

Are trusts just for the mega-rich?

IF YOU WERE TO ASK PEOPLE WHAT 'TRUSTS' ARE, MANY WOULD GIVE A SHRUG OF THE SHOULDERS OR SAY "SOMETHING TO DO WITH MONEY". IF THEY WERE ASKED WHO MIGHT USE A TRUST, THE LIKELY RESPONSE WOULD BE "SOMEONE WHO HAS A CONSIDERABLE AMOUNT OF MONEY AND CAN AFFORD LAWYERS".



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These widely-held perceptions need to be discarded. In this series of articles, I shall be demystifying trusts and their respective costs.

A trust is not just for the rich, and setting one up does not need to be costly. However, we need to begin with some principles first to assist you in deciding if, where and how trusts might be useful in your specific circumstances, so that you and your family can evaluate whether you should be making use of them. After reading this series of articles, if someone were to pose the above question to you, your reply will hopefully be "a trust can assist in protecting your family's assets for their benefit".

Below are the most popular questions regarding trusts – an ancient device that has been around since the time of the Crusades, over nine hundred years ago.

Q So what was different with the Crusades?

A In those times, Richard the Lionheart and his wealthy lieutenants travelled great distances in perilous circumstances and would be away for long periods. Fearing their lands and other wealth would be stolen, they left those assets with trusted friends, to manage and keep safe until they returned, but if they did not, then for the benefit of their families.

Q So trusts were for the very rich after all?

A Initially, but quite a few changes have taken place since then.

Q Don't you still have to be fairly well off to have a trust?

A This depends on what you mean – how many people say "I'm worth more dead than alive"? That is because we include in our estates such things as life assurance and death-in-service pension benefits that are only paid when we die.

Q Why use a trust? I will not be here to enjoy it.

A Most people want to ensure that they make provision for their family, so they can look to the future with the benefit of a sound financial footing.

Q How do I get a trust?

A There is more information to furnish you with before moving to the next step, and that will have to wait until next issue. **tb**