

**For the use of professional advisers only  
and not to be relied upon by retail clients.**



## Clients who require access to their investment

Clients may be reluctant to relinquish control over their assets during their lifetime, given that costs such as care home fees can arise suddenly and unexpectedly.

This example explains how clients can retain control of their wealth while also planning to minimise inheritance tax.

### **About this scenario**

This tax-planning scenario is designed to help advisers develop appropriate planning strategies for their clients. Advisers should consider, among other things, the value of tax reliefs for their client. You will also need to consider the impact of charges (including initial fee and ongoing fees such as annual management charges) relevant to the products represented and/or any specific product you have chosen.

Nothing here should be viewed as advice. Any suitability decisions should be based on a comprehensive review of your client's objectives, needs and attitude towards risk. For more details and information about the associated risks, please see the relevant product literature available at [octopusinvestments.com](https://www.octopusinvestments.com).

## Meet Carol, who doesn't want to lose access to her capital in later years

Carol is in her mid-80s. She inherited assets valued at just over £1.5 million from her late husband – including a house worth £700,000, a large investment portfolio and some savings in fixed-term bonds.

Carol is in good health and very independent. Although she understands that her estate will leave her beneficiaries with an inheritance tax liability, she is reluctant to make gifts for several reasons. First, she wants to leave money to her grandchildren, but they are young and she worries how they will spend it. Second, she worries about needing money for care home fees if her health deteriorates. Third, alongside her reluctance to give away wealth in her lifetime for practical reasons, she is also concerned that if she gives away assets and doesn't live for seven more years, she'll leave her beneficiaries with potential inheritance tax bills.

## A tax-planning solution from Octopus

Carol talks to her financial adviser and explains her concerns. After making an assessment based on her circumstances, and outlining the benefits and risks to her, her adviser recommends selling £500,000 of her existing share portfolio and reinvesting the proceeds in the Octopus Inheritance Tax Service.

One of the benefits of the service is its weekly share allotments and sales. If Carol needs access to her capital, she can make ad-hoc requests to sell some of her shares. And if she finds that she needs to access her investment more regularly in the future, she can set up regular withdrawals, as well. However, like all investments that qualify for Business Property Relief (BPR), liquidity cannot be guaranteed.

Provided the BPR-qualifying investment has been held for at least two years, the shares can be left free from inheritance tax to Carol's grandchildren when she passes away. She will have access to her investment during her lifetime, meaning that she can meet any future care fees or other costs by selling some or all of her investment.

For most investors, withdrawals are below their annual capital gains tax (CGT) allowance, so there would be no CGT to pay on the proceeds from the share sales. This means Carol can continue to draw down from the investment in a tax-efficient manner for the rest of her lifetime.

### An important reminder about key risks

The value of an investment, and any income from it, can fall or rise. Investors may not get back the full amount they invest.

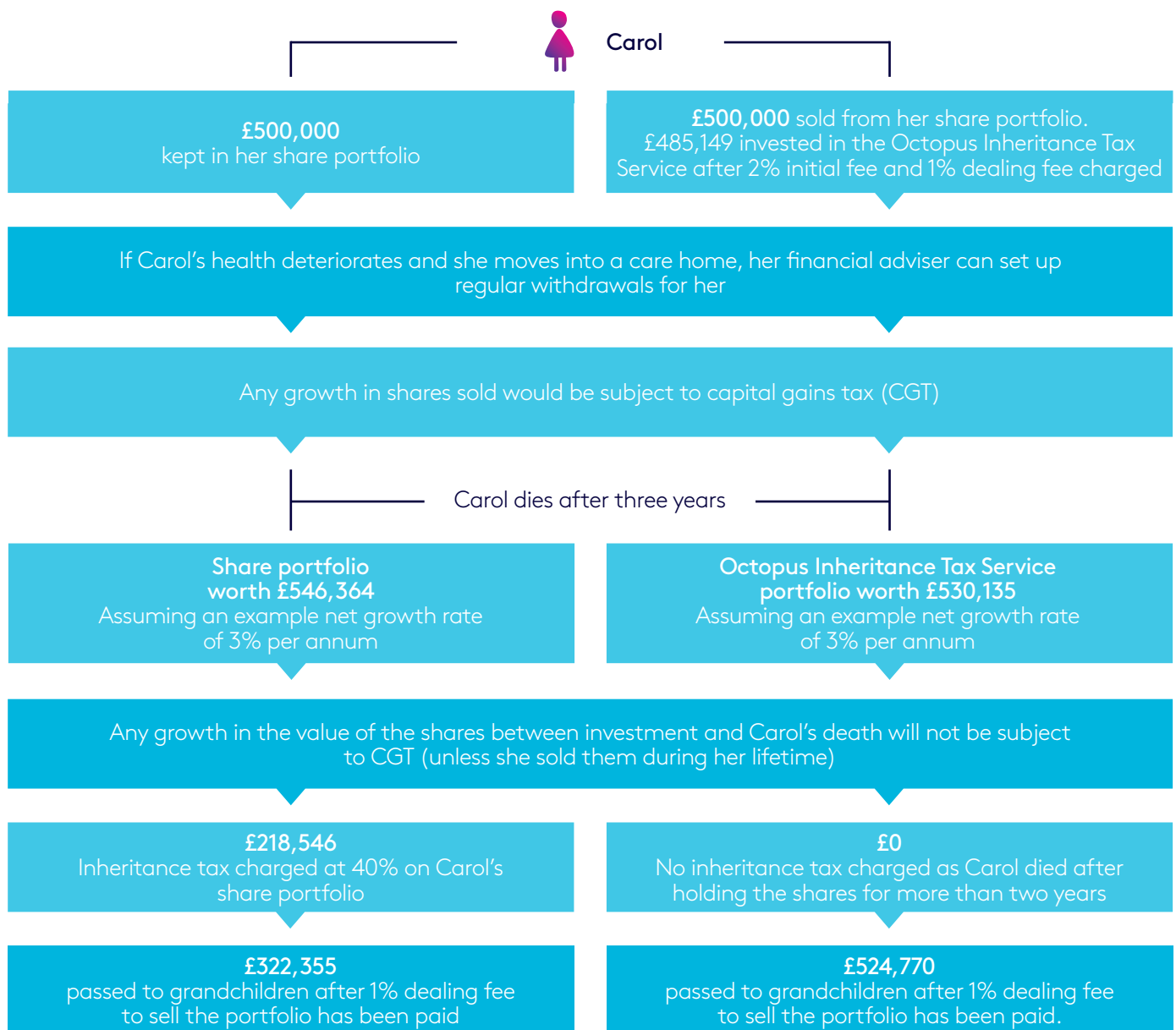
We invest in companies that we believe qualify for BPR. Entitlement to claim relief will depend on companies invested in qualifying for BPR at the time a claim is made. Relief is assessed by HMRC on a case by case basis.

The benefit of tax relief will depend on personal circumstances. Tax legislation may change in the future.

The shares of unquoted companies can be harder to sell than shares listed on the London Stock Exchange.



# How the Octopus Inheritance Tax Service can help Carol retain access to her capital whilst planning for inheritance tax



**Please note:** This example is for illustrative purposes only and each investor's own tax situation may be different. It assumes that the investments will be held until death, the nil-rate band is offset against other assets and that the investment in Octopus Inheritance Tax Service qualifies for BPR at death. It is important to remember that the risk profile of each portfolio, and any growth or losses, is likely to differ. This example does not include any charges paid for financial advice. The Octopus Inheritance Tax Service has an initial charge of 2%, a deferred annual management charge of up to 1%+VAT per annum and a dealing fee, for investments and withdrawals, of 1%. We only take our annual management charge after the investor or their beneficiaries ask us to sell shares. Also, we will only take our full annual management charge if the investment has delivered the annual target return of 3% over its lifetime, after our charges have been taken into account.



## Octopus can help your clients

Octopus is the UK's largest provider of investments that qualify for Business Property Relief from inheritance tax (source: Tax Efficient Review, 2017). For more information on our range of tax-planning solutions, call **0800 316 2067** or visit **octopusinvestments.com**.

# Octopus – an investment company with a difference

When we launched Octopus in 2000, our ambition was to create a different type of financial services company. We wanted to be known for putting our customers first.

Today, Octopus is an investment company with more than 550 employees and more than £7.5 billion in funds under management (source: Octopus, December 2017). We work with tens of thousands of clients, and we've built market-leading positions in tax-efficient investment, smaller company financing, renewable energy and healthcare. But no matter how big we get, our aim is to keep doing the simple things well and to look after each of our customers, day in, day out.

Octopus Inheritance Tax Service is not suitable for everyone and we require investors seek professional advice before deciding to invest. They should also read the product brochure. This is available at [octopusinvestments.com](https://www.octopusinvestments.com).


## Why not look through some of our other tax-planning scenarios?




Clients who have sold a business in the last three years




Clients with Power of Attorney over someone's affairs



Clients looking to settle assets into a trust



Clients with a loan trust in place



Clients who want an inheritance tax-efficient ISA



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Call our Business Development Managers on **0800 316 2067**

or visit [octopusinvestments.com/clientscenarios](https://www.octopusinvestments.com/clientscenarios)