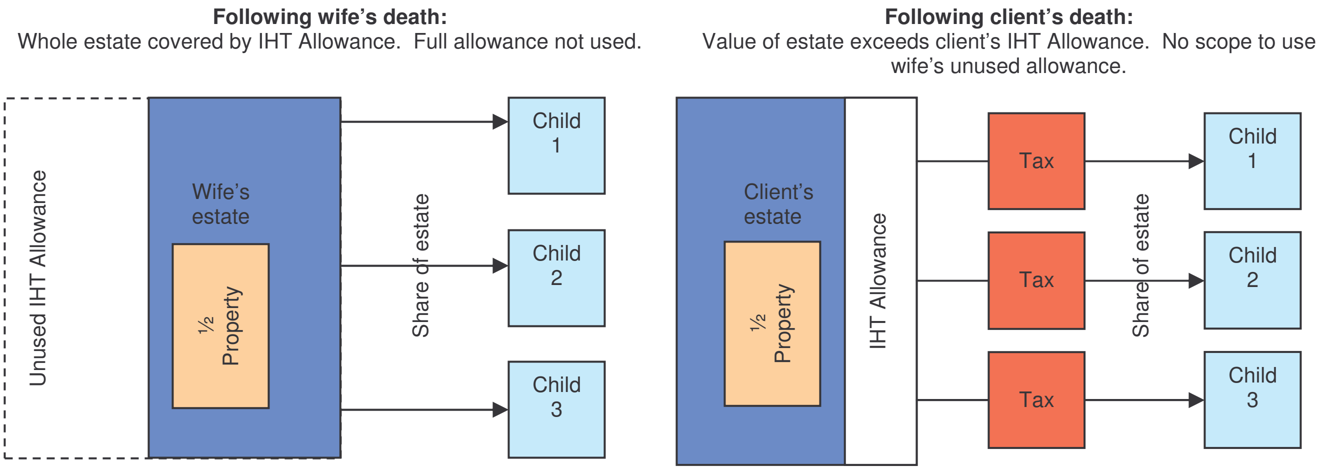
crawford consulting

Client Case Study – Tax Planning



Background

The client's wife had recently deceased. Her will stipulated that her estate should go to their three children equally. Part of wife's estate is an investment property owned on a tenants in common basis with the client. Wife had the bulk of inheritance tax allowance available on her death.

Challenges

- The client has a potential inheritance tax liability on his death of over £1,000,000.
- To recognise the wishes of his wife that their children should significantly benefit on her death.

What We Did

- Due to changes in Inheritance Tax legislation since the will was written, the executors were advised to consider a deed of variation to change the wife's will in favour of her husband.
- Other assets not in the wife's estate (her pension funds) were directed to the children.
- We suggested a possible settlement of the investment property either directly to the children or to a discretionary trust.
- Consulted with legal advisers to implement the plans.

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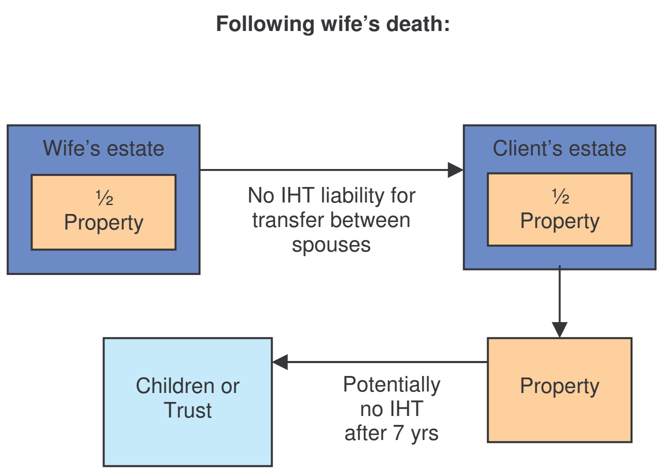
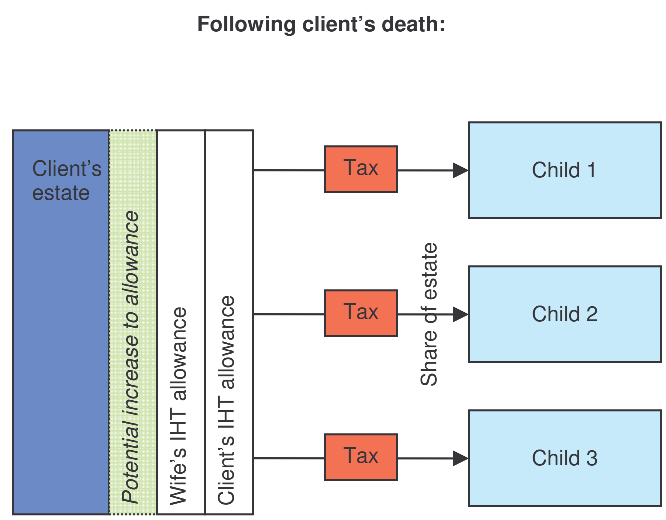
The Results

- The deed of variation will enable the client to use both his own Inheritance Tax allowance and that inherited from his wife.
- Any increase in the allowance will apply to both.
- Property settled either directly or into trust will fall out of the client's assessable estate for inheritance tax after seven years.
- The children benefited from the pension funds thus compensating them for the loss of other inheritance due to the deed of variation.
- Pension funds directed away from clients estate.





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