AbsoluteWills

WHAT IS A PROTECTIVE WILL TRUST?

CHOOSING WHO SHOULD INHERIT YOUR WEALTH

Have you ever considered how you will pay the fees if you will be in need of residential care later in life?

Many people who work hard for their wealth assume that they will be able to pass this onto their family and other loved ones, but without careful arrangements, their inheritance may be reduced in order to pay your private care home needs.

The statistics show that half of all women and one-third of all men will require residential care towards the end of their life, even with the advancements in medicine and the push for a healthier lifestyle, the deterioration of age is not something many of us can escape.

With a decline in health, many families opt for their loved ones to go into residential care, where trained professionals can look after them in 24/7. The price of this can, however, can be shockingly high.

According to a study by Elder.org, care home costs in the UK average at between £3,000 and £4,000 per month, or between £36,000-£48,000 per year. With the average UK salary being around £29,000, it's easy to see why we should be worried about care-home costs; and anyone with assets that exceed £23,250 will not be entitled to any state help.

Don't risk losing your family home to pay for care in your old age.

THE COMMUNITY CARE ACT 1990

Your home could be under real threat. At least 70,000 homes were taken last year, and 4.3 billion pounds worth of inheritance was used to pay for care costs.

Using a Protective Property Trust Will or an Asset Trust specifically designed for this purpose, can avoid what could be expensive probate fees. Without a Trust in place, the government can put a charge on your house and have the legal right to force you to sell assets, even if there is still one person left in the house. They can sell the house, ordered by the court of protection, unless the house has been put into an Asset Trust. An Asset Trust is treated as a separate legal entity operated by the trustees (managers of the trust).

Many people feel that they have no choice but to sell their homes to pay for care, and it's estimated that in the UK, 60 homes per day are sold to pay for care services. This comes as a huge blow to people who have worked their entire life to have something to pass onto their children, who are then forced to sell it to pay for their later-life care.

There is, however, another way.

PROTECTIVE WILL PROPERTY TRUST

Protective Property trust Wills can be set up to ensure that estates are protected from a forced sale while one partner is still alive. By severing the joint ownership of the property legally with the Land Registry to that of 'Tenants in Common' property is normally divided 50/50 protecting your assets (individual circumstances will be different for everyone).

This protective Trust can only be made whilst both partners are alive, and not under the protection of the Court of Protection for being deemed unfit to make legal decisions.

Upon the death of one partner, the agreed share of the property will be placed into a Trust to be managed by the Trustees (usually the beneficiaries of the Will, such as the spouses' children or named beneficiary loved one). The surviving partner has the right to continue to live in the property, but they will not own the deceased partner's share.

The surviving partner can sell the property if they wish to, and the terms of the Trust will be passed onto the new property, any excess capital can be invested, giving the Trust and the surviving partner an income from the interest.

Upon the death of the second partner, the property is passed onto the named beneficiaries, usually the surviving children of the deceased couple.