



Trust registration – Issues facing lay trustees.

Case study – inexperienced lay trustees

We will look at Paul Harvey who is both the trustee and settlor of a loan trust set up in 2010 for £300,000 using a discretionary trust deed (with loan agreement). This trust is classed as a non-taxable trust as there has been no tax charge yet falling on trustees. Paul has no real appreciation of the duties of trustees and faces the following issues:

- ✓ He does not have a copy of the trust deed to hand.
- ✓ He does not understand why his trust needs to register with the TRS when it is not taxable.
- ✓ He was happy to use a loan trust as it kept his options open and seemingly, he did not have to follow too much protocol. This now looks like hard work!
- ✓ Having started to read up a little more on trusts via HMRC and other sites he is increasingly alarmed that there may be steps he has not followed like having trustee meetings, record of gifts, letters of wishes, updating wills LPAs etc.

How can the QB service help?

Our service requires only a minimal involvement from trustees.

- ✓ Advisers complete our on-line interactive questionnaire giving us the information required. From this we produce a copy of the data in a PDF format, a contract for the lead trustee to sign (electronically) and an invoice for the settlor or trustees to pay.
- ✓ Paul receives an email from his advisers to explain the issues, to offer the service and to attach the report/contract/invoice.
- ✓ Paul agrees to use the service by signing the contract (electronically). He also takes on board the need to check the data accuracy.
- ✓ Paul receives back the certificate and all passwords account numbers etc so that going forward (as the lead trustee) he can make any minor changes e.g., trustee change of address.

How else can we support Paul?

- ✓ Based on the data obtained in the process of registering the trust several options have been highlighted in the QB feedback. These include the need to host a trustee meeting, establish a letter of wishes, share the record of gifts etc. In this situation Paul is also approached to consider the options around gifting some of the funds he retained access to, i.e., the initial amount loaned. Paul accepts the point that this planning has not been missed but it just more timely now.
- ✓ Paul is also considering appointing ZEDRA as a “supplementary” professional trustee. They will take on board much of the ongoing work including maintenance of the trust register.