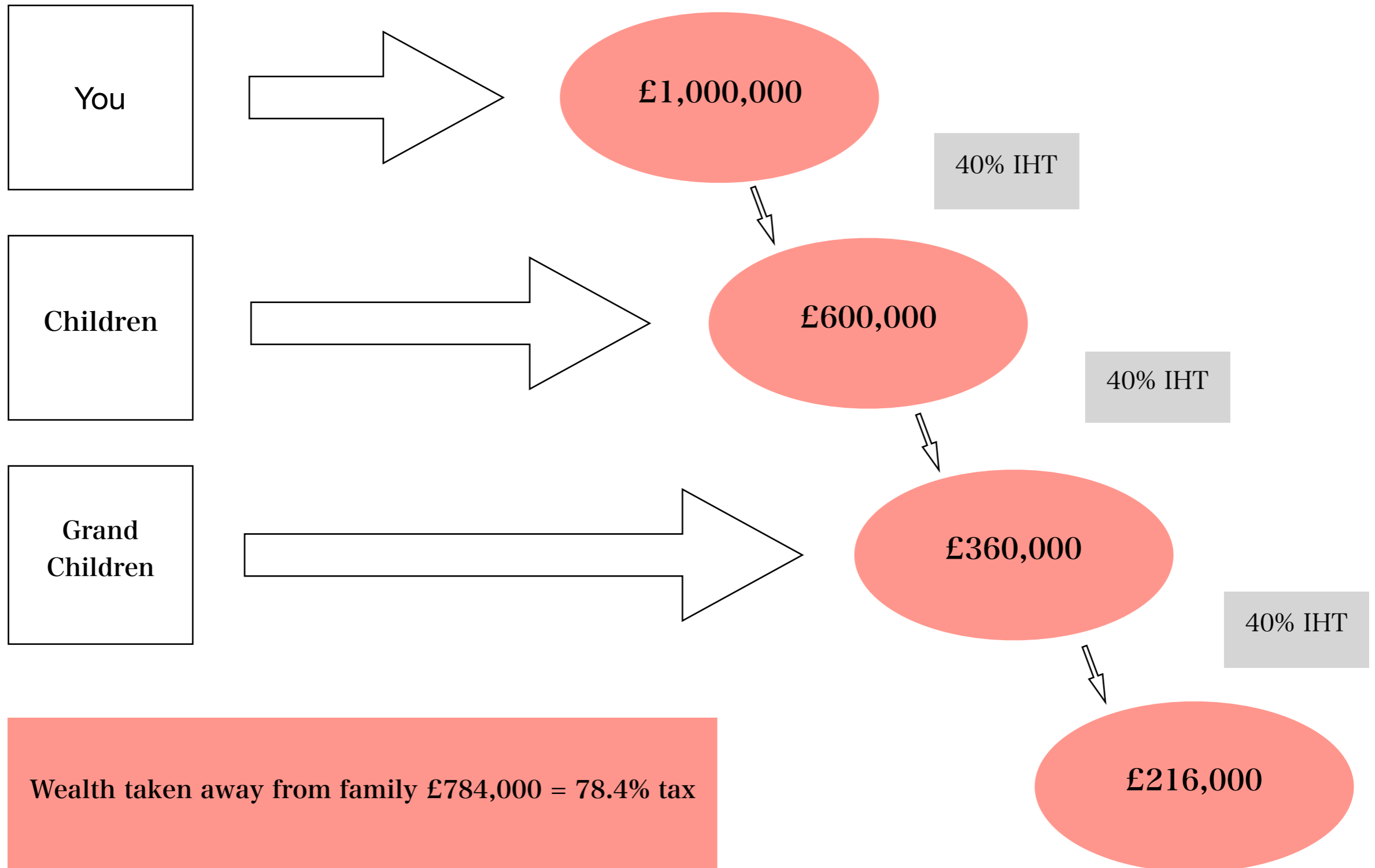
Beneficiary Protection Plans has been specifically designed to deliver lifetime and residual estate wealth preservation benefits to families for estate values typically from £400,000. Importantly the planning is effective in dealing with the new Residential Nil Rate Band (“RNRB”) tax allowance in an effective, flexible manner.

Clients who plan to gift assets to their children and/or leave their assets directly to a spouse and then to their children when they die may benefit from this planning. The plan includes advice, Wills, first death asset protection options, an advanced Settlement (Trust), Wishes Letter and Solidus binder.

Additional Settlements (Trusts) can be added for individual beneficiary groups (children). The trusts may hold lifetime transfers as well as residual estate legacies. The plan addresses the shortfalls of most common wills which leave assets to each other and then to children directly. The framework can protect assets on the death of the first spouse and delivers next generation control and protection. Additional trusts for specific beneficiaries are recommended.

In order to realise the full benefits of this planning continuity of advice is essential. Therefore periodic reviews are required and on death we encourage clients to consult their financial adviser and use Foresight to assist with probate and/or post probate administration.

The devastation of IHT to your family wealth over 3 generations



Business Trust Planning

Business Trust Framework is a comprehensively designed solution for clients with qualifying business assets and other estate assets. The planning is used in conjunction with an appropriate Beneficiary Protection Plan.

Clients with business or agricultural assets are frequently advised to proceed with sub-optimal planning, which can include:

1. Clients selling businesses and subsequently gifting part of the proceeds to their children
2. Wills leaving business assets (farming assets) to their spouses or children
3. Clients losing or having available Residential Nil Rate Band (RNRB) allowances reduced as a function of not having effective business planning in place

The type of trust used are discretionary Settlements for the purpose of receiving the settlor's business assets prior to or upon their death and to protect these assets for the benefit of the beneficiaries. This ensures the business shares, or the capital from the sale of the shares remains outside of the estate of the beneficiaries and provides a framework for next generation tax benefits and a framework to maximise qualification for any RNRB tax allowance. It also reduces the impact on the assets of the trust from social impacts and third party claims, such as a divorcing spouse, or creditor.

Protective Gift Trusts

The Protective Gifting Trust is designed to allow a client's protective transfer of assets to their chosen beneficiaries. The type of trust used is a discretionary settlement for the purpose of receiving transfers made by the settlor to their beneficiaries during their lifetime and protect them for the benefit of the beneficiaries. It is usually used for cash sums and property. The Benefits:

1. Removes the gift from the estate of the settlor and after seven years it will no longer be subject to Inheritance Tax
2. Provides a framework for next generation tax benefits for the beneficiaries
3. Allows the benefits to remain in the trust rather than being absolutely disbursed
4. Reduces the impact on the assets of the trust from social impacts and third party claims, such as divorcing spouse, or creditor
5. Gives flexibility to trustees on how and when benefits are released e.g. income only

You should take advice on any assets which may have a CGT gain, consider any CLTs made previously and beware of the “fourteen year rule” for subsequent PETs. Consideration must be made of the client's ability to give up the right to capital and/or income. Lifetime gifting trusts should be settled on different dates to any other trusts and will then have their own nil rate band for periodic charge purposes.

Bespoke IHT Planning

Inheritance tax is an issue for the majority of high net worth clients and because everyone's estates are different on how assets are held whether personal or business assets etc it requires a different approach to the blanket cover IHT advice given by the majority of non specialists.

Through our Partners at Insight Financial Associates and in conjunction with Foresight we can provide bespoke IHT planning for individual estates ranging from £1 million to £250 million plus.

Specialist IHT IFA's from Insight Financial Associates are providing bespoke planning and reports tailored to each individual's estates, circumstances and family set up. We are keen to point out to clients that IHT is a voluntary tax, only paid by those who haven't planned for it.

Undrawn pension pots can be passed free from inheritance tax, equity release schemes can help on gifting and reducing IHT liability. Whole of life insurance policies written into trust allows families to cover large IHT bills without gifting in one's lifetime and being subject to 7 year rule while retaining control over all assets.

Investments or ISA's in BPR-qualifying companies become exempt from inheritance tax after being held for just two years, provided the shares are still held at the time of death. Unlike with a gift, the investor retains control over the investment and can sell the investment and get the proceeds back if they need to.

Using these and other BPR-qualifying investments in conjunction with Business Trust Planning can make significant differences to what IHT is paid by the family.

Lasting Power of Attorney

Lasting Power of Attorney (LPA) is a document by which you grant someone (your Attorney) the power to make decisions on your behalf at a time when you may no longer be able to do so yourself, whether through illness, injury or any other condition which might affect your capacity.

Why make an LPA?

Making an LPA enables you to plan how your health, wellbeing and financial affairs will be looked after at a time when you can no longer make decisions yourself. It gives you the ability to choose:

- * the decisions you want to be made on your behalf if you lose capacity to make them yourself
- * the people you want to make these decisions
- * how you want those people to make these decisions

If you do not have an LPA in place and you become unable to deal with your affairs yourself, then a relative or other appropriate representative would have to make an application to the Court of Protection to be appointed to make decisions on your behalf as your "Deputy". This can be a costly and time-consuming process and means that you have no control over who is appointed to be your Deputy or what decisions he or she can make.

To draw up a valid LPA the donor must have capacity at the time of signing. Therefore planning ahead is essential, and gives the donor plenty of time to consider the people they want to appoint and place any restrictions or guidance they may want to make in advance.

Sadly the process is more complicated for those who don't already have an LPA and subsequently become mentally incapacitated. In this case there is no other option but to make an application to the Court of Protection for a Deputyship order. Unlike LPAs where the donor chooses their attorney in advance, the court will instead appoint an attorney (either a relative or a professional such as a solicitor). However, this does depend on there being someone prepared to take on the duty. A Deputyship application is more costly and heavily administrative. The application itself can take many months to complete and presently the Court advise that it takes six months for an Order to issue. This inevitably creates interim financial issues. Once appointed by the Court, Deputy is then required to complete and submit annual returns and to account to the Court.

LPAs are quicker to administer, less expensive, and puts the donor in the driving seat. Whilst the importance of Deputyship orders should by no means be condemned, it is often seen as a sledgehammer to crack a nut, compared to the relatively straightforward LPA process. There are two different types of LPA:

1. **Property and Financial Affairs LPA:** This allows your Attorney to deal with your financial affairs and your property. This could include paying bills or selling your property or investments. This type of LPA can also be used whilst you still have capacity to handle your financial affairs and property if needed. An example would be if you were out of the country and needed someone to handle your affairs in your absence.
2. **Health and Welfare LPA:** Unlike a property and financial affairs LPA, this can only be used once you have lost capacity to make your own decisions. Your Attorney under this type of LPA can make decisions on your behalf about your health and welfare if you are unable to do so yourself. Your Attorney could, for example, make decisions about your medical treatment, where you should live and your day-to-day care. Your Attorney can even make decisions about life sustaining treatment if you specifically permit this in the LPA.

Summary

As Foresight are part of a larger team of experts in the financial sector, please find below the services we can provide.

insight Financial associates

We are a leading financial services company with a team of highly qualified independent financial advisers able to advise on all aspects of your finances. Helping you to achieve your financial goals and objectives, creating wealth and security for your family.

Insight Financial Associates are regulated and authorised by the Financial Conduct Authority.

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insight* private finance

Our consultants are experts in securing finance for the most suitable mortgage for their clients and may be able to help you save money on your existing mortgage. As part of your property purchase they also advise you on insurances to protect your home, income, lifestyle and for landlords to protect their property portfolios.

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foresight estate planning & will writing

Here at Foresight we help our clients protect their wealth and ensure it is passed down to their chosen beneficiaries. We specialise in the preparation and drafting of Wills, together with a wide range of other legal services, including the establishment of both post death and lifetime trust and Powers of Attorney. A vital area for everyone, providing certainty for yourself and your family.

This firm complies with the IPW Code of Practice.

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property investor partnership

At Property Investor Partnership we secure high yield investment opportunities for investors in areas that will achieve long term capital growth. The team manages the entire purchase process: from reservation of the property to negotiating exclusive full management rates with local, reputable property agents to ensure suitable tenants are signed up as soon as possible after completion.

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insight health solutions

Our advisers provide advice on insuring the health of clients, their families and employees in a cost effective manner. This gives you the benefit of knowing that should you require medical help, you will have access to the best possible care and attention when you need it most.

Insight Health Solutions is an appointed representative of Insight Financial Associates who are regulated and authorised by the Financial Conduct Authority.

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insight accountancy services

We provide advice and guidance for clients when it comes to their personal or business taxation. We can guide you through the administration side of book-keeping and completing tax returns in a timely manner, providing security in knowing that all elements of your finances are in good order.

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