



Your Guide to
Family Protection Trusts

Adlington law
Private client specialists

WHAT ARE TRUSTS?

Trusts come under many different names but essentially are a tool which you can use to ensure that the majority of your assets will pass to your loved ones without the need to go through the lengthy and sometimes, expensive, probate process.

These trusts can help to alleviate Inheritance Tax obligations and can also protect your estate from being dispersed amongst family members who may end up getting divorced, ensuring that your legacy passes to those who you wish.

When you create a Trust you can appoint yourself as a Trustee together with either family members, close friends or a professional Trustee. It is a personal choice as to whom you appoint as a trustee but the benefits of appointing professional trustees are that they have no financial or personal interest in your Trust and are therefore expected to agree with your wishes. We would also recommend that one family member is appointed to take your place as Trustee, should you be unable to act on your own behalf.

HOW CAN A TRUST BENEFIT ME?

The Trust can provide you with peace of mind, leaving you secure in the knowledge that your assets are protected and that they are going to be distributed exactly as you intended.

HOW DOES A TRUST PROTECT MY BENEFICIARIES?

The Trust, if properly administered, can ensure that your wishes are carried out and that third parties whom you do not wish to inherit, can make no claim on your intended beneficiaries inheritance:

Probate: by placing your assets into Trust, your Estate can be administered between your intended beneficiaries immediately, without the need for Probate which can be costly and time consuming.

Sideways Disinheritance: If you are a couple, then you may be worried if your spouse re-marries after your death your children risk losing their inheritance, this can be avoided by each of you establishing a Family Protection Trust and transferring your property into the Trust. When one dies, the survivor will still have the benefit of their spouses assets, but if the survivor re-marries, then those assets will not pass to a new spouse and therefore there will be no risk of your children being disinherited. Your children will be fully protected..

Children Inheriting at the wrong time: Nobody knows when they will die. We may pass away at a time our son or daughter is going through a divorce-risking a claim against an inheritance from your ex son or ex daughter in law. By transferring your assets into a Trust, this means the Trustees can retain and protect the inheritance for your child until a divorce is finalised--thus ensuring all the money goes to whom you intended.

Equally, if your children were going through financial difficulties upon your death, then a new inheritance may be at risk to creditors. By establishing a trust, the assets could be retained within the Trust until the financial problems have been resolved--again ensuring all the proceeds eventually reach your loved ones.

Dependant Relatives Claim: There can be grave concerns about children being able to challenge the terms of a Will and claim their inheritance contrary to your wishes. The Family Protection Trust can remove this problem as it stops relatives who are not named in the Will being able to present a successful claim.

Children's Inheritance Tax: Nobody wants their children to be subject to inheritance tax, as you want your hard earned money to be paid to your family and not be subject to any further tax. The Family Protection Trust will continue even beyond your death and therefore, the issue of inheritance tax is prevented.

COMMON MISCONCEPTIONS REGARDING TRUSTS

MY WILL DEALS WITH MY WISHES SO I DO NOT NEED A TRUST.

This is partly true. Your Will does set out how you wish your Estate to be dealt with. However, your Will sets out what you want to happen to your assets, a Family Protection Trust with correctly appointed Trustees, ensures that your wishes are carried out.

IF I AM NOT WEALTHY THEN I DO NOT NEED A TRUST

This may well be true. However, if you have a relatively small estate but a dysfunctional family where there may have been children who are to be disinherited or if one of your children has an unstable relationship, the Trust will ensure that they do not lose their inheritance through divorce or ensure that your disowned child does not inherit from your Estate.

I CAN AVOID THE COST OF A TRUST BY JUST TRANSFERRING MY PROPERTY INTO THE NAME OF MY CHILDREN

We would never recommend this. There are countless scenarios which could cause major issues. You could transfer your property to your children and then fall out with them which could render you homeless with no control over your own property. You could transfer your property to your only child who could then end up getting divorced. The property would then be subject to assessment as part of that child's assets and could end up being used and lost in the divorce settlement. Further, upon sale of the property there will be a Capital Gains Tax liability.

COMMON QUESTIONS

HOW LONG DOES THIS PROCESS TAKE?

The timescales vary depending on the complexity of everyone's individual circumstances. Upon your first consultation we will go through the value of your estate and recommend the best course of action. We will complete all of the necessary paperwork and ask you to provide all of the required documentation. Once we receive this, we will contact you to advise as to the likely timescale.

WHAT IF I CHANGE MY MIND?

We provide a 14 day cancellation period for any Trusts. If you cancel in writing within 14 days from signing your application form, you will be provided with a full refund. If you cancel at any time after the expiration of these 14 days, you will receive a full refund less £499 cancellation fee.

HOW MUCH CAN I PUT INTO A TRUST?

You can put up to £325,000 into a single trust or £650,000 into a double trust, although we would recommend not putting the full allocation into a Trust, so as to avoid growth of assets which may exceed the limit and incur tax liabilities. We would recommend revaluation every 10 years to monitor the value.

CAN MY PROPERTY BE PLACED INTO A TRUST IF I HAVE A MORTGAGE?

You would need to obtain the consent of the Mortgage Provider before any property could be placed into Trust.



CAN I RE-MORTGAGE MY PROPERTY TO RELEASE EQUITY IF IT IS IN A TRUST?

Should you wish to enter any sort of equity release transaction, you would first have to remove your property from the Trust and if you have third party Trustees named, they would have to provide their written consent to remove the property from the Trust.

If you are interested in learning more about a Trust, please contact us on **01257 686386** and we will arrange for one of our experienced Estate Planners to visit you in the comfort of your own home for a free, no obligation consultation and at a time that suits you.

ASK YOURSELF THE QUESTION

Who do you want to inherit your home and other assets?

The Tax Man? The local authority? Or your children and loved ones?

If the answer is your children and loved ones, do not leave your family vulnerable – Do not risk your children being disinherited.

You need to take action now and this will provide peace of mind.

Other Services available:

- Equity Release
- Funeral Plans
- Probate
- Wills
- Lasting Powers of Attorney
- Personal Injury
- Family Law
- Business Leases



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