



Ian Bowyer
Partner
T +44 (0)20 7242 0631
E ibowyer@greenwoodsgrm.co.uk



Kerri Pellington-Woodrow
Partner
T +44 (0)1733 887675
E kpellington-woodrow@greenwoodsgrm.co.uk



Clare Harris
Associate
T +44 (0)1223 785289
E ceharris@greenwoodsgrm.co.uk

Follow us:



@GreenwoodsGRM



Greenwoods GRM LLP
Monkstone House
City Road
Peterborough PE1 1JE
T +44 (0)1733 887700

Compass House
Vision Park
Cambridge CB24 9AD
T +44 (0)1223 785300

1 Bedford Row
London
WC1R 4BZ
T +44 (0)20 7242 0631

E info@greenwoodsgrm.co.uk
W www.greenwoodsgrm.co.uk

There are many different types of trust and the suitability of each depends on your needs and circumstances.

Bare Trust

The beneficiary under this type of trust has an absolute right to the capital and income. The trustee has no discretion as to how and when money is paid to the beneficiary, as long as the beneficiary is an adult.

This type of trust is typically used by grandparents for making a gift to their underage grandchildren. They normally act as the trustees until the child reaches the age of 18 and any investment is then transferred into the grandchild's name.

Life Interest Trust

Under this trust the beneficiary (known as the "life tenant") has the right to receive the income from the trust fund and if the trust owns any property, the right to live in it, typically for their entire lifetime.

This trust can sometimes be referred to as an "interest in possession trust".

When the life tenant's interest comes to an end, other beneficiaries become entitled to the trust fund. This type of trust is typically established by individuals in their second marriage who wish to make provision for their new spouse but ultimately wish the assets to pass to their own children.

Discretionary Trust

A discretionary trust can also be known as a pilot trust or a spousal bypass trust. Under such a trust, beneficiaries do not have a right to benefit, merely a hope. The trustees decide how, when and to whom assets and/or income is distributed.

This type of trust might be suitable where the beneficiaries are young children. They are also commonly used for tax planning purposes and to provide for future generations.

Personal Injury Trust

The term "personal injury trust" simply refers to the source of funds and not a type of trust. Typically a bare or discretionary trust is used.

Disabled Persons Trust

The definition of a Disabled Person was updated by new laws in 2013 and 2014. Where previously a discretionary trust would have been used to protect a Disabled Person, it is now possible to use a specific type of trust designed especially for a Disabled Person ('a Disabled Persons Trust'). Provided certain conditions are met, a Disabled Persons Trust has more favourable tax treatment for inheritance tax, capital gains tax, and income tax purposes than a discretionary trust.

How can Greenwoods GRM help?

The Private Client Team at Greenwoods GRM offers practical and concise advice. The choice of trust depends entirely on your needs, circumstances and requirements.

For further information please read our individual leaflets on each trust type, which also notes the tax implications.

Contact +44 (0)1733 887665 and ask to speak to a member of our Private Client Team.

Whilst Greenwoods GRM LLP stands by the views and advice given in this document, the fact that two situations are rarely the same means that you should seek legal advice before relying on its contents.