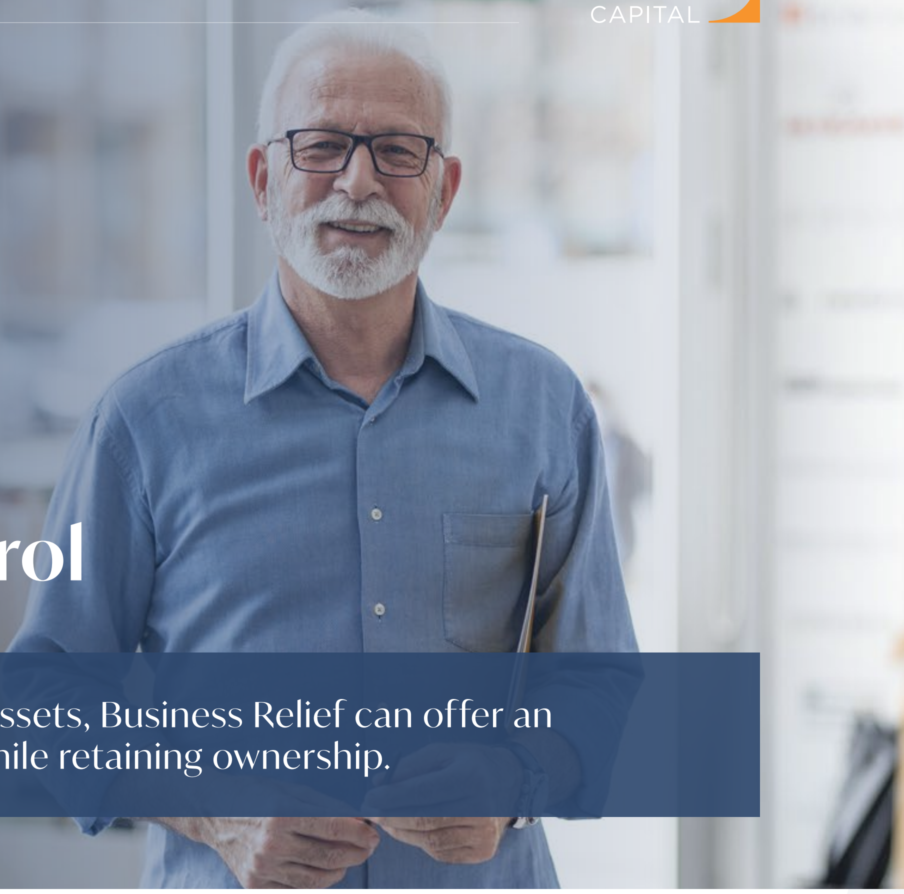
ZENZIC CAPITAL



CASE STUDY

BR Without Loss of Control

Where clients are reluctant to give away assets, Business Relief can offer an alternative by reducing Inheritance Tax while retaining ownership.

A CLIENT WHO WANTS CONTROL

James is 68, widowed, and recently retired after a lifetime spent building his own business. Like many successful entrepreneurs, much of his wealth now sits in cash and low-risk assets. **His estate is worth approximately £2 million**, hard-earned and carefully preserved. He wishes to leave his estate to his two children on his death.

However, a significant proportion of his estate remains exposed to Inheritance Tax. **If James were to die today, around £400,000 of his estate would be lost to inheritance tax.**

JAMES'S FINANCIAL POSITION

At retirement, James's estate is made up of familiar, mainstream assets:

- **£1 million** in his primary residence
- **£250,000** in ISAs
- **£50,000** held as cash
- The balance invested in a **diversified portfolio** of listed equities.

While James is comfortable with his overall position, he is increasingly aware that a **significant proportion of his estate is exposed to inheritance tax.**

CURRENT IHT POSITION (BEFORE PLANNING)

- **Estate value:** £2,000,000
- **Less the Nil Rate Band and the Residence Nil Rate Band available to James and the same allowances that he inherited from his late wife:** £1,000,000
- **Taxable estate:** £1,000,000
- **Inheritance tax @ 40%:** £400,000

WHY STANDARD PLANNING FALLS SHORT

James has spoken to advisers before. He understands the theory but every solution he has been shown comes with conditions he is unwilling to accept.

× He does not want to gift money to his children and lose control of it

× He does not want to use trusts, which feel complex and irreversible

× He has no appetite for starting a seven-year clock and hoping it works.

What James does want is simple:

✓ Retain access to his capital

✓ Avoid stock-market volatility

✓ Use an approach with clear HMRC precedent.

Note: This example is for illustrative purposes only and should not be read as advice. Any decision in respect of suitability should be based on a holistic review of client objectives, needs and risk profile. No investment growth or losses have been assumed.

Traditional Business Relief solutions, such as AIM shares or equity-heavy funds, do not appeal because the volatility feels at odds with the capital preservation mindset he has developed over decades.

USING BUSINESS RELIEF

The Planning Decision

After reviewing his position with his adviser, James decides to **reallocate £500,000 from his existing non- ISA investments into a Business Relief-qualifying structure**, such as Zenzic Estate Planning Service (ZEPS). He crystallises this amount and invests it accordingly.

Importantly, the capital remains in his own name. Nothing is gifted, transferred, or locked away.

ESTATE SNAPSHOT

Before Planning

James's estate totals approximately £2 million, with no Business Relief-qualifying investments.

After Planning

James reallocates £500,000 into a Business Relief-qualifying structure:

- **Business Relief-qualifying assets:** £500,000
- **Remaining taxable estate:** c. £500,000

After two years, assuming continued qualification, the Business Relief-qualifying investment no longer forms part of his taxable estate for inheritance tax purposes.

Estimated inheritance tax exposure: Reduced by £200,000 (40% of £500k).

HOW THE STRUCTURE WORKS

The £500,000 is deployed into unquoted UK companies who undertake a secured lending trade. The underlying loans are diversified across multiple borrowers and structured with contractual repayment schedules, meaning capital is expected to return over time rather than relying on asset sales or market exits.

There is no daily pricing, no stock-market correlation, and no daily valuation swings. Any income received comes from interest paid by borrowers and is documented but non-guaranteed.

WHAT CHANGES AND WHAT DOESN'T

- ✓ James **continues to own the capital** in his own name
- × **No gifts or trusts** are used
- ✓ **Liquidity is returned gradually** through loan repayments
- × The remainder of his estate remains **unchanged**.

This allows James to address a meaningful portion of his inheritance tax exposure without unsettling the balance of assets he has spent a lifetime building.

WHY THIS WORKS FOR JAMES

For James, this approach works because it aligns with how he thinks.

- **He hasn't had to** give money away
- **He hasn't had to** rely on equity markets
- **He hasn't had to** depend on surviving seven years.

Instead, he has used a structure that feels controlled, understandable, and defensible, while materially reducing the inheritance tax his family would otherwise face.

His adviser explained the key risks, which James was comfortable accepting: that capital is not guaranteed, returns depend on loan performance, liquidity is managed over time rather than on demand, and tax outcomes cannot be guaranteed.

Note: From 6 April 2026 the first £2.5 million of Business Relief qualifying assets and agricultural Property Relief qualifying assets per individual, that are held for at least two years (and at the point of death), will continue to attract full IHT relief. The excess over £2.5 million will attract a reduced rate of relief of 50% (ie, an effective IHT rate of 20%).

Note: This example is for illustrative purposes only and should not be read as advice. Any decision in respect of suitability should be based on a holistic review of client objectives, needs and risk profile. No investment growth or losses have been assumed.

FIND OUT MORE

For further information on how ZEPS can be used for estate planning, please email:

SIMON MCILWAINE

smi@zenziccapital.com or
zeps@zenziccapital.com

OR VISIT OUR WEBSITE

www.zenziceps.com