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Octopus Live
in the Capital 2025

octopuslegacy

# What every adviser needs to stay relevant and retain client assets


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# Learning objectives

1. Understand why getting intergenerational planning right is key to protecting (and growing!) the value of your business.
2. Develop techniques to approach your clients' beneficiaries long before they pass away.
3. Uncover tools and resources to support you.

# Key Business Relief risks

| Capital at risk | Tax treatment | Qualifying status | Volatility and liquidity |
| --- | --- | --- | --- |
| The value of an investment, and any income from it, can fall as well as rise.<br><br>Investors may not get back the full amount they invest. | Tax treatment depends on an investor's personal circumstances and may change in the future. | Tax reliefs depend on the portfolio companies maintaining their qualifying status. | The shares of unquoted companies 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. |

# Estate planning is shifting. Are your strategies keeping up?

# 2024 Autumn Budget and its IHT impact

1. Freeze on IHT thresholds extended until 2030, keeping the nil-rate band at £325,000 and residence nil rate band at £175,000.

2. Inherited pensions to count towards taxable estate from April 2027.

3. APR* or unquoted BR** assets qualify for 100% IHT relief up to £1 million, with 50% IHT relief beyond that from April 2026.

4. AIM BR shares will attract 50% IHT relief from April 2026.

*APR: Agricultural Property Relief. **BR: Business Relief or Business Property Relief.

# The growing IHT trap

IHT predicted to **raise £9.1 billion** for the Treasury in 2025/26[1]

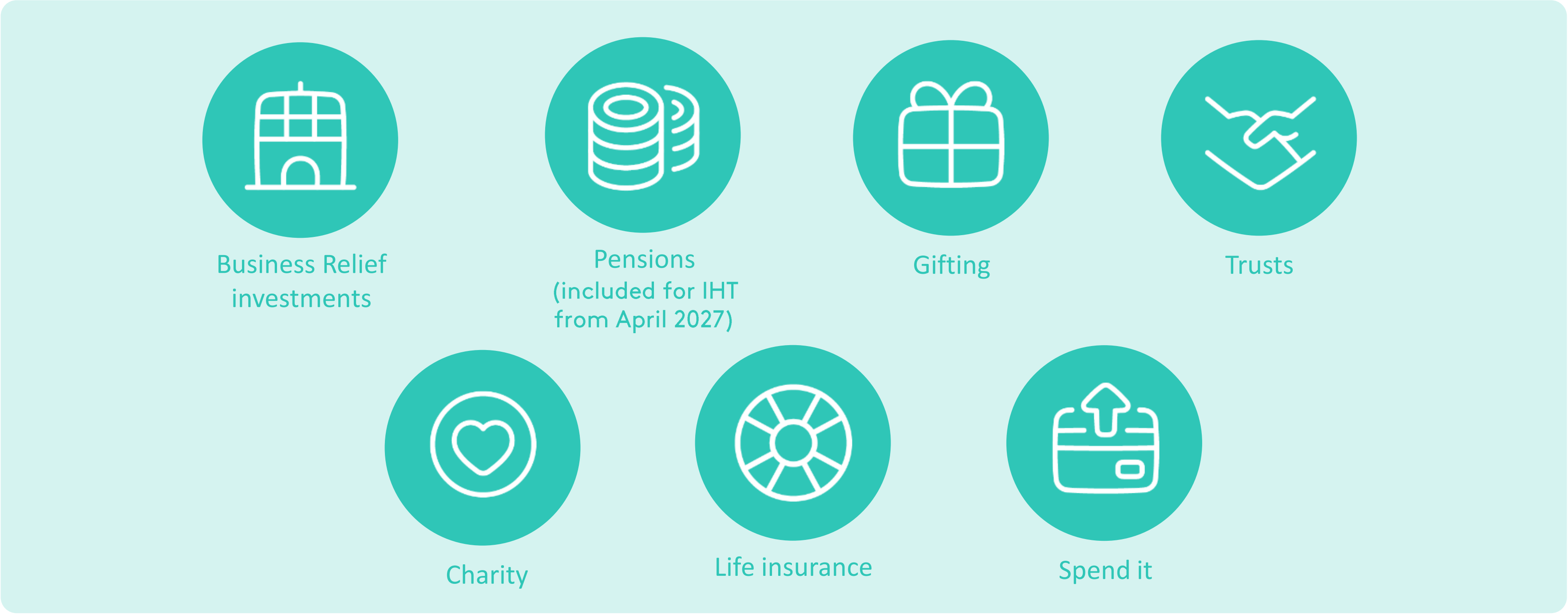
**71%** of UK adults don't understand how much IHT their family will have to pay[2]

**40% of UK adults** believe discussing inheritance is 'the last great family taboo'[3]

Women are **45% more likely** to have inherited assets than men[4]

[1] Office for Budget Responsibility, March 2025. [2] Family and Finances Report, Schroders, May 2025. [3] Family and Finances Report, Schroders, May 2025. [4] Unbiased, June 2025.

# Rethinking the order of estate planning



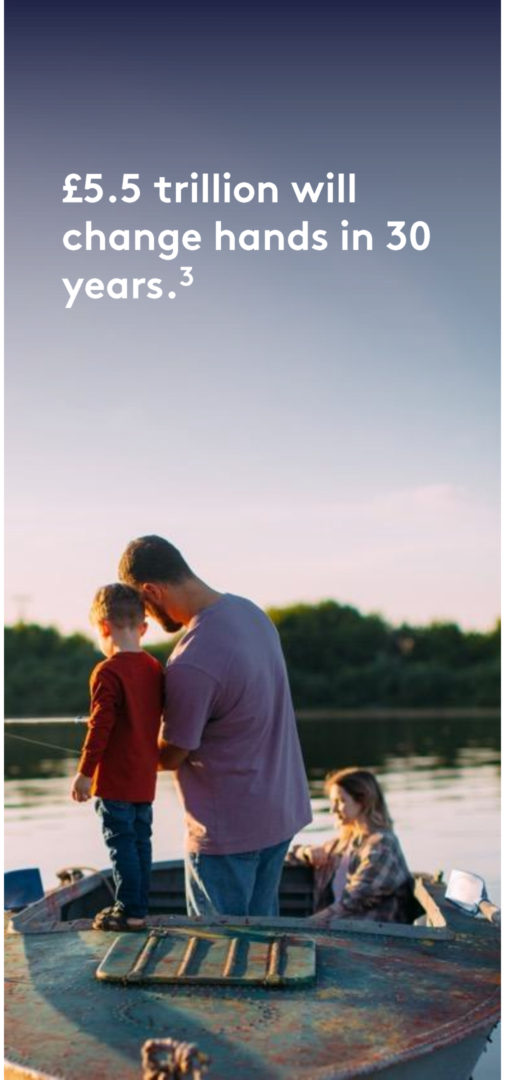
# Intergenerational planning starts with estate planning

# The “death tax” on your business

## You’ll be familiar with the 40% “death tax” and its potential impact on a client’s legacy. But have you thought about the death tax on your business?

77% of women change advisers [1]

Less than half of children retain their parents’ financial adviser [2]




[1] Women and passing on wealth, M&G plc, May 2025. [2] Rathbones, August 2024. [3] Unbiased, May 2025.

# Tools to help your conversations



# Planning scenarios

# Client scenarios

- We created these tax planning scenarios to help advisers develop suitable planning strategies for clients.
- They do not provide advice on investments, taxation, legal matters, or anything else.
- Tax-efficient investments aren't suitable for everyone.
- Any recommendation should be based on a holistic review of a client's financial situation, objectives and needs.
- Before recommending an investment, you should also consider the impact of charges related to the product, such as initial fee, ongoing fees, and annual management charges.

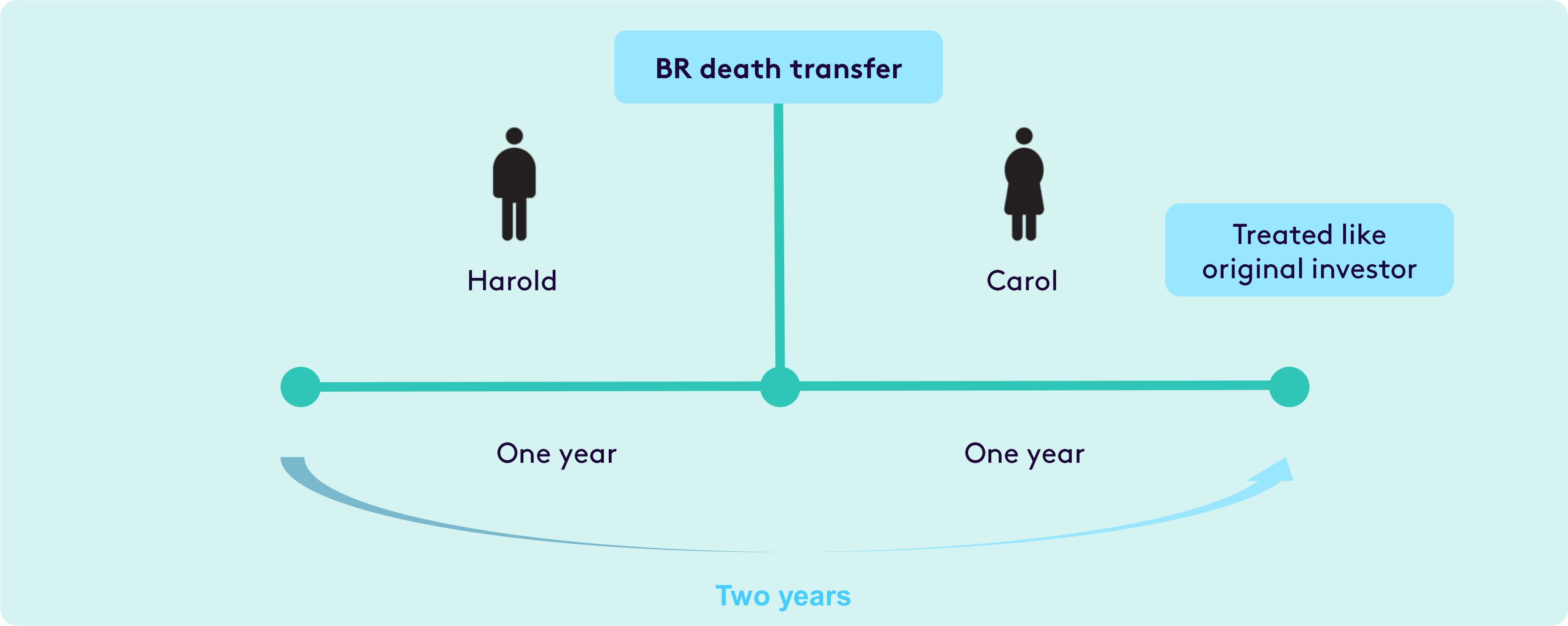
# Estate planning for clients who worry it's too late

- Harold and his wife are in their 90s. Most of their assets are in Harold's name, with his wife as his sole beneficiary.
- They would like to leave something for their two children and five grandchildren.
- The couple's adviser tells them that a £500,000 chunk of their investment portfolio would be liable for IHT were they both to pass away without putting any planning in place.

The adviser assesses Harold's objectives, appetite for risk and capacity for loss and suggests making an investment that qualifies for Business Relief.

# Business Relief

## Succession rules: spouses



# Business Relief can provide a fast estate planning solution

Harold

| Original share portfolio | BR-qualifying investment |
|---|---|
| **£500,000** kept in Harold's existing stocks and share portfolio | **£500,000** invested in BR qualifying asset after sale of original share portfolio |
| Harold dies after three years | Harold dies after three years |
| Harold's wife dies after one year | Harold's wife dies after one year |
| **£500,000** value of share portfolio | **£500,000** value of the BR qualifying investment |
| **£200,000** inheritance tax charged at 40% on the share portfolio | **£0** inheritance tax charged, because Harold's wife dies after holding the shares for more than two years combined |
| **£300,000** passed to beneficiaries | **£500,000** passed to beneficiaries |

We have assumed no investment loss or gain in this example, nor the effect of any charges.

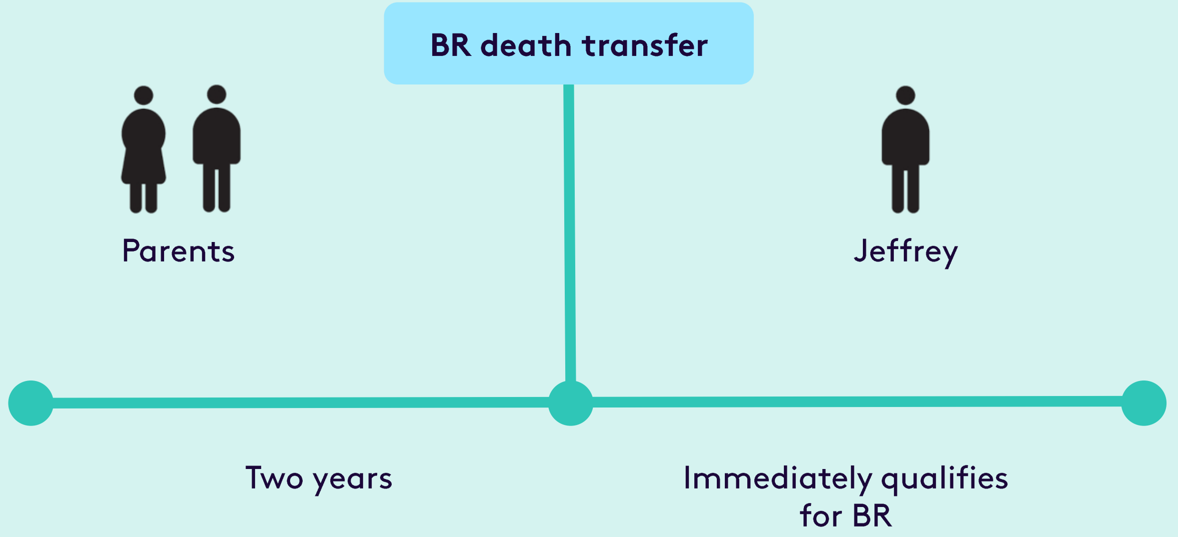
# Clients who want to take advantage of succession relief

- Jeffrey is 67 and has recently lost his parents.
- Jeffrey’s parents held an Octopus portfolio worth £500,000 for 2 years – meaning it is now free from inheritance tax.
- Jeffrey's parents left this portfolio to him in their Will.

Jeffreys advisers suggests that he keeps the Octopus portfolio in his name, rather than withdrawing it, to pass it on free from inheritance tax to his beneficiaries.

# Business Relief

## Successive transfer rules: Children



# Clients who want to take advantage of succession relief

Jeffrey

| Selling an investment upon death | Transferring an investment to a beneficiary |
|---|---|
| **£500,000**<br>Sold Jeffrey's inherited portfolio and reinvested in non-BR qualifying share portfolio | **£500,000**<br>kept in Jeffrey's inherited BR-qualifying portfolio |
| Jeffrey dies within 6 months | Jeffrey dies within 6 months |
| **£500,000**<br>value of share portfolio | **£500,000**<br>value of the BR qualifying investment |
| **£200,000**<br>inheritance tax charged at 40% on the share portfolio due to the sale of the portfolio | **£0**<br>inheritance tax charged, because Jeffrey's parents held their portfolio for 2 years and transferred it to Jeffrey's estate |
| **£300,000**<br>passed to beneficiaries | **£500,000**<br>passed to beneficiaries |

We have assumed no investment loss or gain in this example, nor the effect of any charges.

# Clients looking to invest their tax-free pension lump sum to reduce inheritance tax

- Bertha, 72, has always been a balanced investor.
- From April 2027, pensions will be included in the taxable estate for inheritance tax (IHT) purposes — a significant shift Bertha wasn't prepared for.
- She had planned to use her pension as a key part of her legacy, passing it to her children free from IHT.

Bertha's adviser recommends she draws £100,000 as a tax-free lump sum from her pension and re-invests the funds into a BR-qualifying investment.

# Clients looking to invest their tax-free pension lump sum to reduce inheritance tax

Bertha

**OITSPlus**

**£97,020**
invested in the service after the 2% initial fee and 1% dealing fee

Bertha dies after one year

Assuming an example growth rate of 3.6% per annum, and 0.5% + VAT Annual Management Charge (AMC)

**£40,000**
paid to children to help mitigate Bertha's IHT bill, following a successful claim under our insurance cover. This is 40% of Bertha's initial investment before fees were deducted.

**£99,920**
value of OITSPlus portfolio

**£39,968**
inheritance tax charged at 40% on the value of Bertha's investment in OITSPlus

**£58,953**
passed to children after 1% dealing fee to sell the portfolio has been paid

**£98,953**
total paid to children

# Supporting you and your clients

# The home of estate planning

## Two established services targeting qualification for BR

### Octopus Inheritance Tax Service

- Discretionary fund management service that invests in one or more unlisted companies.
- Launched in 2007.
- Aims to deliver a consistent, predictable return of 3% per annum to investors.

defaqto
Single-Asset Return Focused 2024
EXPERT RATED

### OITSPlus

- OITSPlus invests in the same unquoted companies expected to qualify for Business Relief (BR) as the Octopus Inheritance Tax Service.
- It includes our two-year insurance cover for eligible advised investors
- Our insurance aims to cover 40% of initial investment to mitigate inheritance tax liability if an investor dies within the two-year qualifying period to achieve relief from inheritance tax.
- No requirement for a medical examination or complicated questionnaire.

OITSPlus insurance cover only applies to eligible deaths. Ineligible deaths, or a misrepresentation in the health declaration could result in the insurer refusing to settle a claim under the insurance policy.

### Octopus AIM Inheritance Tax Service & ISA

- A portfolio of 25–30 smaller companies listed on the Alternative Investment Market.
- Launched in 2005.
- Targets significant growth for investors.
- Also available in an ISA.

An Octopus AIM Inheritance Tax ISA is likely to be higher risk than more mainstream stocks and shares ISAs.

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## Estate planning support for your clients and their loved ones

We have partnered with Octopus Legacy and arranged two lifetime estate planning packages of their services, offered at preferential rates for eligible customers making new investments of more than £250,000 in the Octopus Inheritance Tax Service.

**Please speak to your Octopus Investments contact to find out more.**

# The home of estate planning

| Sales and Customer team | Intergenerational Planning team | Ask Octopus | The Knowledge Base |
|---|---|---|---|
| Award winning sales and customer team of around 100 people based in our London office and around the UK. | The team is there to help you and your clients pass on as much of their estates as possible to loved ones. | Ask us a technical question about estate planning or inheritance tax. | A suite of IHT whitepapers, webinars, tools and technical support for advisers. |

**Jasmine Christy**
Head of Intergenerational Planning

FT ADVISER
Financial Adviser Service Awards 2023
5 Star Winner
Investment Providers
Octopus

# Octopus Intergenerational Planning Team

We support financial advisers, executors, and families before and after a client passes away

Support Through Bereavement

Adviser Collaboration

Client Retention & Growth

Education & Legacy Planning

Every adviser is different, and so is every family. That's why we offer a bespoke service.

# Planning for now and later

## £5.5 trillion will pass between generations over the next 20 years.[1] With an aging population estate planning is more important now than ever.

**Our strategy hits two key parts:**

- **Estate plans:** Estate planning gives clients a say on who inherits their wealth and how it is used for future generations. Through wills, trusts and LPAs.
- **Probate:** Our probate services allow us to guide and support executors and trustees to manage and distribute assets after someone has died.

[1] Unbiased May 2025.

# Thank you