

An overview of the Octopus Inheritance Tax Service

A flexible investment that can be left to your loved ones free from inheritance tax. Since its launch in 2007, it has helped thousands of people to plan for the future.

How it works

The Octopus Inheritance Tax Service gives you the opportunity to invest in the shares of one or more unquoted UK companies. 'Unquoted' means that the companies aren't listed on a stock exchange.

We select companies that we expect to qualify for relief from inheritance tax. Provided the shares have been owned for at least two years and you still hold them when you die, they should be exempt from inheritance tax. Your family can sell the shares or choose to keep them, like any investment. We go into more detail about what this relief is on the following page.

We target annual growth of 3% for investors (after our annual management charge) over the period you hold the investment. This target growth is based on the amount you invest, after deducting initial charges and the initial dealing fee on the investment. We will not take our full annual management charge if the 3% target isn't met.

The service is flexible should your circumstances change. This means you can invest more money, or you can request to sell part or all of your investment and have the proceeds returned to you.

We strongly recommend you seek professional advice before deciding to invest in the Octopus Inheritance Tax Service.

Key benefits

- **Speed:** Your investment should become free of inheritance tax after just two years – as long as you still hold the shares at the time of your death.
- **Access:** You can request withdrawals whenever you want. You also have the option to set up regular withdrawals. Withdrawal requests are typically met within ten days, and have never taken longer than four weeks. However, access cannot be guaranteed.
- **Long-term sustainable growth:** The companies we invest in carry out a range of different trades in order to target 3% growth per annum over the long term for investors.
- **Annual management charge:** We only take our annual management charge after you or your beneficiaries ask us to sell shares, and only if the target return has been met.

Key risks

- **Capital is at risk:** The value of an investment, and any income from it, could fall as well as rise. You may not get back the full amount invested. The 3% per annum target return for investors is not guaranteed.
- **Access:** Shares in unquoted companies can be harder to sell than shares listed on the London Stock Exchange.
- **Tax rules:** We invest in companies that we believe qualify for relief from inheritance tax. Tax relief will depend on the portfolio companies maintaining qualifying status. Tax rules could change in the future and tax treatment depends on individual circumstances.

Investing in a sustainable future makes economic sense

Through the sectors it invests in, the service is helping the UK:

- Meet its targets for renewable energy production.
- Release housing stock for redevelopment.
- Address the housing and care needs of an ageing population.

Fees and charges²

If you are investing through an adviser

Octopus initial charge:	2%
Annual management charge (deferred and contingent):	Up to 1% +VAT per annum
Dealing fee (for investments and withdrawals):	1%
Adviser initial charge and ongoing fee:	Agreed with your adviser

If you are investing through an intermediary who doesn't give you advice (execution-only)

Octopus initial charge (with up to 1% payable to your intermediary):	3.5%
Annual management charge:	Up to 1% +VAT
Dealing fee (for investments and withdrawals):	1%
Annual fee paid to your intermediary:	0.5% paid by you

About Octopus

We launched Octopus in 2000 wanting to create an investment company that put its customers first. We looked at what didn't work well, and found ways to do things differently.

We are the largest manager of Venture Capital Trusts and investments that qualify for relief from inheritance tax. And we're still looking for new ways to improve people's financial lives. Today we have more than 750 employees and manage £12.6 billion¹ on behalf of tens of thousands of investors.

To give your loved ones as much help as we can, we have a dedicated Intergenerational Planning team who are on hand to help executors and beneficiaries with any information they might need.

Certified



Corporation

We are a Certified B Corporation™. This requires us to meet the highest standards of social and environmental consideration, transparency and accountability. We care about this because companies that understand their impact on the world are better equipped to create value for their stakeholders and drive change.



Why does this investment get relief from inheritance tax?

The Octopus Inheritance Tax Service aims to qualify for Business Relief (BR), which is a tax relief introduced by the government back in 1976.

BR encourages investment in trading businesses, giving them the money they need to grow and create jobs. To make sure investment is directed where it will have the biggest impact, only certain companies qualify for the relief.

If you own shares in qualifying companies for at least two years before you pass away and still hold them at the time of your death, your investment can be left to loved ones free from inheritance tax.

¹Octopus, 30 June 2022. Funds Under Management data includes undrawn commitments, funds under advisory mandates, funds monitored and the Octopus Cash service. ²For full details of fees, charges and risks please read the Octopus Inheritance Tax Service brochure, available at octopusinvestments.com.