



PRODUCT CASE STUDIES: Puma Heritage EPS

Estate planning for clients who have a power of attorney in place

OVERVIEW

Estate planning options can be limited where a Power of Attorney is in place. Any decisions made by the attorney will need to be in the best interest of the donor on whose behalf they are acting.

Planning will of course depend on the donor's circumstances and wishes but making lifetime gifts or settling assets into trust is typically difficult.

Investments that qualify for Business Relief (BR) are a potential solution for donors who have expressed wishes to plan for their estate. That's because a BR-qualifying investment stays in the donor's name.

Please note: Tax reliefs depend on individuals' personal circumstances, minimum holding periods and may be subject to change.





THE PROBLEM

Vikram, aged 84, decided to move into a care home following the death of his wife two years ago. He decided it was sensible to give his daughter, Joanna, Power of Attorney over his affairs at the same time.

Vikram sold his house and other assets prior to moving into the care home, converting them to £1.25 million cash. The cost of the care home is being met by income from Vikram's pension. Vikram was conscious that some of his estate would be liable to inheritance tax (IHT) but he has not done anything about it.

Joanna would like to address the IHT issue. She is keen that her father will be able to access any capital in the future should he need it and she does not want to take any unnecessary risks. Because the Power of Attorney is in place, IHT planning involving gifts or transfers into trust from her father's estate are prohibited without Court of Protection approval. The adviser has also informed Joanna that it would take 7 years for any gift or trust planning to become zero-rated for IHT.



THE SOLUTION

The adviser assessed Vikram's needs and objectives, appetite for risk and capacity to bear losses and deems an investment that qualifies from Business Relief to be suitable.

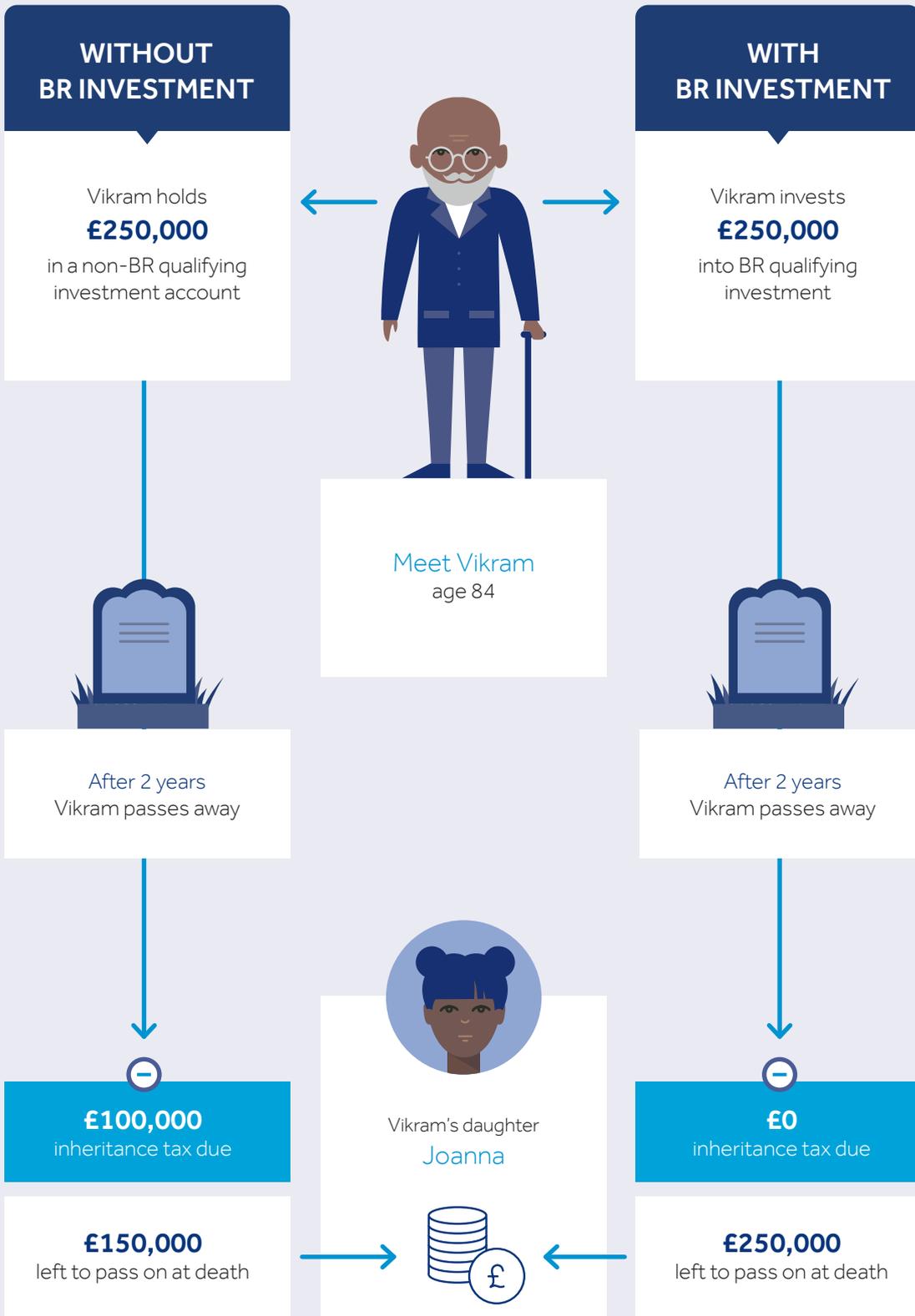
The adviser suggests moving £250,000 of the Vikram's savings into an investment that qualifies for Business Relief (BR). She explains that if BR-qualifying investments are held for two years and at the time of death, they are zero-rated for inheritance tax.

Joanna decides to invest in the Puma Heritage Estate Planning Service (EPS). The investment of £250,000 is intended to qualify for BR and as such the entire £100,000 that would otherwise be deducted through IHT should no longer be payable.

Puma Heritage EPS will make Vikram the beneficial owner of shares in one or more private trading companies that are intended to qualify for BR.

While Vikram is not expected to need to access this pot of money during his lifetime, the investment will remain in his name, and so Joanna can request a withdrawal should it be needed. Their adviser makes it clear, however, that withdrawals cannot be guaranteed.

An investment in Puma Heritage EPS carries risk and may not be suitable for all investors. An investor can only apply to subscribe for shares in Puma Heritage EPS through a financial adviser who has assessed that a subscription is suitable for them. Any decision in respect of suitability should be based on a holistic review of client objectives, needs and risk profile. It is intended, but not guaranteed that a subscription for shares in Puma Heritage EPS will benefit from Inheritance Tax relief provided the shares have been held for at least 2 years prior to and at the point of death. Tax reliefs depend on individuals' personal circumstances, minimum holding periods and may be subject to change.



This example is for illustration purposes only and should not be read as advice. For the purpose of this scenario, the nil rate band and residential nil rate band have been used by other assets, no investment growth or losses are assumed, and Vikram is assumed to be fully invested in BR qualifying companies.

**Please don't hesitate to contact us on 020 7408 4070, or
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visit www.pumainvestments.co.uk.**

Risk Factors

An investment in Puma Heritage EPS carries risk and may not be suitable for all investors. For more information please see below and visit www.pumainvestments.co.uk.

Past Performance: Past performance is no indication of future results and share prices and their values can go down as well as up.

Tax Reliefs are not Guaranteed: Tax reliefs depend on individuals' personal circumstances, minimum holding periods and may be subject to change.

You May Lose Money: An investment in smaller companies is likely to be higher risk than other investments. Investors' capital may be at risk and Investors may get back less than their original investment.

Long-Term Investment: An investment in the Service should be considered a long-term investment.

Potentially Illiquid Investment: Shares in private trading companies are illiquid. It may prove difficult for Investors to realise immediately or in full proceeds from the sale of such shares.



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