



Syllabus

STEP Certificate for Financial Services - Trusts and Estate Planning



www.step.org/certificates

Financial Services - Trusts and Estate Planning

Introduction

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

For more information about the course and how to apply, please visit the programme website: www.cltint.com/courses/step-certificate-for-financial-services-trusts-and-estate-planning

Financial Services - Trusts and Estate Planning

Module 1

DOMICILE AND RESIDENCE

This module covers:

- The basic rules of residence and domicile
- The relevance of residence in relation to UK taxes
- The relevance of domicile in relation to UK taxes

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

- Apply the basic rules of residence and domicile
- Describe the impact of a client's residence and domicile on the client's liability to income tax, CGT and IHT

Module 2

INTESTATE SUCCESSION

This module covers:

- Why domicile is important for succession law
- The intestacy rules in England and Wales and 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

Financial Services - Trusts and Estate Planning

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:

- Know 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

Financial Services - Trusts and Estate Planning

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

Financial Services - Trusts and Estate Planning

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
- Understand, identify and describe the definitions of various terms used to describe trusts
- Understand, identify and describe the tax definitions of certain types of trusts
- Understand, identify and describe the different types of trust interest a beneficiary may have
- Understand, identify and describe 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 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

Financial Services - Trusts and Estate Planning

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 a 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 a 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:

- The new rules for the residence nil-rate band (RNRB) from 6 April 2017
- Practical points and planning options for making use of the RNRB

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.

Financial Services - Trusts and Estate Planning

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 operation, benefits and risk factors in using a trust with life insurance policies
- The operation, benefits and risk factors in using a trust with pension death benefits
- The particular forms of trust wording used in financial services (e.g. discounted gift trust, loan trust)

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

- Discuss how trusts can be used in business protection arrangements
- Describe the operation, benefits and risk factors in using a trust to hold pension death benefits
- Identify the most suitable type of trust to use with a client's insurance policy
- Describe the operation, benefits and risk factors in using various types of trusts with various types of insurance policy

Financial Services - Trusts and Estate Planning

Module 11

TAXATION OF TRUSTS

This module covers:

- The impact of income tax, capital gains tax and inheritance tax on various types of trust

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 capital gains tax (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 inheritance tax (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

Financial Services - Trusts and Estate Planning

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
- Describe the duties of a trustee in dealing with a trust's investments, under English or Scots law
- Identify when an Investment Policy Statement is required under English law
- Describe the powers of trustees in relation to the use of nominees and the use of discretionary investment managers under English or Scots law
- Describe why trustees might need to resort to court action in relation to trust matters

Financial Services - Trusts and Estate Planning

Module 13

THE INCAPACITATED CLIENT

This module covers:

- The various uses and operation of different types of power of attorney in England and Scotland
- How an incapacitated client's affairs are dealt with in the absence of an effective power of attorney in England and Scotland
- 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
- Understand and describe the difference between an ordinary POA and an EPA/LPA or CPA
- Understand and describe why clients might wish to have an LPA/CPA and WPA
- Understand and describe the types of decisions that can be made by an attorney under an LPA/CPA or WPA
- Understand and describe the scope an attorney has to make gifts and deal with estate planning, under either English or Scots law
- Understand and describe 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

Financial Services - Trusts and Estate Planning

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
- Describe 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
- Describe how Gift Aid applies to a client's charitable gift
- Describe other tax reliefs available to clients when they make a charitable donation
- Describe the beneficial tax regime which can apply to qualifying charities

Contact us

For full details of the programme visit:

www.cltint.com/courses/step-certificate-for-financial-services-trusts-and-estate-planning

If you have any queries please contact us:

Email: cltinternational@centlaw.com

Phone: +44 (0) 121 362 7733

CLT International Ltd, Wilmington plc

Fort Dunlop | 6th Floor | Fort Parkway

Birmingham | B24 9FD | United Kingdom



www.step.org/certificates