

Example deployment timeline case study



- The situation**

Michael 72, with an estate valued at £500,000 (£175,000 investment portfolio + £325,000 house).
No spouse or children → so not eligible to claim the RNRB.
- The problem**

He wants to leave £100,000 each to 5 close friends, (his entire estate value) but he does not believe he will live the 7 years required to make gifts 100% IHT exempt and in any case, he wants to live in his house until he dies.
- The potential solution**

He liquidates his investment portfolio and invests the £175,000 into a BR service.
If he holds the qualifying portfolio for two years, he should have no IHT liability upon death. (£325,000 NRB and £175,000 that falls outside of the charge to IHT will shield his entire estate from IHT).

 His will states his house is to be sold and the proceeds added to his BR investment and then distributed to his friends.

The funds are received from Michael on 3 January 2019. They are not invested into BR-qualifying assets until 6 weeks later, at which point the BR qualification clock starts.
- The outcome**

Michael dies on 4 January 2021. 2 years and 1 day from the date he sent his funds to the BR manager. But only 23 months and 1 day from the investment of those funds into BR-qualifying assets in his name.
- The result**

No IHT relief is available. As a result, £175,000 of his estate remains liable to IHT at 40%, leaving him £70,000 short of being able to give his five friends £100,000 each.

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