



Syllabus



STEP Certificate in Financial Services – Trusts and Estate Planning



Introduction

This document contains the detailed syllabus for the **STEP Certificate in Financial Services – Trusts and Estate Planning**.

For more information about the course and how to apply, please visit the [course page](#) on the CLTI website.



MODULE 1:

DOMICILE AND RESIDENCE

This module covers:

- the basic rules of UK residence and the statutory residence test (SRT)
- the concept of dual residence and implications for double taxation
- how residence determines liability to UK income tax, capital gains tax (CGT), and inheritance tax (IHT)
- the post-April 2025 replacement of domicile with long-term UK residence for IHT
- rules for recent arrivers and leavers, including foreign income and gains (FIG) and temporary non-residence
- the transitional reliefs and repatriation provisions
- the impact on excluded property trusts and changes to trust taxation.

By the end of this module you should be able to:

- determine residence using the statutory tests
- understand the long-term UK residence criteria and its IHT implications
- explain the tax treatment of new arrivals, leavers, and returning residents
- apply transitional reliefs and elections in practice
- analyse IHT implications for trusts and gifts involving non-long-term UK residents.

MODULE 2:

INTESTATE SUCCESSION

This module covers:

- why domicile is important for succession law
- the intestacy rules in England and Wales
- the intestacy rules in Scotland
- succession to property outside a Will or the intestacy rules
- inheritance tax issues associated with intestacy
- reasons for making a Will.

By the end of this module you should be able to:

- understand and describe the appropriate English or Scots law legal terms commonly encountered in succession law
- describe the importance of domicile in relation to succession law and identify which rules apply
- identify and calculate the destination of a client's estate under the intestate succession rules of English or Scots law
- explain who may administer an intestate estate under English or Scots law
- describe the risks to clients of not writing a Will.

MODULE 3:

INHERITANCE TAX

This module covers:

- inheritance tax (IHT) as it affects lifetime gifts
- the main exemptions and reliefs from IHT
- the impact of IHT on a deceased client's estate
- the IHT issues connected with a client's pension arrangements.

By the end of this module you should be able to:

- understand how IHT applies to lifetime gifts and be able to carry out basic calculations in relation to lifetime gifts and the impact of IHT
- apply knowledge relating to the main exemptions and reliefs from IHT
- assess the impact of IHT on a deceased client's estate
- describe how IHT and other tax charges can impact upon a client's pension arrangements and the tax due by beneficiaries.

MODULE 4:

Introduction To Trusts

This module covers:

- what a trust is.
- the key personnel involved in creating and running a trust
- the valid creation of a trust in England and Scotland
- how a trust differs from other wealth holding vehicles (e.g. family limited partnership)
- the benefits of using trusts.

By the end of this module you should be able to:

- describe why a trust may be useful for a client in a particular scenario
- understand and describe the main elements required to create a valid trust under either English or Scots law
- understand the legal rules governing perpetuity periods and accumulations under English or Scots law
- describe how the terms of the Trustee Act 1925 assist the trustees in relation to their powers over income or capital under English law, and how this contrasts with the position in Scots law
- contrast a trust with other structures, namely a company, a contract, and a family limited partnership
- explain which trusts need to register in HMRC's Trust Registration Service under the recently updated money laundering regulations.

MODULE 5:

CLASSIFICATION OF TRUSTS

This module covers:

- glossary of terms with definitions of the types of trust
- the different ways of classifying trusts
- the different types of trust interest which a beneficiary can have.

By the end of this module you should be able to understand, identify and describe:

- the different ways in which trusts can be grouped/classified
- the definitions of various terms used to describe trusts
- the tax definitions of certain types of trusts
- the different types of trust interest a beneficiary may have
- the way in which Finance Act 2006 changed the tax treatment of certain types of trusts and created new trust definitions.

MODULE 6:

WILL TRUSTS

This module covers:

- how a trust is created in a Will
- benefits of using a trust in a Will
- special IHT rules for trusts arising on death
- common trusts for a spouse/civil partner
- trusts for children and grandchildren
- other uses of trusts in a Will.

By the end of this module you should be able to:

- describe the operation of an immediate post death interest (IPDI) trust
- describe and contrast an 18-25 trust with a bereaved minors trust
- understand the most suitable types of trust for different family members
- be familiar with the use of discretionary and other trusts in Wills.

MODULE 7:

THE TRANSFERABLE NIL-RATE BAND

This module covers:

- the rules for the transferable nil-rate band (TNRB)
- the information required by HMRC to establish a claim for an enhanced nil rate band (NRB)
- the alternative planning options for married couples and civil partners involving the use of an NRB trust.

By the end of this module you should be able to:

- carry out basic calculations to identify the enhanced NRB of a widowed client
- identify, describe and contrast the scenarios when using an NRB discretionary trust remains beneficial for a client, compared to the use of the TNRB
- describe the paperwork involved when making a claim for a TNRB.

MODULE 8:

THE RESIDENCE NIL-RATE BAND

This module covers:

- understanding of residence nil-rate band (RNRB) eligibility, amounts, tapering, downsizing, and spousal carry-over
- outlines which trust qualify and how trust terms affect RNRB
- application of legislative thresholds and planning strategies with examples.

By the end of this module you should be able to:

- identify the circumstances in which the RNRB will be available to a deceased person's estate
- calculate the amount of the RNRB available
- understand the planning and practical issues around how to make maximum use of the RNRB.

MODULE 9:

POST-DEATH MATTERS

This module covers:

- different types of post-death arrangements
- key features of variations and disclaimers
- appointments out of discretionary Will trusts
- claims under English law using the Inheritance (Provision for Family and Dependents) Act 1975.

By the end of this module you should be able to:

- understand the different types of arrangement that can be made after a death to change the destination of assets passing under a Will or intestacy
- compare and contrast the circumstances in which a deed of variation or disclaimer may be appropriate
- describe the tax issues arising in relation to such post death arrangements
- comment on the situations when a claim under the 1975 Act might be possible.

MODULE 10:

TRUSTS USED IN FINANCIAL SERVICES

This module covers:

- the use of trusts with term and whole of life policies
- Married Women's Property Acts (MWPA) trusts
- the use of trusts with single premium insurance bonds
- a summary of how loan trusts and discounted gift trusts operate
- spousal bypass trusts which can receive pension death benefits
- the IHT points which arise with the above.

MODULE 10:

TRUSTS USED IN FINANCIAL SERVICES CONTINUED

By the end of this module you should be able to understand and describe:

- why communication barriers can arise between lawyers and those in financial services in relation to life and pension policies held in trust
- the client benefits associated with the use of a trust with a term policy, including the use of split trusts, business protection trusts, and a probate/confirmation trust
- when a decreasing term policy is appropriate and how it operates to assist with estate planning
- the benefits and disadvantages associated with MWPA trusts
- the client benefits associated with the use of a trust with a whole of life (WOL) policy
- how chargeable gains are taxed when an insurance bond is held in a bare trust, Interest in Possession (IIP) or discretionary trust
- how loan trusts and discounted gift trusts (DGTs) operate and the IHT consequences for the client
- the specific provisions in Finance Act 2006 which affect life policy IIP trusts created prior to 22 March 2006
- the client benefits associated with the use of a spousal bypass trust which receives pension death benefits
- how the payment of death benefits can differ under different types of pension contract
- the IHT issues which can arise with trusts which receive pension lump sum death benefits.

MODULE 11:

TAXATION OF TRUSTS

This module covers:

- trusts made during a client's lifetime
- inheritance tax
- capital gains tax
- income tax.

By the end of this module you should be able to:

- describe the income tax treatment of bare trusts, IIP trusts, and relevant property trusts, and identify the rates of tax due
- describe the CGT treatment of bare trusts, IIP trusts, and relevant property trusts
- calculate the amount of CGT exemption available to a client's trust
- describe the IHT treatment of bare trusts, IIP trusts and relevant property trusts
- evaluate the IHT liability arising in respect of an IIP aggregated with an income beneficiary's estate on death
- evaluate whether a gift to a relevant property trust would result in an IHT charge
- describe the IHT treatment of a gift where the client dies within 7 years of making that gift.

MODULE 12:

TRUSTEE DUTIES

This module covers:

- the general duties of a trustee under English and Scots law
- trustee obligations under the Trustee Act 2000 and the Charities and Trustee Investment (Scotland) Act 2005
- trustee investment issues
- recognising when a trustee might be in breach of trust.

By the end of this module you should be able to:

- describe the general and statutory duties of a trustee under English or Scots law
- understand the circumstances in which a trustee might be in breach of trust
- understand the investment duties of a trustee under English or Scots law and be able to discuss how these apply in different trust scenarios
- describe when an investment policy statement is mandatory, and the circumstances in which it might be of more general use in both Scots and English law
- describe why trustees might need to resort to court action in relation to trust matters.

MODULE 13:

THE INCAPACITATED CLIENT

This module covers:

- different types of Power of Attorney (PoA) under English and Scots law
- how an incapacitated client's affairs are dealt with in the absence of an effective power of attorney under English and Scots law
- estate planning/making gifts
- disabled person's trusts.

By the end of this module you should be able to understand and describe:

- the common abbreviations and terminology associated with this area of law
- the difference between an ordinary power of attorney (PoA) and an enduring power of attorney/lasting power of attorney (EPA/LPA) or continuing power of attorney (CPA)
- why clients might wish to have an LPA/CPA and welfare power of attorney (WPA)
- the types of decisions that can be made by an attorney under an LPA/CPA or WPA
- the scope an attorney has to make gifts and deal with estate planning, under either English or Scots law
- what action may be required to deal with a client's affairs in the event of them losing capacity without a suitable PoA being in place.

MODULE 14:

THE PHILANTHROPIC CLIENT

This module covers:

- the types of charitable body which exist in the UK
- the regulatory framework for charities in England and Scotland
- the tax reliefs available to a client making charitable gifts
- investment and tax issues affecting charity clients.

By the end of this module you should be able to describe:

- the different types of charitable body which exist in the UK
- some of the key requirements of the Charity Commission in relation to charities in England and Wales (or the key requirements of OSCR for charities in Scotland)
- how Gift Aid applies to a client's charitable gift
- other tax reliefs available to clients when they make a charitable donation
- the beneficial tax regime which can apply to qualifying charities.