

IRREVOCABLE GIFT TO A TRUST vs AN IRREVOCABLE GIFT TO BENEFICIARY.

Trust

By putting the asset/s into the trust means the property will be potentially exempt for IHT if you survive the gift by 7 years.

If it's a Residential or Commercial Property you will need a conveyancer to handle the transfer. *(Subject to a written quotation.)*

We have a panel of preferred providers should you wish.

Once the assets have been transferred to the trust, they are no longer an accessible asset for calculating Local Authority Long Term Care contributions therefore protecting it from the potential of significant financial erosion.

Any asset is in the trust its controlled by the Trustee's. *(The Trustees can also be the beneficiaries.)*

They can sell the assets, invest in new ones, make withdrawals for lifestyle purposes or retain and grow the assets.

For the beneficiary the asset is also outside their estate for inheritance tax when they eventually pass the estate on to their own beneficiaries. Ensuring no "double dipping" by HMRC on the estate and indeed the assets can continue to pass down the generations for the next 125 years.

From the beneficiary's point of view assets inside the trust are outside their personal estate as well. This can have significant advantages in the event of divorce or insolvency.

From a donor's point of view, in their lifetime they can appoint Trustees to supervise the wealth if the beneficiary may act irresponsibly in some way with the capital.

Gift

By gifting the asset/s directly to your beneficiary the asset be potentially exempt from IHT if you survive the gift by 7 years.

If it's a Residential or Commercial Property you will need a conveyancer to handle the transfer. *(Subject to a written quotation.)*

We have a panel of preferred providers should you wish.

Once the assets have been transferred to the beneficiary, they are no longer an accessible asset for calculating Local Authority Long Term Care contributions therefore protecting it from the potential of significant financial erosion.

Any asset is owned by the beneficiary and is therefore fully under their control.

They can sell the assets, invest in new ones, make withdrawals for lifestyle purposes or retain and grow the assets.

For the beneficiary the asset is now part of their overall estate for inheritance tax.

Therefore, when the beneficiary eventually passes the estate on to their own beneficiaries, tax at 40% could be due and this will continue along the generations.

There are no multi-generational savings.

Once cleared funds received or the property transferred its part of the beneficiaries' assets, meaning it will form part of the marital assets in case of divorce and personal assets in the case of insolvency

From a donor's point of view, once anything is gifted its irrevocable and no control on what happens with the capital or assets after the date it was gifted.

Therefore exposing the potential for financial damage to be done.

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