

Beneficiary Protection Trust

The Beneficiary Protection Trust (BPT) is an uncomplicated but extremely effective estate preservation trust framework that is available to married couples, unmarried couples and those who are single, divorced or widowed.

The main benefit to this exceptional planning is long term wealth preservation for your children by protecting inheritances and gifts from taxation and other social impacts such as children divorcing. The Beneficiary Protection Plan is established along with appropriate Wills and Letters of Wishes.



Will Planning

The most common form of Will planning for couples has always been that on first death everything passes to the surviving spouse and then on second death everything passes down to the children.

The problem with this is that your assets are being passed in an **UNPROTECTED** manner and are therefore **AT RISK OF ATTACK!**



Divorce or Separation - 50% POTENTIALLY LOST!

Should children divorce then all assets may be divided 50/50 as part of the divorce settlement.



Tax - 40% LOST!

Any gift made forms part of your children's estates and therefore is potentially chargeable to inheritance tax at 40%.



Bankruptcy - 100% POTENTIALLY LOST!

Should any of your children ever be declared bankrupt then 100% of the gift made could be lost.

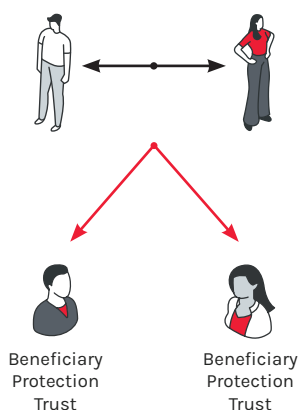


Creditors - 100% POTENTIALLY LOST!

100% of the gift made may be lost from claims by creditors.

Solution

A Beneficiary Protection Plan is established during your lifetime. The planning involves establishing a trust or trusts that will receive your residual estate on second death. A new Will is also drafted together with a Letters of Wishes. Children now receive assets in a **PROTECTED** manner with many benefits.



The above framework shows a trust established for each child. Children can now receive the gifts as **loans** from the trust.



Divorce or Separation - UP TO 100% PROTECTED!

Should your children get divorced then it is more difficult for the assets loaned from a trust to be included in any divorce settlement.



Tax - 40% SAVED!

The gift's do not form part of your children's estates and therefore could save inheritance tax at 40% for them.



Bankruptcy - UP TO 100% PROTECTED!

Should any of your children ever be declared bankrupt then the gifts made can be protected from bankruptcy claims.



Creditors - UP TO 100% PROTECTED!

Any gifts made to children can be protected from claims from creditors.



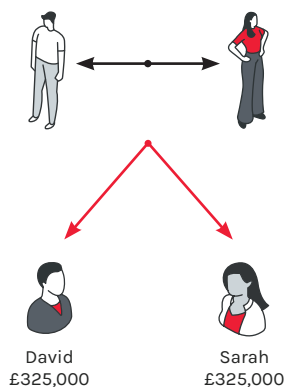
Bloodline Protection - UP TO 100% PROTECTED!

As the loans made to the children from the trust are repayable (typically on death) the money can pass down to your grandchildren or other chosen beneficiaries therefore keeping the money in the family for up to 125 years!.

Legal Services

Case Study

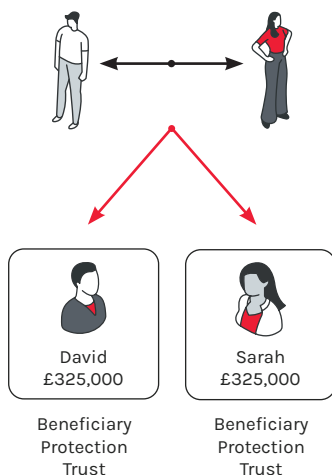
Bob and Julie Smith are married with 2 adult children. Bob and Julie's son, David, is recently divorced and their daughter, Sarah, is married but the relationship is uncertain. Both children are independently wealthy and have their own children. Bob and Julie have an estate valued at £650,000 and their current Wills leave everything to each other and then split 50/50 to the children. Bob and Julie are in good health. When Bob and Julie pass away their **RESIDUAL ESTATE PASSES TO THE CHILDREN ABSOLUTELY AND WILL THEN BE OPEN FOR ATTACK!**



- ▶ Tax - £260,000 LOST!**
 Bob and Julie's children have both inherited £325,000. Both children already have estates in excess of the nil rate band available and so all of the inheritance could be subject to tax at 40% i.e. £260,000.
- ▶ Divorce or Separation - POTENTIALLY £650,000 LOST!**
 Should Sarah get divorced then all her assets are potentially divided 50/50 as part of the divorce settlement. If David remarries then his inheritance could be attacked should the relationship fail.
- ▶ Bankruptcy - POTENTIALLY £650,000 LOST!**
 Should any or both of Bob and Julie's children ever be declared bankrupt then 100% of the inheritance could be lost.
- ▶ Creditors - POTENTIALLY £650,000 LOST!**
 100% of the inheritances could be lost from claims by creditors.

Solution

Bob and Julie require advice in terms of how they can protect their estate but also enable bloodline protection for their children and grandchildren. Following advice Bob and Julie establish a trust framework consisting of a Beneficiary Protection Plan with a trust for each of their children. New Wills are drafted to include the trust planning and a letter of wishes is also completed to detail Bob and Julie's intentions for the distribution of their estate. The trusts are setup to receive their estate following the second death. Bob and Julie pass away 10 years later and their estate is distributed according to their Will and Letter of Wishes.



- ✓ Tax - £260,000 SAVED!**
 As the inheritance is received by David and Sarah via a trust these funds do not form part of their estate and so are not liable to inheritance tax at 40%.
- ✓ Divorce or Separation - UP TO £650,000 PROTECTED!**
 Should Sarah and David get divorced then it is more difficult for the assets held in a trust to be included in any divorce settlement.
- ✓ Creditors - UP TO £650,000 PROTECTED!**
 Any gifts made to children can be protected from claims from creditors.
- ✓ Bankruptcy - UP TO £650,000 PROTECTED!**
 Should any or both of your children ever be declared bankrupt then the gifts made can be protected from bankruptcy claims.

David and Sarah can now receive their inheritances via **loans** from the trust