Wealth and Inheritance Tax Planning: Strategic Approaches to Preserving and Transferring your Wealth

There are a number of potential tax advantages when using FICs, including Inheritance Tax, but these will vary depending on the size

By **Paul Webb**, 27th October 2025

Planning the future of your wealth is not just about tax efficiency or legal structures; it is about protecting what matters most and creating a legacy that reflects your values. Thoughtful estate planning gives you the confidence that your assets are not only safeguarded but also positioned to benefit your family in meaningful ways. It allows you to take control of how your wealth is transferred, ensuring it supports the next generation while minimising unnecessary risks or taxes.

Below are some of the main tools used in estate planning, along with the benefits they can offer.

1. Family Investment Companies (FICs)

A Family Investment Company is a private company used to hold and manage family wealth. They allow individuals to transfer assets from their personal estates into a corporate structure while retaining control over those assets, including decisions about the board's composition

However, it is more than just a holding vehicle. If the Founders lend money to the FIC, the loan can be gradually repaid using the FIC's post-tax profits, alongside any dividends distributed from its earnings. This arrangement can offer the Founders a continuous stream of income.

Alternatively, if the loan's capital is no longer required, the Founders may choose to gift its value to other family members. This would remove the loan's value from their taxable estate for Inheritance Tax purposes, provided they survive for seven years following the date of the gift.

There are a number of potential tax advantages when using FICs, including Inheritance Tax, but these will vary depending on the size of the investments/loans, the assets held by the FIC, and the personal circumstances of the Founders. It is therefore very important to speak with a tax specialist from the outset, who can provide guidance on the tax merits of an FIC, tailored to the specific circumstances and objectives of each prospective Founder.

2. Trust Structures

They provide a structured framework for aligning wealth transfer with long-term family goals and values, enabling trustees to manage and distribute assets in a purposeful and strategic manner. At the same time, trusts can offer resilience against divorce settlements, creditor claims, or imprudent financial decisions, while facilitating a seamless transfer of assets that avoids the delays and public scrutiny of probate. When integrated into a comprehensive strategy, trusts can also enhance tax efficiency, helping to reduce exposure to inheritance and capital gains taxes while preserving the integrity of the family legacy.

Trusts can be established during a person's lifetime or through a Will, with assets transferred to trustees who manage them for the benefit of the chosen beneficiaries.

3. Lifetime Gifting

Lifetime gifting is a further strategy that combines financial efficiency with relational impact. By transferring assets during one's lifetime, families can reduce the eventual taxable estate. Gifting also allows for a gradual transfer of wealth, mitigating sudden disruptions to family financial dynamics and fostering financial literacy across generations.

Gifts made sufficiently in advance may fall outside the estate for inheritance tax purposes, amplifying the long-term efficiency of such transfers.

4. Comprehensive Tax Planning

At the foundation of all these strategies lies comprehensive tax planning. Coordinating personal, family, and business finances in a holistic manner is essential for preserving and growing wealth. Effective planning ensures that all available allowances and reliefs are maximised, strategically reduces exposure to income tax, capital gains tax, and inheritance tax, and, for internationally connected families, mitigates the risk of double taxation.

About us

Dixcart UK has extensive experience in designing bespoke estate plans for a wide range of clients, including families, entrepreneurs, and both UK and non-UK domiciled individuals. No two situations are the same, which is why we take the time to understand your personal, business, and family priorities before creating a strategy tailored to your needs.

For more information about the above topic, please contact us: advice.uk@dixcart.com.