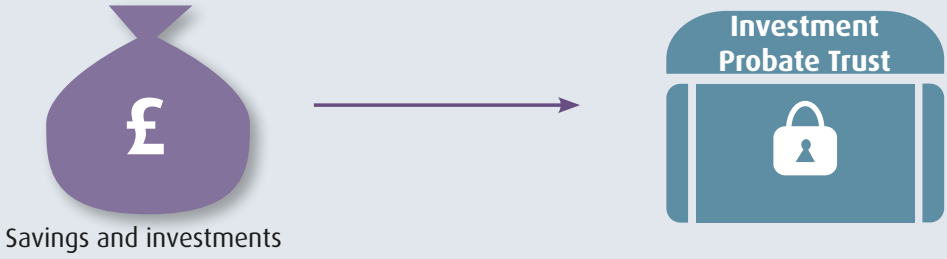
KEY FEATURES AND BENEFITS 5

Investment Probate Trust (IPT)

IT MAY BE APPROPRIATE FOR YOU TO CONSIDER TRANSFERRING YOUR SAVINGS TO AN INVESTMENT PROBATE TRUST (IPT) IN LIFE, WHERE YOU (AND YOUR CHOSEN BENEFICIARIES) CAN BENEFIT FROM THE TRUST ASSETS IN YOUR LIFETIME.

- The IPT can be useful to avoid the need to obtain probate in order to access the trust assets which can often be made immediately available to the beneficiaries.
- The IPT can be useful to avoid Office of the Public Guardian restrictions when acting under Power of Attorney as the trustee can administer the funds.
- Holding assets in an IPT can ensure that they do not add to your beneficiaries' estates and impact on their own IHT.
- Holding assets in an IPT can ensure that, if your children/chosen beneficiaries were subject to divorce proceedings, what you intended them to receive could be better protected from divorce settlements.
- If your children/chosen beneficiaries are subject to creditor claims/bankruptcy then the IPT could provide more protection from such claims.
- The IPT can be useful to mitigate or reduce 3rd party threats in certain circumstances, albeit deliberate deprivation must always be considered and success cannot be guaranteed.
- ! The IPT is not established to reduce your estate for IHT purposes, as you continue to be able to benefit from the trust assets, the assets in the IPT remain part of your estate for IHT purposes.



ACTIONS REQUIRED TO TRANSFER ASSETS TO THE IPT

Savings and investments then need to be transferred to the trustees of the IPT.

Some types of investments, notably NSIs such as Premium Bonds and ISAs, cannot be held in trust, so would have to be encashed if you are considering transferring them to an IPT.

A trustee bank account is opened to transfer the savings and investments into. The trustee bank account is a client holding account to receive monies before they are either loaned to beneficiaries or invested (financial services advice required). The bank account does not operate like a normal current account, where interest is applied and there's instant access with a bank card, hence it is not designed to retain funds long term.

Other different assets types will require different methods to make an effective transfer to the trust.

DELIBERATE DEPRIVATION

Deliberate deprivation is the term used when someone knowingly gives away assets such as property, income, investment and savings or sells them at less than their market value to move them from an assessable environment to a non-assessable environment. In practice, the ability to claim deliberate deprivation depends on many factors including how much time has elapsed between transfer of assets and the circumstances at the time of transfer.

See also KFB 12 Probate Preservation Plus Trust regarding asset protection for the home