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Summary of key points for our draft trust deeds

Introduction

This factsheet is designed to give you the key points for consideration for using our draft trusts deeds with your clients. As the deeds we offer are only draft and not client specific, we would always suggest that legal and tax advice is sought to check suitability for your client's circumstances.

	Discounted gift trust	Loan trust	Gift trust	Probate trust
Versions	Discretionary and bare	Discretionary and bare	Discretionary and bare	Bare
Donor(s)	Single or joint	Single only	Single or joint	Single or joint
Initial trust assets	Cash only	Cash loan	Cash and other assets may be transferred	Cash and other assets may be transferred
Additional trust assets	No - new trust to be set up	No - new trust to be set up	Yes	Yes
Settlor's access to trust fund	Access to retained benefits. Option for payment start date can be deferred to start on different anniversaries with the discretionary version. Seek advice on implications of deferment for retained and gifted benefits. No access to gifted amount.	Access to loaned amount which is repayable on demand. No access to any growth in trust fund.	None	Complete access - no other beneficiary can benefit during settlor's lifetime
IHT - settlor	Underwritten discount and any growth in trust fund immediately outside estate. Gift outside estate on surviving 7 years.	Outstanding loan remains within estate but reduces as loan repayments taken and spent. Any growth in trust fund immediately outside estate.	Gift outside estate on surviving 7 years. Any growth in trust fund immediately outside estate.	Gift to trust and any growth in trust fund remains within estate - no IHT benefits.

	Discounted gift trust	Loan trust	Gift trust	Probate trust
IHT - trust	<p>Discounted gift to the bare version is a PET so no immediate IHT charge regardless of gifted amount. No ongoing trust charges.</p> <p>Discounted gift to the discretionary version is a CLT. An immediate IHT charge of 20% will apply where the discounted gift exceeds the donor's available nil rate band and the trustees pay the IHT.</p> <p>Principal and exit charges may apply.</p>	<p>Loan not gift so no chargeable lifetime transfer (CLT) or potentially exempt transfer (PET).</p> <p>Principal and exit charges may apply with the discretionary version.</p>	<p>Gift to the bare version is a PET so no immediate IHT charge regardless of gifted amount. No ongoing trust charges.</p> <p>Gift to the discretionary version is a CLT. An immediate IHT charge of 20% will apply where the gift exceeds the donor's available nil rate band and the trustees pay the IHT.</p> <p>Principal and exit charges may apply.</p>	<p>Trust fund value remains within settlor's estate so no CLT or PET.</p> <p>No ongoing trust charges.</p>

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