Personal Injury Trusts

YOUR QUESTIONS... ANSWERED
WHAT IS A PERSONAL INJURY TRUST?

If you are successful in a personal injury claim and you are awarded money to compensate you for your injuries, then this can affect certain means tested benefits that you may receive. This could include income support, employment support allowance or job seekers allowance. All of these benefits have a capital limit and if the money you have in the bank exceeds this limit, then you stop being entitled to your benefits. You may have been awarded compensation to pay for specific things such as medical treatment, future care or loss of earnings. This money is therefore needed over and above your usual income to cover these extra expenses you have and will incur as a result of the accident.

By placing your compensation into a Personal Injury Trust, it is possible to ring fence this money to prevent it from being taken into account when your means tested benefits are being assessed, enabling you to continue to receive them.
WHY SHOULD I HAVE A PERSONAL INJURY TRUST

Aside from above, there are other reasons why it can be a good idea to have a Personal Injury Trust in place.

You may not be on benefits at the moment, but that doesn’t mean that your circumstances won’t change in future and you may need them. There is only a limited time in which you can set up a Personal Injury Trust without it having any effect on your benefits and so if you do not create the trust straight away, the existence of the compensation can delay your access to benefits in the future.

Personal Injury Trusts can also be a good way of protecting you and your money from family and friends who may want you to lend them your compensation. It can be difficult to say no to someone close to you if they are asking to borrow money but the Trustees can effectively provide a barrier between you, allowing you to refuse while passing the responsibility of this decision on to your Trustees.

HOW DO PERSONAL INJURY TRUSTS WORK?

You will need to appoint Trustees to manage the Trust. You can be a trustee of your own trust and you can act jointly with another person or multiple people. Common choices for Trustees are spouses and partners, parents, or other trusted family or friends. It can sometimes be useful to appoint professional Trustees such as solicitors particularly if the compensation is for a child or other vulnerable person.

The trust will then usually work by a specific Trust bank account being set up in which the compensation is placed, and the Trustees then managing this money. Any withdrawals from the Trust account need to be authorised by all Trustees.

WHEN SHOULD I MAKE MY PERSONAL INJURY TRUST

You have a 52 week period from the date the insurer first pays out to set up your Personal Injury Trust without it affecting your benefits. This payment can be a final compensation pay out or it can just be an interim payment to cover medical bills. If money has been paid out on your personal injury case, this starts the clock on the 52 weeks. If you set up your personal injury Trust after this 52 week period has lapsed, then your compensation can be taken into account when assessing your benefits beginning from the end of the 52 week period and ending on the date that you created the Personal Injury Trust.

If you would like more information about how UnionLine can help you to protect your compensation and how a Personal Injury Trust can work for you, please contact us on 0300 333 0303 or ask the case handler dealing with your personal injury matter to pass your details to the Wills, Probate and Trusts department for a call back from one of our team of specialists.
Call: 0300 333 0303

OTHER FACTSHEETS AVAILABLE INCLUDE:
- Wills
- Shareholder Agreements
- Property Ownership
- Personal Injury Trusts
- Partnership Agreements
- Life Interest
- Lasting Powers of Attorney
- Intestacy Chart
- Inheritance Tax
- Disabled Person Trusts
- Court of Protection
- Care Home Fees
- Probate