

Trust planning is an important but sometimes overlooked part of organising people's financial affairs. In general terms, a Trust is designed to provide a legal instrument to control the way your assets are passed to others.



Although there are many types of Trusts, they all have broadly the same purpose – to detail your wishes for an asset. Certain Trusts can also aim to reduce the potential Inheritance Tax liability on your estate. Trusts can be complex and expert advice is essential.

How it works

The person who creates the Trust is the Settlor. They must be an adult of sound mind. The Settlor chooses who can benefit from the Trust, known as the Beneficiaries, and states how and when they can benefit from the gifted assets or death benefits. For a Trust to be effective for Inheritance Tax planning, the Settlor (and sometimes their spouse), should not be a Beneficiary.

The Trustees are the people chosen by the Settlor to administer the Trust and are the legal owners of the assets in the Trust.

In many cases, Trusts will not be for Inheritance Tax planning and will simply control who receives monies and when.

Trustees must also be adults of sound mind and must agree to administer the Trust for the benefit of the Beneficiaries.

Usually it is best to appoint at least two Trustees, although in certain circumstances three or four may be preferable.

Trusts for controlling death benefits

Trusts can be used in conjunction with your Pension fund, Death in Service benefits from your employer or a Life policy which you have set in place. Trusts in these circumstances are generally used to control the payout of

funds on death to the appropriate person nominated or indeed different beneficiaries. The selection of Trustees is an important decision as they will need to carry out your wishes in the event of death. Sometimes a corporate Trustee may be nominated for your Pension or Death in Service benefits and in these circumstances, you should complete a Nomination of Wish form to ensure that your wishes are carried out.

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monies and when. On death, Trusts can be settled quickly and in most cases are not linked to your Estate and the associated Will. This means monies can be paid out to your beneficiaries without the need for grant of probate or confirmation of estate which could avoid lengthy delays.

It is essential to make sure any Trust planning has been set in place to ensure your wishes are carried out and if Inheritance Tax planning was part of the Trust objectives you need to make sure that the Trust has been set up in the correct manner to achieve your goals.

Planning for inheritance tax

Trusts are more commonly used for Inheritance Tax planning with the aim to minimise the effect of the 40% tax charge on assets in excess of the current threshold (£325,000) on your death.

Transfers into most Trusts will be regarded as Chargeable Lifetime Transfers for Inheritance Tax purposes. This means if the total of all your Chargeable Lifetime Transfers (including those made in the previous seven years) is over the current threshold (£325,000), then a charge to Inheritance Tax will be payable when the Trust is set up.

Further Inheritance Tax charges may also arise on each ten year anniversary of the Trust, and when capital is distributed from the Trust to the Beneficiaries.

If you survive a Chargeable Lifetime Transfer by seven years, it will no longer be in your estate for Inheritance Tax purposes. This has the potential to save 40% in Inheritance Tax.

However, it is worth remembering that ongoing periodic tax charges may still occur depending on the type of Trust and the value of the Trust Assets in excess of the current nil rate band.

Why would you need a trust?

Aside from potentially reducing an Inheritance Tax liability, Trusts have a number of additional benefits:

- They clearly define who can receive which assets and when
- They offer flexibility and control
- They allow for timely distribution of the assets

There are many different types of Trust available and the selection of the appropriate solution can be complex.



McCrea Financial Services are experts in Trust planning and can advise on the most appropriate way to make gifts for Inheritance Tax planning and more importantly control any gifted asset in a way which meets your overall aims and objectives.

Similarly, if you are simply looking to control death benefits, we can advise on the most cost effective and flexible way to control these assets.

Levels and bases of and reliefs from taxation are subject to change and their value depends on the individual circumstances of the investor.

Why McCreas?

At McCreas we pride ourselves on being independent, professional, approachable and committed to providing a first class service to our clients. **We pride ourselves on NOT being just another firm of Independent Financial Advisers.**

We are :

INDEPENDENT - not tied to any particular company, bank or insurance company. We are authorised, regulated and approved by the FCA.

PROFESSIONAL - the staff at McCreas have many years of experience and all McCreas employees have Personal Development Plans which include improving their technical knowledge through CII Examinations .

COMMITTED - Our business is all about looking after you, the client - each client has a designated Independent Financial Adviser and support allowing you to build a professional and personal relationship over the years.

A GREAT TEAM - dedicated professional advisers backed up by superb administrators with sophisticated systems allowing us to provide a quality personalised service to you the client!

How are we different?

How many IFAs work and encourage their staff to develop their skills that they gain unique awards ? - We were the first IFA in the UK to achieve GOLD standard in Investors in People.

How many IFAs appreciate that when looking after peoples financial affairs it is about building trust and working together for decades not weeks.

How many IFAs obtain the majority of their new clients from referrals from happy existing customers who are comfortable passing their friends and families on to a firm they can trust.

How many other IFAs spend time and effort working for, running events and raising funds for charity?

How many IFAs do you know support and sponsor local sportsmen and women and help promising children in sport to achieve their goals?

Most of all, we care - about the important things in life, and about you - our clients.