



# Abacus Will Writers

## Specialist in Will Writing & Estate Planning

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Issue 4

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### Useful Websites

For more information about our services go to:

[www.abacuswillwriters.com](http://www.abacuswillwriters.com)

For Help with Trusts go to:

<http://www.abacuswillwriters.com/Trusts.html>

<http://www.hmrc.gov.uk/trusts/types/discretionary-accum.htm>

[http://www.direct.gov.uk/en/MoneyTaxAndBenefits/Taxes/BeginnersGuideToTax/inheritanceTaxEstatesAndTrusts/dg\\_10010868](http://www.direct.gov.uk/en/MoneyTaxAndBenefits/Taxes/BeginnersGuideToTax/inheritanceTaxEstatesAndTrusts/dg_10010868)

<http://www.hmrc.gov.uk/trusts/types/index.htm>

<http://www.ftadviser.com/InvestmentAdviser/Regulation/TaxationAndTrusts/Features/article/20100412/20c03c6e-417a-11df-99fb-00144f2af8e8/Focus-Trusts--A-question-of-trust-for-generations-to-come.jsp>

<http://www.ifaonline.co.uk/cove/news/1600712/labour-cap-residential-care-costs>

[http://news.bbc.co.uk/1/shared/bsp/hi/pdfs/16\\_04\\_10\\_firstdebate.pdf](http://news.bbc.co.uk/1/shared/bsp/hi/pdfs/16_04_10_firstdebate.pdf)

<http://www.thisislondon.co.uk/standard/politics/article-23825836-teachers-and-police-will-lose-their-jobs-in-osborne-budget-says-labour.do>

**Don't forget to watch our TV programmes on Saturdays at 4pm on Sunrise TV Sky 830 &**

**Sundays at 11am on Venus TV Sky 805 and 1pm on Prime TV Sky 792 to find out why you need to write a will....**

### Pilot Trusts and Estate Planning

Following the Finance Act 2006 the default setting for the taxation of trusts is called the 'relevant property regime'. This means that virtually all lifetime trusts and certain will trusts shall be subject to an Inheritance Tax charge every 10 years and when assets leave the trust.

The calculation of such charges includes the value of all 'related settlement', namely other trusts set up on the same day (i.e. the Testator's date of death). Therefore if you have several trusts established under your Will it is likely that they will not be as tax efficient as they should be.

#### **What are Pilot Trusts?**

• Pilot Trusts are trusts set up during the lifetime of the Testator and which receive property on the death of the Testator via a specific legacy in a Will. For this reason they are also sometimes referred to as 'Feeder Trusts'.

• The pilot trusts would normally be discretionary in format and are created with a trust fund as little as £10. The Trustees could be the Testator and their spouse or civil partner or whomever is suitable to act as a Trustee in the Circumstances.

• The Will would then have a specific legacy which would 'feed' assets in to the trusts, i.e. 'I GIVE the sum of £150,000 to the Trustees of the Joe Bloggs Settlement dated 1st January 2000'. The Testator should also leave a letter of Wishes with the Trustees of the pilot trust explaining why the trust was created and whom it should primarily benefit.

### Protective Property Trust

Each year around 40-70,000 family homes are sold to cover the owners care home fees. Assets such as the family home and savings which were intended for inheritances for children and grandchildren are often reduced once the care home fees have been paid, but with advice and pre-planning this could be avoided. Giving your property to your children does not protect the home owner and provides no guarantee that the home will not be taken into account for a financial assessment. It also opens the possibility that the home may pass on to unintended parties through divorce, bankruptcy or if a child dies before a parent.



### Sponsorship

We are currently sponsors of the:

#### **The Global, Peace & Unity Event**

On the 23<sup>rd</sup> and 24<sup>th</sup> October 2010 at the ExCel Centre, London

<http://www.theglobalunity.com/>

**The Young Muslim Writers awards** due to take place May 26<sup>th</sup> 2010

<http://muslimwritersawards.org.uk/>

Tehsin Aslam is also on the board of the Office of Public Guardianship (OPG)

<http://www.publicguardian.gov.uk/>

### Weekly Schedule

#### **Saturdays at:**

4pm on Sunrise TV sky channel 830

#### **Sundays at:**

11am on Venus TV Sky channel 805 &

1pm on Prime TV Sky Channel 792

#### **Follow us on:**

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The protective property trust provides a greater protection and flexibility for the property to become owned by the trustees (sometimes this is the home owner's children) and ensure:

- The property will not be taken into account for financial assessment purposes in the event of the former owner requiring residential care
- The former owner retains the right of residence in the home for the remainder of their life and cannot be evicted in any circumstances.
- The former owner can sell the home and draw an income from the proceeds placed in the trust.
- On the former owner's death (or second death if the trust is for a married couple) the property, or proceeds of sale, passes to the chosen beneficiaries without the need for probate. Saving both time and money.

### **Election 2010: Tories will hit families with £1500 bill to fund tax cuts for the rich.**

#### **A warning from Gordon Brown**

Gordon Brown has warned the public that with the Tories in government families would be hit with a £1500 bill to fund tax cuts. The emergency budget which the Tories hope to put into place once they have won the election could cost thousands of jobs and risk putting the country in a double-dip-recession. Despite the talk of a hung parliament Gordon Brown has insisted that having David Cameron at No10 would be a risk for Britain. He said if they were elected into government the public could find that the cost of a Conservative government could be as much as £1500 by the end of the next government. As a result of the tax promises e.g. giving very rich people inheritance tax cuts.

George Osborne wants to hold an emergency budget on June 24<sup>th</sup> but he won't tell people what will be in it, since the election has been called he has set out a long list of tax cuts but he has yet to talk about the price to be paid for his promises and the real impact and effect it could have on the economy. The chancellor has said that taking between £1-2billion out of the economy would cost between 20-40,000 public sector jobs. He also added that the Tory plans could result in up to 14,200 teachers losing their jobs and 2400 fewer police officers in England, which would also have a knock on effect on the Scottish government budget.

The Tory cuts would also end the child trust fund for people earning more than £16,000 and child tax credits for parents earning more than £31,000. Darling said that Osborne and Cameron had a £38billion 'credibility gap' of unfunded election promises, from opposing cider duty to the inheritance tax giveaway which they have planned for the country's richest families. Darling has commented on the fact that the Tories do not want to tell anyone about what is written in their budget as no will know the price that has to be paid to make these cuts so are telling everyone to be aware of the different policies each party are giving and which would help, the economy, wealth and family.

