

## AN INHERITANCE WINDFALL BUT NO NEED FOR THE CASH



This case study involves Arabella, who approached us after inheriting a lump sum of £120,000 from her aunt. With no mortgage or financial obligations, a secure retirement, and an established emergency fund, Arabella recognises that this inheritance is surplus to her immediate needs. With no other clear goals, she decides she should just invest the funds for long-term growth.

Arabella is already retired and has diligently built sufficient retirement provisions, ensuring her financial security throughout her retirement years. She has a good income from a final salary scheme, her state pension, and she tops this up, as and when needed, from money she holds in an ISA.

Arabella volunteers at a local charity where another volunteer had mentioned using us for financial advice. She asked them for our details and our client was more than happy to recommend us.

### Assessing Risk Tolerance

We provide Arabella with a risk questionnaire to help us to assess her attitude to risk. We look at her situation and need to access this money. Understanding her risk tolerance and time horizon is essential for tailoring investment recommendations that align with her comfort level.

### ISA Allowance Utilisation



We advise Arabella to take full advantage of her annual Individual Savings Account (ISA) allowance. By utilising her ISA allowance each year, she can benefit from tax-efficient growth and income with unfettered tax-free access in the future.

We also recommend using a general investment account to hold the balance of her funds. We use this to fund her ISA, using as much of the allowance as possible each year, ensuring she does not exceed her tax allowances.

### Balancing Enjoyment and Investment

While acknowledging the importance of investment growth, we encourage Arabella to consider enjoying the inherited funds. She has the opportunity to indulge in experiences, hobbies, or personal aspirations, striking a balance between financial prudence and personal fulfilment. She loves to travel, and this money could be used by her to do much more. With a secure income and no commitments, she should enjoy the money. Her aunt died having not used it, perhaps Arabella should avoid doing the same.

### Conclusion

Arabella's inheritance presents her with an opportunity to optimise her financial situation further. By assessing her risk tolerance, recommending the utilisation of her ISA allowance, and encouraging a balance between investment and personal enjoyment, we assist Arabella in making informed decisions that align with her goals. Ultimately, she can potentially achieve long-term growth while simultaneously embracing the present and enjoying the benefits of her inheritance.