



## Estate planning in action

Financial advisers have a valuable role to play in estate planning, as these five case studies illustrate, writes **Jennifer Hill**

**ALAN SOLOMONS,  
DIRECTOR, ALPHA  
INVESTMENTS AND  
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Two brothers sold their business in 1986. 'Neither was interested in inheritance tax planning; I offered several solutions to no avail,' said London-based chartered accountant and financial adviser Alan Solomons.

'Then one brother got interested in my idea of buying a forest and we went to see one on top of a small hill outside Oban. He bought the land for £230,000 and used to visit it quite often in his 80s with his girlfriend; it was in a beautiful part of Scotland and he got a lot of pleasure from owning it.'

Commercially-managed forestry attracts 100% business property relief and proceeds from timber are tax free. When he died, the forest was sold for £350,000, saving £140,000 in tax.

His brother had died earlier, passing his assets to his wife who now had a £1.7 million estate. She agreed to gift the family home into an interest in possession trust with their son as beneficiary. She paid a monthly rent and then a lump sum for the right to live in the house for the rest of her life – the figures agreed upon at arm's length by two firms of chartered surveyors.

Solomons also established a discounted

gift trust (DGT) to reduce the tax liability should she not survive for seven years.

'She died last December when the house was worth about £1 million, saving £400,000 in IHT. With the relief from the DGT, it's anticipated there will be little or no IHT to pay,' added Solomons.