dudley
your Building Society

Understanding Trust Savings Accounts

Contents

Important Information
This guide is intended to provide general information only.

Setting up a trust can have legal and tax consequences. Before doing so we recommend obtaining independent professional advice based on your individual circumstances.

If you'd like to know more about our Trust Savings Accounts, our team will be happy to help. You can contact our Customer Service Team on **01384 231414** or visit one of our branches.

Introduction

Trusts are a way of looking after money and other assets, helping you support the people who matter most while retaining control over how those assets are managed.

Whether you're saving for a child or grandchild, planning for the future, or working out how best to manage your estate, a Trust may be worth considering, depending on your individual circumstances'.

In this guide, we'll help you understand how Trusts work, the different types of Trusts available, and how Trust Savings Accounts can be used to hold Trust assets.

What is a Trust?

A Trust is really just a way of managing assets - things like cash, stocks or property - which gives you more control over precisely what happens to those assets, and when.

Trusts can also be really useful for estate planning, for example passing on family businesses.

Trusts may seem complicated because of the legal jargon involved, but in truth they are far simpler than they appear.

Understanding the key roles

Beneficiary

This is the person, or persons, who will benefit from the assets held within the Trust.

Trustee

The Trustees are the legal owners of the contents of the Trust, and manage it on a daily basis, until such time as the beneficiary receives the assets.

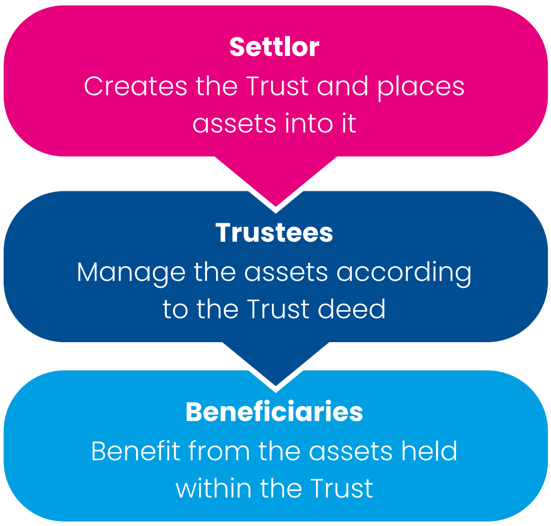
Settlor

This is the person who sets up the Trust. The settlor chooses who the Trustees and beneficiaries are, as well as what type of Trust they want to establish.

Trust deed

The Trust deed is really important - it sets out the terms of the Trust, who the Trustees and beneficiaries are, and any rules that must be followed, such as when the beneficiaries can access the funds within the Trust.

How a Trust works...



Common uses of Trusts

There are many reasons why people might want to use a Trust, these include:

Control - with a Trust, you can set out how and when your assets are passed on to your loved ones.

Protection - Trusts can be used to manage assets for those who cannot currently do so themselves, whether that's children or vulnerable loved ones.

Privacy - a Trust allows you to record your wishes in a private way, rather than through a will, which becomes public.

Passing on wealth - depending on the type of Trust and your circumstances, placing assets into a Trust may have tax implications depending on individual circumstances. As tax treatment varies, it's important to seek professional advice from a tax specialist.

Charitable giving - Trusts can be used to effectively manage regular or long-term charitable donations.

The different types of Trusts

There are many different types of Trust available to savers:

Bare Trusts

One of the simplest forms of Trust. Trustees hold assets on behalf of a beneficiary, who is entitled to all of the Trust's assets and income.

Discretionary Trusts

Trustees have some say over how to use the capital and income of the Trust, based on the terms set out in the Trust deed. This could mean deciding what gets paid out, and to which beneficiary (if there is more than one), or how often payments are made.

Children's Trusts

Set up to hold money, property or investments for beneficiaries until a child has reached the age set out in the original trust deed. The Trustees manage the assets until the child reaches stated age.

Personal Injury Trusts

Used to hold compensation paid after an accident or negligence claim. The money is looked after by Trustees on behalf of the beneficiary and kept separate from their personal assets.

Vulnerable Person Trusts

These Trusts support people who may be unable to manage assets independently. A vulnerable beneficiary is either someone under 18 whose parent has died or a disabled person who is eligible for any qualifying benefit. Trustees manage the Trust assets and use them for the beneficiary's benefit in accordance with the Trust deed.

Will Trusts

Will Trusts are those established within a person's will, and only take effect when they pass away. The Trust itself could then be a bare Trust, a discretionary Trust or an interest in possession Trust.

Interest in possession Trusts

There are life-tenants and remainder beneficiaries within a IP (Interest in Possession) Trust. A Life Tenant will automatically receive the income generated or occupy the property rent-free. But they CANNOT access the capital which is managed by trustees. Remaining Beneficiaries will receive the capital assets after the life tenant dies.

Charitable Trusts

A charitable Trust is a legal arrangement where assets are held by Trustees solely for charitable purposes, designed to benefit the public. It allows donors to support causes, create a lasting legacy, and may qualify for certain tax advantages (such as exemptions from Income Tax and Inheritance Tax). These Trusts are generally regulated by the Charity Commission for England.

At Dudley Building Society we offer savings accounts that support all of these types of Trust.

What are Trust Savings Accounts

Trust Savings Accounts are a form of savings account, and offer a method for holding those assets contained within the Trust. They are only available for use by established Trusts.

Trust Savings Accounts come in different forms - some offer instant access, while others may mean the money cannot be withdrawn for a set period of time. Ultimately the Trustees will need to establish what sort of Trust Savings Account is suitable for the requirements of the Trust itself, and the beneficiaries.

When a Trust might be appropriate

Protecting the family home

David has remarried, and wants to make sure his second wife can continue living in the family home if he dies before her. He also wants to ensure that the property ultimately passes to his two children from his first marriage.

Through the use of an Interest In Possession Trust in his Will, David can provide his wife with the right to live in the property for the rest of her lifetime - or receive any income it receives, before ownership transfers to his children, once she passes away.

The Trust provides security for David's spouse, as well as confidence that his children will eventually inherit the family home.

Passing wealth to future generations

Margaret has saved a decent sum over her life, and wants to help her children and grandchildren financially. As part of her inheritance tax planning, she wants to reduce the value of her estate, but retain flexibility over when and how the money is used.

After taking advice, she places some of her savings into a Discretionary Trust, with Trusted family members appointed as Trustees. They can then decide when beneficiaries receive money, whether that's to help with a deposit on a first home, university costs, or even starting their own business.

Margaret is able to support future generations through the Trust, while any estate planning benefits will depend on her individual circumstances.

Supporting a vulnerable loved one

Michael's adult sister, Sarah, has a lifelong disability and receives benefits to help with her day-to-day living. Michael wants to ensure there will always be money to support her needs, without leaving her having to manage a large sum of money herself.

Michael establishes a Vulnerable Persons Trust for a vulnerable beneficiary, with Trustees he knows will act in Sarah's best interests. They can use the money to support her financially through life, while also being responsible for managing the money on her behalf.

The Trust gives Michael peace of mind that Sarah will be supported in the way he intended, both now and in the future. Protecting the family home.

Your Trust Savings Journey

1

Read this guide

Learn how Trusts work and understand the different options available.

2

Speak to a professional advisor

A solicitor, tax specialist or financial advisor can help you understand whether a Trust is suitable for your circumstances.

3

Set up your Trust

Once established, you'll receive the relevant Trust documentation.

4

Choose a Dudley Trust Savings Account

Select an account that is suitable for the needs of the Trust and its beneficiaries.

5

Complete an application form

Provide the required application form.

6

Supply supporting documents

Send us the Trust documentation and verification we require.

7

We'll review your application

We'll check the information provided and contact you if we need anything further.

8

Account opened

Once approved, your Trust Savings Account will be opened.

How to open a Trust Savings Account with Dudley Building Society...

Dudley Building Society offers a range of Trust Savings Accounts, which can be opened in branch or by post.

Once you have decided which savings account to apply for, you'll need to provide the following:

1. Fully completed Trust Application Form
2. The original or certified copy of the Trust Deed or Will
3. A PDF copy of the 'Evidence of Registration' from the Trust Registration Service (if applicable)
4. Identification for each account operator
5. Verification of the Trust/Trustee nominated bank account

Depending on your circumstances, we may also need some of the following:

- Proof of name or address
- A bank statement
- A copy of the settlor's will
- A copy of the death certificate or Grant of Probate
- Supporting documents relating to changes to the original Trust Deed, such as the Deed of Variation, Deed of Appointment or Retirement of Trustees, or the Deed of Removal of Trustees
- Evidence of assets
- Our aim is to open your Trust Savings account within 10 working days, with clear updates throughout

Important Note

We may occasionally ask for additional documents if needed to meet our regulatory requirements. All documents can be found on our website.

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If you have any questions or would like more information, please contact our Customer Service Team on **01384 231414** or visit one of our branches, where one of our specialists will be happy to discuss your needs.

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