

Aren't trusts for the Mega-Rich?

by Ajay Mahan

This is the penultimate article of a series illustrating why I feel the above perception is misplaced. Using a trust to preserve wealth for those family members who are most important to you is probably more relevant today than at the time of the Crusades when trusts were first established. Since we live in times where almost everything is taxed, it makes sense by appropriate planning to save paying some tax where we legitimately can.

Q I like the sound of that but how do I know if a trust is right for me and do I need more than just one?

A The best analogy I can give you is that it is like having a car. Would you consider running your car without ever having it serviced? Nowadays you often need to take it to an expert to deal with what is under a car's bonnet. Similarly, with financial matters you need to seek out a qualified professional who knows his way around this complex maze.

Q Qualified, you say - I shouldn't simply open a directory and choose the first advert I see?

A Definitely not. First and foremost you will want to speak to someone who has experience with planning using trusts; can assess your situation; confirm to you if you would benefit from having a trust; advise you how best that can be completed and deal with all the necessary paperwork for you.

Q That narrows down the field. How will I know if I have got the right person?

A Ask - if you are speaking to a firm, do they have a person who deals with trust planning? What experience do they have? How much of their time is spent in this area? Do they have any testimonials you can look at? Qualifications are important too but are they qualified in the area where you are seeking guidance. →



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Q So I have found the right person what will they want from me?

A Information. They will require comprehensive information on your personal and financial position. It is preferable to sort out all your policies, investments and any pension details ahead of any meeting. Before deciding that a trust is right for you, you also want to consider who you wish to appoint as a trustee with you and who is going to benefit from the trust and when.

Q I am sure I have said this before but won't they charge for this?

A Certainly the advice will not be free. Ask them to confirm how they will be paid and how much it may cost before proceeding. Your first meeting is normally free of charge since this is an information gathering exercise. If it is decided that the wealth benefits to your family over the longer term would be enhanced from one or more trust arrangements, only then will there be a cost to you for the advice and implementation. This should be agreed before any work is started - you do not want to hand a blank cheque to your adviser.

Q That seems okay and from what you say I ought to be controlling the whole process to get the best outcome for my family?

A Agreed. You will need to consult a specialist but do not be taken down a path that you feel uncomfortable with or where you do not fully understand the consequences. Do not feel obliged to agree to any action if you do not fully understand. It is important that the specialist has the ability to explain matters to you so that you are able to make an informed decision.

Q Very true. There is no point in doing something as important as this if I don't understand what I have done.

A Exactly. Now I suggest you find those dusty boxes and files where your financial paperwork has been stored over the years - the information that you said you would look at later but never got around to it! You could become a twenty-first century Crusader yourself... **tb**

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