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Wills & Estate Planning

Protecting vulnerable beneficiaries with discretionary will trusts

Following on from last month, I will now outline how a discretionary trust in your will can protect vulnerable beneficiaries. (This also applies for protecting divorcing beneficiaries).

If you have, say, three children and one has issues (eg poor with money, medical or other issues), a discretionary will trust enables you to provide for them, but also ensure they do not receive the money direct. If they did, they could be vulnerable from third parties or themselves. They would also risk losing any means tested benefits.

How can I protect against this?

You could leave 2/3 of your estate to your other 2 children in your will. The other 1/3 could go into a discretionary trust for the child with issues. The trustees would look after the money for him/her when they remain vulnerable. The money would therefore not belong to the child, protecting them from the risks outlined above.

Unhappy vulnerable beneficiary

This option can cause family issues with the vulnerable beneficiary feeling left out. Instead, you could leave all of your estate into the trust. You could then ask the trustees in a side letter to give the other children their shares from the trust, but to look after the vulnerable child's share. This can help prevent family upset as the will is seen to treat all of the beneficiaries in a similar way in the will.

Using a discretionary trust in a carefully and professionally planned will offers a flexible, but safe, way of both providing for, and protecting, vulnerable beneficiaries.

If you have any questions, or would like to discuss matters, please contact me on iain@wanstallconsulting.co.uk or [01296 415700](tel:01296415700) or www.wanstallconsulting.co.uk.

“Keep busy, keep well and keep smiling”!