



Twilight Years, Trusts & Fitbits

With my birthday on the horizon, and a slight twinge in my back, I have come to the realisation that time waits for no one. Gone are the days of youthful exuberance and infectious enthusiasm. These have been replaced with copious amounts of private pension material and life insurance literature.

It's as if the world is trying to tell me, through the medium of glossy A5 pamphlets, that it's time to prepare for my twilight years.

This leads me to the topic of Life Interest Trusts. One of their benefits being the safeguarding of assets from dreaded care home fees.

Taking an example of a married couple with adult children would be the simplest way to explain their 'black magic'. We will need to assume that the couple jointly own a mortgage-free property. If the husband died, the property would pass to the surviving wife. If she entered a care home and was unable to pay the care home fees, a charge could be placed on the property. Upon her death, the charge would enable the care home to claim a proportion of the sale proceeds to recoup their fees.

But don't despair as there is a possible solution! The surviving spouse would be wise to transfer the property into one of these 'magical' trusts during her lifetime. If the property is valued over £325,000 then an Inheritance Tax Charge of 20% would be immediately payable on the amount above this threshold. The children would be named as the

Trustees. It is important that there are a minimum of two Trustees. They would be responsible for the Trust and named as the legal owners of the property at the Land Registry. It is possible to place a restriction at the Land Registry to ensure that the Trustees seek the parent's permission prior to any dealings with the property. The parent would be classed as a Life Interest Beneficiary under the terms of the Trust. This enables her to remain in the property for her lifetime despite no longer owning the home. The children would be classed as the Remaindermen. The care home would not be able to place a charge on the property as the wife no longer owns it.

Is that the sound of you falling off your chair? Well, kindly pick yourself up and dust yourself down as the pièce de resistance still needs to be delivered. Upon the wife's death, the property would pass to the children without the need of a costly Grant of Probate.

I had intended to treat myself to a Fitbit for my birthday to combat the slowing down of my metabolism. However, setting up a Life Interest Trust may be gift that keeps on giving!

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Michael Swan graduated with a Medical Sciences degree from Imperial College London before studying at the University of Law. He is both a qualified Solicitor and Notary Public and has been called to the Grenadian Bar. Michael has experience in Private Client matters including Will drafting, Lasting and Enduring Powers of Attorney, Court of Protection applications and probate matters. He is committed to delivering a high standard of service in a supportive and empathetic manner.

