Protecting family wealth

27th February 2026

The starting point

A Family Investment Company can provide a structured way to manage long-term inheritance tax exposure while retaining control. The structure is not new. It simply attracts renewed attention whenever inheritance tax moves back into focus.

How the structure works

At its simplest, it is a private company used to hold family investments. Parents typically retain voting control. Children hold growth shares. Over time, future growth accrues to the children, while oversight remains with the parents.

That separation is the point.

When it merits consideration

For families with substantial capital, inheritance tax is rarely unexpected. What is often underestimated is how steadily an estate can expand when growth remains concentrated in one generation. Over time, compounding alone can materially increase exposure.

A Family Investment Company does not remove tax. It changes where growth sits. In practice, it tends to merit consideration where capital is significant, often in excess of £3 million and where the intention is intergenerational.

It is less compelling where simplicity is the priority, or where liquidity is likely to be required in the near term.

Points to consider

There are trade-offs. Corporation tax applies within the company. Dividends and withdrawals carry personal tax consequences. There are ongoing compliance requirements. The structure must justify itself once those factors are taken into account.

Our approach

We begin with analysis: modelling projected inheritance tax exposure, reviewing lifetime cashflow and testing liquidity under different market conditions. We compare outcomes across approaches such as trusts and outright gifts. Only then does it become clear whether a Family Investment Company strengthens the long-term position.

Where it does, we work alongside legal and tax advisers to establish the structure properly. As discretionary investment managers, we take responsibility for managing the investments within the company, ensuring the portfolio is aligned with its tax environment and the family's broader objectives. The structure and the investment strategy must work together.

Summary

A Family Investment Company is one option within a wider planning framework. For some families it provides clarity and control. For others, it is unnecessary.

As ever, careful evaluation within the context of an overall wealth strategy remains essential.

If you would like to explore whether a Family Investment Company is suitable for your circumstances, please contact Edison's Financial Planning team on 0207 287 2225, or email fp@edisonwm.com

You can read more about us and our financial planning service by visiting our website www.edisonwm.com.

Important Information

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