



## WHAT IS AN ASSET TRUST?



At least 70,000 homes were taken last year, with over 4.3 billion pounds worth of inheritances used to pay for care costs.

You can now ring fence these assets by using an Asset trust, specifically designed for the purpose of avoiding costly probate fees and care fees as a result of having more than the state allowed assets of £23,250.

If your parents have any financial means or assets (such as a house) that they would like to pass on to you when they pass away, they will need to have a Will in place to ensure this process runs as smoothly as possible. A Will, however, gives no form of legal protection against the council forcing the sale, or attaching a charge against, the property i either party end up in a care home.

If your parents are serious about protecting your inheritance, and their financial future, they need to consider other protections, like appointing a Legal Power of Attorney, and setting up an Asset Trust.

### WHAT IS AN ASSET TRUST?

An Asset Trust is a form of legal protection that ensures that your parents' estate (finances and home) is ring fenced and protected upon their death, extending protection for up to 125 years if required. Upon the agreement of trustees (Managers of the Trust, this can be dissolved and distributed according to their letter of wishes in conjunction with their will.

Prepared by, or on behalf of, your parents, Asset Trusts are a very old form of estate planning and have many

benefits for both your parents and for you.

Some of these benefits will include:

- Protecting the whole of the property and estate to keep it intact, by ring fencing the funds so the State cannot use them to pay for care costs.
- Protecting one spouse or other discretionary beneficiaries, like children and grandchildren, when one partner passes away.
- Assets and the Estate are distributed in accordance with your parents' wishes
- Protect the beneficiaries (you) from needing to make legal decisions in especially difficult circumstances
- Protect the wishes of your parents and how they want their assets and estate to be divided upon their passing
- Leaves the control of assets and the estate always in the hands of the Settlor (your parents) and appointed trustees

### WHAT ARE THE ROLES IN AN ASSET TRUST AND HOW DOES IT WORK?

If your parents are looking to set up an Asset Trust with you as the beneficiaries, there will be a number of pieces of paperwork that both parties (your parents and all of the trustees) will need to sign whilst they are still alive and in full control of their mind and body.

An Asset Trust is a legal decision and cannot be made if the person in question is judged to be incapacitated, or if they are already in a care home. It is likely that your parents will want to

make the decisions before they get to a point where they are unable to.

Your parents will be known as the Settlor(s), this is the person or persons by whom the Asset Trust has been set up and for who's estate and assets the Trust protects.

All persons within the trust will be known as Discretionary Beneficiaries, the beneficiaries who will inherit and gain from the Trust upon the passing of your parents, once the trust has been dissolved.

Once the Trust has been drawn up, all of the Trustees will be added to the Deeds of the property and the paperwork sent to the Land Registry. Once the Land Registry acknowledges receipt and sets in place the restrictions, the Trust will be deemed as set up and in operation. You and your parents will need to do nothing further other than keep the Trust documents in a safe place.

Upon the death of your last parent, the Trust can be dissolved if the terms of the Trust have been met and all parties agree to relinquish their rights of occupation. The trust can be dissolved and distributed according to the letter of wishes and instructions to the surviving trustees, and shared amongst the Beneficiaries in accordance with the Settlor's letter of wishes and their Will.

Dissolving the Trust normally only happens once both parents have passed away. It is possible, however, that the donors may cancel the Trust any time within their lifetime if situations and circumstances change.