



What is a family trust?

Protected, secure, tax efficient.

A family trust is a way to set aside significant assets for loved ones on your terms.

Family trusts with Ludlow Trust Company are managed by our professionally qualified and highly experienced team, in accordance with the preferences and parameters you decide upon.

Each trust is designed with flexibility and control in mind. You will have freedom to guide us – your dedicated trust managers – on who you would like to benefit, when and how.

We guide you seamlessly through the process to ensure your assets are safely and efficiently preserved for those you care about. A conversation with one of our experts is strongly recommended to discuss the options available.

Is a family trust right for me?

Family trusts are here to make life easier for high net worth and ultra high net worth individuals who want to protect and transfer assets. You should consider a family trust if you have anywhere from £250,000 available to pass to family, or other loved ones – up to and including setting aside multi-millions for multiple future generations, with no upper limit.

Why set up a family trust?

Trusts can greatly reduce the impact of inheritance tax on your estate and enable your assets to be transferred in the most efficient way – giving your beneficiaries the gift of financial security for their future.

And it's never too soon to start thinking about trusts. Many trust options are designed so 'settlers' – individuals giving away assets – can see the impact of their generosity throughout their own lifetime.

Types of trust

A variety of different family trust types exist to accommodate different estate sizes and personal objectives, each with its own unique set of rules and benefits.

Understanding which one will deliver the most value for you and your loved ones is essential, so book a confidential conversation with one of our experts today.

Nil rate band discretionary trust

You should consider a nil rate band discretionary trust if you have over £325,000 in excess liquid assets. A means of sensible financial planning, this is a flexible trust option which allows you to commit your available nil rate band – meaning the amount to which your estate has no inheritance tax to pay – into a trust during your lifetime. This can be repeated multiple times, as often as every seven years.

Business property relief (BPR) trust

A BPR trust could be the right option for you if you own or hold shares in a business which you soon intend to sell and want to make a gift of some or all of the shares. The major benefit of this trust is that you can often add an unlimited amount of assets – intended for your chosen beneficiaries – without incurring any immediate inheritance tax liability. With these trusts timing is of the essence so do get in touch if you are considering a business exit.

Excess income trust

You should consider an excess income trust if you have over £100,000 of excess income, after deducting general living costs. This type of trust allows for regular gifts to be made from excess income, meaning the cash gifted is immediately outside of your estate for inheritance tax.

Deed of variation trust

If you have recently inherited from a family member or other benefactor and wish to pass it onto your own chosen beneficiaries, a deed of variation trust can



do that for you. This trust allows you to place your inheritance into a discretionary trust within two years of your benefactor's death which means it will exist outside of your own inheritance tax estate. You might even still be able to benefit.

Disabled person's trust

If you are looking to put funds aside to provide for a family member or other individual who has a mental or physical disability, this is a great way to protect both that individual and any means-tested state benefits that they might be entitled to. There is no limit to how much you can set aside and you can always add to this later as well.

Tailored trusts for your individual needs

If these popular trust types don't meet your requirements, there are a variety of other trusts which cater to specific scenarios.

Whether you're looking to find a trust which accommodates life policies, death in service policies, personal injury compensation or something else, be assured there is a tailor-made trust option for almost every eventuality.

Bare trusts, trusts linked to your will and pension, life interest trusts, accumulation & maintenance trusts and other existing trusts are just a few examples of the wide range of trusts our highly experienced team can manage.

Whatever your trust requirements, we can help.

Your expert partners

Ludlow Trust Company is a Trust Corporation, which allows us as a corporate body to act as your professional trustee. This means that when Ludlow Trust Company is appointed, our team – lead by your dedicated Trust Manager – will be on hand to seamlessly deliver informed, personalised guidance at every step.

We are experienced at working productively with clients' existing advisors and will always respect those valuable professional relationships. Alternatively, if you don't already have trusted consultants on legal, tax and/or investment matters we can help source them, including through Charter Tax, part of the Ludlow Trust Group.

Can you personally benefit from funds set aside in a trust?

In most cases, once gifted, you can't personally benefit from the funds in a trust. This rule applies to the following trust types among others: nil rate band trusts, excess income trusts, business property relief trusts and charitable trusts.

There can be exceptions to this rule, such as a deed of variation trust, disabled person's trust or personal injury trust, where you may be able to choose to retain the ability to personally benefit from the funds in future.

Need our help?

You can get in touch by calling us on 020 4534 2750, emailing us at enquiries@ludlowtrust.com or completing the form on our [Contact page](#).

You can view our [Services Terms & Conditions](#) on our website.

This information sheet is written as a general guide and the law is stated as at 5 January 2023. You must seek independent advice to satisfy yourself of any tax or legal or other consequences in connection with the establishment of a family trust.