

ST ANN'S HOSPICE

LEGACY FACTSHEET 6: TRUSTS

What is a Trust?

A Trust is ideal if you would like a person or favourite cause to benefit from your assets – cash, shares or property – and this can come into effect at your death or during your lifetime. A Trust transfers the assets to a small group of appointed people or a Trust Company (the 'Trustees') with instructions as to how your assets should be used and who you would like to benefit.

If you choose for a Trust to function during your lifetime, you can appoint yourself a Trustee so that you retain some control of the assets, although for tax reasons you and your spouse (during your lifetime) would not usually be able to benefit from the assets transferred to the Trust.

Reasons for making a Trust

Setting up a Trust has the following main benefits:

- It reduces your exposure to Inheritance Tax and by placing assets into a Trust you reduce your wealth and thus your liability to tax.
- If your Trust is advised to benefit a charity, unlimited assets can be left to your favoured cause, all free from Inheritance and Capital Gains tax – so they would receive the full amount.
- It can solve a number of domestic situations. For example, if your children or grandchildren are very young at the time you set up a Trust, the assets can be held by the Trust until they are older and hopefully wise enough to receive them; or, if your spouse is the only beneficiary of your wealth in your Will, a Will Trust can ensure that some of the capital is protected for your children by giving your spouse an immediate right to the income, but allowing your Trustees to decide whether he or she should also benefit from capital, or whether part or all of the capital is retained for the benefit of the children.

The content of this factsheet is merely informative and should not be relied upon as a substitute for legal advice

St Ann's Hospice advises anyone making or updating a Will to seek independent advice from a solicitor – see St Ann's Hospice Will Week information, Yellow Pages, or a personal recommendation