Don't invest unless you're prepared to lose all the money you invest. This is a high-risk investment and you are unlikely to be protected if something goes wrong. Take 2 minutes to learn more on page 3

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Inheritance Tax – Could Your Beneficiaries Be Affected...?

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Executive Business
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When Chancellor Jeremy Hunt used his September 2022 Autumn Statement to announce that Inheritance Tax (IHT) thresholds would be frozen at their current levels until at least 2028, he effectively guaranteed more people would leave behind IHT bills in the future. Here's a quick reminder of the status quo.

Currently, the nil-rate band, the threshold below which you do not have to pay IHT on the value of your estate, remains frozen at £325,000 for individuals, and at £650,000 for couples. The residence nil-rate band (RNRB) which was introduced in 2017 has been effectively capped at £175,000 for the foreseeable future.

Although the introduction of the RNRB initially helped reduce overall IHT receipts, they have been increasing again since the pandemic. According to HM Revenue & Customs, IHT receipts for April 2022 to January 2023 stood at £7.1bn, £1bn higher than at the same point last year.

One reason is that property values show no real signs of slowing down. For the 12 months to December 2022, average house prices increased to £315,000 (10.3%) in England, to £222,000 in Wales (10.3%), to £187,000 in Scotland (5.7%) and to £175,000 in Northern Ireland (10.2%). Overall, that's an average annual price increase of 9.8%.

For most clients, their home is most likely to be their biggest asset, and for increasing numbers the existing IHT thresholds may not be enough to cover the overall value of their estate, particularly after taking into account their other investments.

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One tax-efficient alternative is to invest capital into our IHT investment service that qualifies for Business Relief (BR). Introduced in 1976 as a way to ensure family-owned companies did not have to be sold to pay an IHT bill, today BR has a much wider scope to encourage investment into the UK economy. Crucially, clients do not need to own a business to benefit.

As specialists in tax-efficient investing, we offer a number of IHT planning services designed to suit clients' individual needs, such as whether they want to preserve or grow their capital. For example, our Adapt IHT Service invests in renewable energy generation and energy infrastructure assets, property development finance, asset-backed lending and forestry, while our Adapt AIM Portfolios invest in qualifying businesses listed on the Alternative Investment Market.

As our founder and Chief Executive Richard Cook explains: **"Investing in a portfolio of shares that qualify for BR means not only that clients get to stay in control of their money, but it also means they can reduce the IHT liability on their estate after just two years. In other words, it really is never too late to help clients to put plans in place for their estate, so that their loved ones get more, and the taxman receives less."**

The Adapt AIM Portfolios and Adapt IHT Service: two strong options to protect savings from IHT

For information on our Adapt IHT Service, call **01452 717 070**, email: **enquiries@blackfinch.com** or visit **blackfinch.com.**

IMPORTANT INFORMATION

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Risks

Due to the potential for losses, the Financial Conduct Authority (FCA) considers this investment to be high risk.

What are the FCA key risks?

1 - You could lose all the money you invest
If the business you invest in fails, you are likely to lose 100% of the money you invested. Most start-up businesses fail.

2 - You are unlikely to be protected if something goes wrong
Protection from the Financial Services Compensation Scheme (FSCS), in relation to claims against failed regulated firms, does not cover poor investment performance. Try the FSCS investment protection checker (https://www.fscs.org.uk/check/investment-protection-checker).

Protection from the Financial Ombudsman Service (FOS) does not cover poor investment performance. If you have a complaint against an FCA-regulated firm, FOS may be able to consider it. Learn more about FOS protection (https://www.financial-ombudsman.org.uk/consumers).

3 - You won't get your money back quickly
Even if the business you invest in is successful, it may take several years to get your money back. You are unlikely to be able to sell your investment early.

The most likely way to get your money back is if the business is bought by another business or lists its shares on an exchange such as the London Stock Exchange. These events are not common.

If you are investing in a start-up business, you should not expect to get your money back through dividends. Start-up businesses rarely pay these (https://www.financial-ombudsman.org.uk/consumers).

4 - Don't put all your eggs in one basket
Putting all your money into a single business or type of investment for example, is risky. Spreading your money across different investments makes you less dependent on any one to do well.

A good rule of thumb is not to invest more than 10% of your money in high-risk investments (https://www.fca.org.uk/investsmart/5-questions-ask-you-invest).

5 - The value of your investment can be reduced
The percentage of the business that you own will decrease if the business issues more shares. This could mean that the value of your investment reduces, depending on how much the business grows. Most start-up businesses issue multiple rounds of shares.

These new shares could have additional rights that your shares don't have, such as the right to receive a fixed dividend, which could further reduce your chances of getting a return on your investment.

If you are interested in learning more about how to protect yourself, visit the FCA's website (https://www.fca.org.uk/investsmart).