

Flexible Life Interest Trust

Protecting your Family's Future

When making your Will, you may want to ensure your spouse/civil partner is well-provided for but feel anxious about what would happen if his/her situation changes.

If your whole estate passes directly to your spouse, there is a risk that your children's inheritance may be lost entirely or substantially reduced. If, for example, your spouse:

- Remarries/has a new partner
- Needs long-term care
- Owes money to others
- Changes his/her Will

If you are in a couple with **children from previous relationships**, you may be concerned about how family relationships can change after death and the increased risk of conflict and loss of inheritance.

You may also feel concerned about your children (or other beneficiaries) inheriting, for example, if they are **young, vulnerable** or go through a **divorce** in future.

As the future is difficult to predict, you may want **flexibility** so that decisions can be made at the time to protect inheritance from being wasted or ending up in the wrong hands.

Including a Flexible Life Interest Trust in your Will can offer several benefits:

- Protection for your spouse/civil partner
- Flexibility to respond to changing circumstances
- Asset protection
- Provide for multiple generations
- Protection of vulnerable or young beneficiaries
- Inheritance tax planning opportunities



BALANCE CONSULTANCY

Talk to us about what matters to you.

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Book a Home Visit /
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Flexible Life Interest Trust

FREQUENTLY ASKED QUESTIONS

What assets can I include in a Flexible Life Interest Trust?

Property, money, investments, and important possessions. Many people choose to include either the residue or whole of their estate within the trust.

How will my spouse be provided for?

Your spouse can be given a right to receive income generated from the trust for life.

Your trustees will also have powers to loan or gift the capital of the trust fund to your spouse and other named beneficiaries. This enables flexibility to meet future needs.

If you include your home in the trust, your spouse can be given a right to remain as well as flexibility to move to a new home that continues to be protected by the trust.

How are assets protected?

Assets are protected because the beneficiaries do not own the trust property. Trustees will only make distributions if they think that it is wise to do so. This means your legacy is better protected from third parties e.g. where there is remarriage, divorce, bankruptcy, care fees, lifestyle or vulnerability issues.

Who can be my trustees?

Trustees can be family, friends or a professional trustee. You must be confident that your trustees will act fairly. You should appoint between two and four trustees.

You can include a letter of wishes to guide your trustees over how funds are used.



Why is this type of trust good for married couples/civil partners?

- Assets passing into the trust benefit from the spousal exemption to Inheritance Tax.
- No periodic or exit charges from the trust fund apply whilst your spouse is alive (unless the trust is ended early).
- If your home is included in the trust, providing the trustees appoint out the property within two years of the survivor's death, executors may claim the valuable Residence Nil Rate band if qualifying criteria is met.
- On the survivor's death, the trust becomes a discretionary trust. Whilst this provides ongoing asset protection for your beneficiaries, your trustees should seek advice on how to manage the trust in a tax-efficient way as different rules apply.