



WAY Regional Managers

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Please Note:

This document is for the use of and is directed at Financial Intermediaries only. No reliance must be placed on this information by any other persons.

This is an outline guide only. Full details of the Plan/Product described can be found in the appropriate WAY brochure. Copies of all WAY literature are available from your Regional Manager or at www.wayinvestments.com

All information correct as at 1st March 2010

The WAY Discounted Inheritor Plan

Objectives

- To remove capital from the estate in order to mitigate Inheritance Tax (IHT).
- To provide an immediate reduction in IHT liability.
- To allow access to a regular fixed “income”.
- To deliver good growth potential from a well diversified risk-graded international portfolio.

The mechanics of the plan

- Capital is invested in one or more of the risk-graded WAY Portfolio Funds.
- The investment is immediately gifted into an Interest in Possession Trust under the control of appointed Trustees for the eventual benefit of chosen Beneficiaries.
- A bespoke pattern of reversions of investment parcels is “carved out” to provide an effective “income” stream on the annual anniversaries of the gift.
- The “income” comes from a reversion of a pre-determined number of units or policies on each anniversary. The income therefore increases as the units/policies grow in value over time.
- The reversion pattern can be matched precisely to the Planholder’s needs at the outset. It is not necessary to accept a regular pattern such as 5% per annum.
- By fixing the chosen reversion pattern the carve-out can be actuarially valued, giving a discount to the gift for IHT purposes.

- Trustees can appoint additional Beneficiaries or deny existing ones if required.
- A spouse may be appointed as a Beneficiary after the Planholder’s death and benefit from appointments of capital, or loans, which help mitigate their own IHT liability.

Tax benefits

- The initial gift is a Chargeable Lifetime Transfer and is made without an immediate tax charge if the discounted value is kept within the IHT Nil Rate Band, subject to interaction with other gifts made.
- All growth is immediately outside of the Planholder’s estate for IHT purposes and all of the capital falls out of estate after 7 years, subject to interaction with other gifts made.
- The Planholder’s IHT liability is immediately reduced, due to the discount on the gifted value.
- The Planholder’s investment can be made directly into WAY Unit Trusts or OEICs, or via an offshore bond wrapper. The Planholder may therefore choose the most efficient tax regime for accounting for the gains – Capital Gains Tax or Income Tax – according to their financial circumstances.
- Periodic and/or exit charges can be avoided by establishing multiple trusts.

Further information and help

- Simply call your local WAY Regional Manager – see the list on the left.