

Estate Income Plan (EIP)



“enabling you to realise the real value of your estate assets, benefiting from a structured long-term income and protecting the integrity of your investment”

Transform your current passive estate value into active income

Estate Income Plan (EIP) – Value Brief

This Solution is ideal if you have a significant private estate, comprising non-business assets such as:

- Your primary home
- Your second home
- A securities portfolio
- Art, antiques and jewellery
- Classic cars and boats

The defining characteristic of all estates is that they provide merely passive value. Except for some part of the securities portfolio, they do not interact with the market to produce any active value. And this is precisely why they are not business assets.

But to hold your wealth in this form will diminish its value, because the tax system is biased against passive, non-business estate holdings, penalizing their owners, especially upon death.

Transforming your Passive Estate Value into Active Income Value

The Estate Income Plan will transform your current passive estate value into active income value through the sale of estate assets to a Purpose Trust created especially to serve your needs.

Such a sale releases the active value of those assets by turning them into commercial investments, a transformation the tax system recognises, not imposing capital gains tax upon relevant disposals.

This newly created active value then provides a return of income which, in contrast to the arbitrary accumulation of passive capital values, is structured to fit your real lifetime income requirements.



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The power of the Estate Income Trust

The Estate Income Trust is a commercial trust established by an appropriate company which, unlike an insurance company, is not permitted to make any profit and must be administered by independent professional trustees who possess their own administration license.

In return for its purchase of assets, the Trust will provide you with an annuity rate substantially higher than the best offered by insurance companies, which you can draw over your lifetime, with income value exactly matched to your actual expenditure requirements.

The Estate Income Plan enables you to realise the real value of your estate assets, benefit from a structured long-term income and protect the integrity of your investment through a commercial trust.

Your family will have access to your residual estate fund after your death and controlled access to succession wealth.

Fully compliant, properly reported, totally effective

Like all our solutions, The Estate Income Trust has been created to be fully compliant and permissible under trusts and tax law. The Revenue is protected against potential abuse of capital tax advantages by the transfer of your capital to a restricted commercial trust and receives appropriate tax receipts on your annuity income.

Relevant sales to the Estate Income Trust are reported to the Inland Revenue and the Estate annuity Income remains within the UK tax base.

If you feel this proven Mardon Financial Advisers Ltd Solution may suit your requirements, please either forward these details to your own Professional Adviser or email us at info@mardons.co.uk for an initial discussion and to arrange an exploratory meeting which can include your Professional Adviser.



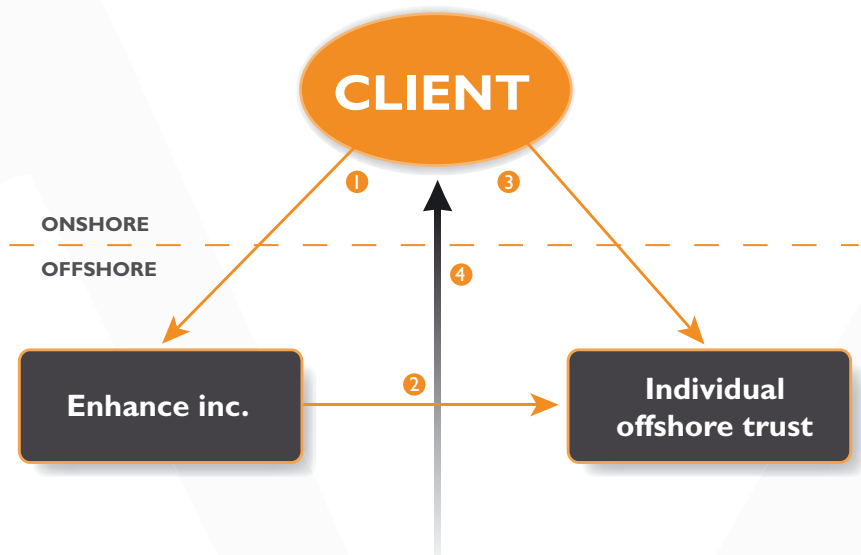
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- 1 An offshore entity, Enhance Inc., establishes an EIP trust. The client purchases an annuity from the trust. Establishment fees are required.
- 2 Initial capital is deposited by Enhance Inc. on behalf of the client to create the trust.
- 3 Assets are transferred to the newly established trust. Balance of fees (less establishment costs (see 1)) are due.
- 4 Trust's obligation to pay income is triggered on client reaching age specified in annuity contract. On client's death, trust's obligation to pay income ceases.



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Estate Income Plan – Case Study

PROBLEM

A retired civil servant with four children and an estranged wife owns a valuable private residence, cash and investments, mainly in bonds, with a combined value of £1.7 million.

He wishes to increase his income and to protect his personal assets against any potential future matrimonial or other creditor claims.

SOLUTION

He purchased an estate annuity from an Estate Income Trust for the sum of £1.5m in return for an enhanced income stream.

BENEFITS

- 1 Enhanced regular income.
- 2 No capital gains tax on transfer to the trust.
- 3 Immediate inheritance tax savings of £498,000 after fees.
- 4 Trust pays no income tax or capital gains tax on its investment
- 5 He is still able to live in the private residence.

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