

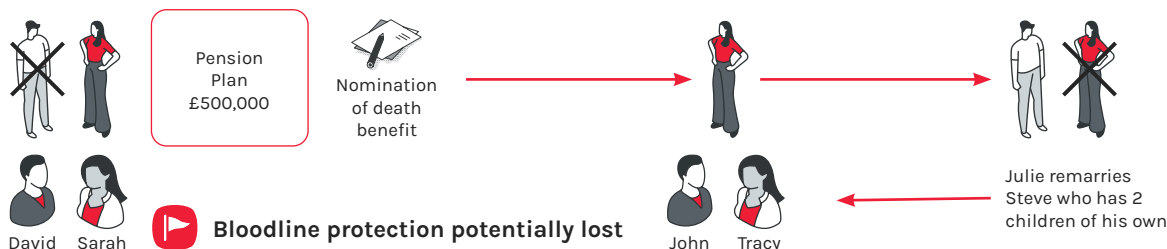
Asset Preservation Trust

The Asset Preservation Trust is a solution setup to address the often overlooked bloodline protection issues that can arise with pension and death in service (DIS) benefits. Pension rules have changed considerably allowing funds to pass to nominated beneficiaries free of income tax for deaths pre-75, however this does not address the potential issues arising from re-marriage or potential future tax.



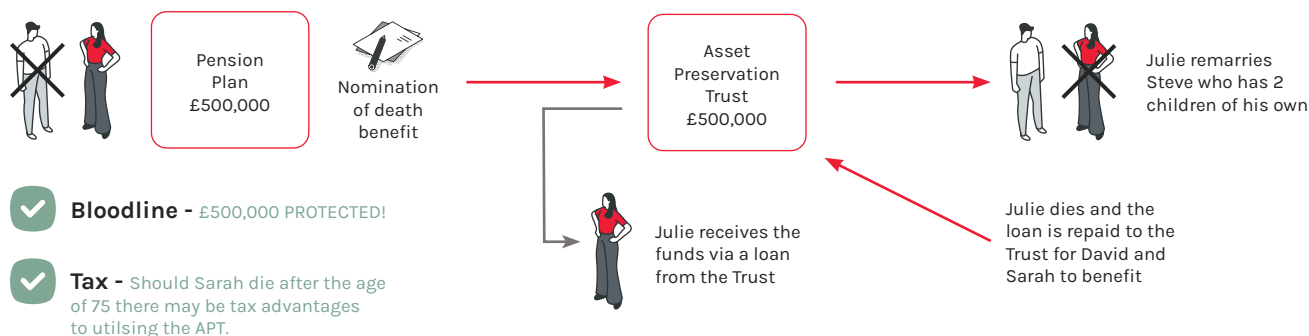
Case Study

Pension and DIS beneficiary nomination forms are typically setup to transfer funds, upon the death of the member, to a spouse or partner. Whilst good planning this ignores the potential **UNPROTECTED** nature of such nominations. In this example, Julie and Simon are married with 2 children, David and Sarah. Simon has a pension fund worth £500,000. In the event of Simon's death he wants his pension to pass to his wife and eventually his 2 children. Simon falls ill and passes away aged 60. Thankfully he has completed a death benefit nomination stating that he would like his pension fund to pass to his wife Julie. As the pension is now in Julie's name, she completes her own nomination in favour of her 2 children. Julie meets Steve who has 2 children of his own and eventually she remarries and amends her nomination in favour of Steve. Julie passes away and Steve inherits the pension fund and completes a nomination in favour of his 2 children, John and Tracy.



Solution

Simon could have established an APT during his lifetime and nominated the Trust to receive his pension benefits upon his death. The Trust would be setup so that his wife, Julie and their 2 children are the beneficiaries. As Simon died before the age of 75 the transfer into Trust is tax free. Sarah could receive benefits from the trust as loans that are repayable upon her death and thus can pass down to David and Sarah, as Simon wanted.



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