

Realising the Benefits of a Beneficiary Protection Trust or Solidus Trust when a Client Dies

When a client dies, the full benefit of Trust planning can be realised by the family and Beneficiaries. Probate solicitors often advise clients to close Trusts (because many solicitors have little Trust experience, or do not know how to maintain Trusts economically). This will result in clients losing the protective and generational benefits. It may be beneficial to remind the Trustees of the benefits of a Beneficiary Protection Trust (BPT):

- Families may avoid the unnecessary payment of significant amounts of inheritance tax (IHT) for future generations, specifically benefiting their own children, grandchildren, nephews and nieces. Benefits equating to £40,000 for every £100,000 directed through the framework is achievable.
- Protection of Trust assets down the generations.
- Potential protection of the inherited assets from third-party claims e.g. second marriages and care-fee assessment.

Actions required after a client dies

1) **Contact Solidus**

Email support@solidustrusts.co.uk to advise us of a client death.

Let us know if details of the 'Assisted Probate Service' provided by our sister company Advisor Trusts and Probate Services Ltd ("ATPS") is required. Alternatively, for complex estates, the Executors may wish to engage for full Probate services.

To retrieve any documents stored with us we will need an authority letter signed by the Executors along with a copy of the death certificate.

2) **Probate**

To complete probate you will need to follow a four-stage process.

Stage one. The valuation phase - if you are using the ATPS Assisted Probate Service you will benefit from support and guidance when you and the client assemble estate valuations. This is cost effective for the client and enables fees to be minimised.

Stage two. The application phase – as part of the Assisted Probate Service drafts of the estate's financial documents (IHT205/400) will be provided. Once approved, you will receive finalised documents together with an oath, for the Executors to sign and swear to.

Stage three. The grant phase - ATPS will arrange the submission of the IHT forms to HMRC and deal with any queries raised by HMRC, obtaining approval to proceed with the Grant of Probate. Once the IHT release is obtained, our probate partner will apply to the Probate Office for the actual Grant of Probate.

Stage four. The fulfilment phase - Once the Grant of Probate is issued, the Executors will then accumulate any cash sums, and you will then encash any required investments or transfer them as required. The funding of the NRB can then be agreed with the client.

3) Trustee Bank Account

At the same time as probate is progressing the Trustees need to establish a Trustee Bank Account. This can either be at a local bank used by one or more of the Trustees, or Cater Allen who offer Trustee accounts (contact details are available from Solidus). Anti-Money Laundering (AML) for all Trustees will be required.

4) Realising the Benefits of the Beneficiary Protection Plan/Solidus Plan

Once the Grant of Probate is issued the advice process can begin. The Letter of Wishes to the Trustees should be reviewed and followed, unless the Trustees have good reason to follow an alternative approach. Any deviation requires unanimous agreement. There are several options open to the Trustees and they can adopt one or more of these approaches:

- **Appoint out capital to a Beneficiary** - this is generally only for smaller values as the protective and generational benefits may be lost, but is not uncommon if, for example, Trustees are seeking to minimise periodic charges.
- **Make a loan to a Beneficiary** - this is commonly used and requires Solidus to provide minutes, and one or more loan agreements. The Beneficiary can then use the funds to pay off any debt, assist their own children, or seek investment advice.
- **Invest the sum in a tax-efficient investment in the names of the Trustees** - usually a bond is invested so that Trust reporting requirements are not triggered. Minutes are suggested from Solidus and the Trustees can transfer funds from the Trustee Bank Account to the provider chosen for the investment.
- **Claim a RNRB allowance** – this is required when the RNRB allowance is required to be claimed and can be provided by Solidus Trusts in advance of probate.

With this in mind you can shape the transfer of assets.

- Encash investments that may not be transferable e.g. ISAs
- Encash or transfer shares
- Transfer and register property

5) Instructing Solidus

We require details of the transfers to the Trustees. If a loan or Appointment of Capital is required we need to know the value and to whom the benefit is to be made.

Please instruct Solidus using the 'Beneficiary Protection Trust/Solidus Trust Fulfilment' application form which is available on the Knowledge and Resource Centre of the website.