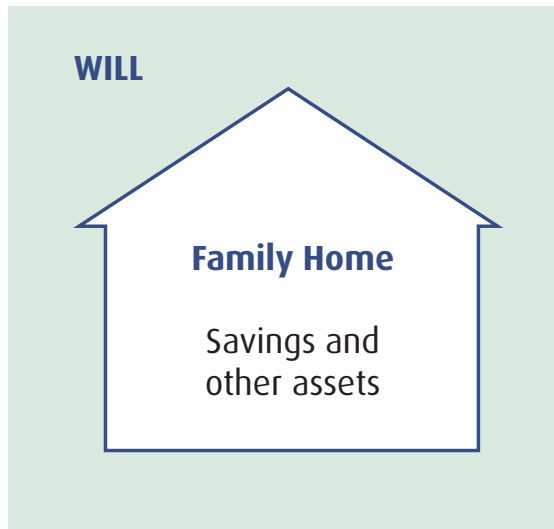


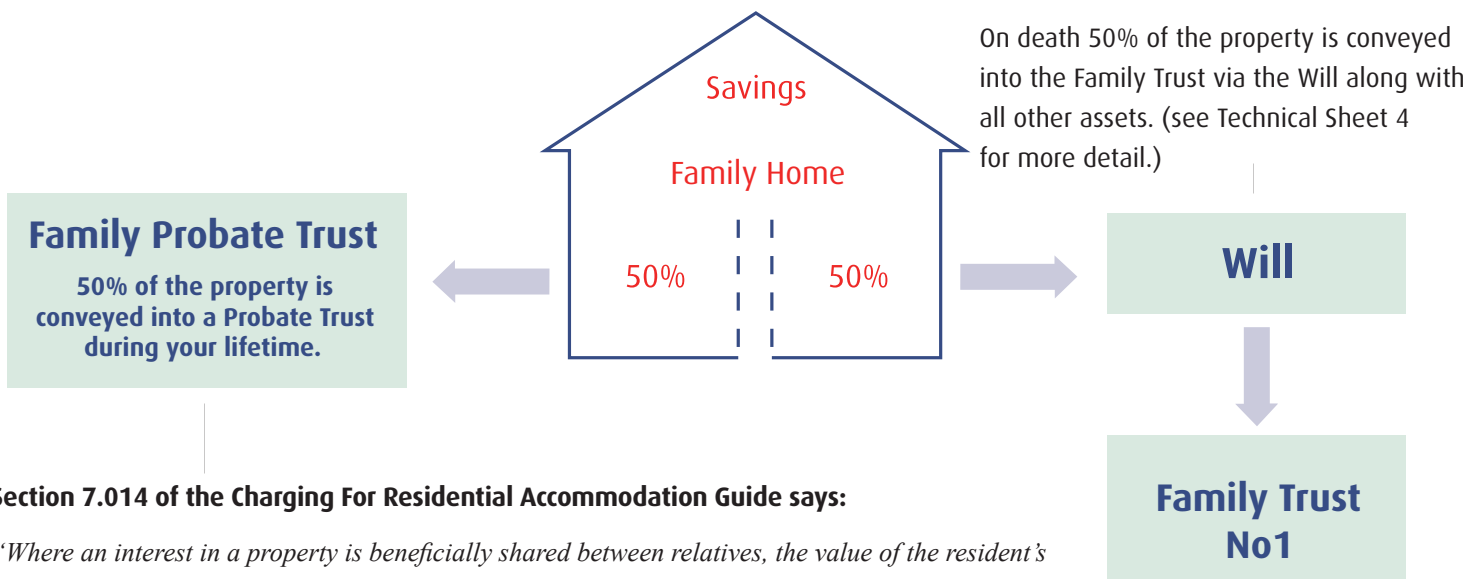
Typical Existing Planning



Home and other assets passed to children / beneficiaries absolutely.

! Care Costs
Should you require nursing care then the **whole estate** including the **family home** would be **assessed to pay for the cost of that care.**

Protecting your property - The Solution



Section 7.014 of the Charging For Residential Accommodation Guide says:

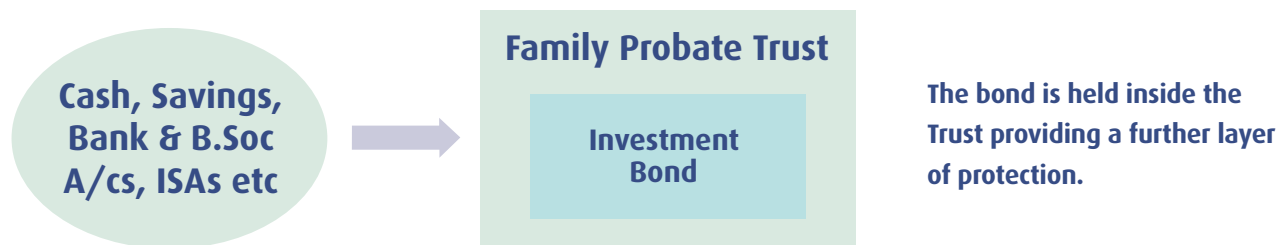
“Where an interest in a property is beneficially shared between relatives, the value of the resident’s interest will be heavily influenced by the possibility of a market amongst his fellow beneficiaries. If no other relative is willing to buy the resident’s interest, it is highly unlikely that any “outsider” would be willing to buy into the property unless the financial advantages far outweighed the risks and limitations involved. The value of the interest, even to a willing buyer, could in such circumstances effectively be nil. If the local authority is unsure about the resident’s share, or their valuation is disputed by the resident, again a professional valuation should be obtained.”

✓ This means that placing 50% of the property in a Probate Trust should lead to the property’s value being deemed as being NIL (see section 7.014 above) for the purposes of assessment for care. This is a gift and will be subject to the rules concerning ‘deliberate deprivation’ detailed overleaf.

✓ With a Probate Trust, the settlor is named as a beneficiary of the trust. Therefore there is no danger of the property being sold against the settlor’s wishes.



Protecting your liquid assets - The Solution



Section 6.002B of the department of health Charging For Residential Accommodation Guide says:

“Councils are advised that if an investment bond is written as one or more life insurance policies that contain cashing-in rights by way of options for total or partial surrender, then the value of those rights has to be disregarded as a capital asset in the financial assessment for residential accommodation...”

- ✓ This means that any liquid assets held in this particular kind of investment bond cannot be assessed for care. (subject to the rules concerning deliberate deprivation - see below)
- ✓ As both the Settlor and Beneficiary of the trust you have access to the trust assets (ie the investment bond) at all times.

Deliberate Deprivation: Deliberate Deprivation is the term used when someone knowingly gives away assets such as income or savings, or sells them at less than their market value, in order to qualify for benefits. If someone has deliberately deprived themselves of monies the local authority may assess the person as having ‘notional’ capital or income. In practice, the ability of the local authority to do this depends on how much time has elapsed between transfer of assets and the requirement for care.

Your cash and liquid assets are now protected from Care and also protected for your beneficiaries from attack by the following:

- ✓ **Divorce**
Placing the assets into Trust ensures that if your children / chosen beneficiaries are subject to divorce proceedings then what you intended them to receive is protected from any divorce settlements.
- ✓ **Future Care Costs**
Holding the assets in the trust ensures that they do not add onto the beneficiaries’ own estate and so cannot be assessed for their **care costs**.
- ✓ **Creditors or bankruptcy**
Similarly, if any of your beneficiaries was subject to **creditor claims / bankruptcy** then their inheritance would not be exposed to these claims.
- ✓ **Further or Generational IHT**
Holding the assets in the trust ensures that they do not add to the beneficiaries’ estate and impact on **their own Inheritance Tax. (see Technical Sheet 6: Generational IHT)**
- ✓ **Capital Gains Tax - CGT**
As the Settlor of the Probate Trust is also a beneficiary of the Trust, Principle Private Residence Relief will apply and there will be no CGT payable on either the sale of the property or on the death of the Settlor .

To find out how we can help call free on 0800 093 2697
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