



Foresight

FOR A SMARTER FUTURE

THE ROLE OF BUSINESS RELIEF SOLUTIONS IN INTERGENERATIONAL PLANNING

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October 2022

Important information and risks

This presentation has been issued and approved as a financial promotion for the purpose of Section 21 of the Financial Services and Markets Act 2000 (“FSMA”) by Foresight Group LLP, which is authorised and regulated by the Financial Conduct Authority (“FCA”), under reference number 198020. Foresight’s registered office is at The Shard, 32 London Bridge Street, London, SE1 9SG.

This presentation relates to the Foresight Inheritance Tax Solution & Foresight Accelerated Inheritance Tax Solution. The opportunities described in this document are NOT suitable for all investors. Key risks are explained in the Information Memoranda/Investor Guides and should be carefully considered before submitting an application to invest.

Your capital is at risk and you may lose all the money you invest.

Investments will be made in small unquoted companies, which carry a higher risk than many other forms of investment. The Fund’s investments are likely to be illiquid and difficult to realise. The value of shares and income from them may go down as well as up, and past performance is not a reliable indicator of future performance and may not be repeated. Prospective investors should regard an investment in the Funds as a long term investment. Tax reliefs are dependent upon an investor’s individual circumstances and are subject to change.

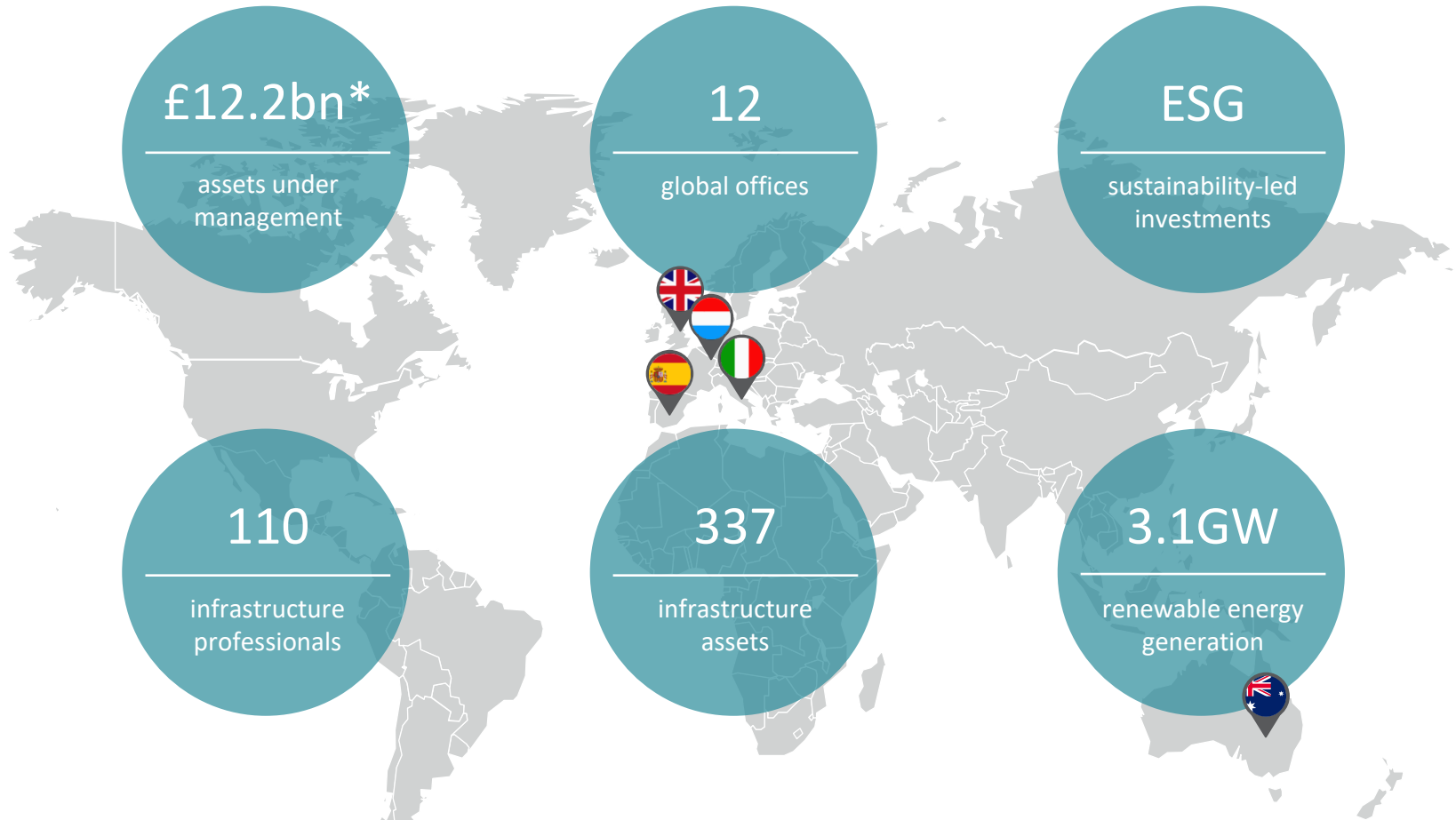
IHT: There can be no guarantee that the Funds’ investments will continue to qualify for Business Property Relief (“BPR”). A failure to meet the BPR qualifying requirements could result in the investments losing their inheritance tax exempt status, resulting in adverse tax consequences for investors.

Prospective investors should seek their own independent advice and then rely on their own independent assessment of the Funds. Foresight Group LLP is unable to provide tax, financial, legal or investment advice.

If you are in any doubt about the content of this presentation and/ or what action you should take, you should seek advice from an independent financial adviser authorised under FSMA who specialises in advising on opportunities of this type.

Foresight Group Overview

A leading sustainability-driven global infrastructure manager



As at 31 March 2022

*based on FSG unaudited AUM as at 30 June 2022 and Infrastructure Capital's AUM as at 31 March 2022

Shares in Foresight Group Holdings Limited

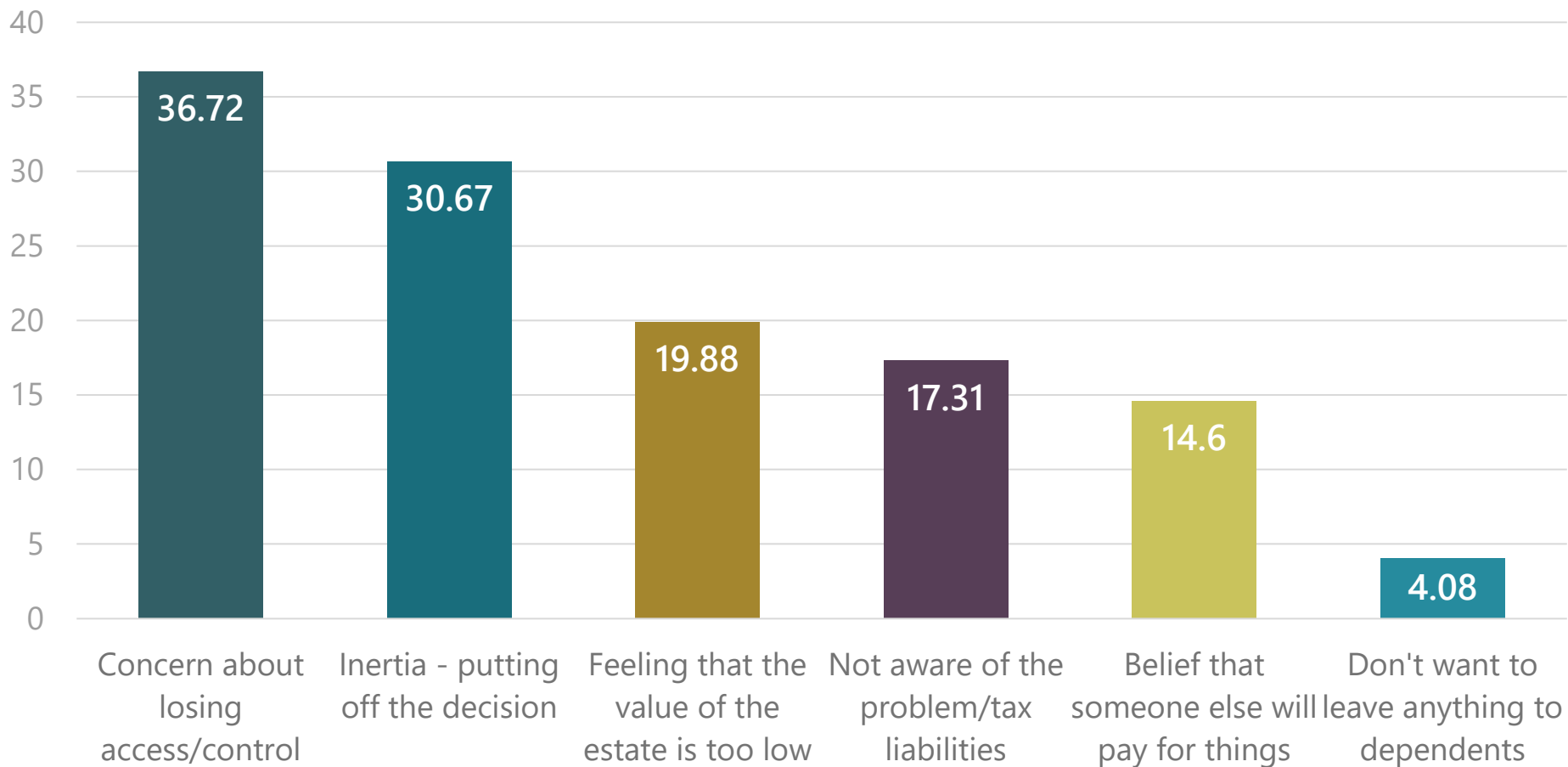
Begin trading on the Main Market of the London Stock Exchange

9 February 2021

- Achieves **Premium Main Market** Listing
- Awarded the **Green Economy Mark** at IPO, which recognises listed companies and funds which derive **50% or more of their revenues from environmental solutions**
- Less than **5% of all companies** on the LSE qualify



Reasons why investors don't start IHT Planning



Source: Cisco, 2015

Benefits of Business Relief



Well-Established



Access and Control



Speed



Efficiency



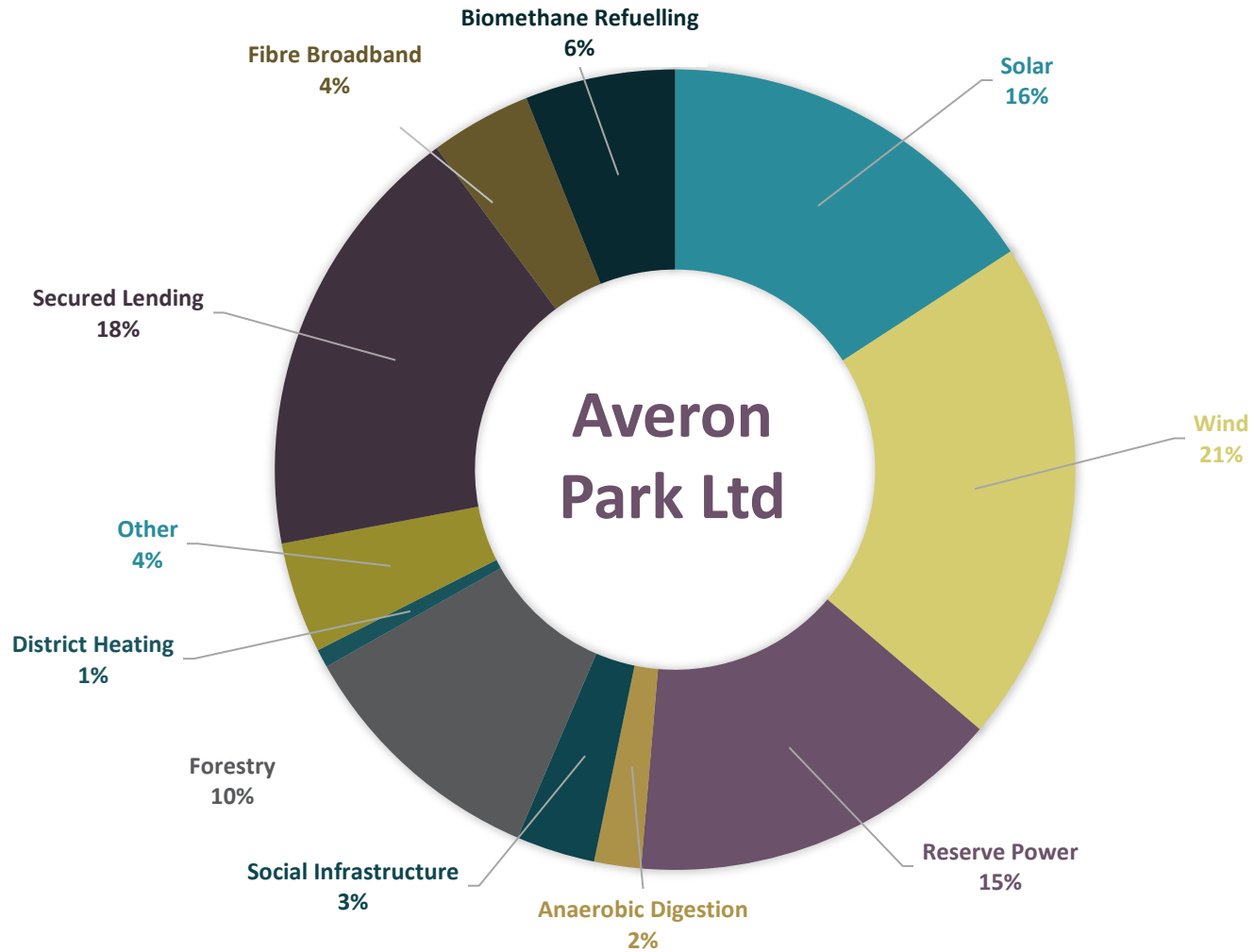
Succession



Diversification

Foresight Inheritance Tax Fund Portfolio

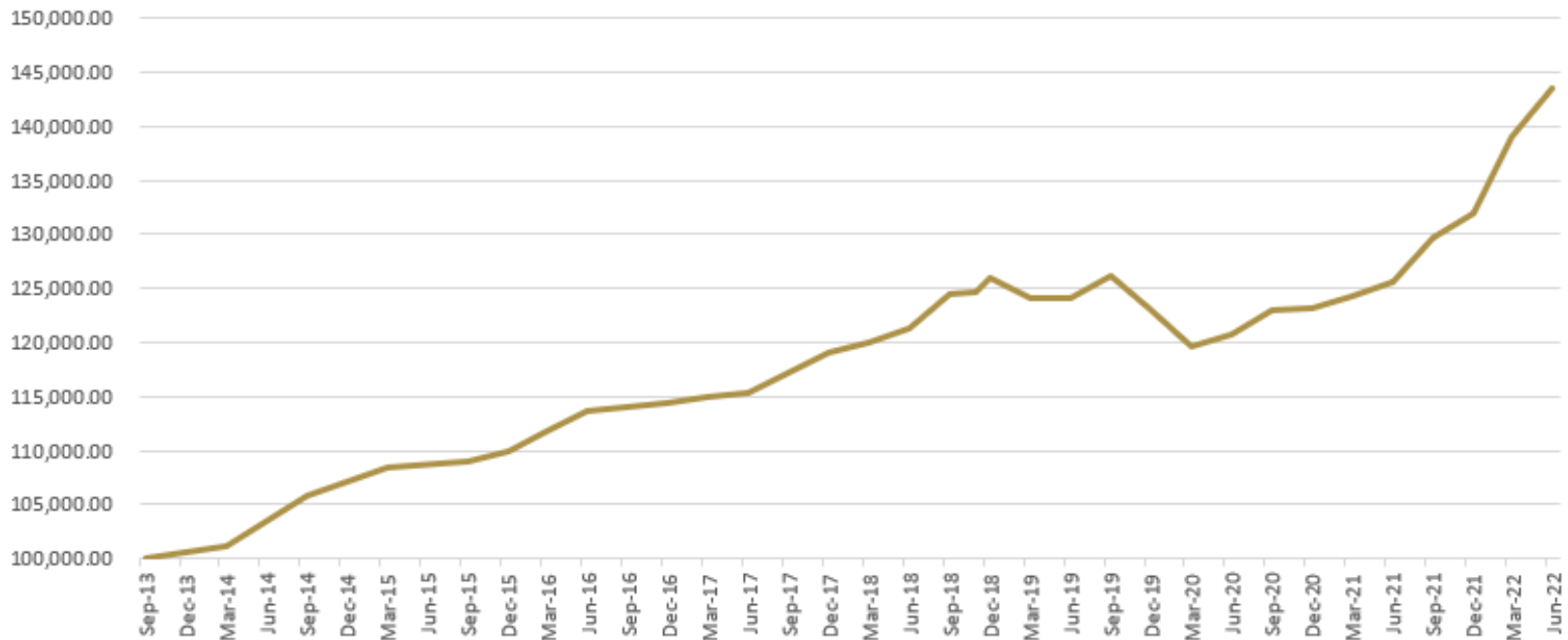
30 June 2022



Foresight Inheritance Tax Solution Performance

Real client experience

The graph shows the performance of an investment in Foresight ITS of £100,000 (net of all initial charges) made in September 2013 (the first month shares in Averon Park, the trading business whose shares investors hold, were allocated). The performance is net of all fees and charges and assumes no additional withdrawals or top up contributions.

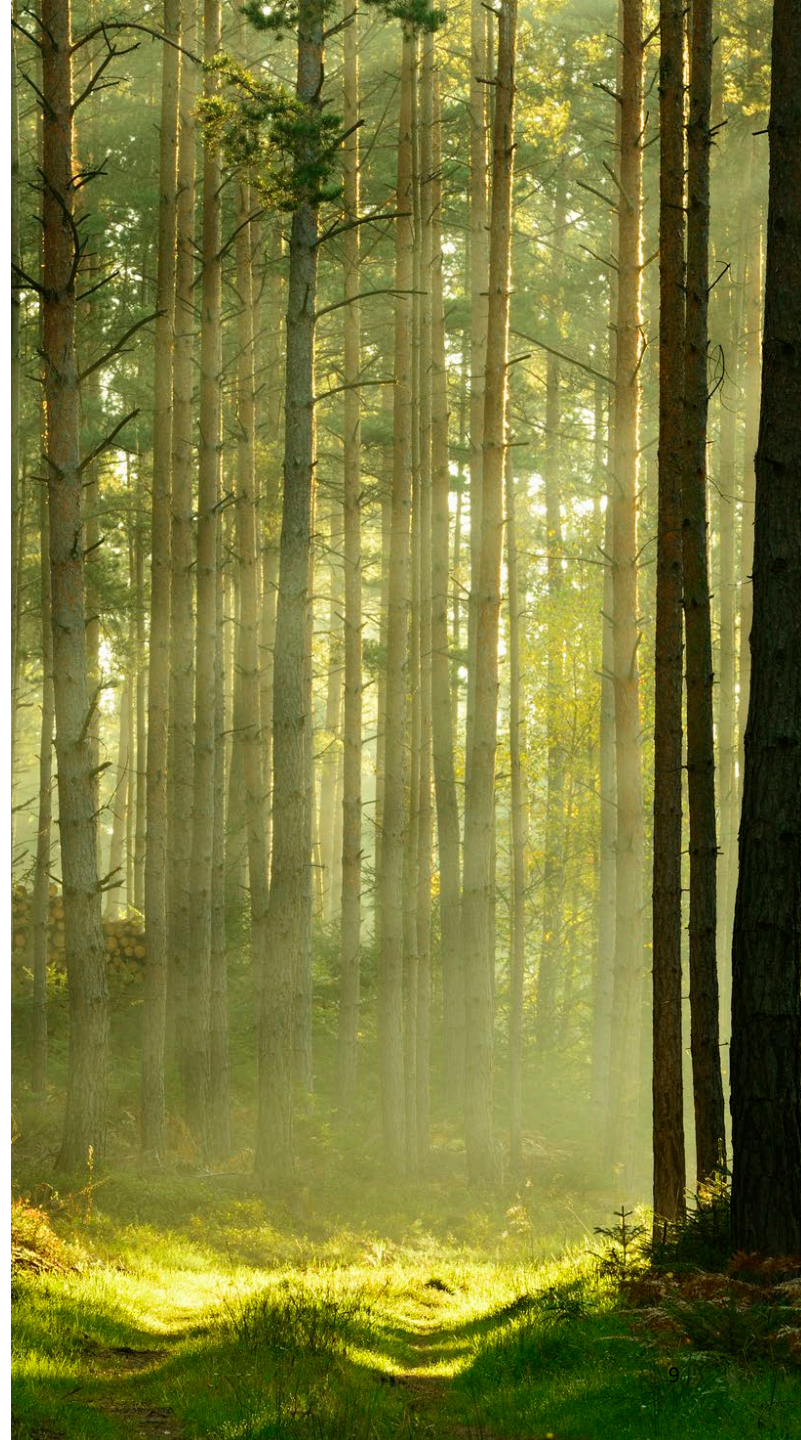


Forestry Case Study

A truly green investment

What is ITS investing in?

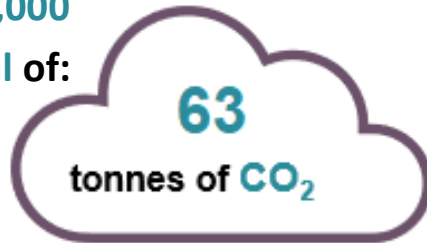
- ITS has invested in 29 UK forests (including afforestation projects)
- Foresight's forestry aims are to protect the natural environment, make a positive contribution to CO2 sequestration, and support the rural economy through commercial timber operations.
- It is predicted that by 2030, global demand for wood products would double from 2009 levels. However, global timber supplies are finite.
- Within this supply and demand dynamic (particularly prevalent in the UK), investment in forestry is increasingly attractive.



Your Impact

The Impact a £500,000 investment can have

Your Investment of **£500,000** could enable the **removal** of:



...which is the equivalent carbon footprint of one **British household** for



Through this investment you could also **own the equivalent** of:



trees



Enable the **planting** of



863
trees

Foresight Accelerated ITS

Investors can immediately mitigate IHT by combining the benefits of BR and Life Insurance.

Immediate IHT relief

- Delivers immediate IHT relief by combining BR qualifying investments with a two-year life insurance policy.
- Group life cover will pay out 40% of net investment amount if the investor dies within the initial period of two years.

Life Insurance Cover

- Foresight offers both Single Life Cover and Joint Life Second Death Cover.
- Crystal clear policy wording with no exclusions.
- Cover provided without medical underwriting, but terminal illness declaration required.

Suitability

- Suitable for direct investors only
- For investors aged 62 - 89

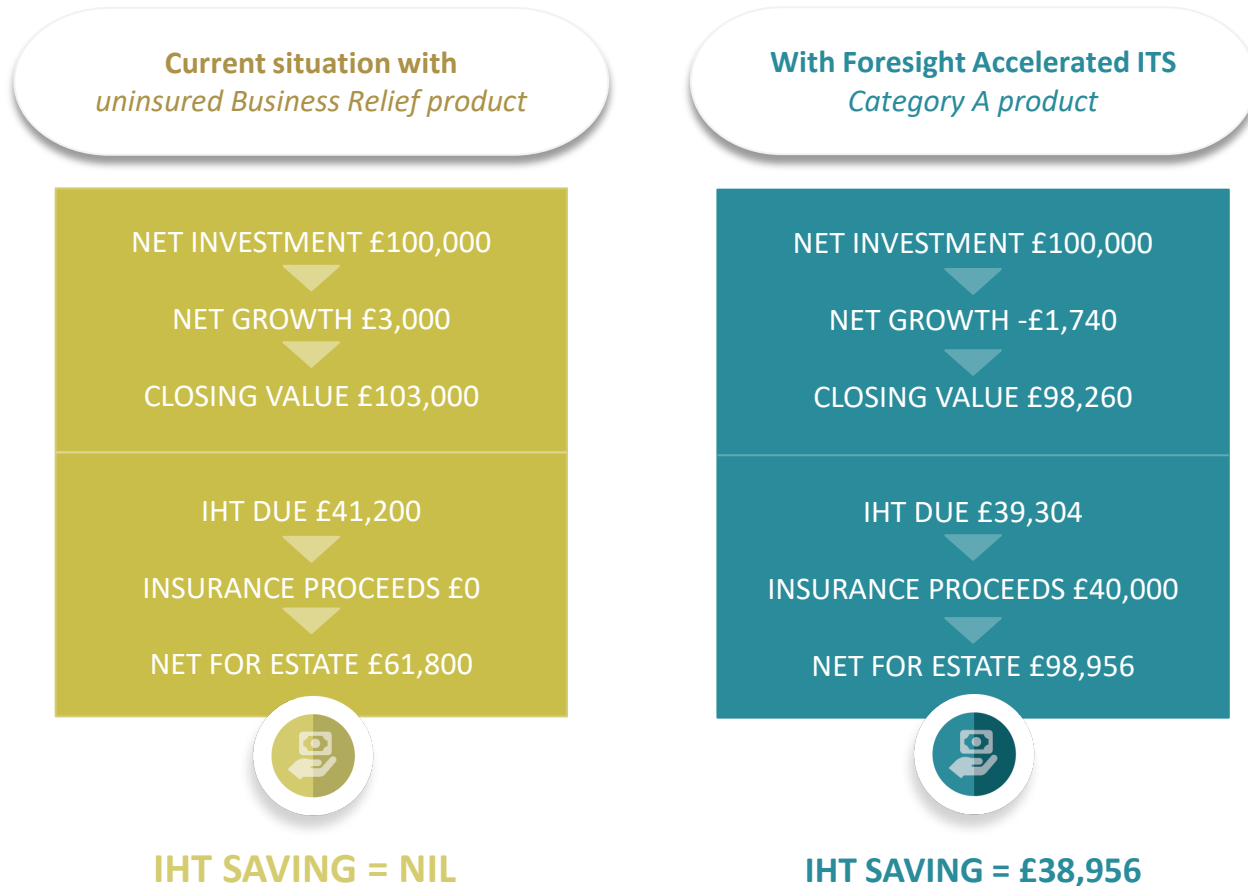
CASE STUDY

UNINSURED BR PRODUCT VS. AITS

Mrs Lamb passes away after the first year of investing £100,000 into an inheritance tax scheme.

Capital investment is at risk. Investments in unquoted companies, by their nature, have limited liquidity and are high risk. Tax treatment is subject to change and depends on individual circumstances. Individuals should seek advice from a regulated financial advisor on whether the product mentioned in this case study is suitable for them. Tax year 2021/2022.

Mrs Lamb has £100,000 available to invest net of initial charges. The investment would be fully chargeable to IHT because all allowances are fully utilised by other assets within her estate. Mrs Lamb passes away at the end of the first year of her investment, the implications for her beneficiaries are as follows:



The uninsured BR investor saved £3,300 in product fees but cost their beneficiaries £41,200 in Inheritance Tax.

BUSINESS SALES

Example of how Business Relief can mitigate inheritance tax

Mr Callaghan sells his business for £3m. After settling his mortgage and other expenses, he has £1m in cash with no immediate plans for it.

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Example of how Business Relief can help mitigate inheritance tax



£3m

Mr Callaghan sells his business for £3m and, after paying off his mortgage and other expenses, is left with

£1m

Mr Callaghan has several options with his money

One option would be to reinvest into a BR qualifying asset. Using the Replacement Property Provision, Mr Callaghan would benefit from immediate IHT exemption on the proceeds of sale, meaning **the net value to his beneficiaries would be**

£1,000,000

Or, Mr Callaghan can remain invested in cash. In the event of his death, **his beneficiaries would receive**

£600,000

after IHT at 40%¹

IHT PLANNING FOR CLIENTS UNDER POWER OF ATTORNEY (“POA”)

Rules designed to protect investors under POA can make it difficult to complete effective Inheritance Tax (“IHT”) Planning

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Miss Isaac may be able to mitigate IHT for the investor over which she has power of attorney using BR qualifying assets

DO NOTHING

£200,000

No issues with the court of protection as assets remain in the name of the original owner*

£80,000

Due in IHT

£120,000

Available to beneficiaries

INVEST INTO BR

£200,000

Invested into the Foresight Inheritance Tax Solution. No issues with the court of protection as assets remain in the name of the original owner*

£0

IHT due to subject to settlor surviving to the second anniversary of investment.

£200,000

Available to beneficiaries

*Normal rules apply re: conflicts of interest and appropriateness of the investment for the owner

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CASE STUDY

DISCRETIONARY TRUST

MITIGATING THE ENTRY
CHARGE ON INVESTMENTS
ABOVE THE NRB

A couple wish to transfer £1m into a discretionary trust in as tax efficient manner as possible

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Discretionary Trust

DIRECT

£1,000,000

Discretionary Trust

£70,000 ENTRY CHARGE

EXIT CHARGE

PERIODIC CHARGE UP TO 6%

BR

£1,000,000

BR held for 2 years

DISCRETIONARY TRUST

NIL ENTRY CHARGE
NIL EXIT CHARGE
NIL PERIODIC CHARGE

Key Points

- Entry charge of 20% limits the scale of investment
- Periodic and Exit charges increase the tax burden of the solution
- Offers great flexibility

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