Life Interest

Protect your property for your children:

YOUR QUESTIONS... ANSWERED
A LIFE INTEREST TRUST IN A PROPERTY ALLOWS THE LIFE TENANT A RIGHT TO OCCUPY A PROPERTY AND GIVES THEM AN ENTITLEMENT TO ANY INCOME.

WHY INCLUDE A LIFE INTEREST IN A WILL

It allows you to make provision for a surviving spouse (perhaps from a second marriage) whilst ensuring that capital passes to the intended beneficiaries (for example your children) on the spouse’s death.

The share of the property held on trust will be held in the name of the Trustees until it is transferred to the intended beneficiaries. The surviving spouse will continue to own their own share but as they will not inherit the share held on trust it may not be assessed for means tested benefits, care services or care home fees.
WHO WILL MANAGE THE TRUST?

The Trustees (who may be the same people as your Executors) will be responsible for managing the trust. You must appoint a minimum of two Trustees (maximum of four) over the age of 18 years.

OWNERSHIP OF PROPERTY

In order for a Life Interest Trust to be incorporated in a Will you must own the property either solely or by way of tenants in common. If you own your property by way of beneficial joint tenants the surviving joint owner will automatically inherit the whole property on your death. This type of ownership would need to be severed in order to allow the trust to work.

BEAR IN MIND

You should be aware when gifting your share in your property to your children that if they go bankrupt or get divorced, a proportion of your asset could factor in those proceedings. It is very unlikely that a sale would be forced and the courts would exhaust all other possibilities before contemplating this but you should be aware that there is a remote possibility that this could happen.
Factsheet - LIFE INTEREST

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✔ Inheritance Tax
✔ Disabled Person Trusts
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✔ Probate

OTHER FACTSHEETS AVAILABLE INCLUDE:

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