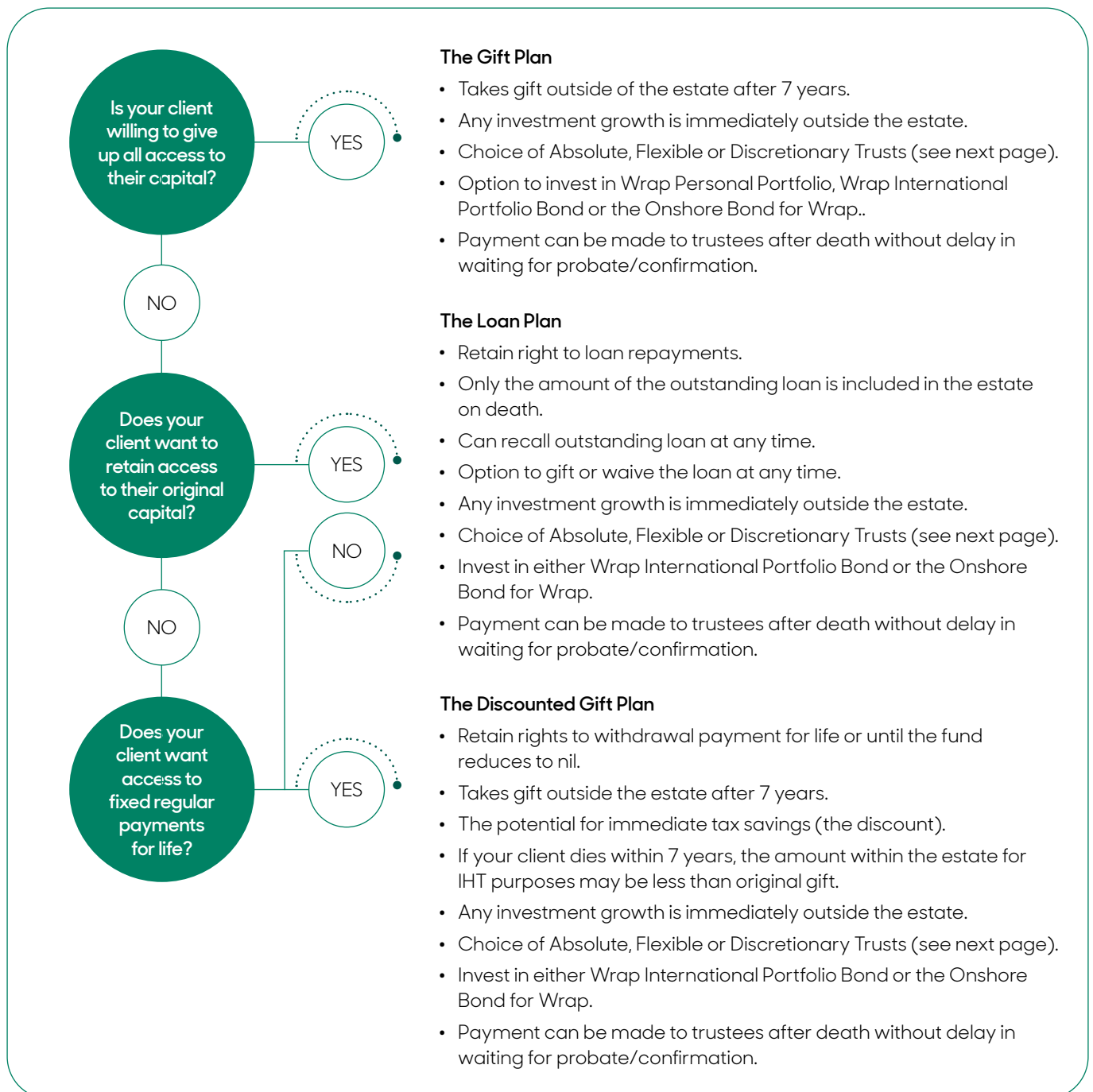


Estate Planning Solutions

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.

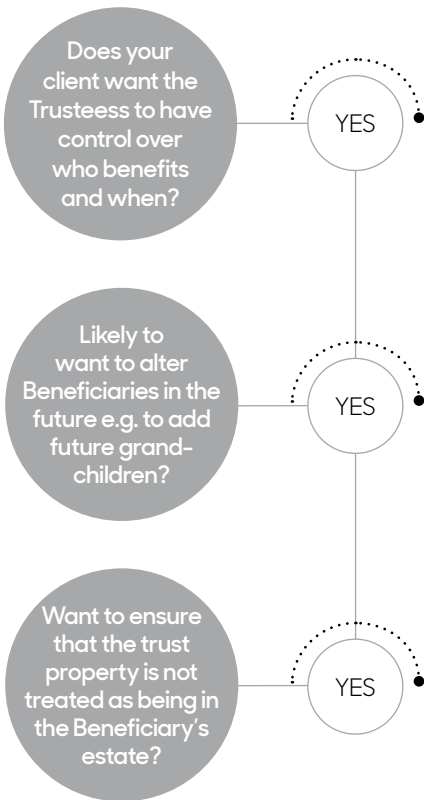


Absolute, Flexible or Discretionary Trust?



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).



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 may be worth less than what was paid in. Full details are available in the Key Features Documents and the Estate Planning Marketing Material.

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