



Private Client Law Bulletin

'SPECIAL NEEDS TRUSTS'

Trusts are the traditional means of providing for disabled beneficiaries, whether minors or adults. They are of particular importance in the field of personal injury with ever-increasing compensation awards and are generally a more practical alternative than managing funds through a Receiver appointed by the Court. Trusts for those suffering from mental incapacity provide a legal framework for achieving a number of objectives including protecting the value of the trust fund, flexibility, investment of funds and management of income and capital payments.

The choice of trust is crucial, (bare trust, interest in possession or discretionary,) in ensuring that the objectives are met and requires careful consideration of the beneficiary's individual circumstances.

The drafting of special needs trusts is more difficult because account must be taken of welfare benefits and special tax reliefs. Certain disabled trusts qualify for favoured inheritance tax and capital gains tax treatment. It is essential to ensure, where appropriate, that means tested benefits are preserved and advisors need to have a detailed knowledge of the rules relating, for example, to the disregard of capital and income. In addition to providing advice on the setting up of these trusts we can also offer a trustee service either in conjunction with family members or where none are willing or able to take on this role.

If you would like an informal chat or require any specific advice in connection with the material contained in this bulletin, or on any other Private Client issues, please contact the Liverpool office on 0151 600 3451 or the Manchester office on 0161 836 8800.

If you no longer wish to receive these bulletins, please contact the Marketing Team on 0151 600 3032

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