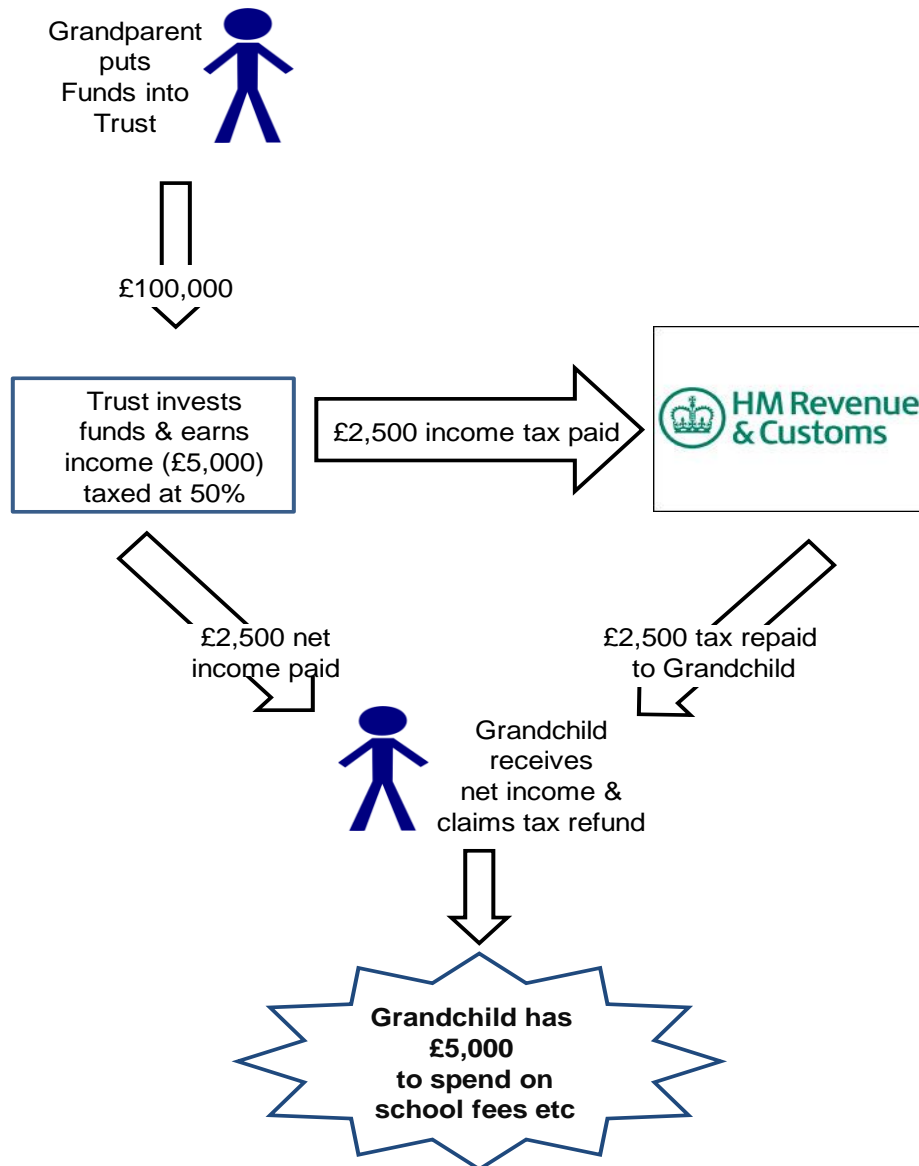


Wealthy grandparents (or any relatives of minor children other than the parents) can fund schools fees or any other expenses for their grandchildren in a tax-efficient way.



How does this work?

Relatives can place investments in a specific fund (usually a trust) to benefit other members of the family leaving those funds to accumulate income and to pay for school fees and other expenses over a period of time.

What are the benefits?

1. The separation of the funds allows them to be managed for the benefit of others when they need it.
2. Any investment income and gains are no longer charged to tax in the hands of the person providing the funds (usually the grandparents). The funds are not treated as part of the estate of the grandparent for inheritance tax purposes after seven years.
3. Any income in the fund is chargeable to income tax usually at a special rate applying to trusts but this is generally repayable to the grandchildren when it the income is paid out to them.

For further details on this and other tax planning initiatives, call Alan Boby on 01295 250401 or email aboby@ellacotts.co.uk

DISCLAIMER – PLEASE NOTE: The ideas shared with you in this document are intended to inform rather than advise. Taxpayers circumstances do vary and if you feel that tax strategies we have outlined may be beneficial it is important that you contact us before implementation. If you do or do not take action as a result of reading this document, before receiving our written endorsement, we will accept no responsibility for any financial loss incurred.

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