



It used to be diamonds, but Blackstones are now a girl's best friend!

Background

Jane has been a long-term client of Blackstone. We originally started advising her on her pension. After being impressed with both our independent advice and exceptional service levels, Jane also trusted us with all of her finances including building an outstanding investment portfolio.

At the age of 58, Jane felt that it was time to exit her business, sell her shares and move to a different stage of her life.

Objectives

Following the sale of her jewellery store, Jane wanted complete financial security for the rest of her life. She had ambitions to purchase a new holiday home, as well as pay off her existing mortgage. Jane also wanted a £10,000 per month post tax income that didn't erode her capital lump sum in anyway.

She also wanted to purchase the existing business premises and use it as a vehicle to receive rental income from the new business owner. Obviously she also wished to take advantage of all the tax options that limit her tax liability post-sale. Particular attention also needed to be given to any Inheritance Tax liabilities her children may face in the future.

BLACKSTONE TIP:

Under current HMRC rules trading businesses are exempt from IHT as they normally qualify for Business Property Relief, however when a shareholding is sold and turned into cash this significantly increases IHT as no further BPR protection. Make sure you have a strategy in place, prior to the sale.

The Blackstone approach

Selling up and being faced with the critical challenges of setting the rest of your life up so that you are completely financially independent, without eroding any capital, is understandably daunting to say the least.

Fortunately for Jane, as a long-standing client of Blackstone, she knew she was in good hands. Being used to our independent advice and unparalleled service levels, she wasn't surprised when we responded to any and all queries within 30 minutes.

However Jane was a jeweller, not a financial whizz-kid, so she asked that we produce easy to understand strategies. That clearly showed how and where her money will work, be invested and how it will grow in the future.

The nitty-gritty

We use a bespoke piece of financial planning software that clearly shows in great detail how a client's finances can be affected in any circumstances. This enables us to provide very accurate cash flow forecasts and plans, that allows for varying inflation and investment returns, as well as stock market crashes. It even includes potential future care fees and inheritance tax liabilities, even allowing for clients to live beyond 100 years.

We particularly love the software, as it provides easy to understand visual reports and has the ability to try-out all sorts of different variables on screen, which is always tremendously interesting and reassuring for all of our clients.

After establishing Jane's appetite for risk, and balancing that against her short and long-term goals, we spent considerable time with our investment analysis software. This showed her how funds and portfolios had performed in the short and long term, despite the rising and falling markets. This ability to see the true history of the markets and to understand the nuances of investments, proved to be invaluable.

Jane was very pleasantly surprised to see returns of 5% per annum, with a balanced risk profile that allowed her to comfortably live on her investment returns, whilst continuing to grow her lump sum.

We also recommended that she used part of her existing pension funds to purchase the business premises, in order to lease to new business owner. This meant she completely avoided having to use a proportion of business sale proceeds to buy the building.

Following that, we obtained HMRC approved Inheritance Tax solutions, which was particularly important as Jane still had potential access to pre-existing capital, which could have meant a larger IHT liability.

As Jane says were her new best business friend

Who needs diamonds when you have Blackstones on tap!

We have regular meetings with Jane to make sure everything is on-track; and to make any mutually agreed tweaks to her plan. As and when the world turns in the peculiar ways that it's prone to do, we're always on hand to immediately respond.