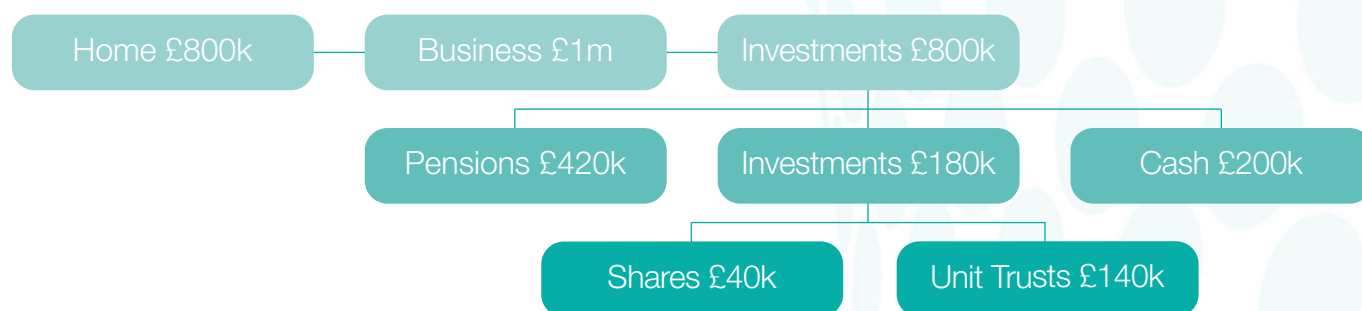


what can abacus advisers do for you?

the business owner case study

Mr Owner aged 67 and Mrs Owner aged 65.
Owner/Chairman of manufacturing business with two grown up children.

background



challenges

1. Confusion

- The clients didn't fully understand pensions and tax issues
- Their affairs were somewhat disorganised.

2. Estate Planning

- There was an IHT liability of £640,000
- The clients were unclear as to how much they would need to fund their retirement

3. Retirement Planning

- An income of £30,000 (net of tax) was required to supplement drawings from the business
- Mrs Owner wanted clarity as to how much they could spend sensibly each year

what we did

- a) Simplified and consolidated investments
- b) Developed a bespoke investment strategy (within risk tolerances)
- c) Using a Cashflow Analysis we calculated;
 - Lump sum capital required to fund retirement lifestyle
 - How much could be gifted to reduce the IHT liability
- d) Re-drafted Wills using special trusts
 - Saving £150,000 of IHT immediately
 - In conjunction with a gifting strategy eliminating the remaining £490,000 of IHT
- e) Began discussions with the General Manager of the business regarding a vendor financed Management Buyout

the results

- Eliminated £640,000 of IHT
- Created an income stream of £30,000 pa (PAYING NO TAX WHATSOEVER)
- In conjunction with business drawings created a total income of £100,000 pa (tax efficiently)
- Simplified the management and reporting of the investments (so it was understandable)
- Reduced the portfolio risk and return characteristics (to improve performance)

