

# The Inheritance Tax Managed Service

A simple solution to a complex problem





# Preserving your legacy

Inheritance Tax (IHT)<sup>1</sup> has been called the 'voluntary tax'. The Office for Budget Responsibility expects IHT to raise £7.5 billion in 2024-25. Sound financial planning could divert much of this to loved ones instead of the tax man.

## How does IHT work?

When someone dies, their estate is assessed for IHT. Everyone has a personal allowance of £325,000 (frozen until April 2028) – the 'nil rate band' – which is exempt from IHT. At its simplest, a 40% tax rate then applies on the amount by which your estate exceeds the nil rate band.

For an individual's estate worth £1m, that means a potential tax bill of £270,000. If no action is taken, as little as 60% of your taxable estate could be passed to your loved ones – the rest could go to HM Revenue & Customs.

That's the bad news. The good news is there are ways to shelter part of your estate from IHT. A simple and cost effective way is to invest in the Inheritance Tax Managed Service (IHT Managed Service).

## Our simple solution

Our IHT Managed Service is a specialist, discretionary investment management service designed to provide accelerated relief from IHT by investing in Business Property Relief (BPR) qualifying shares quoted on the Alternative Investment Market (AIM) and the Aquis Stock Exchange (AQSE) Growth Market.

## Key benefits

- Relief from IHT in as little as two years
- Clients keep control of (and access to) capital
- No complex or costly legal structures
- Eligible for ISA investment
- A client's power of attorney can choose this as an investment-based solution, provided this would be a suitable investment and in the best interests of the client

<sup>1</sup> Office for Budget Responsibility, March 2024.

# How our service works

The Service is based on a series of tax incentives called Business Property Relief (BPR).

If you buy shares in investments that fully qualify for BPR at least two years before death, and still hold those qualifying shares when you die, the money invested (and any growth) will not be subject to IHT.

BPR applies to qualifying shares that are bought and sold on AIM and the AQSE Growth Market. These are well-established markets, which allow smaller and emerging companies to raise capital.

## How we invest

Our experienced Smaller Companies team aim to build a portfolio of profitable and well-managed companies, which they believe have the potential to generate good returns over two to five years.

When choosing companies to invest in, we consider a range of factors:

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### Financial structure

A strong financial position, visible earnings, robust cash flow and growing dividends.

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### Market position and customer base

A long trading history, blue chip customers, access to niche markets, strong brands and market leaders.

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### Other considerations

Strong management, under-researched companies and those uncorrelated to the performance of other assets.

### What are the investment objectives?

- To achieve a beneficial tax status by capitalising on Business Property Relief (BPR)<sup>2</sup>
- To preserve capital<sup>3</sup> and achieve growth over the long-term within the context of BPR
- To diversify risk across sectors and geographies

### How are the investments selected?

To meet the portfolios' objectives, we believe that individual holdings should meet the same criteria for any successful investment – high-quality, well-run companies with the potential to grow, available at an attractive price.

Our team constantly evaluates AIM and AQSE Growth Market listed companies to find the most promising opportunities. We then build a diversified portfolio typically consisting of 25-35 investments. This helps to reduce risk, while increasing the likelihood of more consistent returns.

### What do I need to be aware of?

Our IHT Managed Service could be suitable if you have £50,000 or more to invest, you want to retain access to your capital and are prepared to invest in higher risk companies. It isn't suitable if you are planning to rely on your investment to provide an income – for example, to help with living expenses.

We aim to reduce risk by creating diversified portfolios made up of well-managed companies. However, the value of your investment could rise or fall quite sharply, especially in the short-term. Your capital is not protected and you or your beneficiaries may get back less than you invested.

You should be aware that an investment in the IHT Managed Service carries substantial risk. There can be no assurance that the IHT Managed Service investment objectives will be achieved and investment returns may vary substantially over time. Due to these risks, our IHT Managed Service is only available through a qualified financial adviser.

### Maximising the portfolio's efficiency

To achieve IHT relief for investors using BPR, all investments must be 'qualifying shares'. We ensure that individual holdings will be sold if they no longer qualify for BPR – for example, if they were to leave AIM or were taken over by a non-qualifying company.

Investments in smaller companies carry a higher risk than their larger peers. By constantly monitoring the operational performance of investee companies and wider market data, we seek to exit positions should we feel the risks of holding a stock for the full two year period outweighs the tax benefits. Any proceeds can be reinvested into replacement shares without the loss of the accrued holding period within three years.

<sup>2</sup> A company that qualifies for BPR at the time of investment may cease to qualify for reasons outside our control at a later date, which means any tax benefits will be lost until the capital is reinvested in BPR qualifying company.

<sup>3</sup> This is not a capital protection service and your capital is at risk.

### How much could the IHT Managed Service save for your beneficiaries

Assuming two individuals owned estates worth a total of £1m each when they died, our IHT Managed Service can make a sizeable reduction to IHT payable on death.

The table illustrates how, after as little as two years, an investment in the IHT Managed Service could reduce IHT payable on death. The example assumes the individuals died in the tax year 2023-24 and that the individuals owned identical estates in terms of value. Individual A did nothing to mitigate their IHT liabilities, whereas individuals B & C invested £200,000 in the IHT Managed Service and saved £80,000 in tax.

This example is for illustrative purposes only and does not include any assumptions on gains or losses made on any assets held. Any tax benefits realised will be dependent on individual circumstances. Tax rules can change in the future. Each person has a tax-free allowance of up to £175,000 to use against the value of their home, provided they leave it to their children or grandchildren. This is explained in more detail in the 'Your questions answered' section on page 14.

	Individual A with no IHT planning	Individual B with an IHT Managed Service portfolio	Individual C with an IHT Managed Service portfolio utilising Property NRB
Property	£500,000	£500,000	£500,000
Cash	£100,000	£100,000	£100,000
Other assets	£50,000	£50,000	£50,000
Stocks and shares	£350,000	£150,000	£150,000
IHT Managed Service portfolio	£0	£200,000	£200,000
Total estate	£1,000,000	£1,000,000	£1,000,000
Personal allowance	-£325,000	-£325,000	-£325,000
IHT free assets	£0	-£200,000	-£200,000
Property NRB	£0	£0	-£175,000
Taxable estate	£675,000	£475,000	£300,000
IHT Payable on death @40%	-£270,000	-£190,000	-£120,000
Residual estate	£730,000	£810,000	£880,000
IHT saving over Individual A		£80,000	£150,000





# Using our service

## **Making withdrawals**

As long as you leave at least £50,000 invested in the IHT Managed Service, you can make cash withdrawals at any time. These will usually be settled within 10 days of receiving the request. Where larger withdrawals (£50,000 or more) are being made, timescales may be longer due to the potentially illiquid nature of the markets in which we invest.

It is our understanding that any money withdrawn from the IHT Managed Service will fall back into your estate for IHT purposes. We therefore recommend that tax advice is sought before any action is taken.

## **Investing in 'series'**

Generally, investors' subscriptions are collected and invested together within a new 'series'. A series is launched after the last business day of every alternate month (February, April, June, August, October and December). There is no minimum or maximum series size.

## **Timing of investments**

We aim to invest funds as soon as possible, but this process can take up to six months to complete, depending on the availability of suitable investment opportunities and market conditions.

## **Cash held within the IHT Managed Service**

Please note that uninvested cash held in portfolios does not qualify for BPR. We aim to keep portfolios fully invested where possible, although we keep small cash balances in order to cover ongoing fees.

## **Statements and valuations**

Portfolio valuations and statements are sent quarterly. It is also possible to ask for an interim valuation, should you need one. A consolidated tax pack will be sent out for taxable portfolios each tax year.

These documents can also be viewed via our online portal, which also provides access to valuations updated at the end of every business day. Please contact us if you would like access to the portal.

## **The custody arrangements for the IHT Managed Service**

TrinityBridge is a trading name of TrinityBridge Limited (TBL). TBL is authorised and regulated by the Financial Conduct Authority. Stock is registered in the name of Lion Nominees Limited ('Lion') for all portfolios established under the Service. Lion is a wholly owned subsidiary of TBL. It acts purely as a nominee company and has no other business. For further detail on this please refer to the TrinityBridge Terms and Conditions.











# An even more tax-efficient way to invest

An Individual Savings Account (ISA) is a tax-free way to save or invest, helping your money work harder for you.

Many people do not realise that while ISAs are very tax-efficient, the investments they may have built up in ISAs will form part of their estate on death. This means that ISA assets could be subject to IHT at 40%.

Since August 2013, shares quoted on AIM and AQSE Growth Market have been eligible to be held in an ISA.

You can transfer part or all of your existing ISA or open a new ISA when you choose to invest in the IHT Managed Service. This means you can receive even greater tax benefits by sheltering your capital not only from IHT, but also from Income Tax and Capital Gains Tax.

## **No Stamp Duty**

Investing in most AIM and AQSE Growth Market quoted shares does not attract Stamp Duty – a further tax advantage.







# How to apply

We are only able to accept applications where a qualified financial adviser has assessed the suitability of the Service for your requirements. Please contact your usual adviser for further information about our IHT Managed Service.

Please read the TrinityBridge Terms and Conditions before completing the application form and carefully read the risk warnings.

The the IHT Managed Service application form and the adviser charging agreement will need to be completed by you and your financial adviser.

Any monies we receive will be held in a designated client money account by us, segregated from accounts which hold our own money.

## **What's the deadline?**

The Service is open for new subscriptions on any business day, however each series closes to further investment on the last working day of every other month (February, April, June, August, October and December). Applications must be received by this date to be included in the series. We reserve the right to close any series more frequently if necessary.

## **What happens after I apply?**

We will acknowledge receipt of your funds and outline our expected timetable for commencing investment. Once we start investing, we will send out an initial valuation.

# Your questions answered

## **Can I take an income?**

We do not offer income payments from the Service. Your investments may generate an income, but this is typically used to cover the costs of running your portfolio and any advisers' fees. Any excess income will be reinvested over time.

## **What happens if I take money from my portfolio?**

Should you choose to redeem any part of your portfolio, that portion will no longer qualify for BPR and will fall back into your estate for IHT purposes.

## **What happens if I die before my investment becomes exempt?**

If your beneficiary is your spouse or a civil partner and the portfolio is left intact, the IHT benefits will pass to them and the investments will continue to work towards the two-year qualifying period. If the beneficiary is neither a spouse nor a civil partner, then the qualifying assets will not be exempt from IHT.

## **What does it cost?**

The IHT Managed Service charges are kept clear and simple. At initial investment, there is a one-off administration charge of £250 plus VAT.

There is an annual management charge of 1.25% plus VAT (e.g. £1,250 + VAT for £100,000), and a dealing fee of 1% on the value of each transaction.

## **What about adviser charges?**

We will facilitate the collection of client-approved adviser charges, subject to receipt of a signed adviser charging agreement.

## **How does the IHT personal allowance work for couples?**

The £325,000 personal allowance can be passed between married couples and civil partners. So if one person owned assets of £200,000, no IHT would apply on their death, and the remaining £125,000 of their personal allowance could be passed on to the surviving partner. Potentially, this means that up to £650,000 of the couple's total estate would be exempt from IHT when the second partner dies.

Each person has a tax-free allowance of up to £175,000 to use against the value of their home, provided they leave it to their children or grandchildren. This allowance can also be transferred to a spouse or civil partner if it isn't fully used on the first death. So in the 2024/25 tax year, a couple could leave up to £1m to their beneficiaries (including family) without paying IHT. Estates worth more than this would still be subject to IHT at 40% and investing in the IHT Managed Service may be suitable.

## **Why choose us?**

The IHT Managed Service is one of the longest running AIM-based IHT services on the market, and the Service has a successful track record. Since its launch in March 2001, it has proved effective in protecting clients' estates from IHT.

Backed by the strength of TrinityBridge, the Inheritance Tax Managed Service benefits from the expertise of our highly experienced investment team. As a firm, we are proud to have been nominated for several industry awards (see page 18).

### **If I am acting as a power of attorney can I use the IHT Managed Service?**

The Office of the Public Guardian makes it clear that attorneys under a Lasting Power of Attorney (LPA) or Enduring Power of Attorney (EPA) should:

- Have an express instruction (within the POA) confirming their ability to delegate investment decisions to a third party; or
- That such authority can be implied from the words included within the POA.

Authority to delegate the making of investment decisions can be given expressly via an instruction in the donor's LPA (or EPA if applicable) using the following wording or similar:

- My attorney(s) may transfer my investments into a discretionary management scheme; or
- If I already had investments in a discretionary management scheme before I lost capacity to make financial decisions, I want the scheme to continue.

Whilst we are happy to accept applications made on behalf of clients by their Power of Attorney, attorneys must make decisions in the client's best interests. Part of this is taking into account what the client would have decided if they could make the decision themselves, and to consider their past and present values and wishes. It is recommended that the attorney seeks legal advice to ensure that there is no conflict of interest.

If an existing LPA or EPA is in place and being relied upon, please check that it contains the above wording or something similar prior to submitting your IHT Managed Service application. If the LPA or EPA does not contain express instructions to delegate the making of investment decisions to a third party please contact your Financial Adviser or TrinityBridge contact before submitting your IHT Managed Service application, there may be the possibility of signing an acknowledgement letter to enable the application to proceed.

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“My attorney(s) may transfer my investments into a discretionary management scheme or, if I already had investments in a discretionary management scheme before I lost capacity to make financial decisions, I want the scheme to continue.

I understand in both cases that managers of the scheme will make decisions and my investments will be held in their name or the names of their nominees.”

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# A bit about us

**Who we are Bringing clarity to the financial side of life.**

We all seek the freedom to make choices, the power to shape the way we live. To get the most out of today, but not at the expense of tomorrow.

It's possible when the important things in life are clear and in balance - health, relationships, work and money. Wherever you are in life, we're here to support you. For more than 30 years individuals, families, professionals, charities and businesses have trusted us to help them make confident financial choices.

We believe clarity is the key. Spanning investment management, financial planning and workplace financial wellbeing our services are designed to meet your needs today, as well as your hopes for tomorrow.

Across the UK - from Chichester to Edinburgh and Bristol to London, we are set up to offer financial clarity wherever you are.

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**At a glance**

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870 + Employees

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90+ Financial Planners

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80+ Investment Managers

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£20.6bn Assets under management

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16 established regional offices

As at 31 January 2025.



# Our smaller companies team



**Sam Barton**  
Managing Director

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Over 20 years managing UK smaller companies funds

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Joined the firm in 2008 from Unicorn Asset Management

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Holder of the Investment Management Certificate and the CISI Diploma

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Chartered fellow of the Chartered Institute for Securities and Investment (CISI)

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**Stephen Wood**  
Investment Director

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Over 17 years smaller companies experience

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Joined the firm in 2007 after graduating from University College London

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Masters in Electrical and Electronic Engineering from University College London

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Holder of the Investment Management Certificate and a CFA Charterholder

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**Archie Thompson**  
Investment Manager

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Over eight years smaller companies experience

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Joined the firm in 2015 after completing a law conversion course

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MA in Ancient History from St. Andrews University

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Holder of the Investment Management Certificate and is a CFA Charterholder

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# Award winning service

The Inheritance Tax Managed Service is recognised as offering high levels of dedicated service and aiming for excellence in performance.

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## **Apex Group**

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The Inheritance Tax Managed Service is reviewed and verified by Apex Group.

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## **MICAP**

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The Inheritance Tax Managed Service is reviewed and verified by MICAP.

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## **Tax Efficient Review**

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The Inheritance Tax Managed Service is reviewed and verified by the Tax Efficient Review.



# We would be delighted to talk

This service is only available through a qualified financial adviser.

If you are a Private Client and would like more information about our Inheritance Tax Managed Service you can speak to your adviser, or you can call us or visit our website.



**[trinitybridge.com](https://trinitybridge.com)**

**0208 036 8638**

If you are a financial adviser and would like more information about our Inheritance Tax Managed Service, you can call us or visit our website.



**[trinitybridge.com/financial-advisers](https://trinitybridge.com/financial-advisers)**

**0160 681 0325**

Please be aware that no investment, or investment strategy, is without risk.  
The value of investments can fall as well as rise and you may get back less than you invested.



Telephone calls made to any member of TrinityBridge may be recorded.  
For more information about how we use your data see [trinitybridge.com/privacy-policy/](https://trinitybridge.com/privacy-policy/)

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