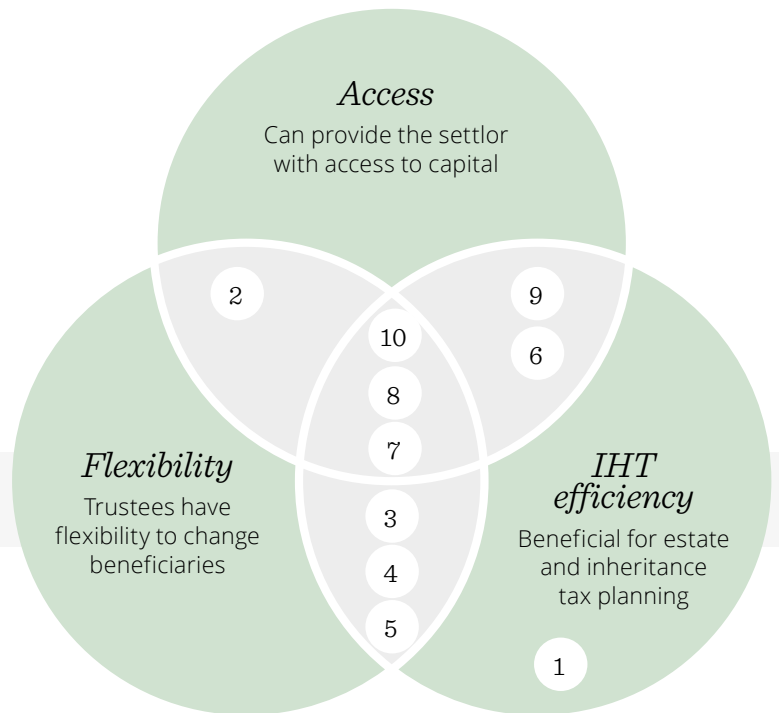


Understanding Quilter's range of trusts

Blending access, flexibility and inheritance tax (IHT) efficiency to help meet the needs of your clients



Our range of trusts

1	Absolute trust <i>(Includes the irrevocable designated account)</i>	A simple IHT solution where the client does not require access to the capital, knows who they want to leave their wealth to, and requires no future flexibility.
2	Discretionary trust settlor included	Provides clients with control and flexibility over how wealth is distributed. As the client is also a beneficiary, it is not IHT efficient.
3	Discretionary trust - settlor excluded	An IHT solution for clients who do not require access to capital and want control and flexibility over distribution of wealth.
4	Best start in life trust	A discretionary trust that provides clients with an IHT-efficient way of passing on wealth either during their lifetime or on death, and can provide tax-efficient payments for the benefit of minors (e.g. to pay for schooling).
5	Excess income trust	A discretionary trust that uses a client's excess income to build a nest egg for beneficiaries in the future, free of IHT.
6	Discounted gift trust - bare	The client gifts money to a trust and receives regular fixed capital payments for the whole of their life or until the fund runs out - no discretion to change beneficiaries.
7	Discounted gift trust - discretionary	The client gifts money to a trust and receives regular fixed capital payments for the whole of their life or until the fund runs out - discretion to change beneficiaries.
8	Lifestyle trust	A flexible solution where the client gifts money to a trust and has the option of taking capital payments plus any growth at fixed points in the future.
9	Loan trust - bare	Provides clients with unrestricted access to the original capital invested, with future investment growth being outside of the client's estate for IHT- no discretion to change beneficiaries.
10	Loan trust - discretionary	Provides clients with unrestricted access to the original capital invested, with future investment growth being outside of the client's estate for IHT- discretion to change beneficiaries.

Trusts comparison table

	Absolute trust	Discretionary trust		Best start in life trust	Excess income trust	Discounted gift trust		Lifestyle trust	Loan trust	
	1	Settlor included	Settlor excluded	4	5	Bare	Discretionary	8	Bare	Discretionary
		2	3			6	7		9	10
Is the trust IHT efficient? <i>Is the capital outside of the estate after seven years?</i>	✓	✗ <i>Gift with reservation rules apply</i>	✓	✓	✓ <i>Initial lump sum (regular payments outside estate immediately)</i>		✓	✓		✗ <i>Capital is loaned to the trustees, not gifted and remains part of the estate</i>
Is the trust IHT efficient? <i>Is growth immediately outside the estate?</i>	✓	✗ <i>Gift with reservation rules apply</i>	✓	✓	✓		✓	✓		✓
Is it a Potentially Exempt Transfer (PET)?	✓	✗	✗	✗	✗	✓	✗	✗		✗
Is it a Chargeable Lifetime Transfer (CLT)? <i>(May be subject to entry charge if over available nil rate band*)</i>	✗	✓	✓	✓	✓ <i>Initial lump sum only</i>	✗	✓	✓		✗
Might the trust be subject to a 10 year charge? <i>(if over available nil rate band*)</i>	✗	✓	✓	✓	✓	✗	✓	✓	✗	✓
Can beneficiaries be added or changed?	✗		✓	✓	✓	✗	✓	✓	✗	✓
Can the settlor (client) receive any benefit or access to capital?	✗	✓ <i>Settlor is also a beneficiary</i>	✗	✗	✗		✓ <i>Regular payments are established at outset and will continue for whole of life or until the fund runs out</i>	✓ <i>Access to payments at fixed points in the future if required</i>		✓ <i>Unrestricted access to capital invested (the loan amount)</i>
Will the trust assets avoid probate?	✓		✓	✓	✓		✓	✓		✓

* Currently £325,000 minus any CLTs made by the settlor in the seven years prior to creating this trust.

The value of your client's investments may fall as well as rise and they may not get back what they put in.

This document is based on Quilter's interpretation of the law and HM Revenue and Customs practice as at August 2023.

We believe this interpretation is correct, but cannot guarantee it. Tax relief and the tax treatment of investment funds may change.

The value of any tax relief will depend on the investor's individual circumstances.

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Please be aware that calls and electronic communications may be recorded for monitoring, regulatory and training purposes and records are available for at least five years.

Quilter is the trading name of Quilter Investment Platform Limited which provides an Individual Savings Account (ISA), Junior ISA (JISA) and Collective Investment Account (CIA) and Quilter Life & Pensions Limited which provides a Collective Retirement Account (CRA) and Collective Investment Bond (CIB).

Quilter Investment Platform Limited and Quilter Life & Pensions Limited are registered in England and Wales under numbers 1680071 and 4163431 respectively.

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QIP 20881/61/3853/August 2023