

Nil-Rate Band Discretionary Trust: Example for Families

Married couples or civil partners with children may want to use an NRBDT in their wills to protect part of their estate for their children without creating an inheritance tax problem for their spouse.

Example: Mitul and Riya are married. They know if they make wills leaving everything to each other, there is a risk that inheritance intended for their family may not happen if the survivor remarries, needs care or changes their will.



Option 1: NRBDT for descendants

Mitul and Riya make wills including an NRBDT on first death and leave the rest of their estate to each other.

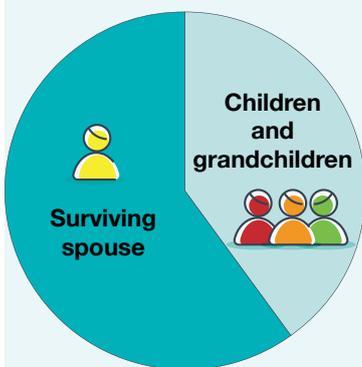
Including an NRBDT in their wills gives them peace of mind that their children and grandchildren can benefit on first death without triggering inheritance tax.

They like the flexible nature of the trust so that the different needs of beneficiaries at the time can be considered.

Option 2: Spouse / civil partner and descendants named as beneficiaries of NRBDT

If Mitul and Riya are unsure whether the survivor of them may need access to the assets held on trust in future, they can include each other as a beneficiary of the NRBDT. The trustees can consider the needs of all beneficiaries and have flexibility over how they use the assets held in trust. The trustees can be guided by a letter of wishes.

Option 1: NRBDT for descendants

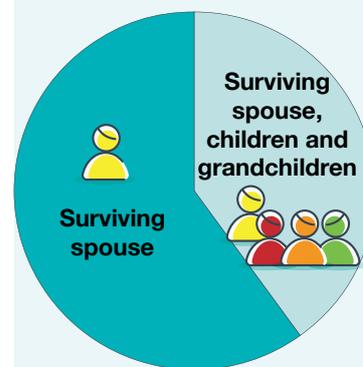


The survivor's available NRB is protected for their children and grandchildren.

The gift does not create an IHT liability for the surviving spouse or the children and grandchildren.

- Remainder of the deceased's estate
- Available Nil-Rate Band

Option 2: NRBDT for beneficiaries



The surviving spouse, children and grandchildren can benefit from the deceased's available NRB.

This does not create an IHT liability for the surviving spouse, children or grandchildren.

- Remainder of the deceased's estate
- Available Nil-Rate Band