ASSET PROTECTION WILL

Are you concerned about ensuring your assets pass to your chosen beneficiaries? If so, some relatively straightforward planning, as shown in the examples below, can help.

SCENARIO 1: BASIC WILL

A makes a Will which passes their property and other assets (savings etc) to their chosen beneficiaries V, W, X and Y in equal shares. A has decided not to include Z as a beneficiary.

However:

- V is divorcing;
- W has financial difficulties;
- X is in receipt of means-tested benefits; and
- Y is very wealthy.
- In addition, Z has a claim against the estate.

The inheritance for V, W and X can be lost; and Y might pay Inheritance Tax (IHT) on their inheritance on their subsequent death.

SCENARIO 2: ASSET PROTECTION WILL

B, on the other hand, makes a Will which passes their property and other assets (savings etc) to an Asset Protection Trust. The potential beneficiaries of the Trust are V, W, X, Y *and* Z.

The property and other assets in the Trust can be paid to or used for the benefit of any of the potential beneficiaries in whatever shares the Trustees see fit (including no share at all) and in whatever manner the Trustees see fit.

B also signs a Letter of Wishes to set out who they intend to benefit from the Trust and how (that is, V, W, X and Y, taking account of their personal circumstances) and who they do not intend to benefit (that is, Z). The Trustees can attach considerable weight to the content of the Letter of Wishes (without it being binding on them).

This approach helps avoid any loss of inheritance for V, W and X; and helps avoid payment of IHT by Y. It can also help avoid a successful claim against the estate by Z.

For further details and tailored advice, contact any of our UK offices and ask for the Private Client department.

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