

# Advanced Strategy 5 – Private Equity & EIS

Discover how strategic investments can reshape your financial future while minimizing tax burdens.

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How to turn tax relief into real, income-generating legacy assets

This is one of the most powerful — and misunderstood — areas of inheritance tax (IHT) planning.

Private Equity and Enterprise Investment Schemes (EIS) aren't just about saving tax. They're about building a legacy that lives and breathes — a portfolio of real businesses, real income, and real impact.

Done right, these investments can reduce or even remove IHT exposure completely. Done wrong, they can lead to unnecessary risk, frustration, or even fraud.

So let's go through it carefully.

### **Why EIS Exists**

The Enterprise Investment Scheme (EIS) was introduced by the UK government in 1994 to encourage investment into smaller, high-growth UK businesses. Its little sibling, the Seed Enterprise Investment Scheme (SEIS), came later to support even earlier-stage start-ups.

The idea was to reward people willing to take the risk of backing small companies by giving them generous tax reliefs.

If you invest in an EIS-qualifying company and hold the shares for at least two years, the value of that investment can become 100% exempt from inheritance tax.

On top of that, you can also benefit from:

- ✓ 30% income tax relief on the amount invested.
- ✓ Capital gains tax deferral if you reinvest gains into an EIS.
- ✓ Tax-free growth on any profits if the company succeeds.

It's one of the most effective government-approved tax shelters still available — which is exactly why you have to approach it very carefully.

## **The Danger of Scams and Shallow Promises**

I've written an entire book on this subject — "13 Insider Secrets" — and I dedicate a full chapter just to EIS and SEIS schemes, because I've seen both the best and the worst of them.

These schemes attract all kinds of operators — including unregulated "advisers" and fake investment promoters who promise massive tax savings and guaranteed returns.

If you ever hear the words "guaranteed" and "EIS" in the same sentence — walk away.

EIS and SEIS are high-risk, high-reward investments. They are only suitable when you know where your money is going and when you're dealing with legitimate businesses.

That's why I always recommend taking control — instead of relying on pre-packaged EIS funds sold by marketing firms.

### **How to Approach EIS Properly**

Here's a better, smarter way to approach this:

You can go to a business broker — the kind that buys and sells existing UK businesses — and find profitable, established companies that already qualify under the rules for Business Property Relief (BPR).

Let's say you find a business making £250,000 a year in profit. In today's market, that business might be valued at around £2 million, using an 8x earnings multiple.

You don't have to buy the whole business.

You buy a 10% stake — around £200,000.

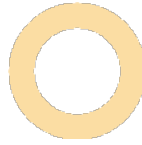
The remaining 90% can stay with the existing management team or family who run it.

✓ You don't have to run the business.

✓ You own a slice of a profitable, income-generating asset.

✓ And after two years, your investment qualifies for 100% IHT exemption.

That's smart. You've taken something that was sitting in cash or shares — exposed to 40% inheritance tax — and turned it into a real, tangible business investment your family can inherit tax-free.



## The Power of Ownership

Here's what makes this strategy so powerful:

That business might own stock, equipment, land, or even commercial property. It's not just numbers on a spreadsheet; it's a living asset.



And when your children inherit it, they're not just inheriting cash — they're inheriting a piece of something real.

That's important. Because when children inherit cash — say £500,000 or £1 million — it can vanish quickly.

New cars. Expensive holidays. Poor investments.

Within a few years, the money's gone.

But when they inherit a 10% shareholding in five profitable businesses, each paying dividends every year, it's completely different.

They can't spend it all in one go.

They're forced to learn about business, dividends, cash flow, and ownership.

It lights a spark — and that spark is priceless.

## The "Five Business" Approach

Let's say you take £1 million from your estate and divide it across five companies — £200,000 in each.

Each one qualifies for Business Property Relief.

- ✓ You've just removed £1 million from your taxable estate.
- ✓ You've provided your children with five income-generating assets.
- ✓ You've diversified across multiple industries.

And best of all, you've given them something that teaches financial discipline — not just instant gratification.

It's like giving them a financial apprenticeship rather than a blank cheque.



## Why This Strategy Appeals to Me

I love this approach because it blends tax efficiency with genuine, productive investment.

You're supporting British businesses, creating jobs, and generating returns — all within a legitimate, government-backed framework.

This isn't about clever accounting or offshore trickery. It's about owning a piece of the economy and being rewarded for it.

And let's be honest — it feels better, doesn't it?

You're investing in something real, something that matters.

## Private Equity – The Next Level

For larger estates — typically £2 million and above — this strategy evolves naturally into Private Equity.

Instead of focusing on EIS start-ups, you buy into established companies — perhaps a manufacturing firm, logistics company, or professional services business.



These companies are often cash-positive, asset-rich, and stable, yet still qualify for Business Property Relief.

In many cases, you can combine this approach with a Family Investment Company (FIC) or a Discretionary Trust, ensuring the ownership is protected for the long term.

### **Due Diligence is Everything**

There's one golden rule: do your homework.

- ✓ Get professional valuations.
- ✓ Review company accounts for the last 3–5 years.
- ✓ Check for debt or outstanding tax liabilities.
- ✓ Ensure there's a strong management team in place.
- ✓ Get legal confirmation that the business qualifies for BPR or EIS.

Never rush this. The goal is to create stability, not chase quick returns.

When done properly, this is one of the safest, most productive ways to reduce IHT — because you're using the government's own rules to your advantage.

### **I Can Help You Start the Search**

Over the years, I've built strong relationships with several reputable business brokers who specialise in profitable UK companies that genuinely qualify for relief. These aren't online schemes or pre-packaged EIS funds — they're real businesses with solid track records.

If this is something you'd like to explore, I can help guide you through the search and introduction process. Having the right people around you makes all the difference when you're entering this space.

### **Why the Government Supports It**

Some people ask, "If this works so well, why doesn't the government stop it?"



The truth is — they can't.

These schemes exist to encourage investment in the UK economy. If wealthy investors stopped funding smaller companies, thousands of jobs would vanish overnight.

So EIS, SEIS, and BPR aren't loopholes — they're policy tools.

They're how the government gets private capital flowing into the real economy.

And that's why this strategy, when done properly, will always have a place in advanced IHT planning.

### **Final Thoughts**

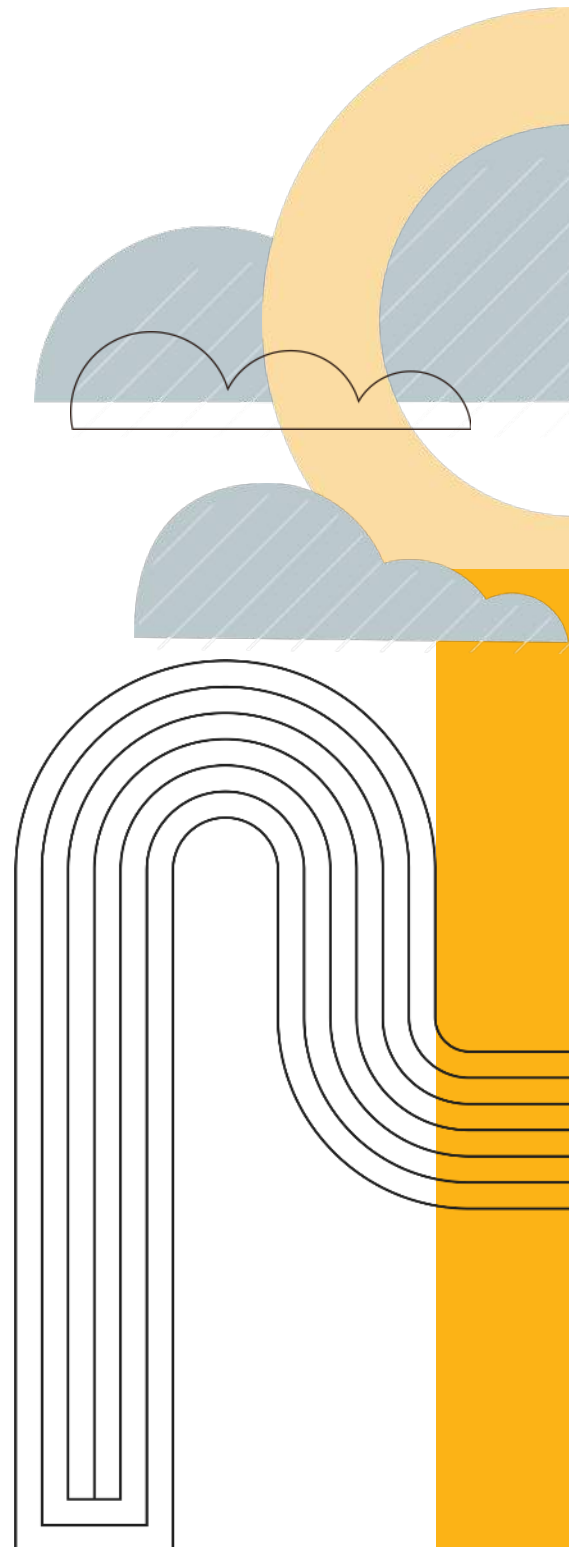
Private Equity and EIS strategies are not for everyone.

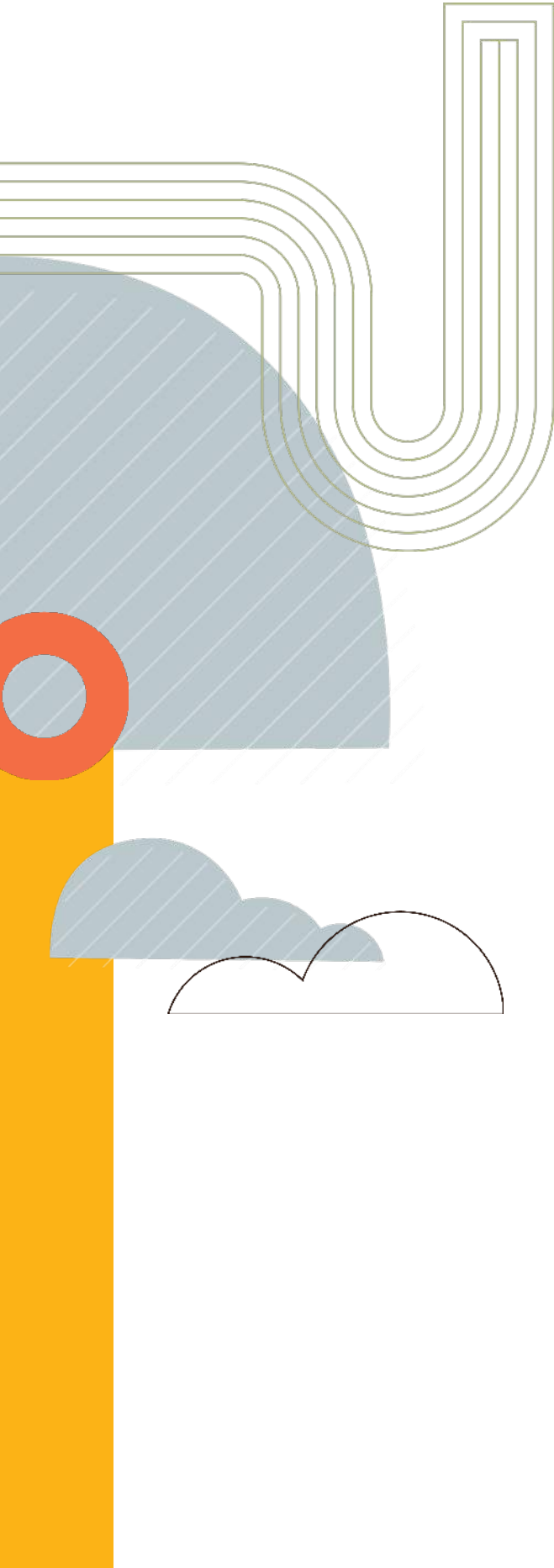
They require patience, capital, and professional support. But for those who understand them, they can transform how wealth is passed on.

You're not just giving your children money — you're giving them a financial education, a tangible investment, and a connection to something real.

It's the opposite of instant gratification. It's long-term thinking.

And that's what real legacy planning is all about.





### **Important Note**

I'm not a qualified tax expert, and I'm not FCA regulated. Nothing in this report — or in any of the videos or materials in the Market Insider IHT series — should be taken as personal tax advice.

Everything here is purely educational, based on what I've personally seen work for families who want to protect their legacy.

If you'd like regulated guidance, I can connect you with one of our FCA-approved IHT specialists who can help you identify, assess, and structure these investments properly.

This report — like all others in the Market Insider IHT series — is designed to educate, not advise.

# Advanced...

Unlock the potential of your wealth with "Advanced Strategy 5 – Private Equity & EIS," a guide that reveals how to transform tax relief into lasting legacy assets. Explore the intricacies of Private Equity and Enterprise Investment Schemes (EIS), understanding how strategic investments can minimize inheritance tax exposure while fostering real business growth. With practical insights and cautionary advice, this book empowers you to make informed decisions that secure your family's financial future.

