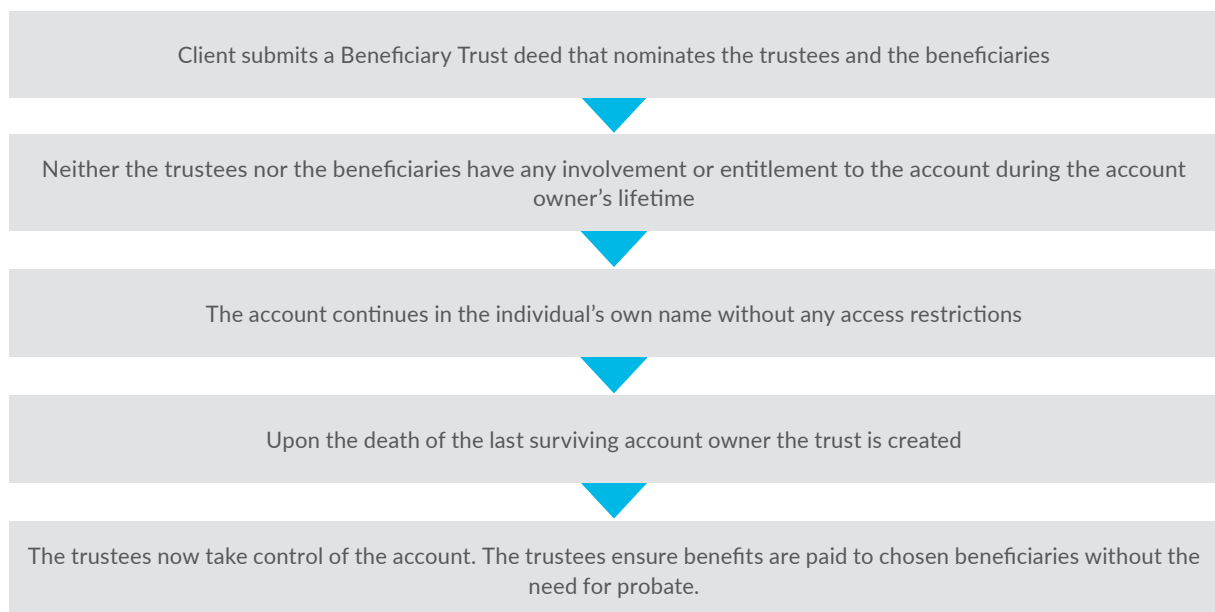# Beneficiary Trust
How does it work?

The Ardan Beneficiary Trust allows an individual to nominate beneficiaries to receive the proceeds of their portfolio account after death via a trust.

Client submits a Beneficiary Trust deed that nominates the trustees and the beneficiaries

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Neither the trustees nor the beneficiaries have any involvement or entitlement to the account during the account owner's lifetime

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The account continues in the individual's own name without any access restrictions

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Upon the death of the last surviving account owner the trust is created

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The trustees now take control of the account. The trustees ensure benefits are paid to chosen beneficiaries without the need for probate.

ISSUES FOR CONSIDERATION

- The Beneficiary Trust does not come into force until the death of the last surviving account owner.

- A Beneficiary Trust can be revoked/cancelled at any time during the lifetime of the account owner.

- Submitting a new Beneficiary Trust will revoke/cancel any previous Beneficiary Trust submitted.

- It is not possible to use the Beneficiary Trust where the account is owned by a company or trust.

- A company or trust can be appointed as a Trustee or Beneficiary.

- The Beneficiary Trust avoids the requirement for obtaining Isle of Man Probate.

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Mahindra's financial adviser reassures him that the trust he has in mind is a trust which will not take effect until Mahindra dies and therefore only Mahindra's signature will be required in order for Ardan to be able to action any of his instructions.

Mahindra feels the Beneficiary Trust is suitable for his needs and appoints his brothers as trustees and his son Vishay as the sole beneficiary.

Mahindra is reassured that should he die before his son has completed his further education, that the trustees will be able to use the proceeds of the Client Portfolio Account for his intended purpose without incurring any additional costs or delays in obtaining Isle of Man Probate. If Vishay is aged 18 or more at the time of his father's death, the trustees can chose to pay all the account proceeds to him to use as he sees fit or they can remain within the trust to be distributed as and when required by the trustees.

Case study

Mahindra is an Indian national working in Dubai as an electrical engineer. He has a ten year old son called Vishay, who he would like to be able to support with their education. After discussions with his financial adviser, Mahindra has decided to invest in a Client Portfolio Account with Ardan International.

Mahindra's financial adviser explains to him that, since the account is registered in the Isle of Man, the account will be classed as an Isle of Man asset and therefore Isle of Man Probate will be required in order for Mahindra's personal representatives to claim the proceeds of the account upon his death. The adviser explains that this may cause delays in terms of the proceeds of the account being distributed and there will also be the cost of appointing an Isle of Man based solicitor to deal with Isle of Man Probate.

For this reason the financial adviser recommends that a simple trust be wrapped around the account and that Mahindra considers who he would like to appoint as trustees. At this point in the conversation Mahindra is uncomfortable with this aspect of a trust arrangement. He likes the idea of being able to buy/sell investments as and when he sees fit and is concerned that if the account is placed under trust, he will need to obtain the other trustees' signatures in order for any instructions to be effected.

This poses a problem as he would like to nominate his two brothers as trustees and they both live in India.

IMPORTANT NOTES

Every care has been taken to ensure that the information provided is current and in accordance with our understanding of current law and Her Majesty's Revenue and Customs' (HMRC) practice as at November 2021. You should note however, that we cannot take on the role of an individual taxation adviser and independent confirmation should be obtained before acting or refraining from acting upon the information given. The law and HMRC practice are subject to change.

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