

## **Inheritance Tax and Estate Planning**

### **Inheritance Tax**

Inheritance Tax is paid if a person's estate (their property, money and possessions) is worth more than the Inheritance Tax threshold when they die.

The rules involved in inheritance tax are complex and it is for this reason alone it is important to discuss your situation with us, as only then will you be able to understand its potential effects on you, whether your loved ones will lose out on some of their inheritance and, more importantly, what can be done through us to reduce or even eliminate its effects.

### **Children's / Grandchildren's Trusts**

If you do not make provision for your children's financial future, then whilst the child is under the age of 18 years, their inheritance is held under a legal trust for their benefit. This is a complex and expensive legal procedure, as it involves an application to the courts to allow for the trust to be established. In addition to this expense, after the child reaches 18, they are quite free to spend (or worse squander) it.

Many people do not feel that this provision is suitable and therefore include this special and flexible trust in their professionally drafted Wills.

Through the Children's Trust, the parents can place an age restriction on the inheritance of 21 or maybe 25 years of age. In addition, they would also nominate trustees. These are people they have total confidence in to manage the trust for their children until they become of age and thus eliminate any costly and complex court fees.

These are also exceptionally flexible trusts. Should the trustees feel that it is suitable, they can advance funds to the children prior to the age of inheritance. For example, should a child need medical care or require funds for university.

If you have disabled or handicapped children, you can also make further long term, secure financial provision for them.