

What Is A Trust?

A Trust is a legal entity that can hold title to property for the benefit of one or more other persons (Beneficiaries). The person who sets up the Trust is called the Settlor.

The Settlor of a Trust has the option to manage the Trust themselves or appoint a Trustee who will be responsible for managing the assets. They do not hold any legal ownership over the assets but must use the assets and proceeds from Trust to benefit the intended Beneficiaries.

Solomons Solicitors can help you create the most relevant Trust for specific individual circumstances.

Inheritance Tax and Trusts

Trusts are often used for tax planning purposes, for example a discretionary trust can enable a beneficiary to have the use of assets or to receive their income without those assets being treated as part of their estate for Inheritance Tax purposes.

One way to reduce your Inheritance Tax fees are to give away assets during your lifetime. This could be as an outright lifetime gift, but there are certain occasions where this is not appropriate.

Another option is to create a Trust, so you can give assets away but retain flexibility over who will benefit from the assets and when.

Can I Set Up A Trust?

Many people think that trusts have no place in the modern world unless you are very wealthy. However they provide an effective solution, and in many cases the only solution, to many problems that are familiar to all of us

Anyone in the UK over the age of 18 is legally eligible to set up a Trust to protect his or her assets.

Who Should Have A Trust?

There are many reasons people decide to create Trusts;

- Providing for a minor, who may or may not be able to manage any financial responsibility.
- Contribute to Charity or National Institution
- when someone can't handle their affairs because they're incapacitated

Types Of Trust Available?

There are several types of Trusts available in the UK;

Bare trust - In a bare trust, property is held in the trustee's name - however the beneficiary can take actual possession of both the income and trust property whenever they want. You might use this type of trust to pass gifts to children while you're still alive.

Discretionary trust - The trustees of a discretionary trust decide how much income or capital to pay to each of the beneficiaries - but none has an automatic right to either. You can use a discretionary trust as a way to pass on property while you're still alive and still keep some control over it through the terms of the trust deed.

Interest in possession trust - In an interest in possession trust the beneficiary has a legal right to all the trust's income (after expenses), but not to the property.

How Can You Help Me?

Solomons Solicitors can help you decide which type of Trust is most suited to your specific circumstances.

If you would like a **free initial consultation** to discuss any or all of the aspects related to Trusts, please feel free to contact us:

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