



Guide to inheritance tax and trusts

This guide is a technical aid for financial advisers
and is not intended for customer use

 **Lincoln**
Financial Group®

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Introduction

We've put together this guide to provide you with a general introduction to inheritance tax (IHT) and trusts and to help you answer some of the typical questions your clients may ask.

Using this guide:

IHT and trusts can be a complex area of financial planning and this guide is not intended to provide a comprehensive explanation. Before using this information with your clients, you are responsible for ensuring that any additional requirements for such use under FSA rules are met.

The information contained in this guide is based on Lincoln's understanding of current law and HM Revenue & Customs practice as at April 2009, which may change in the future. For the latest information visit the HMRC's website www.hmrc.gov.uk.

This guide makes reference to gift trusts, discounted gift trusts and split trusts all of which are offered by Lincoln. It also refers to loan trusts, not currently offered by Lincoln.

Advice reminder:

Lincoln is not able to provide advice and therefore we strongly recommend that you speak to a solicitor or an independent specialist if you need advice on or assistance selecting a trust for your clients.

However, we will be pleased to help you by providing:

- draft trust forms
- literature and further information on IHT and trusts.

All are available to download at www.lincoln-ifa.co.uk

We are also able to provide information on how our life assurance and investment products could be used for IHT planning alongside our range of trusts. Please see our contact details on the back page.

Opportunities for advisers

As more and more people find their estate subject to inheritance tax (IHT), providing advice about IHT can open up many opportunities for you and your business. These include being able to fully advise clients on their financial affairs and expanding your client base.

Potential clients with an IHT liability could include, but aren't limited to:

- divorced couples who no longer benefit from the transferable nil rate band relief
- unmarried long term partners
- individuals without a will
- medium to high net worth married couples or civil partners
- recently bereaved people who have just lost their spouse.
- home owners and second home owners
- land owners

How could you be helping these clients?	
The importance of making a Will	<ul style="list-style-type: none"> ■ Reinforce the importance of having a Will that will deliver the outcome the client wants to see. ■ Use the laws of intestacy to highlight the implications of not having a Will.
Assistance with nil rate transfers	<ul style="list-style-type: none"> ■ For your married clients or those in a civil partnership, explain how it is possible to transfer all or some of the nil rate band to the surviving spouse or civil partner to help reduce their potential IHT liability. An example is shown on page 5.
Reducing or eliminating their potential IHT liability	<ul style="list-style-type: none"> ■ Work with the client to plan out how they want to take advantage of the various exemptions available to them (see pages 5 and 6) and put in place that all important record keeping.
Putting life cover in place	<ul style="list-style-type: none"> ■ Discuss the value of having a life assurance policy in place to help meet a potential IHT liability. See page 9 for more on this.
Advice on the use of trusts	<ul style="list-style-type: none"> ■ Work with clients to reduce or even eliminate a potential IHT liability by using the right trust for their situation. See page 11 for details.

How you can benefit too

The provision of IHT planning requires continued advice throughout a client's lifetime. There is therefore the potential to extend and increase your client base and the opportunity to increase income. It could also help with your wider business interests, including building relationships with professionals such as solicitors and accountants.

Inheritance tax – the basics

This section runs through the basics of inheritance tax (IHT) as it relates to a deceased's estate.

IHT thresholds	
When is IHT payable?	<ul style="list-style-type: none">■ Inheritance tax of 40% is payable when the value of a deceased's estate, including any gifts made within seven years of death, is more than the threshold for that tax year.■ The threshold for the 2009/2010 tax year is £325,000. This will be increasing to £350,000 for the 2010/2011 tax year.■ Estates valued at less than this are in the nil rate band, so pay no inheritance tax.
How does the nil rate band transfer work?	<ul style="list-style-type: none">■ For married couples and those in civil partnerships, any unused portion of the nil rate band when one partner dies is transferable to the surviving spouse or partner.■ This rule applies regardless of when the first spouse or civil partner died.■ When the remaining person dies, the nil rate band available is increased by the extra transferred percentage.■ The example on page 5 shows how this can work in practice.

Calculating the value of an estate	
How is the value of an estate calculated?	<ul style="list-style-type: none">■ The value of an estate is simply the value of assets owned by the deceased, minus any debts at the time of death.■ The value of an asset is its realistic selling price at the time of death.
What assets need to be included when valuing an estate?	<p>The asset side is essentially everything the deceased owned.</p> <p>Assets include:</p> <ul style="list-style-type: none">■ money and investments■ property and land (held both in the UK and overseas)■ possessions (e.g. cars, antiques, furniture, personal belongings and valuables)■ any business owned by the deceased and any assets/property attached to that business which the deceased owned■ lump sums paid out by life assurance plans or Alternatively Secured Pensions■ trust assets from which the deceased benefited. <p>The following also need to be evaluated to assess whether they should be included in the estate or if they are exempt:</p> <ul style="list-style-type: none">■ the deceased's share of jointly owned assets■ assets given away in the seven years before death■ assets given away at any time but in which the deceased kept an interest■ term-certain death benefits from a lifetime annuity.

Calculating the value of an estate (continued)

What debts need to be included when valuing an estate?

The debt side is any money owed by the deceased.

Debts can include:

- outstanding mortgages
- household bills for which the deceased was responsible
- credit card bills
- outstanding personal tax liabilities
- funeral expenses.

Paying the IHT bill

Who is responsible for paying the IHT bill?

- This lies with the executors or the deceased's personal representatives.

When must the IHT bill be paid?

- Payment must usually be made within six months of the end of the month in which death occurred.
- If payment is not received within this period, interest is charged on the amount that is outstanding.
- Once the tax has been paid, the grant of probate can be issued (grant of confirmation in Scotland).

What happens if the estate cannot be released in time to pay the IHT bill?

- If the money to pay the tax cannot be found from within the estate (because property has to be sold or the asset is not readily realisable) the executors or personal representatives will need to personally lend the money or borrow the amount due. This can be paid back to them from the estate before it is distributed to the beneficiaries.
- It is possible to make an 'on account' payment and pay any balance or have an excess paid back once the estate details have been finalised.

Can the IHT bill be paid by instalments?

- Yes - when the estate contains certain types of assets. These include property and land.
- If the instalments option is available, the tax is payable in ten equal annual instalments. Interest is normally added to each instalment.
- The first is due on the date that the full payment was due. The remaining balance can be paid at any time and must be paid if the asset to which the tax relates is sold.

Further information is available on the HMRC website: www.hmrc.gov.uk

Did you know?

UK taxpayers are wasting millions of pounds due to poor IHT planning – unnecessary IHT payments totalled £1.9 billion in 2008*.

*Source: www.unbiased.co.uk January 2009

Making the most of exemptions and reliefs

Your clients will pay inheritance tax on everything in their estate over the IHT threshold.

However by taking full advantage of all available exemptions and reliefs, they can ensure as much of their estate as possible can be left to their beneficiaries – not the tax man.

This section looks at the exemptions and reliefs that are potentially available under current inheritance tax rules. This can be a very technical area and we strongly recommend that you seek appropriate professional advice where the reliefs may be relevant to your client. Further information can also be found on the HMRC website: www.hmrc.gov.uk

Exemptions and reliefs

Spouse/civil partner exemption

The part of an estate that is left in a Will to a spouse or civil partner is usually exempt from IHT, provided that person is a UK resident.

In addition, gifts made in someone's lifetime to a spouse or civil partner are free from IHT even if the value is above the threshold.

Case study: Nil rate band transfer

Mark is married to Claire. Mark dies first and, at the time of his death the nil rate band is £250,000. When Claire dies, the nil rate band is £400,000. At the time of his death, Mark's estate is valued at £200,000.

- a) If Mark leaves his entire estate to Claire this is an exempt transfer. Therefore, none of Mark's nil rate band is used up when he dies. 100% remains. This means, when Claire dies her nil rate band will be £800,000, an increase of 100%.*
- b) If Mark were to leave all of his estate to his children, 80% of his nil rate band is used up when he dies. This means, when Claire dies, her nil rate band will be £480,000, an increase of 20%.*
- c) If Mark had made a gift of £50,000 to his children four years before his death, and leaves a further £125,000 to his children out of his estate, with the remaining £75,000 left to Claire, 70% of Mark's nil rate band is used up when he dies. This is because the £50,000 gift and £125,000 inheritance his children receive are assessed against Mark's nil rate band while the £75,000 left to Claire is an exempt transfer. When Claire dies her nil rate band will be £520,000, an increase of 30%.*

Charitable and political donations

Gifts made during a lifetime or from a Will, can be given to UK registered charities and some institutions, such as museums and political parties, exempt from IHT.

Annual exemption

Up to £3,000 can be given away each year. This will be exempt from any IHT when the person who has made the gift dies.

If the £3,000 limit is not used up in any one tax year it can be carried forward to the next. Any unused allowance not used in the following tax year is lost.

The annual exemption is in addition to the other gift exemptions available.

Exemptions and reliefs <i>continued</i>	
Small gift exemption	<p>Gifts of up to £250 can be given to any number of people in any one tax year exempt from IHT.</p> <p>The small gift allowance cannot be combined with another exemption when giving to the same person.</p>
Wedding and civil partnership gifts	<p>Parents can each give cash or gifts worth up to £5,000. Grandparents and other relatives can each give up to £2,000 and £1,000 can be received from other people.</p> <p>The gift (or the promise of the gift) has to be made on or shortly before the date of the wedding or civil partnership.</p>
Regular gifts out of normal expenditure	<p>Regular gifts or payments made out of taxed income are exempt from IHT. This could include payments made on birthdays or monthly payments to someone.</p> <p>Exempt maintenance payments can be made to a current or ex spouse or civil partner, dependent relatives or children who are under 18 or in full time education.</p>
Business, woodland, agricultural and heritage relief	<ul style="list-style-type: none"> ■ Business relief Allows an individual to pass on business assets before their death or in a Will and qualify for a relief of either 50% or 100% depending on the type of asset. ■ Woodland relief Allows the value of the timber to be excluded from the estate. When the timber is sold, IHT may then be due on the proceeds unless it also qualifies for relief. ■ Agricultural relief Owned agricultural property is included in an individual's estate for IHT purposes. However if the property is part of a working farm and has been owned for at least two years before death (or seven if it is rented out), it will normally qualify for relief. Agricultural relief is usually given at 100% from which rented property may only qualify for 50% depending on the date it was rented out. ■ Heritage relief Available in only very limited situations and is considered on a case by case basis by the HM Revenue & Customs Heritage team.

Potentially exempt transfers, taper relief and chargeable lifetime transfers

Potentially exempt transfers (PETs)

In addition to the exemptions and reliefs outlined on the previous pages, any gift or transfer which is not a chargeable lifetime transfer (see page 8) made to another individual or to a specified trust is exempt from inheritance tax if the donor lives for at least seven years after making the gift. Should the donor die within seven years of making such a gift, the situation is changed.

In summary, all such gifts are listed in order from earliest to latest and:

- If the value of all gifts in the preceding seven years is less than the IHT threshold, the value is added to the estate and any inheritance tax liability is met out of the estate.
- If the value of a gift takes the value of all gifts (within that seven year period) over the threshold, inheritance tax is normally due on the amount above the threshold. The tax due falls on whoever has received the gifts that are above the threshold.

What is taper relief?

In some cases, the amount of tax payable may be subject to taper relief if the donor dies within three to seven years of the gift being made. Taper relief reduces the amount of tax payable by the following percentages:

Years between gift and death	Taper relief
Less than 3	Nil
3-4	20%
4-5	40%
5-6	60%
6-7	80%

Case study: How this works in practice:

On 8 July 2008, Michael died. Michael was single and left an estate valued at £300,000. The nil rate band is £325,000. In the seven years preceding his death, Michael made the following gifts (potentially exempt transfers):

Date	Gift
August 2002	£50,000
July 2003	£200,000
September 2004	£100,000

The August 2002 and July 2003 gifts use up £250,000 of the available nil rate band. Only £75,000 remains and does not fully cover the final gift made in September 2004. The £25,000 excess above the remaining nil rate band is therefore liable to IHT at 40%.

As the September 2004 gift was made between three and seven years before his death, taper relief is available. The gift was made within three and four years of his death so 20% taper relief is available. Therefore the IHT payable would be;

$$\begin{aligned}
 &£25,000 \times 40\% = £10,000 \text{ (full IHT payable)} \\
 &\text{Less} \\
 &£10,000 \times 20\% = \underline{£2,000} \text{ (the amount of taper} \\
 &\quad \text{relief available on the} \\
 &\quad \text{full IHT payable)} \\
 &= \mathbf{£8,000 \text{ (IHT payable after} } \\
 &\quad \mathbf{taper relief)}
 \end{aligned}$$

The three gifts have used up Michael's available nil rate band so his estate is fully liable to IHT at 40%. This liability will be added to the tapered IHT that is payable on the gifts he made in the last seven years.

Chargeable lifetime transfers (CLTs)

Gifts or transfers that are not potentially exempt transfers are classified as chargeable lifetime transfers and are immediately chargeable for IHT at the lifetime rate when the total exceeds the nil rate band. The lifetime rate is currently 20% (being one half of the IHT rate).

General rules around CLTs:

- The total CLTs for the previous seven years are used to work out if the nil rate band has been exceeded.
- Any amount over the nil rate band is subject to IHT at the time of the transfer at the current lifetime rate.
- If the donor dies within seven years of making the transfer, the transfer is taxable in the same manner as potentially exempt transfers.
- If the amount of IHT payable on death is more than the amount which was payable at the time of the transfer, only the additional amount is payable on death.
- If the amount of IHT payable on death is less than the amount paid at the date of transfer, no further IHT is payable but no refund is available either.



Using trusts for inheritance tax planning

Using a trust in conjunction with a life assurance plan or investment bond can play a valuable role in inheritance tax planning.

This section looks at the trust options available and the things you and your client will need to consider when setting up a trust.

Trust law is complex and we strongly recommend that appropriate professional advice is sought before entering into any trust arrangement.

Life assurance plans when written in trust can ensure that a lump sum is available outside of the estate on death. This could then be used to help meet an IHT liability, so that probate may be granted and the estate distributed.

Placing an **investment bond** in trust can reduce the value of an estate. This also means any growth on that investment can sit outside of the estate.

Lincoln can provide further information about how its life and investment products can assist in IHT planning when written in trust.

Some of the considerations you should have in mind when looking at appropriate trusts for your client:

Where are they domiciled?	If they are domiciled outside of the UK, this will determine which trusts are available to them. (This guide is only aimed at those clients domiciled in the UK.)
Are they married or in a civil partnership?	If they are married or in a civil partnership, ensure both nil rate bands will be used effectively.
Do they need access to the asset being gifted?	The answer to this will influence which types of product and trust will be suitable as some allow access and some don't.
Should the trust be single or joint?	If you are providing IHT advice for a couple it is important to determine who owns what. In certain cases, single trust arrangements may be more suitable.
Will the client want to change the beneficiaries?	If the client wants this flexibility, it will help to determine whether the trust should be written as an absolute or discretionary trust (see page 12).

Did you know?

The main cause of 'death tax' wastage is the inclusion of life assurance policies when valuing estates*. This could be avoided by writing the policy in trust.

*Source: www.unbiased.co.uk January 2009

Some useful definitions

Beneficiary/Beneficiaries

The person(s) identified by the trust who will receive the trust's property at some time. The trust might name the beneficiaries or it might identify classes of beneficiary who are entitled to the trust property when it is distributed. A trustee can be a beneficiary.

Settlor

The person who creates the trust by transferring property into it.

Trust

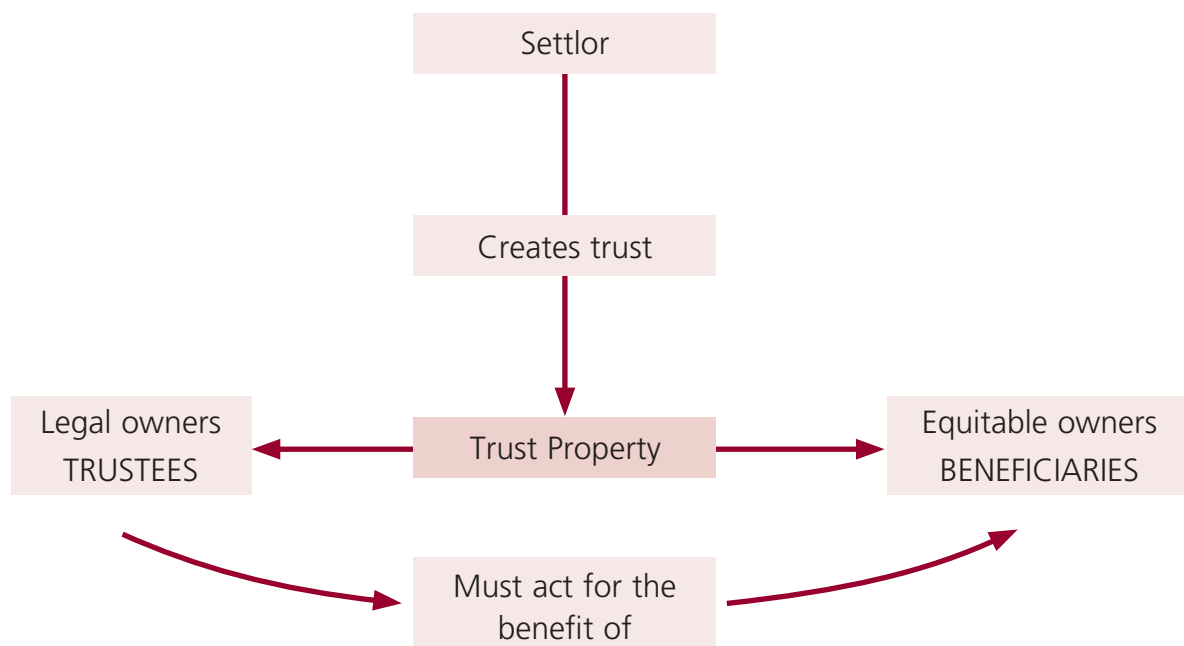
A trust is a way of arranging property for the benefit of other people without giving them full control over it. It legally binds a person (the trustee), to deal with property (the trust property) over which they have control for the benefit of others (the beneficiaries).

Trustee(s)

The person(s) who have legal ownership of the trust's property. The trustee(s) must use that property in the interests of the beneficiary in accordance with the terms and conditions of the trust. The trustee(s) must treat the rights of all the beneficiaries fairly. A company can act as a trustee.

Trust property

The property placed in trust. This could be a life assurance plan or investment bond for example.



Types of trusts used for inheritance tax planning

Gift trust

Suitable for: A client wanting to make an outright gift; they do not need access to the trust property or to benefit from it in any way.

- The most straightforward trust for IHT planning purposes.
- The settlor (or settlors) gifts the property (for example an investment bond or life assurance policy) into the trust. Having done so, the settlor loses all rights to and benefits of the property.
- The settlor is usually automatically included as a trustee.

Split trust

Suitable for: A client wanting the security of a living protection benefit such as critical illness protection, combined with the benefits of having the death benefit payable outside of the estate.

- An arrangement whereby the benefits that derive from the trust property can either go to the policyholder or the beneficiaries, depending on what triggers the payment of the benefits.
- This type of trust is most commonly associated with life assurance policies that combine critical illness (and/or other living protection benefits) with a death benefit.
- It is structured in such a way that a critical illness payment (or living protection benefit) goes to the policyholder, while the death benefit is paid to the trust's beneficiaries.
- This type of trust should be written with only one settlor and on a standalone basis i.e. separate from any life cover.

Discounted gift trust

Suitable for: A client wanting to gift capital away but who also wants to receive an income.

- This is an arrangement under which a gift into a trust provides an income to the settlor (or settlors). However the capital, and any growth, passes to the beneficiaries on the death of the settlor (or the last surviving settlor).
- The gift can reduce the size of the estate, although the gift could be a PET or a CLT (see pages 7 and 8 for definitions).
- When assessing the value of the trust property, the life expectancy of the settlor is taken into account. The value of the gift is discounted based on the life expectancy; the longer the expectancy, the higher the discounted value.

Loan trust

Suitable for: A client wanting access to capital but for any capital growth to be outside of their estate.

- This allows the settlor (or settlors) access to the capital within the trust. This is possible because the individual, rather than making a gift into the trust, makes a loan into the trust.
- Since the trust property is a loan, the settlor (or settlors) can demand repayment of all or part of the loan at any time.
- On the settlor's death, any outstanding loan is repaid to the estate with the balance distributed to the beneficiaries.
- The trustees need to be mindful of keeping sufficient value in the trust to repay the loan.

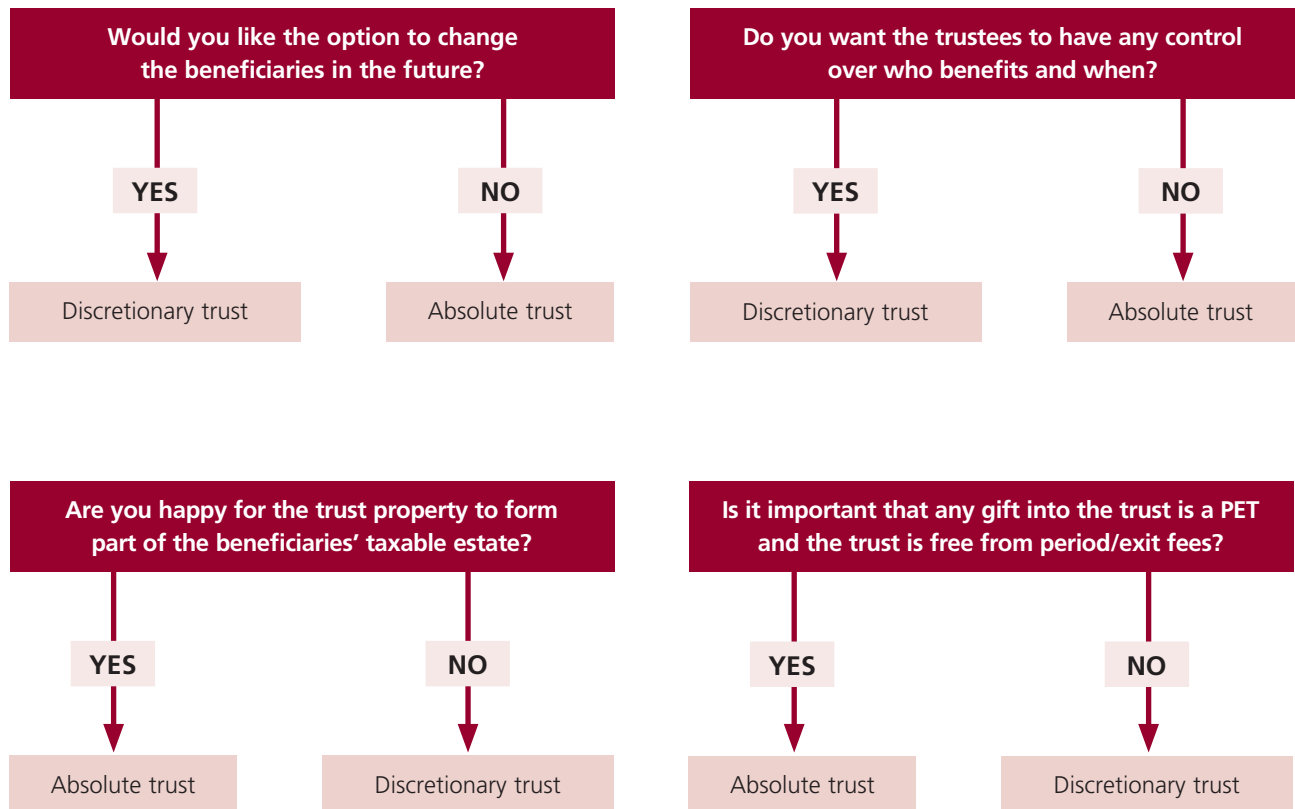
Lincoln offers a Gift Trust, Discounted Gift Trust and Split Trust but does not offer a Loan Trust.

Absolute or discretionary trusts?

Each type of trust can be set up as either an absolute or a discretionary trust depending on what the settlor wants to achieve. The table below summarises the main comparisons.

	Absolute trusts	Discretionary trusts
Beneficiaries and their share of the trust	<p>The beneficiaries and their share of the trust cannot be changed once the trust has been set up.</p> <p>The settlor(s) cannot benefit from the trust.</p>	<p>The beneficiaries and their share of the trust can be changed once the trust has been set up.</p> <p>The settlor(s) must be excluded from taking any benefit from the trust if it is to be used for IHT purposes.</p>
Control over the trust	<p>A beneficiary with 'legal capacity' can demand their vested share of the trust property at any time. Legal capacity usually means someone who has reached age 18 in England and Wales (16 in Scotland).</p>	<p>The right to decide who should benefit is with the settlor(s) until death when the responsibility rests with the trustees. This means the settlor(s), and potentially the trustees, have the power to change who should benefit from the trust and the share of the trust to which they are entitled.</p>
Availability of exemptions	<p>Gifts into the trust may be covered by an exemption. If not, the gift is considered a potentially exempt transfer – see page 7 for more details on this.</p>	<p>Gifts into the trust may be covered by an exemption. If not, the gift is considered a chargeable lifetime transfer - see page 8 for more details on this.</p>
Will the trust form part of the beneficiary's estate?	<p>From the point the absolute trust is established, a beneficiary's share of the trust becomes part of their estate.</p>	<p>The trust's property only becomes part of a beneficiary's estate when it is paid out of the trust to the beneficiary.</p>

Some of the questions you should ask your client to determine whether an absolute or discretionary trust would be best.



What are the inheritance tax implications when choosing a trust?

The type of trust chosen and whether it is written on an absolute or a discretionary basis can have IHT implications.

The following is a summary of when IHT could have an impact for both types of trust. For more detailed information, we recommend you refer to HM Revenue and Customs (www.hmrc.gov.uk) or seek appropriate professional advice.

Absolute trusts

- **When the gift is not covered by an exemption:**
 - it will be treated as a potentially exempt transfer (PET)
 - for gifts to a discounted gift trust, it is the discounted value against which any IHT assessment is made.
- **When a beneficiary dies:**
 - the value of the trust fund to which they were entitled will be included in their estate.

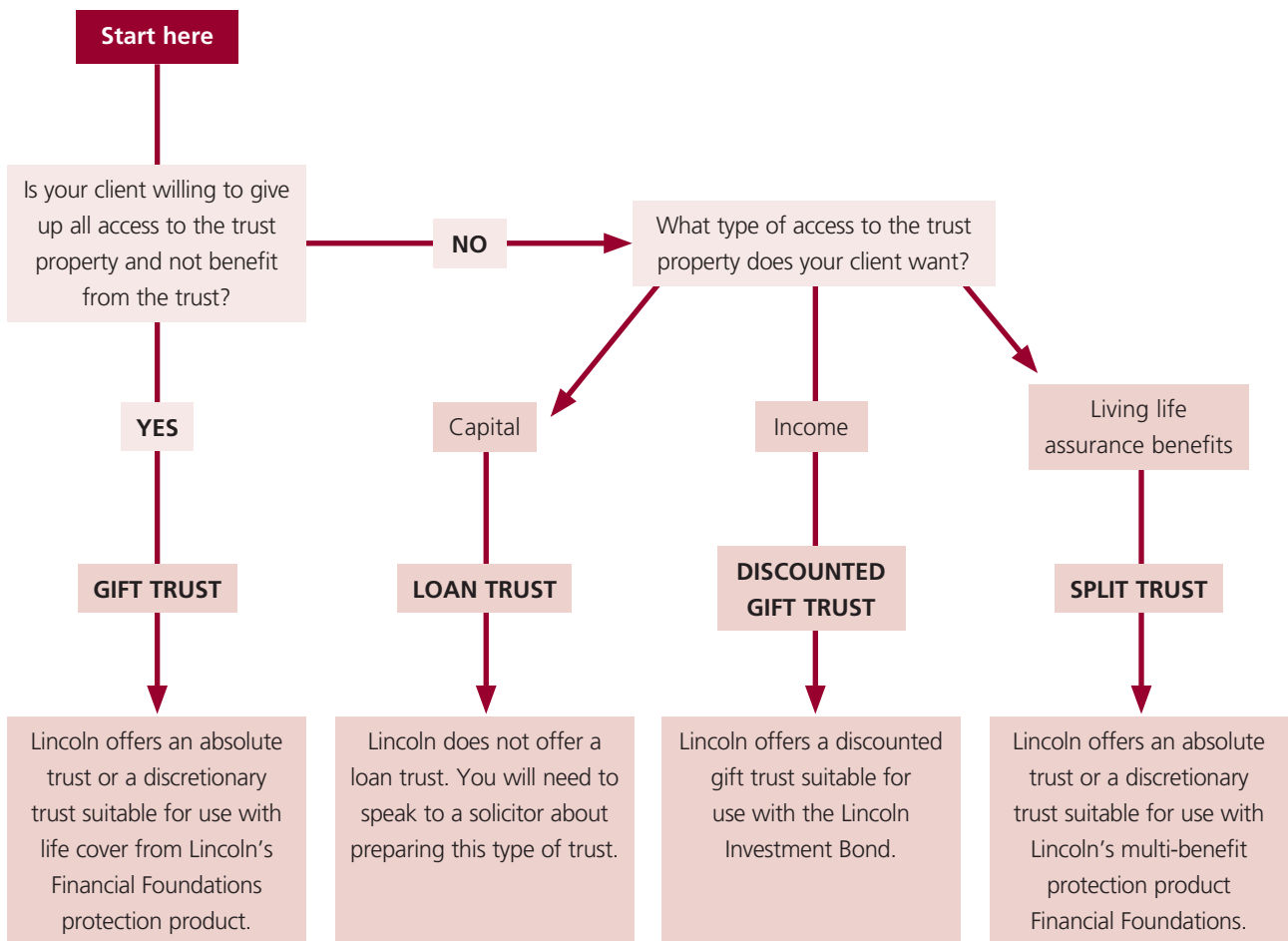
Discretionary trusts

- **When assets are transferred (or settled) into a trust:**
 - if the gift's value by itself or together with the value of other gifts made into the trust (or other discretionary trusts) in the last seven years is greater than the nil rate band, a chargeable lifetime transfer (CLT) is created. See page 8 for more on this.
- **When a beneficiary dies:**
 - the trust fund does not form part of their estate.



Choosing the right trust

As different trusts each have different features and tax implications, it's important to find the right combination for your client. Use the decision tree below to help you decide what's best for your clients.



This information is provided as guidance only. We strongly recommend you seek appropriate professional advice on setting up the right trust for your client's situation.

Frequently asked questions

Trusts	
Can a trust last indefinitely?	Unless it's a charitable trust, a trust cannot last indefinitely. Lincoln's draft trusts will run for 80 years, at the end of which, the trustees must distribute any residual trust property to the beneficiaries of an absolute trust or the default beneficiaries of a discretionary trust.
Which authorities do I have to inform about the trust?	For an absolute trust, it is only necessary to notify the local tax office at outset. No other reporting is needed. For a discretionary trust, the local tax office must be told at outset. HM Revenue & Customs must be told if a gift is made into the trust which is not covered by an exemption. An IHT100 form should be completed which is available from the HM Revenue and Customs website: www.hmrc.gov.uk .
Can a trust have joint settlors?	Trust arrangements can be made jointly. When this should happen depends upon whether the property being placed in trust is jointly owned and whether the property could otherwise be split in a way appropriate for a single settlor trust. For IHT purposes, a joint settlement is treated as two single settlements.
What is the value of a gift if it is a life assurance policy?	In this instance, the value is the higher of the policy value and the premiums paid. It is not the sum assured.

Trustees	
Who can be a trustee?	Anyone over the age of 18 and of 'sound mind' can be a trustee. However, the role of trustee brings with it responsibilities. These include: <ul style="list-style-type: none"> ■ managing the trust in accordance with its terms ■ looking after the assets of the trust ■ protecting the interests of the beneficiaries. Therefore it is not a role that everyone wants to take on. It is also important that the trustee understands the objectives of the trust and is 'in tune' with these. Often when dealing with life policies in trust the trustees are only concerned with paying the death benefits to the relevant beneficiaries. In the case of an absolute trust this is straightforward. With a discretionary trust it can be more complicated if decisions have to be taken as to who should benefit and in what proportion.
How many trustees are needed?	It is sensible – and sometimes legally necessary – to have at least two but not more than four trustees. Two trustees will be needed for Lincoln to pay any trust proceeds.
Can a settlor be a trustee?	Yes. With Lincoln's draft trust documentation, the settlor(s) is automatically appointed as a trustee. As trustee, the settlor(s) is then able to appoint other trustees.

Trustees <i>continued</i>	
What happens if a trustee dies?	<p>If a trustee dies it is not always necessary for them to be replaced. Provided there is still at least the minimum number of trustees required, the trust can continue to operate.</p> <p>If a new trustee is to be appointed this is done by a Deed of Appointment of Trustee. This is available from us on request if you have arranged the trust through us. Lincoln will need to see the death certificate of any trustee who has died.</p>
Can a trustee retire?	<p>Yes provided there are continuing trustees. A trustee can retire using a Deed of Retirement of Trustee which is available from us on request if you have arranged the trust through us.</p>
Can trustees be changed?	<p>The Lincoln trust documents enable a trustee to be removed by the settlor(s). Without this explicitly being included in the trust it could be difficult to remove a trustee and ultimately could involve the Courts.</p>
Do trustees need to be unanimous when reaching decisions?	<p>Yes. That is why it is important to have trustees who can make rational and sound judgements that are in tune with the intentions of the trust.</p>
How does Lincoln pay the benefits to the trustees?	<p>Payment is always made in the names of all the trustees. Therefore it is essential that there are at least two trustees and that they have a bank account in all their names.</p>

Beneficiaries	
How are the beneficiaries and their share of the trust set out?	<ul style="list-style-type: none"> ■ With an absolute trust, the beneficiaries and their respective shares of the trust's property are named by the settlor(s) in the trust. If the proportion is not specified, all beneficiaries will receive an equal share. ■ With a discretionary trust, there are classes of potential beneficiaries to whom the trustees could pay the benefits. Lincoln's draft discretionary trust sets out the typical classes such as children and grandchildren. ■ During the lifetime of the settlor(s) the right to specify the beneficiaries and the proportion in which they will benefit rests with the settlor(s), after which this right rests with the remaining trustees. ■ In addition, the settlor(s) specify 'default beneficiaries' to whom any residual trust property will pass at the end of the trust period. ■ When specifying the beneficiaries under a trust the settlor(s) is referred to as the Appointor. ■ With a discretionary trust the settlor may have left a 'statement of wishes'. This tells the trustees who the settlor wishes to benefit from the trust and in what proportions. However the trustees are not bound by this when deciding who should benefit from the trust and when this should happen.
Can a settlor be a beneficiary under a trust?	<p>Not under an absolute trust. Under a discretionary trust, the settlor should not be a beneficiary if it is to be used for IHT purposes.</p>

How to contact us

For you

Lincoln has a dedicated adviser support team who are on hand Monday to Friday from 8am to 8pm and 9am to 1pm on Saturdays.

Our support team can be contacted in any of the following ways and can provide quotations, product information and literature. They can also answer any queries regarding non standard cases, progress on applications, servicing or payment enquiries, change of addresses and fund switches. They are not able to provide advice.

Phone



0845 075 3535

Fax



01452 634 300

Email



ifasupport@lincolnuk.co.uk

Post



IFA Support team
Lincoln Financial Group
Barnett Way
Barnwood
Gloucester GL4 3RZ

Web



www.lincoln-ifa.co.uk

For your clients

Our Customer Services team is on hand from 8am to 8pm Monday to Friday and from 9am to 1pm on Saturdays. They will be able to deal with any of your clients' queries should you not be available but are not able to provide advice. They can be reached on



0845 605 2323



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