

Legal Services

Why set up a trust framework?

A trust framework is a way for you to exert control, protect family assets and leave a meaningful legacy for future generations.

You work long and hard for your assets and so why would you not want to protect them? With no planning, inheritance's passed down through generations are vulnerable to attack from many areas. In fact research tells us that typically **after just 3 generations, only 8% of the original inheritance is usually left!** Surprisingly tax is not the main issue but the more social impacts of divorce, claims from creditors, long term care fees and even bankruptcy can have a larger impact.

So how can you protect your assets from these potentially damaging events?

Once thought of as purely planning for the wealthy, trusts are now becoming a much more widespread structure for protecting and preserving family assets.



When might you use a trust?

Trusts are used for a variety of purposes, for example, many life insurance policies are written in trust so that when the person insured dies, the policy pays out to a trust rather than to an individual. This way it does not form part of the deceased's estate thus saving a potential inheritance tax liability and the proceeds can be paid out quickly without the need for probate.

For most people, however, the type of trust they are most likely to establish is one to arrange their families financial affairs. Some of the most common family situations where trusts are used (often in conjunction with a will) are:

- Provide for a husband or wife after death while protecting the interests of any children and grandchildren.
- Protect the inheritance of young children until they are old enough to take responsibility for their own affairs.
- Protect inheritances to children from divorce, creditors, bankruptcy and inheritance tax.
- Provide for vulnerable relatives who are unlikely to be able to look after their own affairs.
- Help succession planning in family businesses.
- Provide funds to meet an inheritance tax liability.
- Protect gifts to children e.g. if you are helping them to purchase a house.
- Protect pension or death in service payments from remarriage.
- Protect part of the family home from care fees after the death of a partner.

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