



HEWITSONS

*Private Client*

# Briefing

*Spring 2009*



***Make sure you sign  
your Will correctly***

***Vulnerable beneficiaries***

# Welcome



Welcome to the first Hewitsons Private Client Briefing of 2009.

I start by paying tribute to Partner Peter Ewart who sadly died on February 18th and would have been well

known to many of you for his work in the firm's Private Client practice.

Peter, who joined the firm in 1978, was well respected, providing firm yet fair leadership and support whilst at the same time being fun. At work he built up a large and loyal client following. He was respected for his common sense advice, knowledge of the law, diligence, attention to detail and efficiency.

Many of Peter's friends were his clients and we have had many letters writing to tell us of the wonderful support and advice that Peter provided, sometimes over generations.

We will miss Peter. He was a first class solicitor, hard working and fun, supportive of others, a truly loyal and wonderful friend and colleague.

In this issue we look at a wide range of issues, including what to consider when giving money to charity and changes to the taxation of trusts.

Our aim is to keep you up to date with the most important changes that could affect you.

If there is anything in this Briefing or any matter you would like to discuss further please contact me, Clare Colacicchi on **01604 233233** or at [clarecolacicchi@hewitsons.com](mailto:clarecolacicchi@hewitsons.com)

## Clare Colacicchi

Head of Private Client



Clare Colacicchi

# Contents

*Hewitsons proud to support the Cambridge Fitzwilliam chamber Concert Series* **02**

*Government statistics show that two thirds of UK adults still do not have a Will* **03**

*How to deal with the ups and downs of estate administration* **04**

*Make sure you sign your Will correctly* **05**

*So you want to give to charity* **06**

*EU orders UK to amend Inheritance Tax agricultural property relief* **06**

*Succession and Inheritance Tax with a foreign element* **07**

*Foreign currency, exchange rates and Capital Gains Tax* **07**

*Vulnerable Beneficiaries* **08**

ON THE COVER: Clare Colacicchi of Hewitsons with Jim Powell of Holdenby House and Charles Hewitson of Hewitsons.

# Government statistics show that two thirds of UK adults still do not have a Will

According to Government records two thirds of UK adults still do not have a Will – a figure which has remained relatively stable for decades, writes partner Sue Hughes.

**T**hese figures can only mean that the majority of people believe they do not need a Will because their estate will go to those they want it to.

This is despite the fact that most people care deeply about what happens to the property they leave behind and certainly do not mean to create a legacy of uncertainty and possible distress.

Importantly, the rules which govern what happens when there is no Will, a situation known as 'intestacy', changed on 1st February 2009. In cases where a spouse and children are left, the spouse will take all the personal effects and the first £250,000 of the estate. The balance will be divided to provide a life interest, generally half the income, with the other half available to the children equally on reaching the age of 18.

If there are no children but a living parent or sibling then the surviving spouse will take £400,000 and half the balance as a further capital payment. The balance is shared between the parents, and if no parents, the siblings. If there are no parents, siblings, children or grandchildren, the surviving spouse takes the entire estate.

Where these intestacy limits are used, they are also applied to the matrimonial home. The surviving spouse does not automatically have this in addition to the statutory legacy unless it is wholly owned by them or in the form of joint ownership known as joint tenancy.

One further aspect of intestacy gives a child the right to take whatever part of the estate they are entitled to on their 18th birthday. However, in the opinion of many parents, grandparents, aunts and uncles this is clearly too young to have control of large amounts of capital. Many would prefer to defer that point until the young adult is maybe 21 or even older. To ensure this there must be a Will in place and if drafted by a professional it will have flexible powers for use of income and capital for the young person.

Although in certain circumstances a cohabitee will be able to make a claim on



the estate for financial support, they do not automatically qualify for a share of the estate. These people can be the most vulnerable in an intestacy as they may also be party to a mortgage which they will be liable for without necessarily the funding to discharge it from the estate. There can be particularly harsh consequences if there is no insurance policy or it has been set up incorrectly.

In October 2007 the Transferable Nil Rate Band was announced by the Chancellor. This affects the Inheritance Tax levied on the estates of the second spouse to die and operates to bring into account any unused portion of the spouse's Nil Rate Band for the surviving spouse or civil partner who dies on or after 9th October 2007.

The fact that in some cases Inheritance Tax may be alleviated on the second death is not a good reason for married couples not to make Wills and does not change the position at all in respect of unmarried couples. While there are less reasons to use the Nil Rate Band on the first death, indeed many couples have Wills each containing a Nil Rate Band Discretionary Trust Legacy, there are still certain circumstances in which it may be useful:

- Those with children of a previous marriage might prefer to use a Nil Rate Band Trust in order to allow them some access to assets while the surviving (second) spouse is still alive.
- Use of the Nil Rate Band on the first death could still prevent the whole 'joint' estate being used for care fees for the survivor.

■ Legislation may change again in the future and there are those who would rather have certainty now that their Nil Rate Band has been used.

■ The Nil Rate Band Trust can still provide a useful vehicle for getting assets with Agricultural Property Relief or Business Property Relief to the next generation. This is particularly so where the surviving spouse or civil partner is not involved in the business or the farming.

■ Where one of the spouses has previously been widowed, his or her estate may in future enjoy an enhanced Nil Rate Band so it is important the other spouse uses his or her Nil Rate Band since it could otherwise be wasted. This is all the more important where a widow and widower marry each other.

In spite of the current changes to Inheritance Tax and the intestacy rules, it is still important for adults who own property or may potentially own property to make a Will.

Those whose circumstances have changed recently or have not checked their Wills for the last five years or so, should review them to ensure their current wishes and tax arrangements are up-to-date.

For further information email Sue Hughes on [suehughes@hewitsons.com](mailto:suehughes@hewitsons.com) or call **01799 522471**.

## Hewitsons proud to support the Cambridge Fitzwilliam Chamber Concert Series

**H**ewitsons is once again proud to be supporting the Cambridge Fitzwilliam Chamber Concert Series which showcases some of the country's brightest musical talents.

The series consists of six concerts in Fitzwilliam College's acclaimed auditorium, recognised as one of the best venues for chamber music in Cambridge.

Having sponsored the successful 2008 series, Hewitsons is delighted to have the opportunity to be associated with the event once again. The firm has long supported the ensemble-in-residence at the College, the Fitzwilliam String Quartet.

The dates of the remaining concerts are:

**Sunday, April 26th at 8.00 pm**

**Fitzwilliam String Quartet**  
– 40th Anniversary Concert

A celebration of four decades of outstanding chamber music-making. Early booking advised.

**Sunday, May 10th at 8.00 pm**

**Martin Outram (viola) and Julian Rolton (piano)**

An eclectic programme of music by Weber, Flackton, Delius, Bach and Brahms, together with a world premiere by Roderick Watkins.

Tickets cost £12 on the door, £9 pre-booked, £4 for students, and £23 for all three concerts. They can be purchased from Francis Knights, Director of Music, Fitzwilliam College, Cambridge CB3 0DG or email [music@fitz.cam.ac.uk](mailto:music@fitz.cam.ac.uk) or telephone 01223 477339 / 07974 344041. Visit [www.fitz.cam.ac.uk/music](http://www.fitz.cam.ac.uk/music) for more information.



# How to deal with the ups and downs of estate administration

Dealing with the death of a loved one is a difficult time for all concerned but it is vital to make sure the potentially delicate subject of probate is not ignored, writes partner David Bradley.

This is an area fraught with hidden difficulties for the unwary and clients who have dealt with probate themselves often ask for legal assistance after it has been granted. It is at this point when problems are uncovered because variations in the value of assets have been ignored.

Until last year, estate values had generally been rising so the issues usually centred around Capital Gains Tax (CGT). But, with the recession and the credit crunch tightening, values are falling and Inheritance Tax (IHT) loss relief may now be the main issue.

Before examining this in detail, it is helpful to establish a principle. When someone dies their assets are reacquired at market value at the date of death, either by the executors if there is a Will, or the administrators if there is not.

For example, if someone bought a house in 1985 for £50,000 and it is worth £400,000 at the date of death, the personal representatives acquire it at that value. The gain made during the deceased's lifetime disappears and there is no CGT payable.

Some IHT will be payable when the value is above the current threshold of £312,000 in 2008/09 (£325,000 in 2009/10). The rationale

for the CGT being wiped out is that you should not have to pay two taxes on the same asset.

Suppose now that the personal representatives sell the property for £500,000. Disregarding expenses, they will be making a capital gain of £100,000. If we assume the expenses are £6,400, the gain becomes £93,600.

If the personal representatives make no other gains in the year of sale, they will have an allowance, £9,600 (in 2008/09), to set against the gain, leaving £84,000 taxable at 18%. This represents an additional liability of £15,120.

But it may be possible to reduce this by judicious management. Suppose that the deceased left four children who are equally entitled under the Will. Instead of the personal representatives selling the property, they should consider 'assenting' it to the beneficiaries before sale.

The raw CGT computation will be the same as outlined earlier but one quarter of the gain will now be attributed to each beneficiary, all of whom may have an annual allowance which they can deduct.

With four allowances instead of one, the tax could be reduced from £15,120 to £9,936. And if one or more of the beneficiaries is non-resident he will not be liable to UK Capital

Gains Tax at all, though he may have a liability in his country of residence. This offers scope for reducing the tax yet further.

But what if, in today's difficult market, the price goes down? Suppose that, instead of making a gain of £100,000, the deceased's family are now looking at a loss of £50,000 on the probate valuation. They may well be entitled to loss relief.

The relief is given where property is sold at a loss within three years of death by 'the appropriate person'. In this example, the value of the property would be reduced from £400,000 to £350,000 and a £20,000 repayment of IHT would be available (40% of £50,000).

However, there are a couple of warnings. The sale must be made by the appropriate person, who is the personal representative, so you will miss out on the relief if the property has already been transferred to a beneficiary or beneficiaries.

Also, if there is more than one property, a gain on one must be set against any loss on the others. If personal representatives make a loss of £50,000 on one property and a gain of £60,000 on another, they should not claim loss relief because they will end up paying more IHT. This rule applies to all sales within the three-year period so, if there is more than one property in the estate, delay claiming until all have been sold, or the end of the three year period.

Before leaving the issue of fluctuating property value we should also consider the anomalous situation where property is jointly owned by the deceased and someone other than his spouse, to whom special rules apply.

H M Revenue & Customs accept the principle that it is difficult to sell part of a property and this is reflected by giving a discount on the valuation. Conventionally the discount will be 10% but it may be more where the surviving joint owner occupies the property.

The deceased's half share in a property worth £500,000 will not be worth £250,000 for IHT purposes because after the discount, the half share is worth only £225,000. If, however, the house is sold for the full value of £500,000, the deceased's half share will realise a gain of £25,000 on which CGT will be due.

It is still preferable to take the discount because it reduces the value on which IHT is payable at 40%. The price is paying CGT at 18% on the gain, but with the potential benefit of the annual allowance and scope, as we have seen above, to manipulate where the taxable gain falls and whether tax is payable at all.

What applies in the case of property also applies, in a similar way, to shares, although relief is only available for those sold within one year of death. Relief is lost or adjusted if shares are re-purchased within two months of the sale.

However, the relief and the claw back on a purchase again only apply to the 'appropriate person' so it is possible for the personal representatives to sell shares and for the beneficiaries to buy them back at the same time.

In the case of estates with large share portfolios, personal representatives should review the situation as the first anniversary of the death approaches, and realise losses where appropriate to minimise the IHT payable. They should also take care not to realise gains which will reduce the losses. This may mean waiting to sell shares which have significant gains until after the end of the first year, or appropriating the shares to a beneficiary who may realise the gain without losing relief, because he is not the appropriate person for the purposes of the legislation.

It is well worth taking specialist legal advice on these issues. The amount of tax saved can potentially pay for the advice many times over.

For further information email David Bradley on [davidbradley@hewitsons.com](mailto:davidbradley@hewitsons.com) or call 01223 461155.

## Make sure you sign your Will correctly

People often do not realise the importance of signing a Will correctly. If a Will is not signed properly it is not valid under English law.

Generally speaking for an English Will to be valid it must be signed by the person making it, otherwise known as the testator, in front of two witnesses. The witnesses must both watch the testator sign and the testator must watch both witnesses sign. If the witnesses or their spouses can benefit under the Will they will forfeit that benefit by acting as witnesses.

Matters can become more complicated where there is a foreign element involved in the Will making. This can sometimes mean that a Will which appears to be signed in accordance with English law is not valid and one which appears to be invalid is valid.

To be valid a Will must be signed in accordance with either the law in force in

the place where it is signed, the law of the place where (when it was signed or at the date of the testator's death) the testator was domiciled or had their habitual residence, or the law of the place where (when it was signed or at the date of the testator's death) the testator was a national.

There are other problems which can arise where someone has assets in more than one country. Care has to be taken if the testator draws up Wills in two different countries. The Will drawn up last can inadvertently revoke the earlier one. For example a Will drawn up in England could be revoked by a later Spanish Will intended only to deal with Spanish assets.

In this situation care must be taken that the two Wills are stated to apply only in the territories in which they are intended to take effect. This should prevent one completely revoking the other but could leave assets in a third country to pass under intestacy rules.

### Case Study One – How a Will can look valid but in fact is not

Joe is an American who owns a house in England. He visits England only occasionally and his domicile and habitual residence are in the USA.

Joe wants to leave the house to his children and when he is in England he sees his

solicitor to discuss this. The solicitor prepares a Will for Joe to sign but Joe is not in England for long and takes the Will away with him. He signs it front of two witnesses but the Will is signed in his home state which requires a Will to be witnessed by three people for it to be valid. The Will looks as though it is valid under English law but in fact is not.

### Case Study Two – How a Will can seem invalid but is actually valid

Jane is English but is living in Oceania where she has a bank account. She writes out in her own handwriting and signs a declaration that this account is to pass after her death to her niece. Under Oceanic law the bank account will pass in accordance with Jane's personal law which is English.

At first sight it seems that the declaration does not accord with English law and is invalid. It is not signed in the presence of two witnesses. But as Oceanic law recognises holographic Wills – those handwritten by the testator – as valid, the declaration is legally binding and the account must pass to the niece. It has been drawn up and signed in accordance with the law in force in the place where it was signed.



### How the credit crunch can affect past tax planning as well

Take for example a gift which was made within seven years of death but which is now worth less than it was when the gift was made. Relief is available but it depends on tax being payable on the gift as a result of the death within seven years. This will only happen if the value of the item when given is more than the nil rate band now.

For example, an asset worth £400,000 when it was given away in 2005, would be subject to tax on the death now of the person who made the gift as it exceeds the current Nil Rate Band.

If it is still owned by the person to whom it was given in 2005 but is now worth £350,000 that person can claim relief so that they pay tax on the lower value.

However, the value of the gift when it was made remains in the calculation of the taxable estate of the person making the gift, so they get no benefit from the claim for relief. The rules are detailed and if you think you are in this position you should seek professional advice.

## So, you want to give to charity?

**T**here are many ways you can give to charity, although sometimes the process can seem confusing. In the first of a three part series Hewitsons' Private Client team guide you through some of the ways you can benefit charities, and save some tax along the way.

If you've decided you want to make a gift to charity, but are not quite sure where to start, you should consider the following questions, perhaps alongside your solicitor or accountant:

- How much money can you give, and when?
- Could you set aside a regular amount from your salary?
- How much do you think you will want to give in the future?
- Would you like to leave money or other assets to charity in your Will?
- Are there any time-sensitive tax considerations, such as the end of a tax year?

The best way to give will depend on your objectives and your personal finances. However, over the next three Briefings we will be setting out some of the most tax-efficient arrangements. Firstly, we will look at making gifts either under your Will or during your lifetime.

### Gifts in your Will

This is one of the most common ways to give to charities and there are two different ways of leaving money to charities in your Will.

Firstly you may leave a specific amount of money or a particular asset, known as a pecuniary or specific gift. Alternatively you may wish to leave the residue of your estate, or a proportion of it. The residue is what is left of your estate once all other gifts and liabilities have been settled. This is known as a residuary gift.

No Inheritance Tax is payable on most outright gifts to UK charities in your Will. However, the Will can specify if the charity should benefit entirely from this Inheritance Tax exemption, or all those receiving gifts under the Will.

If you have already made a Will but wish to add a legacy to a charity, you can make a Codicil. This is a separate document which adds to or amends the Will you have already made.

If you would like to discuss ways of making gifts to charity, or ways of making your gifts more tax efficient, please contact a member of the Private Client team in either Northampton on 01604 233233 or in Cambridge on 01223 461155.

### Gifts during your lifetime

Cash gifts during your lifetime can have Inheritance Tax implications. However, gifts of cash to a charity during your lifetime benefit from an exemption for the purposes of Inheritance Tax. They do not offer any Capital Gains relief, and only limited Income Tax relief.

Where gifts of assets other than cash are made to a charity, the disposal is treated as having been made with no gain or loss for the purposes of Capital Gains Tax. Therefore, there is no Capital Gains Tax payable on the disposal. The charity may subsequently dispose of the assets free of Capital Gains Tax. In addition, where a charity receives a gift of land, it does not pay any Stamp Duty Land Tax.

Also, gifts of land and qualifying investments, including, for example, shares or securities listed on a recognised stock exchange, are eligible for further tax relief. The market value of the land or qualifying investments at the date of the gift, less any payment given by the charity, plus any incidental costs of making the gift, is allowable as a deduction against income for Income Tax purposes.

In order to claim this further relief, your yearly income must be at least as much as the value of the gift to obtain the full Income Tax benefit. For example:

- You purchase shares from your employer under an option which provide for these to be purchased for a minimal amount. The value of the shares subsequently rises.
- In due course, you wish to make a gift of the shares, now worth £5,000, to charity.
- You give the shares to the Charities Aid Foundation, a registered charity, to distribute to certain registered charities you have chosen. The Charities Aid Foundation charges a small administration fee of 1% of the value of the gift to make this distribution (£50).
- You do not pay any Capital Gains Tax on the increase in value of the shares on their disposal because they are gifted to a charity.
- The market value of the gift, less the incidental costs of making the gift (£5,000 – £50 = £4,950), is allowable as a deduction against income for Income Tax purposes provided your yearly income has exceeded £4,950.

## Inheritance Tax Agricultural Property Relief Discriminatory

**T**he European Commission has formally asked the UK government to amend the Inheritance Tax legislation governing agricultural property relief. If no action is taken the matter may be referred to the Court of Justice of the European Communities.

The Commission thinks that the legislation is discriminatory because agricultural property relief is only available in relation to land situated in the UK, the Channel Islands or the Isle of Man.

This limitation in territorial scope may dissuade taxpayers from investing in agricultural property outside the UK hence the Commission consider the legislation to be incompatible with the free movement of capital.

## Succession and Inheritance Tax with a foreign element

**N**ot all relationships such as civil partnerships are recognised in other countries. A couple in a registered civil partnership in Britain would expect to inherit from their partner in the same way that a spouse would and for assets passing between them to be exempt from Inheritance Tax.

However, the same may not be true in other countries, such as France, which do not recognise the relationship as being equivalent to marriage. Not only does this mean that tax exemptions may not be available but the surviving partner may not be entitled to inherit any part of the estate of the deceased partner.

To illustrate how careful one must be in these situations England recognises the French Pacte Civil de Solidarité when entered into by same sex couples as equivalent to a registered civil

partnership. While France does not recognise an English civil partnership it will not allow civil partners to enter into a Pacte Civil de Solidarité because they are not single.

If spouses or civil partners have different countries of birth they may run into Inheritance Tax problems. Domicile is a legal concept used as a way of connecting people to the jurisdiction of the English legal system for taxation and other purposes.

Where both parties to the marriage or civil partnership have the same domicile they will be entitled to the Inheritance Tax spouse exemption. This means that anything passing between them is exempt from Inheritance Tax.

The spouse exemption is restricted where the couple have different domiciles. In that case the spouse exemption is restricted to a cumulative total of £55,000 over a lifetime. The restricted

exemption applies where the spouse or civil partner making the gift is domiciled in England and Wales but the spouse or civil partner receiving it is not.

The value of the gift over and above £55,000 will only be exempt if it qualifies as a potentially exempt transfer. In other words the person making the gift survives making it by seven years.

On a death it is only the amount of the nil rate band plus £55,000 which will escape Inheritance Tax. One effect of this is that the deceased spouse or civil partner's nil rate band will have been used up. On the death of the surviving spouse or civil partner they will not be entitled to an increased nil rate band.

For further information email Emma Satterly on [emmasatterly@hewitsons.com](mailto:emmasatterly@hewitsons.com) or call 01223 461155.

## Foreign currency, exchange rates and Capital Gains Tax

**I**t is not always appreciated that foreign currency is an asset capable of giving rise to chargeable gains. Whether the foreign currency is in physical form or is held in a bank account a gain may arise.

In both cases there is an exemption for currency acquired by an individual for his own, his family's, or his dependants' personal expenditure outside the UK, including expenditure on the provision or maintenance of any residence outside the UK.

This raises questions, such as whether a foreign holiday home is a residence and what is personal expenditure. It seems likely that interest, earnings or profits from the sales of assets received in a foreign currency are not acquired for personal expenditure.

This means when the money is withdrawn from the account and converted to sterling a gain may arise. Often the gain will be within the capital gains tax annual exemption. But if there are other gains in the year these will still have to

be calculated to be sure that the total annual exemption is not reached.

If you are normally resident in the UK you are subject to capital gains tax on the disposal of your assets anywhere in the world. If you buy and sell an asset in a foreign currency the gain is calculated by reference to the sterling equivalent at the date of acquisition and disposal.

There are circumstances where this can convert a loss in the foreign currency into a gain in sterling. For example a property purchased for €2m in June 2007 (£1,356,600) is sold in January 2009 for €1.75m (£1,594,600). Here what appears to be a loss of €250,000 is in fact a gain of £238,000.



# Vulnerable Beneficiaries

Over the past few years and particularly since March 2006, the taxation of trusts has changed significantly and generally not for the better.

**C**ertain people need the protection of a trust, for example children and persons with a learning disability, described as "vulnerable persons" in the legislation.

In March 2006 the rules for trusts changed so that generally speaking they are subject to what is called the relevant property regime. This is the regime which previously applied only to a discretionary trust where the Trustees have a complete discretion as to the payment of income and capital amongst the qualifying beneficiaries.

As a result of lobbying, the relevant property regime was relaxed for certain children benefiting under a Will. The legislation introduced the concept of a trust for a "bereaved minor". This is a trust which is set up under the Will, or by reason of the intestacy, of a deceased parent, step-parent or a person having parental responsibility for a bereaved minor.

Under the old law if trusts were set up for minor children, provided they satisfied certain conditions, there was no Inheritance Tax charge when the child received the capital of his share of the trust fund.

The changes to the law mean that trusts for children generally do not enjoy any special favours and will be part of the relevant property regime. However, trusts established for a bereaved minor, as defined, will not suffer an Inheritance Tax charge when the minor becomes entitled to capital no later than on attainment of his or her majority at 18.

There are certain saving provisions for trusts under a Will for a bereaved minor when the testator wishes to defer the age the beneficiary becomes entitled to capital to 25. For this extended type of trust there is an Inheritance Tax liability when the beneficiary becomes entitled to capital but this is at a modest rate and many parents take the view that it is worth paying for the benefit of deferring the capital vesting age for the child's financial protection.

There are special regimes which apply to trusts for the benefit of vulnerable beneficiaries whether minors or adults as mentioned earlier. The rules are by no means straightforward but provide for certain Income Tax, Capital Gains Tax and Inheritance Tax reliefs.



A trust for such a vulnerable beneficiary can be set up under a Will. Sometimes the trust is set up during the settlor's lifetime, usually by the parent, an advantage being that other persons such as grandparents can contribute to the trust from time to time.

There are different ways of approaching such trusts but they include:

- A discretionary trust which would include the vulnerable beneficiary and also other persons such as brothers and sisters. A discretionary trust gives the greatest flexibility to trustees in relation to what they pay out in terms of income and capital. The hope would be that such a trust is not prejudicial to beneficiaries receiving state benefits where in certain circumstances the beneficiary owns capital or is entitled to income such benefits might be reduced or withdrawn.
- A trust can be set up where the vulnerable beneficiary is entitled to income as of right although the capital itself is protected.
- Sometimes what is called a bare trust is established which gives the beneficiary the right to both income and capital but the assets are held by the trustees giving some protection but only with the agreement of the beneficiary after he is 18.

Trusts guaranteeing the right to income or bare trusts will almost certainly result in a loss of State benefits which may be means tested

which is the reason that discretionary trusts are often the best option.

The reliefs for trusts for vulnerable beneficiaries essentially provide a scheme of looking through the trust and treating the interest as owned by the beneficiary. This is either to enable the beneficiary's own tax rates to apply or to avoid the Inheritance Tax charges which normally apply to a discretionary trust under the relevant property regime during the beneficiary's lifetime.

If a trust comes within the vulnerable beneficiary rules there can be advantages for the settlor setting up the trust for Inheritance Tax and avoiding an immediate set up charge. Under the old rules, there was much greater choice in the type of trust available to protect the vulnerable beneficiary or indeed any beneficiary with the need for protection. Nevertheless, a trust is usually the best way forward to give a parent the peace of mind of knowing there is a suitable provision in place for the beneficiary.

For further information email Daniel Curtis on [danielcurtis@hewitsons.com](mailto:danielcurtis@hewitsons.com) or call **01223 461155**.

**For further copies please contact:**

The Marketing Department, Hewitsons, Shakespeare House, 42 Newmarket Road, Cambridge CB5 8EP Tel 01223 461155  
[www.hewitsons.com](http://www.hewitsons.com)

Hewitsons LLP is regulated by the Solicitors Regulation Authority.