



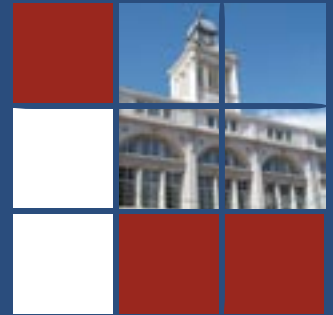
## Trusts

A Trust is an arrangement whereby the legal owner or owners of property (including such things as land/property, shares and other investments, and cash/bank accounts) hold that property for the benefit of someone else. In this way the Legal ownership and the Beneficial ownership are distinct.

Whilst the Trustees (legal owners) are bound by a series of obligations they may also have varying levels of discretion as to how they administer the Trust for the Beneficiaries (beneficial owners). In a “Bare Trust” the Trustees simply hold the property on behalf of someone else and cannot do much more than hand the relevant property, or the income from it, to the Beneficiary or Beneficiaries. In a “Discretionary Trust”, on the other hand, the Trustees can decide how, when and why to transfer property to the Beneficiaries and can often decide exactly who the specific Beneficiary of specific property should be. This may be a wide ranging discretion or it may be selecting an individual Beneficiary from an identifiable class or group of Beneficiaries (e.g. this particular grandchild for his/her university tuition fees).

People may think that Trusts are a specialist arrangement only of use to the very wealthy however everyone who writes their Will establishes a Trust; the Executors hold the estate of the deceased on behalf of the Beneficiaries of the Will. Often such Trusts will last only as long as the administration of the estate (that is the gathering in and distribution of the assets) but if any of the Beneficiaries are minors (under 18 years old) or if the Will makes specific Trust arrangements (e.g. “to my wife for life and then to my children”) the Executors or Trustees appointed by the Will may need to administer the Trust for some time after the final distribution of the estate.

Trusts may be set up by anyone at any time. A bank account held on behalf of children are Trusts and there are the many Trusts set up for specific reasons to provide income or capital to particular Beneficiaries in the future. There are as many potential Trusts as there are people, circumstances and possible Beneficiaries. Whilst establishing a Trust may be a sensible part of Inheritance Tax planning it should be noted that there are many other good reasons for setting up a Trust.



## Contacts:

**Charles Neal**

**Email:**

[c.neal@bellbuxton.co.uk](mailto:c.neal@bellbuxton.co.uk)

**D:** 0114 220 2169

**Joyce Millington**

**Email:**

[j.millington@bellbuxton.co.uk](mailto:j.millington@bellbuxton.co.uk)

**D:** 0114 220 2178

**Claire Room**

**Email:**

[c.room@bellbuxton.co.uk](mailto:c.room@bellbuxton.co.uk)

**D:** 0114 220 2165



Charles Neal



In recent years the Government has reduced some of the obvious tax benefits of Trusts but the other motives for using a Trust remain. These include providing for the education of children or grandchildren or simply providing for children in the future using parental assets but maintaining some control over their assets until the children are considered old enough to own them outright, and protecting assets from a variety of undesired circumstances (e.g. a partner's bankruptcy).

### What should I do next?

For further information about Trusts in general and/or drafting a Will, please contact Charles Neal at Bell & Buxton on 0114 2495969 or [c.neal@bellbuxton.co.uk](mailto:c.neal@bellbuxton.co.uk)

### Other Services

Trusts work is just one of the areas the Private Client department at Bell & Buxton Solicitors can help.

Additional related services include:

Lasting Power of Attorney, Care Costs and Preserving Personal Capital, Inheritance Tax, Trusts, Charitable Trusts Advance Directives, Contentious Probate, Financial Abuse of the Elderly, Court of Protection work.

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Telegraph House, High Street, Sheffield, S1 2GA

Tel: (0114) 249 5969

Fax: (0114) 249 3804

Email: [legals@bellbuxton.co.uk](mailto:legals@bellbuxton.co.uk)

Website: [www.bellbuxton.co.uk](http://www.bellbuxton.co.uk)