

It's important to select the right type of trust



Haighwood

Financial Services

News & Blogs

The importance of trusts

Trusts are usually simple to set up, but it's important to select the right type of Trust.

What is a Trust?

A Trust helps ensure a pay-out goes to the people you'd like to benefit from your protection policy – should the worst happen. As the 'settler' (the person who creates the Trust), you can choose the people who will benefit (the 'beneficiaries'). The Trust defines how and when they can receive the money from the insurance company.

Why is a Trust so important?

Save time, reduce worry - compared to leaving your life cover benefit in your will (or if you don't have a will), a Trust provides much greater certainty and benefits.

Immediate payment – a Trust can hasten a pay-out to your loved ones, so their financial position remains sound. Where a policy hasn't been written in trust, the delay in payment could be several months.

Reduce your Inheritance Tax (IHT) liability - By writing your policy in trust, when you die the proceeds will not usually be considered when your inheritance tax bill is calculated, as the policy belongs to the trust and is not part of your estate. The premiums you pay are normally treated as gifts by HM Revenue and Customs and therefore exempt from IHT.

Be sure the right people benefit from your policy, at the right time, by putting it in Trust.

HM Revenue and Customs practice and the law relating to taxation