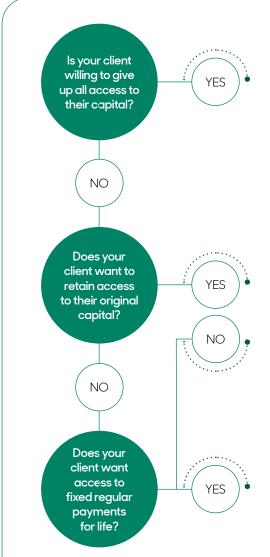


Estate Planning Solutions

For adviser use only.

Trusts are very useful in estate planning. By setting up a Trust, it can provide flexibility over who receives the trust assets and when. Different trusts have different features, each with its own unique combination of flexibility, capital access and tax implications.



The Gift Plan

- Takes gift outside of the estate after 7 years.
- · Any investment growth is immediately outside the estate.
- Choice of Absolute, Flexible or Discretionary Trusts (see next page).
- Option to invest in Wrap Personal Portfolio, Wrap International Portfolio Bond or the Onshore Bond for Wrap.
- Payment can be made to trustees after death without delay in waiting for probate/confirmation.

The Loan Plan

- Retain right to loan repayments.
- Only the amount of the outstanding loan is included in the estate on death.
- · Can recall outstanding loan at any time.
- Option to gift or waive the loan at any time.
- · Any investment growth is immediately outside the estate.
- Choice of Absolute, Flexible or Discretionary Trusts (see next page).
- Invest in either Wrap International Portfolio Bond or the Onshore Bond for Wrap.
- Payment can be made to trustees after death without delay in waiting for probate/confirmation.

The Discounted Gift Plan

- Retain rights to withdrawal payment for life or until the fund reduces to nil.
- Takes gift outside the estate after 7 years.
- The potential for immediate tax savings (the discount).
- If your client dies within 7 years, the amount within the estate for IHT purposes may be less than original gift.
- Any investment growth is immediately outside the estate.
- Choice of Absolute, Flexible or Discretionary Trusts (see next page).
- Invest in either Wrap International Portfolio Bond or the Onshore Bond for Wrap.
- Payment can be made to trustees after death without delay in waiting for probate/confirmation.

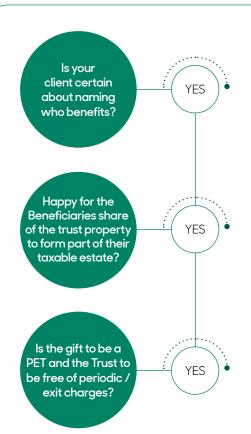






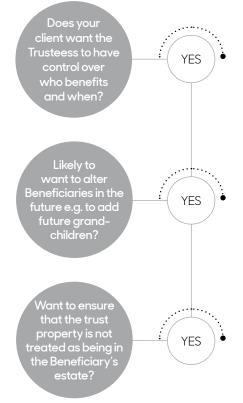


Absolute, Flexible or Discretionary Trust?



Absolute Trust

- Beneficiaries fixed at outset cannot be changed/added to by the Trustees.
- Gift is a potentially exempt transfer (PET).
- · No IHT periodic/exit charges.
- Share of trust fund is in Beneficiary's estate for IHT.
- Bond gains assessed on Beneficiaries (unless they are settlor's minor children).
- No IHT100 form reporting to HMRC.
- No IHT100a form reporting to HMRC.
- Trust must be registered on HMRC Trust Registration Service (TRS).



Flexible Trust

- A named Beneficiary has a right to income (i.e. interest in possession) but the Trustees can change the Beneficiaries at any time.
- Gift is a chargeable lifetime transfer (CT).
- IHT 20% initial/periodic/exit tax charges may apply.
- Share of trust fund not in Beneficiary's estate.
- No IHT implications on death of Beneficiary.
- For Flexible and Discretionary Trusts - Bond gains assessed on Settlor if alive and UK resident or otherwise, normally, the Trustees.
- IHT100/IHT100a form may be required by HMRC.
- Trust must be registered on HMRC Trust Registration Service (TRS).

Discretionary Trust

- No Beneficiary has a right to the capital or income from the Trust. The Trustees have final say on who benefits from the Trust and when.
- Gift is a chargeable lifetime transfer (CT).
- IHT 20% initial/periodic/exit tax charges may apply.
- Share of trust fund not in Beneficiary's estate.
- No IHT implications on death of Beneficiary.
- For Flexible and Discretionary Trusts - Bond gains assessed on Settlor if alive and UK resident or otherwise, normally, the Trustees.
- IHT100/IHT100a form may be required by HMRC.
- Trust must be registered on HMRC Trust Registration Service (TRS).

Estate Planning Solutions 2



The above information is based on abrdn's current understanding of law and HM Revenue & Customs practice as at August 2022. Legislation and taxation could change in the future. Your personal circumstances also have an impact on tax treatment.

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Please note that before buying a product, factors such as commitment and investment risk need to be considered. As with any investment the value of your investment can go up or down and my be worth less than what was paid in. Full details are available in the Key Features Documents and the Estate Planning Marketing Material.

For more information visit abrdn.com/adviser

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