

For professional advisers and paraplanners only.
Not to be relied upon by retail clients.

Estate planning now and moving forward

How the Budget could impact
what you recommend

octopus investments
A brighter way



Agenda

1

Key changes announced in the Budget, relevant to estate planning

2

What we know and what is yet to come

3

Misconceptions about changes in Business Relief

4

New client planning opportunities following the Budget

5

Live Q&A

Key investment risks

Capital at risk

The value of an investment, and any income from it, can fall as well as rise.

Investors may not get back the full amount they invest.

Tax treatment

Tax treatment depends on an investor's personal circumstances and may change in the future.

Qualifying status

Tax reliefs depend on the portfolio companies maintaining their qualifying status.

Volatility and liquidity

The shares of AIM and unquoted companies could fall or rise in value more than shares listed on the main market of the London Stock Exchange.

They may also be harder to sell.

Client scenario considerations

We created tax planning scenarios to help advisers develop suitable planning strategies for clients following the changes to Inheritance Tax and Business Relief in the recent Budget.

They do not provide advice on investments, taxation, legal matters, or anything else.

Tax-efficient investments aren't suitable for everyone.

Any recommendation should be based on a holistic review of a client's financial situation, objective and needs.

Before recommending an investment, you should also consider the impact of charges related to the product, such as initial fee, ongoing fees, and annual management charges.

All examples in this deck are for illustrative purposes only and should not be considered an investment recommendation.

An overview of Octopus

A snapshot of Octopus

Octopus entities include:

octopus investments
A brighter way

octopus legacy

octopus money

Octopus Energy entities include:

 **octopus** energy

 **KRAKEN**



Aurora

The inheritance tax

Budget updates

A new era of certainty

Key inheritance tax Budget changes



Frozen allowances: nil rate band (NRB) and residence nil rate band (RNRB) to April 2030



Pensions included for inheritance tax from April 2027

Further consultation announced



Late payment interest increasing to: Bank of England Base rate +4% from April 2025



Reform to non-domiciled rules from April 2025

Individuals' tax resident in the last 10 out of 20 years will have worldwide assets subject to inheritance tax. Non-UK trusts also impacted.



Agricultural Property Relief (APR) and Business Relief (BR)-qualifying companies (unquoted) from April 2026

£1m combined APR and BR allowance @ 100% inheritance tax (IHT) relief

Above £1m @ 50% IHT relief. An effective IHT rate of 20%.



Business Relief-qualifying companies (AIM) from April 2026

50% IHT relief. An effective IHT rate of 20%.

What we know and what is yet to come

Pensions and inheritance tax changes

Reconsidering pension IHT strategies

Expected to add significant amount of additional IHT liability to estates, meaning more advice is needed.

What we know

- New rules apply to defined contribution and defined benefit pensions
- Pension providers to pay IHT on pensions direct to HMRC
- Spousal exemptions remain
- Income tax treatment of pensions unchanged
- 25% lump sum remains tax free

What we don't know

- RNRB and pensions
- IHT on Business Relief assets held in pension

What is yet to come

- Pension consultation 2025

Inheritance tax calculation, collection and interest on late paid tax

What we know

- Payment date unchanged for IHT 6 months from date of death
- Estate will need to have enough liquid or accessible assets
- Transferable NRB and RNRB remain unchanged
- “7-year rule” and taper relief remains unchanged
- Spousal exemptions unchanged

What we don't know

- Bank of England will continue to reduce the base rate

What is yet to come

- Consultation on HMRC's enquiry and assessment powers and penalties
- Consultation in 2025 on how HMRC uses and acquires third party data to assess tax

Misconceptions about changes in Business Relief

Business Relief (BR) recap

1

It's been around since **1976** and has been through successive governments.

2

Encourages private investment into **unquoted and AIM-listed trading companies.**

3

Only some investments will qualify for Business Relief.

Please note: Tax treatment depends on individual circumstances and can change in the future. Tax reliefs also depend on the underlying portfolio companies maintaining their qualifying status.

Business Relief: what hasn't changed

For clients

- Hold for at least two years
- Fast inheritance tax planning
- Access
- Simple
- Potential for investment growth

For your business

- Supports your consumer duty obligations
- Professional connections
- Intergenerational door opener
- Used alongside and part of all planning

Clarity on what has changed

Spouses and the £1m allowances

Replacing AIM BR shares with unquoted BR shares

Allocation of £1m allowance where APR and BR assets exceed £1m

BR assets that qualify for £1m allowance

Lifetime transfers pre and post April 2026

Multiple trusts and £1m allowance

New client planning post-Budget

Planning now for deaths after April 2026

How to help your clients right now

Planning for IHT on pensions

Planning for clients with over £1m of assets in Business Relief

Maximising married couples' IHT allowances

Planning for clients with AIM Business Relief portfolios

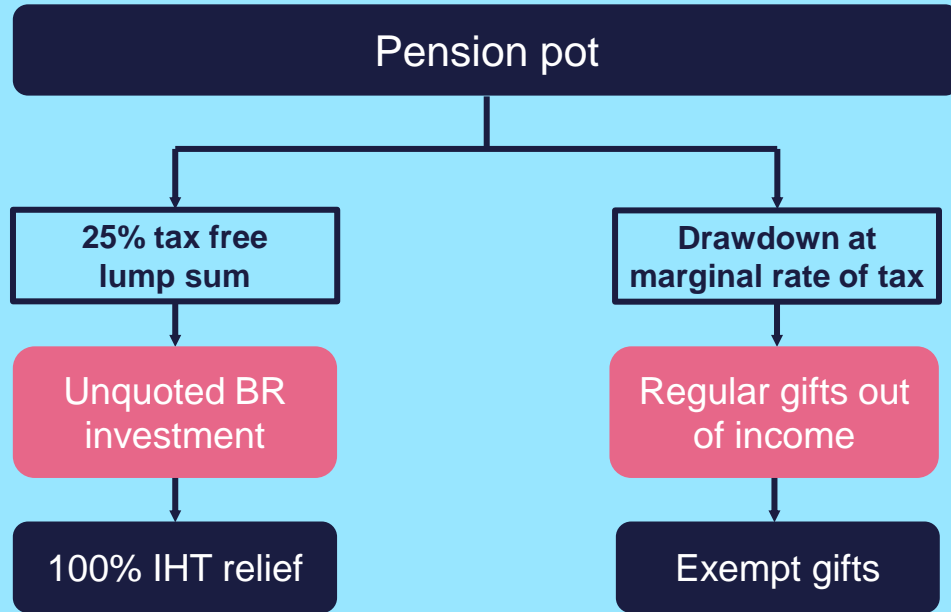


Pension IHT planning - investors under 75

Pension drawdown, Business Relief and exempt gifts



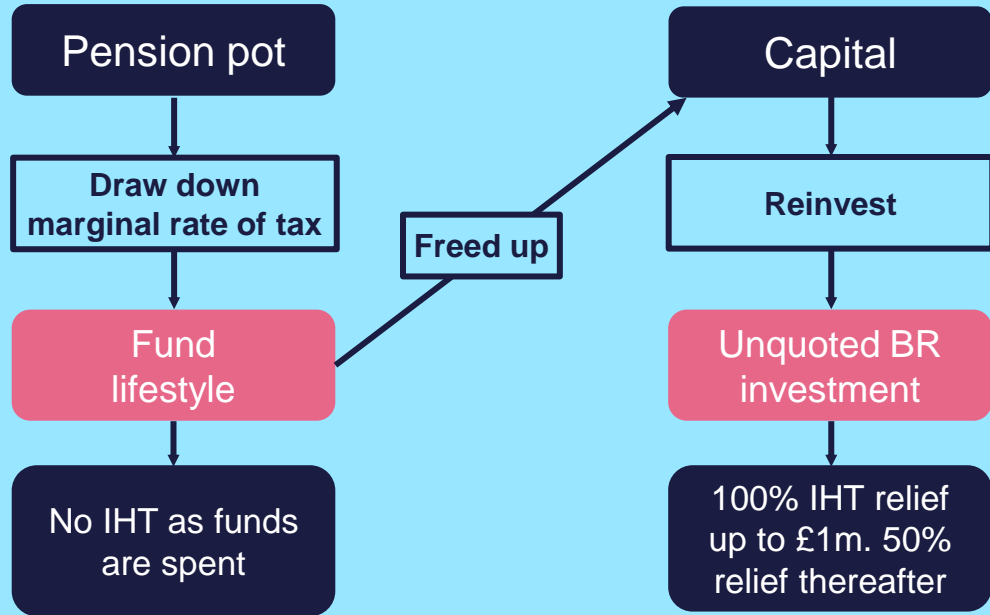
Wendy is 67 and has not yet accessed her pension.



Pension IHT planning - investors over 75

Pension drawdown, freed up capital and Business Relief

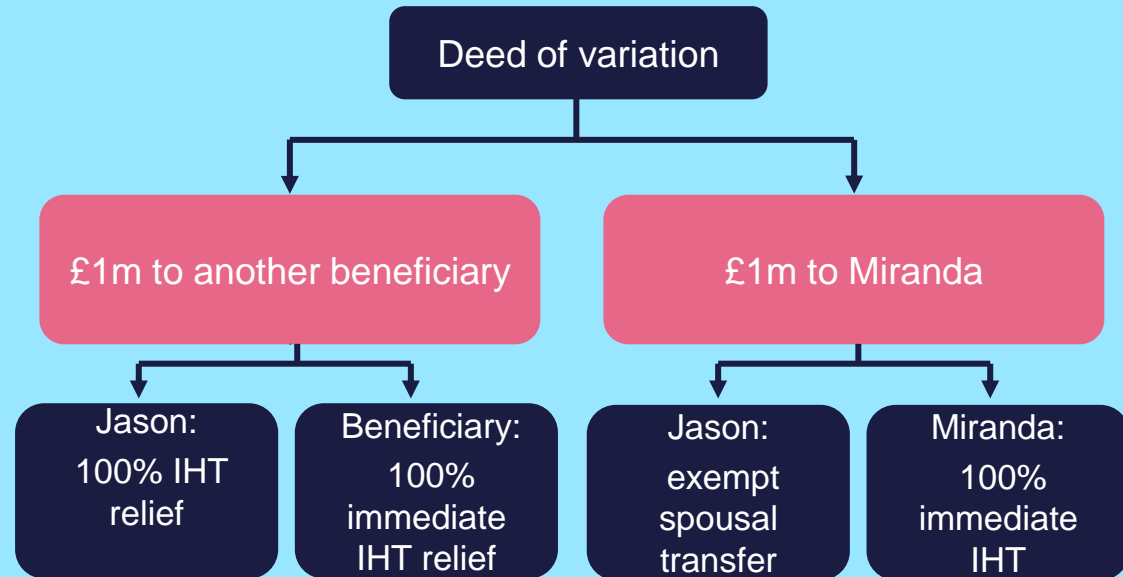
Susan is 78 and has not yet accessed her pension.



Maximising spousal BR allowances – spousal deaths in the last two years



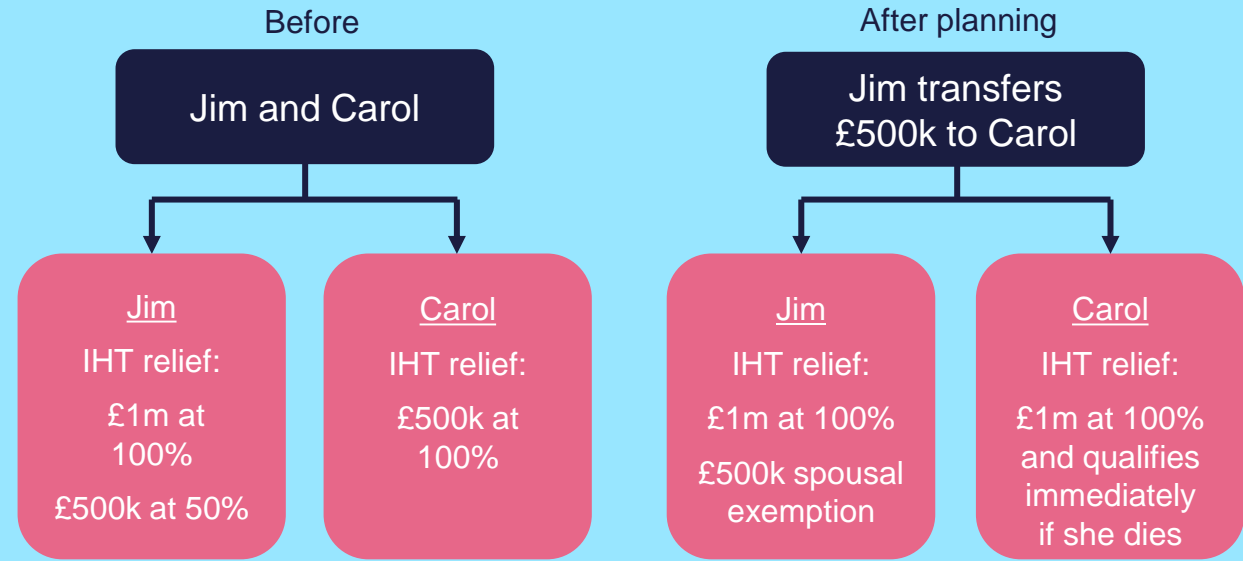
Jason died leaving £2m unquoted BR-qualifying assets held for 2 years to his spouse Miranda, meaning she would benefit from £1m 100% IHT relief and £1m at 50% relief.



Maximising spousal BR allowances – both spouses alive



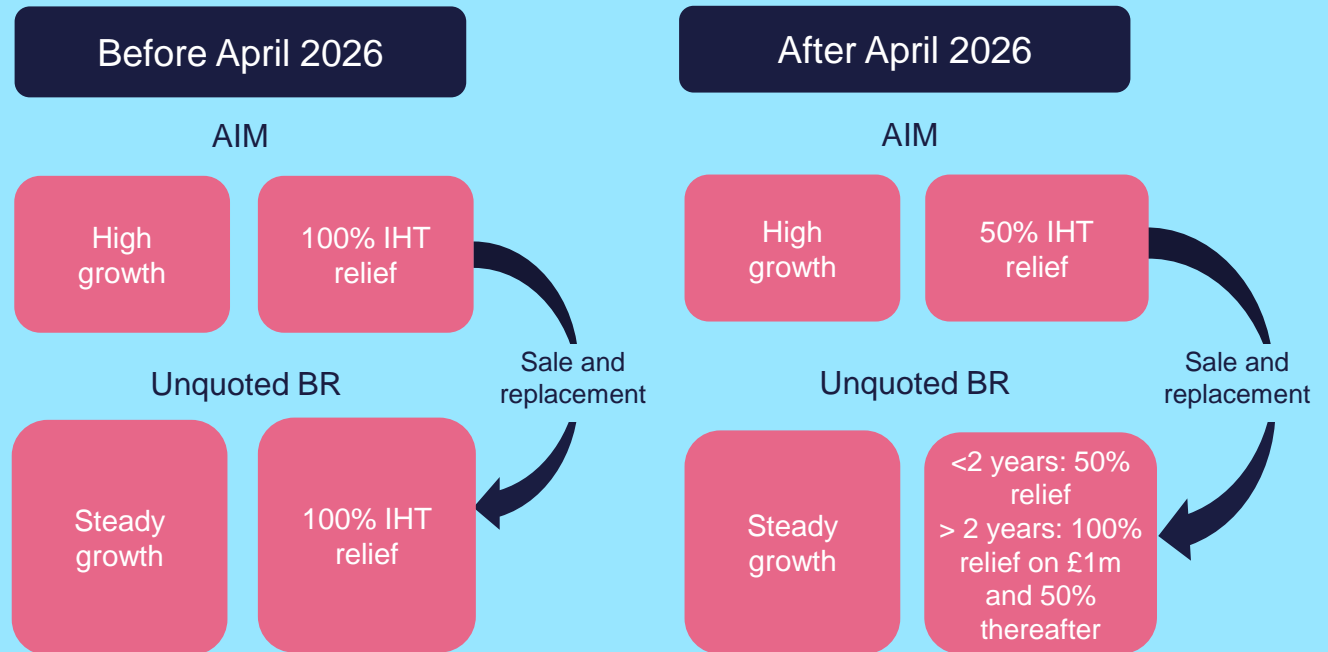
Jim and Carol hold £1.5 million and £500,000 unquoted BR-qualifying assets held for 2 years respectively.



Planning for clients invested in AIM Business Relief

Balancing risk, reward and Business Relief

Andrew holds AIM shares and is weighing up his options after recent Budget changes. His original objectives for his AIM investment were IHT relief and targeting high growth.



Lifetime planning today vs April 2026 for clients who exceed the £1 million allowance or hold AIM shares

	Is there a benefit of undertaking today vs April 2026
Lifetime gifts of BR assets to children – death within seven years (failed PET)	No
Lifetime gifts of BR assets to children – survive seven years	No
Settlement in trust*	Yes – if the settlor survives seven years, as the allowance will not have been used on the transfer in and no Chargeable Lifetime Transfer (CLT)
Periodic trust charges*	No

* All details relating to the tax treatment of trusts and Business Relief assets are subject to consultation.

How Octopus
can help you

Ask Octopus

The estate planning helpdesk

- Have a technical question about estate planning or inheritance tax?
- Need help clarifying the tax rules in relation to a client's estate planning?
- Need to understand some of the legalities of estate planning such as wills, probate and more?

Whatever your situation, just ask Octopus, we're here to help.

octopusinvestments.com/ask-octopus/



We have dedicated resource and expertise to help you



More than 50 office and field-based product experts

Dedicated Intergenerational Planning team to support you when your client dies



Octopus can pay HMRC directly

Educational materials and webinars



Octopus BR investments

Two established services targeting qualification for BR



Octopus Inheritance Tax Service

- Discretionary fund management service that invests in one or more unlisted companies.
- Launched in 2007.
- Aims to deliver a consistent, predictable return of 3% per annum to investors.



Octopus AIM Inheritance Tax Service & ISA

- A portfolio of 25–30 smaller companies listed on the Alternative Investment Market.
- Launched in 2005.
- Targets significant growth for investors.
- Also available in an ISA.

An Octopus AIM Inheritance Tax ISA is likely to be higher risk than more mainstream stocks and shares ISAs and the investment products on this page are high-risk investments. The value of an investment, and any income from it, can fall as well as rise. Investors may not get back the full amount they invest. Investors should read the product brochures before deciding to invest. These are available at [octopusinvestments.com](https://www.octopusinvestments.com).

Q&A

These investments are not suitable for everyone. Any recommendation should be based on a holistic review of your client's financial situation, objectives and needs.

This presentation does not constitute advice on investments, legal matters, taxation or any other matters. Personal opinions may change and should not be seen as advice or a recommendation.

All information, unless otherwise stated, is sourced from Octopus Investments and is correct as of 7 November 2024.

While we no longer own Octopus Energy, we're proud to be its largest external shareholder.

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