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Useful Websites

For more information about our services go to:

www.abacuswillwriters.com

For Information on trusts go to:

http://www.direct.gov.uk/en/MoneyTaxAndBenefits/Taxes/BeginnersGuideToTax/inheritanceTaxEstatesAndTrusts/dg_10010868

The budget go to:

www.hm-treasury.gov.uk

For Help with Tax go to:

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

<http://www.thisismoney.co.uk/inheritance>

Useful Websites

<http://www.telegraph.co.uk/finance/economics/>

<http://www.ft.com/home/uk>

<http://www.thetimes.co.uk/tto/news/>

<http://www.guardian.co.uk/money/2010/jun/20/mortgage-warning-unmarried-couples>

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....

Trusts

Trusts can be created during your lifetime or it could be included within a Will. They can be created by law or established by the courts if the behavior of individuals is erratic. There are many different types of trusts in existence but not many people know about 'Trusts' in general and if they do, they may not be aware of the different types of trusts available for their circumstances. When beginning to look into inheritance tax planning, the use of trusts should be looked upon especially if you would like to have control over when beneficiaries receive their inheritance as well as protecting assets. Below are different reasons to look at the use of a trust when estate planning:



Protecting Assets: A trust would be important to create if over the years assets have been built up and you would like to have control over these assets. To ensure it is not being over-indulged by unpredictable beneficiaries or spendthrifts. This is especially important when the assets are to provide for different groups of beneficiaries.

Protecting Beneficiaries: When planning for your family you want to ensure that the funds are used for the beneficiaries best interest. This is important when some beneficiaries cannot manage their own assets such as disabled children. So a trust can be a way to ensure they are protected should anything happen.

Retaining Control: Being able to transfer assets out of personal ownership but control their use can be lucrative to clients. The donor can act as a trustee and retain control of the trust fund. In the Will trusts the donor can dictate when beneficiaries should receive their gift whilst allowing management of the assets by the trustees in accordance with the testator's wishes.

To Treat Income and Capital Differently: This will allow the testator to treat the different beneficiaries differently. For example a surviving spouse can have their income provided for whilst preserving the capital for other beneficiaries. This is important if there is family from different relationships or it is highly likely that this will happen. This can also be provided for an elderly relative or those who are too young to manage their own financial affairs.

To save Tax: Having a trust can help to minimize the Inheritance Tax or avoid a high Capital Gains Tax bill by transferring assets into property trusts.

Sponsorship

We are currently sponsors of the:

The Global, Peace & Unity Event

On the 23rd and 24th October 2010 at the ExCel Centre, London

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

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

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To Avoid the need for Probate: By setting up a trust you're able to transfer assets into it therefore making those assets readily available after the settler's death. You would not need to wait for the Grant of Probate and this would avoid any financial hardship for the beneficiaries.

High Earners see the rise of Capital Gains Tax from 18 to 28%

Capital gains tax has risen to 28% for higher earners. This is relatively less than the 40% promised by the Liberal Democrats. CGT has been increased to 28% for anyone earning enough money to pay more than the basic rate of income tax. For the low earners the CGT will be held at 18% when individuals combined taxable gains and income are below the upper limit



of the basic rate of income tax that is currently £37,400. George Osbourne said of the rise in CGT 'it would raise 1bn for Treasury coffers, most of which would come in additional income tax receipts. In addition, the 10% CGT rate for entrepreneurs, which currently applies to the first £2m of qualifying gains made over a lifetime, will be extended to the first £5m of lifetime gains, a clear response to business critics who had argued that raising CGT might dampen entrepreneurial spirit.'

He said that by leaving the rate at 18% for low and middle income earners, he was excluding half the payers of CGT from the tax hike. The annual exempt amount for CGT will remain at £10,100 this year and continue to rise with inflation in future years. He said the government had considered introducing tapers or indexation allowances instead of the flat rates, but had concluded that the complexity and administration involved would have been "self-defeating".

Tenants in Common

Becoming tenants in common on properties has risen in the recent years as it is a way of minimizing inheritance tax liability. With the inheritance tax threshold staying at £325,000 per person it is easier for married couples to pass on their property to their partner, however for unmarried cohabiting couples or relatives living together a tenants in common agreement could help them.

Why become tenants in common...

This is one of the few remaining vehicles to get around the tax man and reduce the inheritance tax bill. It also prevents you having to sell your home should you go into a care home. What you do is change the ownership name of your home from joint names to tenants in common.

How it works...

If you currently own your property as joint tenants then both of you own the whole property, so in the event of one of the owners dying the second owner will automatically become the sole owner of the property. Tenants in common however makes both of the owners own a share of the property, which is typically split half and half. This allows in the event of a death for their share to be passed straight onto their children or any designated beneficiary. For inheritance tax purposes if the half is less than £325,000 then no tax will be due from the beneficiaries. The same will apply when the second partner dies, their half which is inherited by children may be below the threshold so this too will miss Inheritance tax.

For more information about becoming tenants in common either call on **0845 025 0111** or alternative email info@abacuswillwriters.com

