

Trustee Investments

Becoming a trustee is an enormous responsibility. There are many duties and responsibilities to uphold and the appropriate investment of the trust fund is a major area. Trustees' decisions may be called into question many years down the line if the trust fund has not been suitably invested and appropriate advice has not been sought.

The Trustee Act 2000 provides guidance to trustees as to how to go about the task of investing trust monies. As well as the statutory duty of care towards all beneficiaries, trustees must take into account the 'standard investment criteria' and unless they are qualified themselves, take proper advice from a suitably qualified adviser.

There have been many changes in recent years to the tax treatment of trusts and therefore choosing the best type of investment for the trust will depend on the type of trust it is and the requirements and objectives of the trustees. It may be a life interest trust where the trustees must provide an income for the life tenant as well as capital growth for the residuary beneficiaries or a discretionary trust where the trustees have discretion as to whether to distribute income or capital. There are many reasons for setting up trusts and the trustees are guided by the trust deed as to how the trust should be managed and what powers and duties they have. The investment strategy should also take this into account.

Another important factor in making investment decisions is the taxation of the trust and what type of investments are most suitable and tax efficient, whilst meeting the trustees' requirements. The taxation of trusts has changed considerably in recent years and with income tax based on the equivalent to higher rate taxpayers, choosing the right investment could make a major difference over the longer term.

We have a considerable amount of experience in dealing with trustee investments. Working within the legal firm, we also have an in depth understanding of how trusts are administered on a day to day basis and can ensure that trust portfolios are invested with the ongoing administration in mind to ensure a smooth running trust.