



DENTAL & MEDICAL

FINANCIAL SERVICES

Dental & Medical Financial Services
1 Market Square, Horsham,
West Sussex RH12 1EU

T: 01403 780 770

F: 01403 780 771

E: info@dentalandmedical.com

W: www.dentalandmedical.com

Looking to pass your assets on to the next generation?

Asking the right questions that align with your specific financial goals

Planning for the future of your wealth is a significant responsibility, especially when you want to protect your family and ensure your hard-earned assets are passed on smoothly. A trust, in its many forms, is often considered a highly effective solution for individuals and families seeking to safeguard their estate. It provides a sound framework for planning ahead and is a crucial part of a strategy for transferring wealth to the next generation.

While trusts are a valuable estate-planning tool, they are undeniably complex and require careful consideration. Before committing to a legal arrangement, it is essential to ask the right questions to ensure the trust aligns with your specific financial goals. Setting the scene early and understanding the landscape can make all the difference in securing your family's financial future.

DEFINING TRUSTS AND KNOWING WHEN TO USE THEM

At its core, a trust is a legal arrangement in which you, the 'settlor', give cash, property or investments to someone else, the 'trustee', to manage for the benefit of a third party, the 'beneficiary'. These key

roles underpin how trusts work and why they are used. Trustees hold legal title to the assets, but they must always act in the best interests of the beneficiaries in accordance with the rules set out in the trust deed.

Whether a trust is appropriate, and when to use one, depends on your unique circumstances and the scenarios you might face. For instance, you might want to provide for young children who cannot yet manage money, or to support a relative with a disability. Trusts are also highly beneficial when navigating complex family dynamics, such as ensuring children from a previous marriage are provided for while still supporting a current spouse.

ROLE OF TRUSTS IN SHAPING YOUR LEGACY

Exploring the key reasons for using trusts in estate planning reveals how versatile they can be. One of the primary advantages is the level of control they offer over how and when your assets are passed on. Instead of handing over a large lump sum, a trust allows you to stipulate that funds are released gradually, for example, when a beneficiary reaches a certain age or achieves a specific life milestone.

Beyond simply controlling the flow of wealth, trusts play a vital role in protecting vulnerable beneficiaries from financial mismanagement or external risks, such as divorce or bankruptcy. They can also be used strategically to support





DENTAL & MEDICAL

FINANCIAL SERVICES

Dental & Medical Financial Services
1 Market Square, Horsham,
West Sussex RH12 1EU

T: 01403 780 770

F: 01403 780 771

E: info@dentalandmedical.com

W: www.dentalandmedical.com

charitable causes close to your heart, ensuring your legacy extends beyond your immediate family and positively impacts the wider community.

MANAGING THE INTRICATE RULES AND REQUIREMENTS

Navigating the legal, tax and reporting requirements of setting up a trust is intricate work. The landscape is highly regulated, with different types of trusts, such as discretionary and bare trusts, each with its own specific tax implications. From Income Tax and Capital Gains Tax to Inheritance Tax, the way a trust is taxed can significantly affect the value of the assets held within it, sometimes incurring tax charges of up to 45%.

Given this complexity, seeking professional advice is essential. Trustees have strict legal duties and must comply with rigorous reporting requirements, including registering the trust with HM Revenue & Customs. Failure to meet these obligations can result in severe financial penalties, underscoring the importance of experienced legal and financial professionals to guide you through the process.

STRUCTURING A TAILORED INVESTMENT APPROACH

Once a trust is established, a critical question arises: how should the assets within it be invested? Trusts require

a highly tailored investment approach that balances the needs of current beneficiaries, who may require a steady income, with the interests of future beneficiaries, who will eventually inherit the underlying capital. This demands a delicate balancing act to preserve the trust's real value against inflation over time.

Professional financial advice helps trustees manage risk, generate returns and fulfil their legal obligations. Trustees are legally required to seek appropriate advice when making or reviewing investment decisions to ensure they are suitable and sufficiently diversified. A bespoke investment strategy not only protects the trust's capital but also helps it grow efficiently and in a tax-efficient manner.

SECURING YOUR FUTURE AND TAKING THE NEXT STEP

Ultimately, incorporating a trust into your estate planning can offer unparalleled peace of mind. By providing control, protection and flexibility, a well-structured trust ensures your wealth serves its intended purpose for generations to come.

However, the complexities and nuances involved mean that setting one up should never be treated as a straightforward administrative task. Instead, it requires careful consideration and professional advice and guidance to ensure it aligns with your long-term goals and intentions. ■

TIME TO TAKE CONTROL OF YOUR FINANCIAL FUTURE WITH CONFIDENCE?

Whether you are considering a trust to protect your family's wealth or need help managing an existing trust, professional guidance is essential. Please contact us to discuss your circumstances and explore how a trust could safeguard your legacy.

THIS ARTICLE DOES NOT CONSTITUTE TAX, LEGAL OR FINANCIAL ADVICE AND SHOULD NOT BE RELIED UPON AS SUCH. TAX PLANNING IS NOT REGULATED BY THE FINANCIAL CONDUCT AUTHORITY, DEPENDS ON THE INDIVIDUAL CIRCUMSTANCES OF EACH CLIENT, AND MAY BE SUBJECT TO CHANGE IN THE FUTURE. FOR GUIDANCE, SEEK PROFESSIONAL ADVICE. INHERITANCE TAX, ESTATE PLANNING AND TRUSTS ARE NOT REGULATED BY THE FINANCIAL CONDUCT AUTHORITY.

