

MANAGING PENSION- RELATED IHT RISK USING IEP APEX

INGENIOUS INSIGHTS



3

For professional use only.
Not for onward distribution.

INGENIOUS

MARCH 2026

MANAGING PENSION-RELATED IHT RISK USING IEP APEX

JON DAVIES 73



INGENIOUS

PENSION POSITION

£800,000



Uncrystallised pension fund

£200,000



Pension Commencement Lump Sum (PCLS)

ORIGINAL OBJECTIVE

LEAVE PENSION TO LAST FOR RETIREMENT INCOME

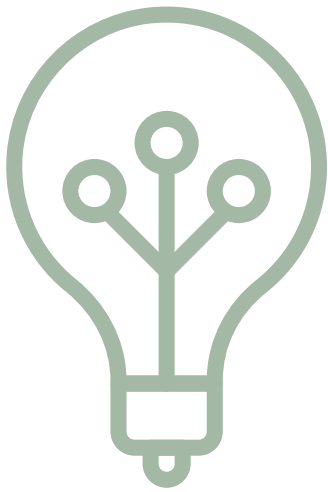
PROVIDE AN INHERITANCE TAX EFFICIENT FUND TO PASS TO YOUR BENEFICIARIES

THE ISSUE

From April 2027, unused pension funds will be included in Inheritance Tax (IHT) calculations, potentially exposing pension assets

to IHT at up to 40% and therefore materially reducing the amount passed to beneficiaries.





OPTION 1

DO NOTHING

KEY

Pension fund value	£800,000
IHT rate assumed	40%
Potential IHT liability	£320,000
Net amount to beneficiaries	£480,000

RISKS

- Full exposure to IHT from April 2027
- No mitigation during future legislative changes
- Reduced flexibility as Jon gets older
- Subject to circumstances, there may also be an imposition of income tax on the beneficiaries when they draw down the inherited pension



OPTION 2 INVEST PCLS INTO IEP APEX

Jon invests his £200,000 PCLS into IEP Apex as part of a broader estate planning strategy.

IEP Apex combines:

- Investment intended to qualify for Business Relief (BR) after two years
- Complimentary life cover during the BR qualifying period, designed to mitigate IHT exposure

During the 2-Year BR-qualifying period

IEP Apex investment	Outcome
Potential IHT at 40%	£200,000
Complimentary life cover (40%)	£80,000
Net IHT exposure	£80,000
	£0

If Jon dies before BR qualification, the life cover is intended to offset the IHT liability on the invested amount.



MANAGING PENSION-RELATED IHT RISK USING IEP APEX

After 2 Years
(BR Qualification Achieved)

Investment value
Business Relief assumed
IHT payable on this amount
Complimentary life cover

Outcome
£200,000
100%
£0
Ceases



Once BR qualification is achieved, the IEP Apex investment is expected to fall outside Jon's taxable estate for IHT purposes.



COMPARISON SUMMARY

	Do nothing	IEP Apex strategy
Exposure to April 2027 pension changes	High	Reduced
IHT mitigation on £200,000	None	BR after 2 years
IHT protection during transition	None	Life cover
Access to capital	Yes	Yes (subject to liquidity)
Planning approach	Reactive	Proactive

IEP Apex may be suitable where advisers wish to:

- Act ahead of legislative changes
- Reduce timing and mortality risk
- Maintain continuous IHT protection on transitional assets
- Move efficiently through tax wrappers while awaiting BR qualification

INGENIOUS

GET IN TOUCH WITH US



Website

www.theingeniousgroup.co.uk



Address

MYO Piccadilly, 1 Sherwood Street,
London, W1F 7BL



Phone

+44 (0)207 319 4000



E-mail

investments@theingeniousgroup.co.uk

PLANT THE SEED FOR EFFECTIVE ESTATE PLANNING

Important information

For professional use only. Not for onward distribution. The case study is for illustration purposes only and does not constitute investment, tax, legal or other advice. Our investments are considered high risk and investment decisions regarding them should be made with careful consideration and a full assessment of suitability. Tax treatment depends on the individual circumstances of each client and may be subject to change in the future. Where future legislation or proposed regulatory changes are referenced, these are subject to political and legislative processes and may not be implemented or may differ from current expectations. Business Relief qualification and replacement relief are not guaranteed and depends on continued qualifying status.

Past performance is no guarantee of current or future returns and the investor may receive back less than invested. The price of the investments and the income deriving from them can go down as well as up and are not guaranteed.

Ingenious Capital Management Limited is authorised and regulated by the Financial Conduct Authority under FRN 562563.

Registered address: MYO Piccadilly, 1 Sherwood Street, London, W1F 7BL.
© Ingenious Capital Management Limited | March 2026