

Investment IHT Liability Insurance



A simple and cost-effective solution to cover the two-year inheritance tax (IHT) liability on Business Property Relief-qualifying investments.

What is Business Property Relief?

Introduced in 1976, Business Property Relief (BPR) provides IHT relief on investments into certain qualifying business assets, including:

- Shares in companies not listed on a stock exchange
- Shares in companies listed on the Alternative Investment Market (AIM)
- Interest in a qualifying business, for example a partnership

Investment in a BPR qualifying scheme	Death within two years	Death after two years
Value at death	£200,000	£200,000
Inheritance tax liability (@ 40%)*	£80,000	£0
Net value to estate	£120,000	£200,000

Shares in qualifying businesses attract 100% BPR as long as they've been held by the deceased for at least two years at the time of death - after which they're exempt from any IHT liability.

*Assumes the investor has an estate valued above the nil-rate band.

The need for life cover

If the investor dies within two years of holding the shares, the whole investment will be subject to IHT. Life insurance can cover that two year period of IHT liability.

When written into trust, the proceeds of the policy pass to the beneficiaries without needing to pay IHT.

For couples investing together, a Joint-Life Second Death (JLSD) policy can be used as assets pass between spouses/civil partners free of IHT and the tax isn't payable until the second person dies.

Our solution

We have a simple and cost-effective solution for this wealth protection need.

Highlights

- ✓ Quick and easy application process
- ✓ Joint-Life Second Death option for joint applicants
- ✓ Fully online journey - including trusts
- ✓ Up to £400,000 cover with no financial questions
- ✓ High limits before medical required
- ✓ No automatic requirement for a GP Report
- ✓ Monthly or annual premiums
- ✓ Maximum age at entry 87 (next birthday)

Indicative annual costs

Single life aged	Investment	£100,000	£200,000	£500,000	£1,000,000
	Life cover	£40,000	£80,000	£200,000	£400,000
70	Annual premium	£359.60	£666.28	£1,412.10	£2,881.57
	% of investment	0.36%	0.33%	0.28%	0.29%
80	Annual premium	£1,140.68	£2,260.27	£5,405.13	£10,504.76
	% of investment	1.14%	1.13%	1.08%	1.05%

Correct at 14/05/24. Assumes non-smoker, accepted at standard rates. Annual premiums (guaranteed, level).

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