Standard Life
There's a lot to look forward to

Sharing your wealth

Investing for family

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Sharing with family - investing your gift

Family. The most important people in your life. We all want to look out for our loved ones – not just our children but grandchildren, nieces and nephews too. And there are times that you want to do the best for them and help give them the best start possible.

Giving a helping hand

It may not be something you've given much thought to, but when making your financial plan, you may need to think about how you can help out your family financially too.

Giving money to your family and how to manage it are significant decisions. If you want to help your children out as they grow older, start early. Done well, it can ensure that you see your loved ones enjoying your gift while you're still living rather than giving it to them as an inheritance.

If we don't talk about money, we'll never be sure what's really needed. Be open about your finances and talk with your family to help make it easier to plan and know what actions to take.

Planning for the future

It's important to make a financial plan for the future and your family may be part of that plan. But remember to consider yourself first before thinking of giving gifts to your family.

Make sure to plan for your own needs and those of your spouse or partner and any other financial dependants you have first.

Have you thought about how much you're worth?

Some things you need to consider are:

Your home	**Mortgages**	**Investments**
Any inheritances	**Life assurance**	**Shares**
Cash	**Short-term loans/debts**	**Any gifts**
Art	**Savings/deposits**	**Other properties**

Once you've gone through all of this, and you've decided that you want to give gifts of money to your family, then you will also need to answer the following questions:

- Do you want to provide support for your family?
- Are there specific amounts you want your family to receive?
- Do you want to give the gift today?
- Do you want to retain control over how your gift is invested?

If you've answered yes to any of these questions, then consider using a bare trust.

Setting up a trust for a child

A bare trust is a trust that can hold assets (such as investments) on behalf of a child, grandchild, or other young relative. The investments are controlled by a trustee (usually a parent or grandparent) on behalf of the child until they are 18. Once the trust is set up the investment and any gains belong to the child. We have designed a bare trust that can be used to hold a life investment or savings policy.

Why invest your gift in a life investment policy?

- Your gift has the potential to grow in value
- Flexibility - you can make a lump sum gift today, and, if you wish, make gifts in the future
- By investing in a policy, your gift can be spread across different funds, reducing the risk of having everything in one place
- Easy - the life company, and not the trustees, has responsibility for deducting any exit tax due on the growth of the policy

Why use a bare trust for gifts?

- In the right circumstances, it can be a tax efficient way of passing money to your family - by using a bare trust you can avail of today's Capital Acquisitions Tax thresholds and small gift exemption
- If the policy grows in value, because a bare trust has been set up, any such growth is treated as belonging to the child (the beneficiary)
- If you're a trustee, you can manage the investment on behalf of your beneficiary until they are old enough to do so themselves
- You can select at the outset who you want to benefit from your gift

When is a bare trust not suitable?

A bare trust should not be used

- if you wish to retain personal ownership of the money
- if you might need access to the money in the future for your own personal use

The money invested belongs to the beneficiary as soon as it's invested under trust. From then on, the money can only be used for their benefit.

Standard Life's Bare Trust has only been designed for use with a life investment or savings policy.

- It's not designed to hold other assets outside the Synergy policy structure
- It's designed for a beneficiary who is under 18 years of age. If they are over 18, it may not be suitable, unless you arrange for an appropriate agreement to be made between the trustees and the beneficiary. See important information on page 7

Key questions you need to ask yourself

- **Am I certain I won't need the money in the future?**
  Once a bare trust is set up, the person you're giving the money to becomes the legal owner. It's no longer yours. Be certain you won't need access to it before setting up a bare trust.
- **Who will I appoint as the trustees?**
  Do you want to include yourself as a trustee? This can give you control over the decisions that are made about the investment. It's also best practice to have a second trustee (such as the child's parent), in case anything happens to you.
- **Who am I making a gift to?**
  The child is your beneficiary. Are you confident you won't change your mind about gifting money to that particular beneficiary? If you have any doubts then using a bare trust is not the right way to go.
- **What age is the beneficiary?**
  Our trust form is designed for a beneficiary who is under age 18.

If your proposed beneficiary is over 18 (or you expect them to turn 18 during the life of the trust) you should arrange a standalone agreement between the beneficiary and the trustees that gives the trustees authority to hold and manage the trust fund on the beneficiary's behalf. In the absence of such an agreement, the trustees could be held liable to the beneficiary for losses suffered by the trust and there could be an impact on the classification of the trust as a bare trust for tax purposes.

Important information

It is important to note that the powers vested in the trustees (set out in clause 4 of our Bare Trust form (SYBTRUST) apply only while the beneficiary is under the age of 18. Once the beneficiary attains the age of 18, those powers will cease to apply. Thereafter the trustees will be authorised to hold legal title to the trust fund for the benefit of the beneficiary but will not have any further powers in relation to the management of the trust fund.

If, at that point, the trustees continue to manage the trust fund on behalf of the adult beneficiary, any powers and indemnities required for the performance of these duties should be granted by a standalone contractual arrangement between the trustees and the adult beneficiary, so as to protect the trustees position without impacting the classification of the trust as a bare trust. In the absence of such a standalone contractual arrangement, the trustees do not have any authority to manage the trust fund and to the extent that the trustees make any investments, they could be liable to the beneficiary as a matter of trust law for any loss arising to the trust fund on foot of such investments.

In entering into the bare trust deed, the trustees are deemed to be on notice of this position and shall indemnify Standard Life against any claims whatsoever for any loss or damage, costs or expenses howsoever arising from their continuing to exercise those powers beyond the date of the beneficiary attaining the age of 18.

To avoid complications, if you have several beneficiaries in mind, you should create a separate trust fund and policy for each beneficiary.

Prior to completing the Bare Trust form, it is also very important that you obtain legal, financial and tax advice from independent professional advisers who can fully explain the legal and tax implications of the Bare Trust to you.

Think about tax

Capital Acquisitions Tax

If you receive a gift you may have to pay gift tax on it. If you receive an inheritance you may have to pay inheritance tax. Both of these are types of Capital Acquisitions Tax (CAT).

Gifts and inheritances can be received free from CAT up to a certain amount. The tax free amount varies depending on your relationship to the person giving the gift (Group Threshold). There are three different groups. Each group has a threshold that applies to the total amounts of gifts and inheritances you've received since 5 December 1991, from people in that group.

CAT thresholds from 9 October 2019

Group	Beneficiary	Tax free amount*
A	A child (including adopted child, step-child and certain foster children) or minor child of a deceased child of the person giving the gift.	€335,000
B	A brother, sister, niece, nephew or lineal ancestor or lineal descendant of the person giving the gift.	€32,500
C	All other relationships, other than those mentioned in A or B	€16,250

*CAT only applies to amounts over the relevant group threshold.

CAT is charged at 33% on gifts and inheritances.

Gifting money to a child by setting up a bare trust can be tax efficient, if the gift (when combined with any other gifts or inheritances from people within the same group) is under the group threshold. That way you don't create a tax bill for loved ones. By using the bare trust, the gift is made today and so today's thresholds and exemptions apply.

Small gifts

You can receive a gift of up to €3,000 free from CAT from any one person in a calendar year. This gift will not count towards your relevant tax free threshold (Group Threshold).

For example, grandparents can each give their grandchild €3,000 each year without the child incurring CAT. The child can potentially receive up to €6,000 annually from both grandparents tax free (€3,000 from each). These gifts will not count towards the child's CAT threshold. Parents, aunts, uncles and godparents can make similar gifts, without the child incurring CAT.

Income tax

The growth on a life investment or savings policy is subject to exit tax.

If you decide to use our Bare Trust (SYBTRUST) to hold assets **outside** the Synergy policy structure, there may be tax consequences. For example, if the Bare Trust was used to hold an income producing asset (like deposits or shares), that asset's income may be treated as income of the settlor (the person who created the trust), and taxed accordingly.

The Bare Trust provides that the trustees shall pay or apply the income of the trust for the maintenance, education or benefit of the beneficiary.

Things to consider

Remember

Laws and tax rules may change in the future. The information here is as at October 2019.

We recommend you get independent legal, tax and financial advice. You should not make a decision to invest solely based on the information in this guide.

For more information about how best to save for your family, talk to your financial adviser.

Find out more

Talk to your financial adviser. They'll give you the information you need.
Also, you can call us or visit our website

(01) 639 7000

Mon-Fri, 9am to 5pm. Calls may be monitored and/or recorded to protect both you and us and help with our training. Call charges will vary.

www.standardlife.ie