

**Who can you rely on
to advise your trust?**



Spofforths

FINANCIAL PLANNING LIMITED

A Thoroughbred Trustee Investment Service



Philip Wise, Managing Director
Spofforths Financial Planning Limited

Trustees today face a formidable task in fulfilling their increasingly complex duties under the law and maximising the investments of the funds they look after.

The legal requirements of the Trustee Act and ever more complicated taxation rules place a considerable burden on trustees. Not only must they comply with detailed regulations but they may also face severe penalties for poor results. As the diversity of investment choices grows so does the likelihood of decisions being questioned: the merits of a portfolio can be challenged and incorrect investment decisions may provoke litigation. If a breach of trust is proved, individual trustees can be personally liable for losses. It is more important than ever that trustees seek informed and impartial advice – and it is now a legal requirement under the Trustee Act that they do so when making or reviewing investments.

Trustee duties

The responsibilities of trustees now laid down as law cover many facets of fund management and investment:

- **Investments** – to exercise “reasonable skill and care” and from time to time to diversify and review the trust’s holdings
- **Advice** – to take advice from a source “...qualified to give it by ability in and practical experience of financial and other matters”
- **Taxation** – to take due account of taxation choosing investments
- **Impartiality** – to assess alternative investment options and make impartial, appropriate choices and to keep written records justifying investment choices made
- **Fairness** – investments must be made in ways which treat all beneficiaries equally and fairly. The needs of those requiring income today cannot take precedence over those entitled to capital later – or vice versa.
- **Propriety** – to meet the settlor’s wishes and beneficiaries needs in the selection of investments and to allow investment risk appropriate to the trust rather than exercise personal views in these matters
- **Documentation** – to maintain adequate investment records for beneficiaries to inspect, and to satisfy HMRC

Trustees must comply with all of these regulations for each of the investments they hold. Ideally, records kept should cover all these considerations.

Investment decisions

Making investment decisions as a trustee is a serious matter. In addition to having sufficient knowledge and understanding of investments, and undertaking the required review and diversification exercises, trustees need to be able to choose wisely between an extensive range of investment options. In addition to requiring trustees to obtain and consider proper advice when making investment decisions, the Trustee Act has broadened the scope of permissible investments for both new and existing trusts to include the following:

- Bank Accounts
- Building Society Share Accounts
- Direct Equity Investment
- Gilts, Corporate Bonds and other loans
- Guaranteed Income and Growth Bonds
- Hedge Funds
- Investment Bonds – both onshore and offshore
- Investment Trusts – including Split-Capital Trusts
- National Savings & Investments Products
- Offshore Investment Vehicles
- Open-Ended Investment Companies
- Property Investment
- Protected Investments
- Unit Trusts – including property trusts

A Complete Trustee Service

Trusts are important in Inheritance Tax planning, for tax saving and for achieving social purposes. Throughout the life-cycle of a trust, Spofforths advisers can provide the professional investment advice and taxation consultancy which trustees require. We can consider and advise on tax liabilities and compliance requirements when a trust is set up or is already in existence, when assets are to be distributed or income given out. Whether you have been handling a trust’s investments for some time or are about to create a new trust*, our investment service can provide comprehensive expert guidance and support. And above all, you can depend on the culture of independence and objectivity that comes from Spofforths.

*See our leaflet ‘Trusts Today: Care for your family’s future’

How Spofforths can help trustees

Existing Trusts

- Assess all current investments in the light of:
 - Trust objectives
 - Investment powers
 - Trust law
 - Risk profile
 - Other investments available

Report to trustees

- Provide a written proposal for any suggested change for consideration of other trustees and advisers. Recommend providers and establish any new investments.

Provide supporting documentation for any inspection of trustees decisions

- Provide on-going documentation for accounting and other purposes

Periodically review advice

New Trusts

- Consider the Trustee Act and the Trust Deed and assess:
 - Trust objectives
 - Risk profile
 - Taxation factors
 - All investments available

Recommend the most appropriate investment options

- Recommend and offer the most appropriate contract

Record the analysis before establishing investments and providing necessary administrative support

- Provide on-going documentation for accounting and other purposes

Periodically review advice

Tough decisions for trustees

These are challenging times for trustees. As their duties and legal responsibilities increase, the scope of investments widens and taxation grows ever more complex. The list of questions a trustee must satisfy continues to grow.

- Which investments are best?
- Are all portfolio choices acceptable?
- Is too much tax being paid?
- Is proper advice being sought?
- Are records up to date?
- Have investments been reviewed?
- Are all decisions impartial?
- Are all beneficiaries being fairly treated?
- Is there a danger of litigation?

A choice of charges

Investment services are provided at charges agreed with trustees. Costs can be met by the trust directly as fees or indirectly through commissions. Any commissions in excess of agreed charges will be re-invested in the trust or used to reduce any charges included in the chosen investments.

The Spofforths Promise

Spofforths are one of the UK's top 50 chartered accountancy firms. Active in support of personal prosperity and business success. We can promise outstanding service:

- Expert professional advice
- A proactive approach
- Staff dedicated to your concerns
- Long-term support
- Timely responses
- Agreed fees and service standards

Why Spofforths?

Our advisers are highly qualified and most hold the Diploma in Financial Planning and the standard required is higher than within the financial services industry as a whole. Our administrators are working towards the Financial Planning Certificate which is of a similarly high level. And above all, you can depend on our culture of independence and objectivity.

For individual tailored, comprehensive advice and flexible investment services, Spofforths' could be a very rewarding choice.

Whatever your investment objective, call Philip Wise on 01903 743856 or email fins@spofforths.co.uk

Investment should not be made without first obtaining advice specific to your circumstances. Before investing, please ensure that you take note of any risk warnings contained in key features documents and illustrations available to you. We accept no liability for the information contained in this document. This document is based upon our current understanding of legislation and Inland Revenue practice, which may be altered. The value of units and the income they produce can go down as well as up and past performance is not a guide to the future.

Spofforths Financial Planning Limited is Authorised and Regulated by the Financial Services Authority.

www.spofforths.co.uk