AEGON | Scottish Equitable

Pensions | **Investments** | Protection

For customers

Trusts decision tree

If you've decided to invest in an investment bond, there are a number of trust arrangements you can use to help reduce your inheritance tax (IHT) liability.

This simple guide gives you some information about IHT planning solutions. It's essential that you take appropriate legal and tax advice before taking any action.

Do you need flexibility and control over who can benefit from the trust and when?

No

If you're very clear that you want to give your money to one or several people, and there's no question of you changing your mind, you can take advantage of the range of **bare trusts** we offer.

Yes

Will you need access to the money in the future?

Yes

Do you want regular fixed payments for life?

No

Consider using a bare loan trust.

A **bare loan trust** is established via a loan to the trustees. You can receive regular repayments, for example 5% a year tax deferred, or ad hoc repayments. The outstanding loan forms part of your IHT estate on death. However, the growth is immediately outside your IHT estate. The named beneficiaries can't be changed, nor can their percentage share.

Yes

Consider using a bare discounted gift trust.

With a **bare discounted gift trust**, the underwritten discount and growth on the bond are immediately outside your IHT estate. You're entitled to a fixed stream of payments from the trust during your lifetime as long as there's enough money in the trust fund. The gift after deduction of the underwritten discount is a PET. You can select at the outset who benefits from the trust after your death.

No

Consider using a bare gift trust for money which you won't need.

A **bare gift trust** is established via a gift to the trustees and you give up all access to the money. The gift is considered a potentially exempt transfer (PET). You can't change the named beneficiaries or their percentage share and trustees must pay out the trust fund if adult beneficiaries ask for it.

Yes

If there's a chance that your family circumstances might change and you don't want a rigid arrangement, you can choose from our range of **discretionary trusts**.

Yes

Are you UK domiciled (in other words, is your permanent home in the UK)?

No

You could consider using an excluded property trust if, in the future, it's likely that your permanent home will be in the UK.

Yes

Will you need access to the money in the future?

Yes

Do you want regular fixed payments for life?

Yes

Consider using a discretionary discounted gift trust.

With a **discretionary discounted gift trust**, the underwritten discount and the growth on the bond are immediately outside your IHT estate. You're entitled to a fixed stream of payments from the trust during your lifetime as long as there's enough money in the trust fund. The gift after deduction of the underwritten discount is a chargeable lifetime transfer. The trustees can also control who benefits from the trust after your death.

No

Consider using a discretionary loan trust.

A **discretionary loan trust** is established via a loan to the trustees. You can receive regular loan repayments, for example 5% a year tax deferred or ad hoc repayments. The outstanding loan forms part of your IHT estate on your death. However, the growth is immediately outside your IHT estate. The trustees can control who benefits from the trust fund and when.

No

Consider using a discretionary gift trust for money which you won't need.

A **discretionary gift trust** is established via a gift to the trustees and you give up all access to the money. The gift is a chargeable lifetime transfer. The trustees can control who benefits from the gift and when.

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