



Guide to Choosing Trustees

It is necessary for the Settlers (the people setting up a Trust) to choose who they wish to act as the Trustees even if those Trustees may not need to act in the role until sometime in the future.

A Trustee is the person responsible for managing the assets held in the Trust and administering the Trust for the benefit of the Beneficiaries.

One of the toughest decisions to make when setting up a Trust is choosing your Trustees, this is an extremely important decision as the people you choose will be responsible for managing the Trust and making important decisions that will affect the Beneficiaries.

Who can be a Trustee?

A person must be over 18 to be a Trustee and they must be someone that you, the Settlor, feels is responsible enough to carry out your wishes and ensure that all decisions are made for the benefit of the beneficiaries. The Trustee can be a family member, a friend or a professional person. It is also possible to appoint a Trust Company to act as a Trustee.

The maximum number of Trustees you can have is four, but people most commonly have two. If there are too many Trustees then it can be difficult to manage the administration. This is because the Trustees need to work together and make decisions unanimously. It is also possible to have a corporate Trustee, which can act alone or with other Trustees (see below).

Helpful definitions

A quick-reference guide to legal jargon used when choosing Trustees.

Trust

The formal transfer of assets from you to others to hold for the benefit of someone else.

Settlers

The people setting up a Trust.

Beneficiaries

The person(s) who will benefit from the assets held in Trust.

Trustees

The people (or company) holding the assets

Practical considerations

There are practical considerations to be made when choosing Trustees, for example, where do the Trustees live? Can they all meet regularly or arrange to be in touch when decisions need to be made? It is possible to appoint a Trustee who lives outside the UK, but you should consider how easy it will be for them to be involved in meetings and signing documents.

Another consideration is how old they are, Trusts generally become active once the person who has set up the Trust has died, it's important to consider who is more likely to be around and willing to act at that point.

Do all the Trustees you have chosen get on with one another? Often a group of Trustees will include family members or friends that you know well and get on with. However, the individuals themselves may not know each other and may have very different views. Some thought needs to be given as to how the chosen group will work together.

Corporate Trustees

The alternative to appointing individual Trustees is to appoint a Trust company, such as Renaissance Trust Corporation Limited, to act as Trustee. Having a Trust company act as Trustee comes at an additional cost but has some benefits:

- Professional Trustees have a greater statutory duty of care when managing the trust assets. This will include the setting of a suitable investment policy and monitoring investment performance.
- Statutory compliance requirements are routinely managed, including the keeping of the necessary Trust records and maintaining the details on the Trust register (TRS).
- All taxation matters are competently managed including the submission of the required self-assessment tax returns, assessing the Inheritance Tax position and reporting to HMRC when required. Assistance can also be given with beneficiaries' personal tax position and how they report Trust income to HMRC.
- The Trust company will act professionally and impartially. This gives you reassurance that there will be no potential conflict of interest or undue influence when making Trustee decisions, which can sometimes happen with family members.
- A Trust company does not become incapable of acting, should they get ill or die. This relieves the burden on you or your family of finding suitable replacement Trustees in the future.

Planning

We encourage you to talk to your potential Trustees before you appoint them. By explaining the role and giving them a chance to talk to you about your expectations, you can often prevent problems arising in the future. It also gives them the opportunity to say no before they have been appointed and then you can decide who else to appoint.

Reviewing your decision

If circumstances change then you might want to change the Trustees, you have appointed. You should always keep your Trust under review and make changes when they are needed.

How can the Renaissance Group help?

We will guide you through the process of choosing Trustees to suit your needs and personal circumstances. If you would like to discuss this further, then please call us on 01273 610 611 or email: info@renaissancelegal.co.uk

Complementary Services

If you would like to appoint a professional Trustee to manage your Trust, or would like advice to help you fulfil your role as a Trustee, our separate Trust company, Renaissance Trust, can assist in these areas.

Renaissance Trust is part of the Renaissance group of companies alongside Renaissance Legal and Renaissance Financial. Together, the group offers legal services, financial services, Inheritance Tax planning, welfare benefits advice and trusts administration.

The specialist team at Renaissance Trust can advise you on the nature and extent of your powers and duties as a Trustee, as well as the ongoing management, administration and compliance aspects.

When making a Trust it is a good opportunity to update or make a Will, review your financial circumstances, any tax planning you have in place and consider making a Lasting Power of Attorney. The experienced team at Renaissance Legal can help with this.

As lawyers we are not permitted to provide you with financial planning advice. Renaissance Financial, our dedicated financial services company, provides tailored financial advice for families, individuals, Trustees, Deputies and Attorneys in relation to investment and wealth management services - including, retirement and Inheritance Tax planning, as well as the financial management of Trusts.



This information sheet is intended as guidelines for clients and other readers. It is not a substitute for considered advice on specific issues. Any action taken depends on your individual circumstances. Consequently, we cannot accept any responsibility for action which may be taken as a result of reading this information sheet or for errors or omissions contained within it.