

A Guide to Asset Preservation and Trusts



**SUCCESSION
WEALTH**

Welcome to Succession Wealth

Our Wealth Planners are here to help you take control of your finances and provide you with the confidence you need to go after the things that matter to you.

Succession Wealth Management Limited is a large national UK financial planning firm. Our teams of Wealth Planners deliver high-quality independent advice to thousands of clients across the UK, and we're committed to helping people achieve more with their money.

Our clients are at the heart of everything we do and looking after their wealth journey is a privilege to us. The relationships we build last longer than a lifetime, and we are proud to provide advice across generations. When you choose to work with us, we promise to provide an exceptional personal service tailored to your unique financial aspirations.

What do we mean by asset preservation?

Throughout your lifetime, you work hard to build your wealth. The aim of asset preservation is to protect and preserve that wealth.

Asset preservation work (sometimes known as wealth preservation work) can encompass many different tasks and be started for many different reasons. It may be motivated by a wish to provide for family members and enable the smooth transfer of assets to younger generations. It may also be prompted by a desire to guard against threats to your own financial wellbeing, whether they come from fraud, tax, the cost of later life care or a relationship breakdown.

Managing Risk

Within wealth management, it is often said that preservation of wealth is a very different discipline to creating it – and that is certainly true.

For example, if you have built up a business you may have taken a certain level of risk that you may simply not be willing to take with the preservation and protection of your assets. Assessing what level of risk you are comfortable with forms a very important part of the asset preservation work we will undertake with you. By gaining a full understanding of your attitude to risk, and your financial tolerance to risk, we can help build a bespoke financial plan, with the aim of achieving your goals and aspirations.

Asset preservation

At Succession Wealth, we start by establishing your goals and your specific requirements. Any asset preservation work we do for you will be guided by those objectives as well as your attitude to risk, but it may include:

- Building an investment strategy
- Establishing adequate protection policies
- Estate Planning
- Use of trusts

What is a Trust?

A trust is a legal way of managing assets (money, investments, land or property) for the benefit of others.

When you set up a trust, you are arranging for the transfer of some of your assets to another person or group of people (called 'trustees') whose role it is to look after those assets on behalf of the 'beneficiaries' who will ultimately receive the assets.

Trusts can form a useful part of an asset preservation strategy.

Trust terminology

Settlor (or donor)

Someone who sets up a trust. The settlor chooses the trustees and decides who they would like the beneficiaries of their assets to be.

Trustees

The people chosen to manage the assets held in trust. They are also responsible for the administration and tax affairs of the trust.

Beneficiary

The person who will ultimately receive the assets held in trust.



What are Trusts for?

People establish trusts for many different reasons. However, when a trust is set up it is usually to achieve one of the following objectives:

Preserve wealth for future generations

Setting up a trust can be a very effective way of controlling what happens to your assets after you die. As families grow, separate or become blended together, it can become harder to guarantee who will ultimately inherit your estate. Trusts can help ensure your wealth is transferred only to those people you choose, and at a time of your choosing.

For example, a person who has been married twice may worry that children from their first marriage will become disinherited when they die. By setting up a trust, it is possible to arrange for the settlor's current spouse to be provided for until the time of his or her death, while also guaranteeing that a part of the settlor's estate is protected and passed on to their children after their spouse dies.

Maintain control of family assets

Trusts offer an effective means of protecting and maintaining control of assets.

With a trust, it is possible to gift some of your estate to an individual but, through appointing yourself as a trustee, continue to control how and when that gift is accessed. That is because trusts are a legal way of protecting your assets for the benefit of others, without losing full control of what happens to them.

For example, if you made an outright gift to someone who then became insolvent, that gift could be completely lost. With a trust, however, the gifted assets can sometimes be retained.

Passing on wealth to under 18s

A young person can be named as a beneficiary in a Will. However, the law states that they cannot take legal ownership of their share of the estate until they reach adulthood because minors are not considered to have the required 'capacity' to do so. In this circumstance, the funds due to a child will be kept safe in a trust until they reach the age of 18.

Providing for vulnerable adults

Gifting assets outright can cause problems for vulnerable adults if the recipient is in receipt of means-tested benefits or local authority funded support packages, these may be at risk if the vulnerable person inherits funds that could be used to pay for services.

Where the beneficiary lacks the ability to manage a large inheritance themselves, they are susceptible to falling prey to financial abuse, or may simply find the process of managing a large sum of money too challenging.

Placing money in a trust provides a safety net and stability for a vulnerable person, this allows a Trustee to offer advice, guidance and oversight for any financial decisions that need to be made.

Reducing Inheritance Tax (IHT) liability

Trusts can be used to help mitigate or eliminate Inheritance Tax. However, the rules around trusts and tax are complicated. For example, for your assets to be exempt from IHT, they must have been in the trust for at least seven years before you die.

But this doesn't apply in all cases and depending on the amount invested and the type of trust, an immediate tax charge may apply.

As you can see due to the complexity around trusts, it's really important to seek regulated, professional financial advice before attempting to use a trust for tax purposes.

Avoiding probate delays

When a person dies, any Inheritance Tax due on their estate and any probate fees that apply must be paid before probate is granted and before their assets are distributed in line with their Will. However, the executors of that Will cannot access estate assets until probate is granted. That means the money for probate fees and IHT must be found from elsewhere.

As a trust is separate from your estate, trustees can immediately access any money held in it with no need to wait for probate. That money can then be used to pay the Inheritance Tax bill and probate fees.

Types of Trusts

There are many different types of trust. It is important to ensure that you are setting up the right kind of trust for your circumstances and requirements as different types of trust are associated with different benefits and tax rules.

For more information on some of the different types of trusts, please see our Guide to Trusts. Speak to your Succession Wealth Planner or email us at hello@successionwealth.co.uk and we can arrange for a copy to be sent out to you.

An Asset Preservation Strategy tailored to your needs

Each individual, or family, comes to asset preservation planning with a unique set of concerns, needs and objectives. Our Wealth Planners take the time to gain a detailed understanding of your particular circumstances and goals before providing comprehensive, independent advice on the options available to you.

In partnership with you, we will help design a strategy to protect and preserve your wealth in the most effective and appropriate way for your requirements.

Who can be a trustee?

Anybody over the age of 18 with full mental capacity can be appointed as a trustee. A settlor (the person setting the trust up) can act as a trustee and it is also possible to appoint professional trustee.

It is a position of great responsibility, as a trustee may be responsible for investing funds as well as protecting them, so it is important to carefully consider who you appoint.



Contact us

If you would like to see how we may be able to help protect your wealth or if you want to discuss any aspect of financial advice with one of our Wealth Planners, feel free to email us at hello@successionwealth.co.uk or call us on 0800 051 4659 and we will arrange for someone to contact you.



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FP2023-475