

What is a trust?

November 2022

A trust is a way of managing assets such as money, investments, land or property by formally transferring the assets to a trust fund administered for the benefit of others.

A 'settlor' is the person who puts assets into a trust fund. The 'trustees' manage the trust's assets on behalf of the 'beneficiaries' who will benefit from the assets. Different types of trusts are taxed differently, and HMRC has a [guide](#) to the different types.

Common reasons for setting up a trust include when someone cannot manage the assets themselves because they are too young or may have become incapacitated. A trust can also protect a family's assets or pass on assets before or after death, allowing the settlor to set out how they wish the assets in the trust to be used or distributed. Everyday situations may be to provide for a spouse after death while protecting the interests of any children or to manage succession planning in a family business.

They are beneficial when planning how money and assets should pass from generation to generation, especially when family structures are complicated by divorces and second marriages.

The trustees are responsible for managing the trust, making investment decisions and paying taxes while fulfilling the objectives set out for the trust by the settlor.

Trust creation is a specialist area where professionals are generally needed to provide guidance and advice on the most appropriate route. Helpful reading on the topic is available at the Society of Trust & Estate Practitioners (STEP) and HMRC.

James McMullan and Lalita Kauldhar are members of STEP. So, if you're thinking about setting up a trust or need help managing one, why not call them today?

James McMullan
Partner
Head of Private Client
020 7299 6902
james.mcmullan@riaabg.com



Lalita Kauldhar
Associate Solicitor
020 7299 7004
lalita.kauldhar@riaabg.com



www.riaabarkergillette.com

Note: This article is not legal advice; it provides information of general interest about current legal issues.

