

# THE INTERNATIONAL FLEXIBLE TRUST CASE STUDY

## INTRODUCTION

The International Flexible Trust is designed to allow non-UK domiciled individuals to appoint trustees who in the event of their death would be paid the proceeds of a death claim, without the need for obtaining Isle of Man Probate.

It is designed primarily for use with investment plans issued by RL360.

The settlor is a potential beneficiary of the trust. Therefore, subject to trustee agreement, the settlor can benefit from the trust fund in his/her lifetime.

The trust is not suitable for someone who is UK domiciled as the trust has a wide class of beneficiaries (of which the Settlor is one) and it would therefore be a Gift with Reservation. It would also form part of their estate for Inheritance Tax purposes.

**For further information regarding the International Flexible Trust, please refer to our Guide to Trusts.**

## CASE STUDY

Jim Jones took early retirement in 2012 and moved to Cyprus where he bought an apartment. After the death of his wife in January 2013 he cut all links with the UK and has received legal advice that his UK domicile of origin has been replaced by a Cypriot domicile of choice.

He intends to reside in Cyprus for the rest of his life. His son John is resident in Canada and his daughter Liz is resident in Australia. He expects to visit both his son and daughter from time to time but expects them to visit him on a regular basis.

Jim has £200,000 to invest into an offshore plan. He would like to receive £6,000 annually to supplement his pension income and needs £2,000 - £3,000 from time to time to fund trips to Canada and Australia.

His financial adviser recommends that he invest in an offshore plan issued by RL360. Jim, John and Liz are the lives assured. Jim intends that, on his death, his assets are passed to John and Liz in equal shares. However, he does not want to make substantial gifts to them during his lifetime. He would be happy that, following his death, some of his wealth passed to his grandchildren rather than to his children.

He is keen to avoid all unnecessary costs and, on his financial adviser's suggestion, arranges to establish an International Flexible Trust to hold the offshore plan. This will avoid the administrative costs and delay (particularly those associated with obtaining Isle of Man probate) which would otherwise be incurred on his death.



## IMPORTANT NOTES

For financial advisers only. Not to be distributed to, nor relied on by, retail clients.

Finally, please note that every care has been taken to ensure that the information provided is correct and in accordance with our understanding of current law and practice with Her Majesty's Revenue and Customs (HMRC) as at April 2019. You should note however, that we cannot take on the role of an individual taxation adviser and independent confirmation should be obtained before acting or refraining from acting upon the information given. The law and HMRC practice are subject to change.