

Flexible Reversionary Trust

The trust that gives back...



Placing funds into a trust can be daunting for clients.

A common client fear with trust planning is the fear of losing access to the funds and not being able to take anything out if needed.

Usually investing in a trust involves removing the money from your total value of assets at least seven years before your death for it to be effective for inheritance tax purposes.

The Flexible Reversionary Trust (aka 'Lifestyle Trust') is a new way that allows you to achieve a balance between access to your wealth, inheritance tax planning and control over the distribution of your money.

What does a trust allow you to do?

A trust allows you to appoint a trustee that holds your assets.

This then gives the trustee the responsibility of being the legal owner of your trust fund. This responsibility involves managing, controlling and then distributing the trust fund to the beneficiaries after your death.

With a lifestyle trust the value of the original investment you make will not be liable for inheritance tax if you survive seven years. Any growth in value that you place in the trust falls immediately outside your estate for inheritance tax purposes.

Do you lose direct access to the wealth you have put in the trust?

Some trust arrangements will allow access to the money with regular payments.

Flexible Reversionary Trust



However, with a 'Lifestyle Trust' there is a level of flexibility that makes them unique.

Your fund is divided into a series of these 'entitlements' that become available in line with the scheduled dates you agreed.

It is also an option to defer or waive your entitlement if you do not require it at the date you previously agreed.

So who is the 'Lifestyle Trust' for?

- Anyone who wishes to reduce their inheritance tax liabilities.
- Anyone who wants to leave their wealth to future generations in a tax efficient manner.

- Someone who wants to fund something (such as a holiday or their grandchildren's education) by having access to trust fund entitlements at a pre-determined date.
- People who want to have flexibility to defer accessing entitlement if circumstances change.

Working closely with the tax experts at Hawsons Chartered Accountants, we can provide you with specialist inheritance tax planning advice in Sheffield, Doncaster and Northampton.

Get in touch for your free initial meeting at <https://www.hawsons.co.uk/free-consultation>