

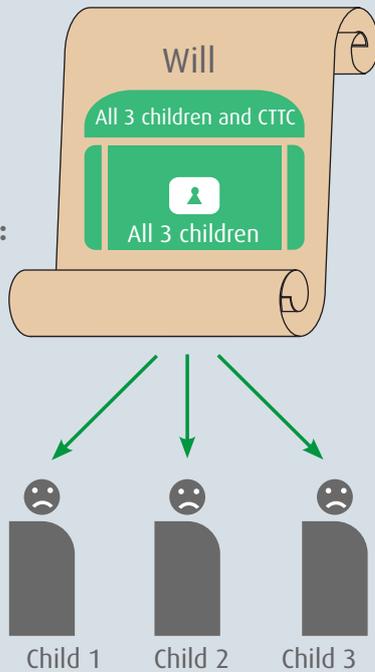


Multiple Trusts (Sibling)

TYPICAL PLANNING WITH 1 TRUST

Trustees:

Beneficiaries:



All 3 children are beneficiaries of the Trust.

All 3 children are Trustees of the Trust alongside CTC Ltd as Professional Trustees.

Leaving assets to a single Trust is a better solution than leaving assets absolutely, but is it the best solution when there are multiple beneficiaries?

The Problem:

- ! If all of the Trustees cannot agree on a course of action, no action can be taken and the Trust cannot operate effectively = COSTS!
- ! Beneficiaries who are also Trustees who will not co-operate with each other will cause the Trust to be unworkable = COSTS!
- ! This leads to dissatisfaction and disappointed beneficiaries = COSTS!
- ! This also means the integrity of the planning may be compromised.

WHY USE MULTIPLE SIBLING TRUSTS?

Setting up a Trust is a flexible way of giving away assets without passing them absolutely to Beneficiaries, and multiple Trusts can provide even more flexibility.

There are many reasons to consider Multiple Sibling Trusts:

The overriding benefit of utilising Multiple Sibling Trusts is that the protection of the Trusts can run for the 'life' of the Trusts with each Trust being afforded its own autonomy.

✓ Autonomy & Management

You can appoint different Trustees to different Trusts if desired. This means that control and decision making powers can be in the hands of different people for different Trusts. Trustees must act unanimously, and this can become an issue where there are disputes between the Trustees and they no longer see eye to eye. Trusts can no longer operate effectively if the Trustees cannot agree on a course of action, and it may be that the funds cannot be utilised for the benefit of Beneficiaries as a result. Allowing different Trustees to act across a number of Trusts means that each Trust can be managed independently of others.

✓ Costs

Where the Trustees of a Trust are concerned with one family or branch of the family as opposed to numerous members with different needs, the management of the Trust can be simpler, and therefore cheaper. A group of simple Trusts is much simpler to manage than a single Trust with many purposes, mixed assets, multiple Beneficiaries and more potential for conflict amongst them.

✓ Divorce

Where a Beneficiary of a Trust gets divorced, any benefits they have received from a Trust may be taken into account in a settlement. If the Beneficiary can benefit from a number of Trusts but to date has only received a benefit from one Trust, for example, it is likely that only the Trust they have received a benefit from so far is at risk of being included in any settlement. Any Trust or Trusts that a Beneficiary has not received a benefit from to date may not be included in a settlement, as they have not yet received anything from the Trust. This can be a way of better protecting the assets, as the increased separation reduces the risk of attack.

✓ Different Beneficiaries

You can have different Beneficiaries in different Trusts. This will ensure privacy and separation for all parties, as the Beneficiaries of a Trust will not be involved in the use of funds for any other if they are not parties to the settlement.

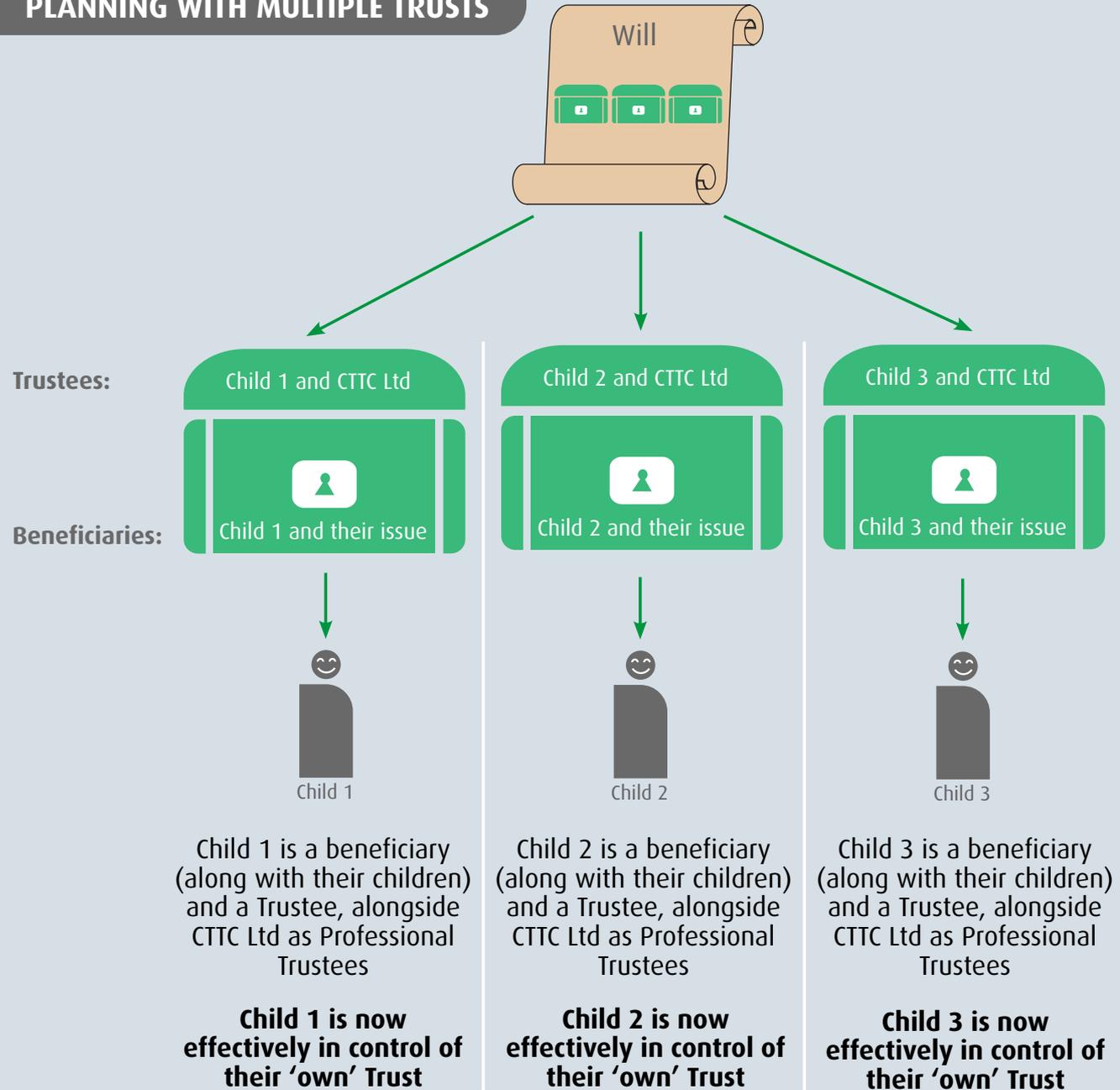
We use the term 'sibling' to illustrate the relationship between the Trusts. In many cases, the beneficiaries can also be siblings.

The Solution:

Allowing different Trustees to act across a number of Trusts means that each Trust can be managed independently of others

- ✓ Often the beneficiary will be their own Trustee, reducing the risk of any conflict.
- ✓ Happy Trustees = happy beneficiaries.
- ✓ The protection of the Trusts is able to continue.

PLANNING WITH MULTIPLE TRUSTS



There is no limit as to how many Trusts can be created. Ideally, you want to create as many Trusts as you require for each beneficiary or purpose. For full autonomy, if clients are also utilising Interest in Possession Trusts, Business Trusts or Agricultural Trusts, a trust per beneficiary should also be established. (see Key Features & Benefit Sheets 2, 102, 9 and 109)

This sheet contains only general planning and is not to be construed as advice for any personal planning. Each strategy recommended is based on individual circumstances.