

Your Legal Questions

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Q. What is a trust?

A. Trust a legal arrangement that places property or assets under the control of appointed trustees. It is up to the trustees to then administer the property or assets to the benefit of those named in the Trust Deed or Will.

Trusts are more common than you may think and play a key role in many aspects of everyday life. For example, most company pension schemes are structured as trusts similarly many life insurance policies are "written under trust" so that when the person insured dies, the policy pays out to a trust run by the insurer, which then pays the cash out in line with the insured person's wishes.

For most people, however the type of trust that they are most likely to be asked to make decisions about personally is a trust established to arrange for their family's financial affairs. In this context the main attraction of a trust is that they give the person creating the trust (the Settlor) greater confidence about how those assets will be used in the future. Put simply, trusts offer a means of holding and managing money or property for people who may not be ready or able to manage it for themselves. Indeed, trusts can be created to benefit people who are not even born yet - such as any future grandchildren someone may have.

Some of the most common situations where trusts are used (often in conjunction with a Will) are:

- To provide for a spouse / partner after death while protecting the interests of any children
- To protect the inheritance of young children until they are old enough to take responsibility for their own effects
- To provide for vulnerable relatives who are unlikely to be able to look after their own affairs
- To help succession planning in family businesses

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