

Discretionary Trust

Flexibility and Peace of Mind

'I want to protect my daughter's inheritance if she gets divorced in the future'

'I want flexibility, so my spouse, children and grandchildren receive what they need'

'My son has a drug problem; I want peace of mind that the money is used wisely for him, and not wasted'

'I'd like to help my nephews go to university or buy their first car, but don't want to fix an amount of money they may need in my Will'

'My daughter has a learning disability, so I want people I can rely on to manage her money'

There are many reasons why including a Discretionary Trust in your Will can help your loved ones.

- Flexibility
- Asset Protection
- Ability to respond to changing circumstances
- Providing for multiple generations
- Protection of vulnerable or young beneficiaries
- Inheritance Tax planning



BALANCE CONSULTANCY

Talk to us about what matters to you.

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■ **CALL TODAY**

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Book a Home Visit /
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FREQUENTLY ASKED QUESTIONS

What is a Discretionary Trust?

In a standard Will, gifts are usually a fixed sum of money or a percentage of your estate. There is no flexibility if the circumstances of your beneficiaries change.

A Discretionary Trust provides flexibility for how assets in the trust fund are used.

Trustees will decide and consider the needs of beneficiaries at the time.

Trust Fund: Can be the whole or a share of your estate (property, savings, investments), or specific assets or sums of money.

Beneficiaries: Individuals, a group of people (e.g. my siblings) or charities.

Trustees: Decide when to give money or assets to beneficiaries based on circumstances at the time. Trustees have legal responsibility for the trust.

Letter of Wishes: This document sits alongside your Will and helps your trustees to understand your aims for how the trust fund should be used.

Who can be my trustees?

You can appoint family and friends (including beneficiaries) but you must be confident they will act fairly. Between two and four trustees should be appointed. Alternatively, you can appoint a professional trustee for neutrality and expertise.



How does a Discretionary Trust protect assets?

Assets are protected because the beneficiaries do not own the trust fund assets. Trustees will only make distributions if they think it is wise. This means your legacy is better protected from third parties or being squandered by beneficiaries.

Are there any ongoing costs?

Discretionary Trusts have specific rules regarding Income Tax, Capital Gains Tax and Inheritance Tax. Your trustees may need to seek financial, legal, or tax advice to manage the trust correctly and tax-efficiently. These costs are deductible from the trust fund. You may consider such costs to be incidental and outweighed by your reasons for including a trust and the benefits this can bring.