



## **CASE STUDY /**

### HELPING A POWER OF ATTORNEY MAKE SOME GOOD DECISIONS TO MITIGATE INHERITANCE TAX ON HER AUNT'S ESTATE

One of my clients contacted me to see how we could help. She was concerned about her elderly aunt's finances. Her aunt (let's call her Miss B) was a frail, 91 year old lady who was unable to make decisions for herself and had moved into a care home.

Thankfully, my client's aunt had registered Lasting Powers of Attorney, which enabled my client to act as an attorney on her behalf. A single lady with no children, Miss B was in the fortunate position of being able to more or less pay for her care from fixed pension income although

she would, however, have to top up the fees and have funds paid into her social fund. My client had found her a lovely care home and she was very happy there.

Her home had recently been sold. With the proceeds of the sale and her current savings and investments she had an Estate of around £540,000. As she had no children she was unable to benefit from the new Residence Nil Rate Band and her Inheritance Tax Threshold was £325,000. Her assets exceeded this by £215,000, causing an Inheritance Tax liability of £86,000 and resulting in less passing to her family. Miss B had always been very generous to her family during her life and it would not have been out of character for her to want to pass as much as possible to them on her death.

As she had always been keen on investing, we recommended that the excess over the IHT limit be placed in a specific investment, which meant that the funds were outside of her Estate if she survived two years. It is not possible for Attorney's to make gifts into a trust.

Miss B had a significant sum left in cash savings to top up her fees and social fund at the care home and for her Attorney to buy clothes and other daily necessities. Based on her age, she was unlikely to run out of money but even if she did, the monies invested could be released quickly.

Miss B was always comfortable with investing, so her Attorney would not be doing anything that she wouldn't have considered herself. We invested £150,000.

She recently died. Her Estate exceeded the Nil Rate Band by £160,000 and her initial investment of £150,000 had grown to £160,000. This meant that her Estate had saved £64,000 which was now able to be passed to her family instead of the Treasury. A clear benefit of taking financial advice.

## OUR CLIENT SAID /

"I'm just sorting through the probate application with my cousin. The [Provider] fund advisor was very helpful and it has been an excellent call from yourself as the estate comes to just over 460k, 160k being eligible for IHT exemption through the [Provider Scheme] .Phew!"



If you would like us to help you please [get in touch](#).