An Octopus guide

For professional advisers and paraplanners only. Not to be relied upon by retail clients.

Advising executors and beneficiaries on Business Relief investments

octopus investments

A brighter way

This guide should not be construed as investment or tax advice. It has been prepared in good faith and is based on our understanding and interpretation of the current law, which may change in the future.

- Business Relief (BR)-qualifying investments are high-risk. The value of an investment, and any income from it, can fall as well as rise. Investors may not get back the full amount they invest.
- Tax treatment depends on individual circumstances and may change in the future. Tax reliefs depend on the portfolio companies maintaining their qualifying status.
- The shares of the smaller companies we invest in could fall or rise in value more than shares listed on the main market of the London Stock Exchange. They may also be harder to sell.
- BR-qualifying investments are not suitable for everyone. Any recommendation should be based on a holistic review of your client's financial situation, objectives and needs. We do not offer investment or tax advice. We recommend investors seek professional advice before deciding to invest.

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Find it fast

About Octopus

On a mission to invest in the people, ideas and industries that will change the world

Renewable energy

We are a large solar investor in Europe. We also invest in landfill gas sites, wind farms and biomass plants.

Venture capital

We're backing the entrepreneurs who are building the businesses of tomorrow.

Small companies

We turn small businesses into big ones, driving the economy and creating jobs.

Healthcare

We help build state-of-the-art care homes and retirement communities.

Property

We provide award-winning finance for property investment and development.

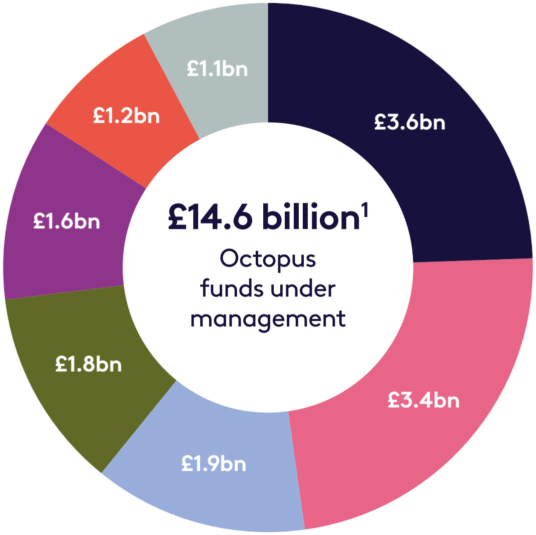
Part of the Octopus Group

You may be wondering 'is this the same Octopus?'. Octopus Energy is part of the Octopus family and is the UK's only Which? recommended energy supplier for eight years running. You can find out more about all the companies in the Octopus Group at **octopusgroup.com**.

While we no longer own Octopus Energy, we're proud to be its largest external shareholder.

A trusted fund manager

We look after substantial assets on behalf of tens of thousands of individual investors and large institutions. Today, we manage £14.6 billion[1].



- Quoted companies
- Real estate
- Funds of Funds
- Renewable Energy
- Ventures
- Fibre
- Other

Where we came from

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

Since then, we've become the largest manager of Venture Capital Trusts[2] and investments that qualify for relief from inheritance tax[3]. And we're still looking for new ways to help people achieve their financial goals.

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OCTOPUS INVESTMENTS LTD

defaqto Unlisted BR Service 2026 EXPERT RATED

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Need more information?

We've done our best to avoid small print and unhelpful jargon in this guide, but we do need to include some detailed information.

We can't give financial or tax advice, but we can answer questions about us and our investments. You can call us on **0800 316 2295** or email investorsupport@octopusinvestments.com

[1] Octopus, as of 31 December 2025. Funds Under Management data includes undrawn commitments, segregated accounts, funds under advisory mandates and funds monitored, and is based upon the latest information available at the time of the calculation. The figure includes FuM from Octopus Investments, Octopus Money, Octopus AIF Management and Octopus Investments Australia.

[2] By Funds Under Management, Venture Capital Trust Association, 2025.

[3] By funds under management, Comprehensive Analysis of Business Relief Offers, Tax Efficient Review, May 2025.

How Octopus can support you when a client passes away

Octopus has been managing inheritance tax-efficient investments for well over a decade. Our experience suggests that when an investor dies, members of their wider family are often not familiar with this kind of investment.

An understanding adviser can make a real difference, both by helping executors during the probate process and by advising beneficiaries on their options once they inherit their shares.

Intergenerational planning team

Our dedicated Intergenerational Planning team is here to support you. You can call them on **0800 294 6826** with any queries about your client's investment and the process of claiming Business Relief (BR).

We can also support you if you want to advise any of your client's beneficiaries on what to do with the shares they inherit. There are often benefits to retaining the shares, which beneficiaries should understand before making their decision. There are, of course, also risks.

Ask Octopus - Technical support

If you have a technical question on estate and inheritance tax planning, the free helpdesk, for advisers, from Octopus Investments can support you on questions like this, and more. Just submit your question or book a meeting with one of our experts. **Ask Octopus:** **octopusinvestments.com/ask-octopus/**

The Knowledge Base – a deep dive with Octopus on estate planning

We've created a comprehensive suite of technical whitepapers and collated supporting guides, planning scenarios, webinars, calculators and insights, to support advisers and paraplanners on the technicalities of inheritance tax and estate planning.

octopusinvestments.com/knowledge-base/

We will recommend to any executors and beneficiaries who contact us about this investment that they seek financial advice before making any decisions.

The next steps for advisers

We understand that this may be the first case you've had where a client has passed away holding a BR-qualifying investment. We want to make the next steps as straightforward as possible.

This guide gives you useful information to help you support your client's executors and beneficiaries during the estate administration period and beyond.

In our experience, most advisers in this situation go through the following three steps:

1. **Support the executors during the estate administration period:** Contact the executors to offer advice and support through the probate process. We have enclosed a short overview of the product which you can give to executors. You can also help executors with the process of claiming BR. Our Intergenerational Planning team can support you in doing this. Call them on **0800 294 6826**.
2. **Arrange adviser charging:** If you're advising the executors we can reinstate adviser charging, which will have stopped on your client's death. We have enclosed the form the executors will need to sign to do this.
3. **Advise the beneficiaries on their options: Page 12** covers some of the key considerations beneficiaries need to understand when deciding what to do with the shares they are due to inherit. It can make sense to start this process before probate is granted so beneficiaries have time to consider the advice and reach an informed decision.

Supporting executors during the estate administration period

Executors may not be familiar with this investment or the tax benefits that the estate may be entitled to claim. This is where you can offer valuable support.

We have enclosed a product overview for the investment that your client held with us. The overview sets out the benefits and risks of the investment and reminds the executor of the inheritance tax relief the estate may now be able to claim. We hope it could help to form a useful starting point for your conversation with the executor about this investment, or a helpful reminder for them following your meeting.

One area where you can offer valuable support is by helping executors understand any relief the estate can claim. If your client held their shares for at least two years when they died, the estate should be able to claim BR.

Additionally, if your client held the shares for less than two years but any of the following apply, BR should still be available:

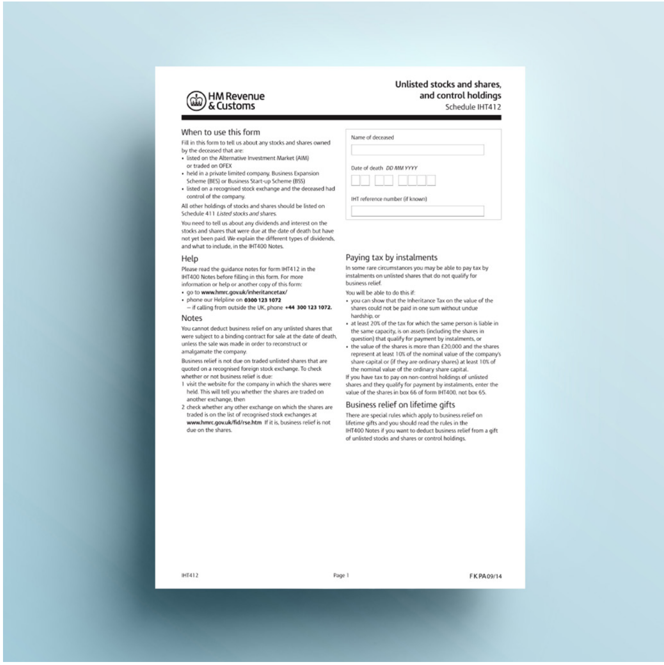
- The investment replaced other assets that qualified for BR and, taken together, your client owned these qualifying assets for at least two of the five years before their death. This is known as replacement relief.
- Your client inherited the investment from their spouse and between them they owned the investment for at least two years.
- Your client inherited the investment from someone else who had owned it for at least two years before they died.

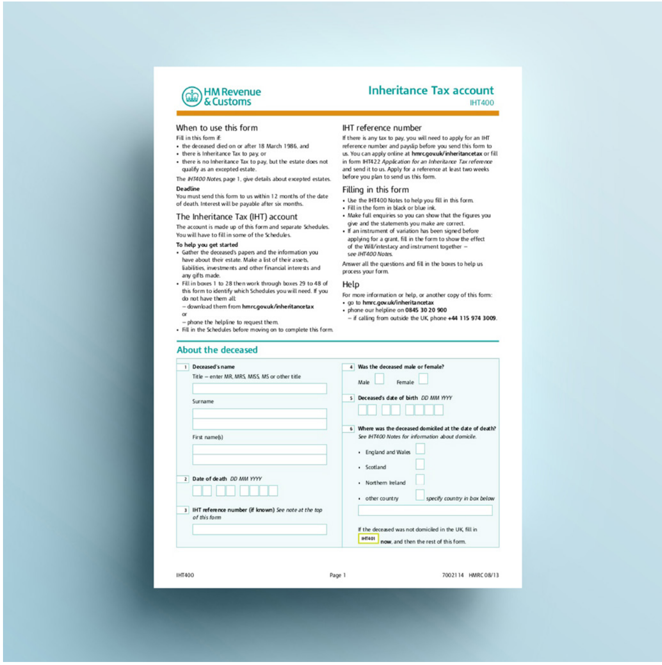
For more information about the benefits and risks, please see **pages 13-16**.

How to make a BR claim

Executors will need to make a claim for BR when completing the inheritance tax return for the estate. They need to do this using forms IHT400 and IHT412, which are available from HMRC.

If you have any queries about this process, call our Intergenerational Planning team on **0800 294 6826**, who'll be very happy to help.





A note on adviser charging

Now that your client has passed away, we are required to stop facilitating any adviser charges that your client asked us to pay you.

There are still important decisions for the executors and beneficiaries to make, and we encourage them to seek financial advice throughout this process.

We have enclosed a form for the executors to complete if they would like us to facilitate adviser charging for you from this investment during the estate administration period.

Advising beneficiaries

As well as helping executors with the administration of your client's estate, you can also add value by advising the beneficiaries on their options once they inherit the investment.

If possible, it's a good idea for an adviser to start this conversation with beneficiaries before probate has been granted. This gives beneficiaries more time to assess their options, and reduces the risk that they'll miss out on potential benefits because they didn't know about them.

Remember, although there will be other professionals involved in the estate administration process, it's likely they won't be very familiar with BR-qualifying investments. You can therefore add a lot of value as the professional who originally advised on this investment.

In a nutshell, beneficiaries have two options. They can ask us to sell the shares and send them the proceeds, or they can retain the shares.

The enclosed product overview sets out the benefits and risks of the investment, and could be a useful starting point for a conversation with beneficiaries about their options.

An important point to make is that beneficiaries don't have to make a snap decision. We can manage the investment on their behalf for as long as they want. If they need capital, they can ask us to sell the investment, arrange for a partial sale or we may be able to set up a regular withdrawal from the portfolio.

The following section focuses on potential tax benefits for beneficiaries who hold on to the shares. Of course, beneficiaries will also need to weigh up the potential investment benefits and risks.

We will recommend to any executors and beneficiaries who contact us about this investment that they seek financial advice before making any decisions.

Potential tax benefits for beneficiaries who retain the shares

There can be significant tax benefits to retaining the shares, depending on a beneficiary's own objectives and whether this investment is suitable for them.

Beneficiaries can find that proper estate planning becomes more pressing after they receive an inheritance, especially if it pushes their own estate over the threshold for inheritance tax.

In many cases, holding on to the shares when they inherit them gives beneficiaries a head start with their own estate planning. Beneficiaries should be aware that this tax benefit may be lost if they sell the shares.

The potential tax benefits of retaining the shares will differ based on whether the original investor (your client) held them for more than two years or less than two years. It will also make a difference whether or not the beneficiary is the original investor's spouse.

It's important that beneficiaries understand they may lose tax benefits if they sell these shares. For more information about the risks, please see **page 16**.

If your client held the shares for more than two years when they died

If the original investor held their shares for at least two years and on their death, the shares should immediately qualify for BR as part of a beneficiary's estate as well, regardless of who the beneficiary is.

In other words, a beneficiary who decided to keep the investment in their own name will not need to hold the investment for two years before it provides relief from inheritance tax.

This is especially valuable where beneficiaries are already considering their own estate planning. Indeed, the inheritance they've just received may push them over the nil-rate band and mean their estate is liable for inheritance tax.

Dealing with someone's estate can also prompt some people to look at sorting out their own affairs, so now might be a good time to talk to them about their own estate planning.

If your client held the shares for less than two years when they died

If the shares pass to a surviving spouse or civil partner, the original investment date applies for the purposes of the required investment period. For example, if Roy invested eighteen months before he died, and the shares pass to his wife Anne, she only has to hold them for a further six months before they qualify for BR.

Please speak to our Intergenerational Planning team for more information. Call 0800 294 6826.

Is the beneficiary the client's spouse?

Yes

If the spouse continues to hold the shares, they will qualify for BR two years after the original investment date.

No

The beneficiary will need to own the shares for at least two years for the shares to qualify for BR.

From 6 April 2026, a £2.5 million Business Relief (BR) allowance was introduced for qualifying agricultural property and unquoted business assets. Amounts up to this allowance receive 100% relief from inheritance tax. Qualifying investments above this allowance attract relief at 50% (as do all qualifying AIM-listed shares).

You can read more about Business Relief on the HM Revenue & Customs (HMRC) website at hmrc.gov.uk – simply type 'Business Relief' into the search box.

Before 6 April 2026, BR applied without any cap to all qualifying investments.

Other considerations when advising beneficiaries

This guide focuses on the BR benefits of the investment your client is passing on. There are likely to be other considerations, so make sure you speak to our Intergenerational Planning team as soon as possible. We don't offer financial advice or tax advice, but we can answer questions about the investment and the next steps in the process.

Here are some of the areas where we can provide you with information and support:

- **Accessing the investment** - Talk to us about how we can provide liquidity, including setting up regular withdrawals or making a partial sale.
- **Fees and charges** - See how our fees and charges might impact the advice you give to beneficiaries.
- **Growth Shield** - If your client was invested in the Octopus Inheritance Tax Service, they may have built up a substantial Growth Shield, which passes to the beneficiaries if they decide to hold on to the shares.
- **ISA rules for spouses** - See how beneficiaries could benefit from the latest ISA rules for deceased estates.
- **Multiple beneficiaries** - If there is more than one beneficiary, we can help them achieve multiple outcomes.
- **Trusts** - We can help with arranging to settle the shares into a trust.

Call the Intergenerational Planning team on **0800 294 6826**.

Important risks to keep in mind

For all of these scenarios, you'll want to make sure beneficiaries understand that holding this investment puts their capital at risk.

These investments are high risk. They hold shares in a trading business, and the value of those shares could fall or rise. This means that if there are any target returns, these are not guaranteed.

Beneficiaries who hold on to the shares may not get back the full amount they inherit.

Beneficiaries should also be aware that the shares of unquoted companies and those listed on the Alternative Investment Market can fall or rise in value by more than shares listed on the main market of the London Stock Exchange. They may also be harder to sell and timing of share sales, and when we can return the proceeds to you, cannot be guaranteed.

Tax treatment depends on individual circumstances and may change in the future. Tax reliefs depend on the portfolio companies maintaining their qualifying status and BR is assessed on a case by case basis when a claim for relief is made.

We're here to help

We understand this can be a difficult process, so we want to help make things as straightforward as possible. We have a dedicated Intergenerational Planning team who can help advisers, solicitors and executors understand how to get things done and how to help beneficiaries understand their options.

While we don't give financial advice or tax advice, we can explain how the investment works. We can also provide you with useful information for the next steps in the process.

To get in touch, please call us on **0800 316 2067** or email **support@octopusinvestments.com**. We're always happy to hear from you.

Notes

Notes

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