



STERLING
TRUST CORPORATION

IT'S A MATTER OF TRUST



sterlingtrustlaw.com

Vision and Values

One of the key advantages of forming Sterling Trust Corporation was the opportunity to create a culture that is genuinely client-focused and rewards both endeavour and performance. Since establishing Sterling Trust Corporation we have focused on becoming a leader in Trustee services.

Supporting our market-leader vision is a strong set of values that guides how we behave with each other, with our clients and with our partners:

- ✦ **Success:** we are ambitious and value our clients' successes as well as our own.
- ✦ **Team:** we work together as our performance based culture is team orientated.
- ✦ **Integrity:** we take responsibility for our actions and act honestly.
- ✦ **Clients:** we put our clients at the heart of everything we do.
- ✦ **Communication:** we are accessible, provide clear sound advice whilst keeping our clients well informed throughout. We communicate clearly and always deliver on our promises.
- ✦ **Empathy:** we build relationships based on trust and we care for others.
- ✦ **Socially Responsible:** We do our best to look after our community.
- ✦ **Excellence:** we seek quality in everything we do and accept accountability.

We see our values as the Sterling Trust Corporation 'DNA' and, together with our passion for Trust and Tax planning, we hope that they shine through all our activities and communications.

What is a Trust?

A trust is a legal relationship whereby a person (known as the settlor) gives property to another (the trustee) to hold assets (the trust fund) for the benefit of someone else or a group of people (the beneficiary or beneficiaries). The details are set out in a document (the Trust Instrument), which could be a Will or a Trust Deed.

Although the trust fund is transferred into the name of the trustees, it doesn't belong to them. They are looking after it for someone else and have what is known as a fiduciary duty to that beneficiary or those beneficiaries.

What is a Trustee?

The trustee is the person or persons named in the trust deed to look after and manage the assets held in the trust.

The trustees will have certain powers provided by law to allow them to manage the assets in the trust effectively for the benefit of the beneficiaries and the settlor will also be able to provide powers in the trust deed.

Beneficiaries can be appointed as trustees but this can often create a conflict of interest and it is usually advisable to appoint independent trustees, who have no beneficial interest in the trust. You will need to choose your trustees wisely and be satisfied that they have the capacity to undertake this role and the responsibilities which accompany it.

What must the Trustees do?

Trustees must follow certain statutory rules and as well as any terms outlined in the trust Deed. In general, most things which a person should or would want to do with their own money or assets can be done by the trustees.

For example, trustees can open and operate a trust bank account, invest money and buy and sell property.

However, the trustees should always seek the appropriate advice before making any of these decisions.

The role of a trustee should not be undertaken lightly. Trustees can be held personally liable for any mistakes they make.

It is worth noting that a trust will often continue for a number of years (to a maximum of 125 years) known as the perpetuity period.

For these reasons, settlors will often choose to appoint professional trustees.

What are the duties of the Trustees?

Trustees must:

- ✦ Disclose any circumstances where they might have a conflict of interest with a beneficiary. If a beneficiary owes a trustee money, this should be disclosed.
- ✦ Ensure that all the trust assets are transferred to them and that these assets are protected. Trustees must also ensure that trust assets are kept completely separately to their own assets.
- ✦ Not act in conflict with the interests of the beneficiaries or profit from their role as Trustee.
- ✦ Ensure they know what the terms of the Trust are and that they are carried out.
- ✦ Ensure that they do not act beyond the terms of the Trust and their powers given by it.

- ✦ Ensure that good trust records and accounts are kept and are compliant with all the required reporting standards for trusts and ensure any tax due is paid on time.
- ✦ Take independent financial advice at appropriate times. This does not preclude the use of common sense. The Trustees must also ensure that the advice taken is in accordance with any legislative provisions. The ultimate decision over what to invest in is the Trustees' decision. It cannot be delegated.
- ✦ Act impartially and fairly between multiple beneficiaries and those who are beneficiaries now and those who will be in the future.
- ✦ Undertake regular meetings.
- ✦ Act jointly. Trustees should not normally delegate functions to each other. Trustees are jointly liable for mistakes and should act together.
- ✦ Not charge fees. Only professional Trustees can claim more than their out of pocket expenses.
- ✦ Ensure the beneficiaries are kept informed to avoid disputes.
- ✦ Not act if they have been made bankrupt.

If professional trustees are appointed, they will be required to provide an even greater duty of care. There are, however, the only trustees able to charge a fee.

What can be the problems with gifting assets outright instead of creating a trust?

1 Future financial difficulties of the beneficiary:

The beneficiary of a gift will own the asset outright and it will form part of their estate. This means it could be taken into account during any future bankruptcy or insolvency process and may be lost to creditors.

There are also other, more common, financial pressures. The beneficiary may become unemployed, be forced to take a pay cut or fall ill. The beneficiary might feel or be pressured to sell the assets in order to consolidate debts or to help their financial situation.

2 Divorce of the beneficiary:

Assets owned outright can be taken into account when financial provisions are made during a divorce settlement. Assets gifted to a beneficiary may therefore be lost or have to be shared with a former spouse.

3 Beneficiary in receipt of means-tested benefits:

If the beneficiary is in receipt of means-tested benefits, those benefits could be reduced or stopped as a result of the receiving the gift.

4 The pressure of responsibility:

Some beneficiaries can suffer from anxiety upon the receipt of significant sums of money or high value assets such as property. It may put pressure on the recipient and although they may appear content and competent, they may become nervous with the accountability that accompanies it.

5 The beneficiary who is “under the influence”:

Some beneficiaries can be easily influenced by family members or friends who may not always have their best intentions in mind. Addictions such as drink, drugs or gambling can also lead to a beneficiary making some unwise decisions in relation to their gift.

6 The loss of motivation:

It may be that the receipt of an outright gift provides the beneficiary with an opportunity to give up working as hard as they have before. They receive what they consider to be a great sum and cease to apply themselves to their education, work or life in general as they feel they have the asset to fall back on.

7 Sideways disinheritance:

If a beneficiary dies, an asset that has been given to them outright may pass by will or by the rules of intestacy (where a person dies without a Will), to their spouse who may go on to meet a new partner and remarry. On their death, this asset could then pass onto their new spouse or step-family, resulting in the asset ultimately benefitting a completely different family. This can often be a concern when large gifts are made to married children.

8 Gifts of income-generating assets:

If income-generating assets are important and are given away, there will be a possible impact on the standard of living of the person making the gift. If you make an outright gift it can no longer be used by you to generate an income, should you need it.

9 False hopes about tax:

Some people expect that gifting an asset outright will remove the asset from their estate and will therefore have the effect of reducing their estate for Inheritance Tax purposes. However, this is not always the case.

There can be other tax considerations as well, such as the triggering of a Capital Gains Tax charge. Tax implications can be complex, and it is important that advice is sought before any gifts are made.

10 Being abandoned:

People sometimes assume that, having made a gift, the beneficiary will honour them with even more love, care and financial support if they are ever in need of it. Unfortunately, the reverse may be true. The beneficiary may consider that there is little reason to help now that they have already received a substantial gift.



Why appoint a professional trustee?

A Professional Trustee can provide continued stability, professionalism and investment proficiency.

Acting as trustee or executor is an onerous responsibility. The decision to accept such a position must not be taken lightly as you can be held personally liable for your actions. In addition to taking away the risk of being personally liable, appointing a trust corporation has a number of benefits, including:

- ✦ **Professional** - to relieve the burden of keeping up with ever changing current legislation and regulation, particularly the latter which is becoming more onerous and complex.
- ✦ **Expertise** - As professionals, they deal with estate administration everyday and so will not be phased by any complexity which may arise, such as finalising the tax, selling properties and managing investments. By appointing a professional, you can be confident that your estate will be dealt with correctly and efficiently.
- ✦ **Continuity** - A professional company doesn't pass away or become incapable and so you can be reassured that there will always be someone who is capable of managing your affairs.
- ✦ **Impartiality** - A professional can ensure that matters are dealt with impartially, especially if there is any tension within your family. They will always act in the best interests of the estate and all of the beneficiaries, they will not take sides.

What is a trust corporation?

A UK trust corporation can act either solely or jointly on appointments and can validly discharge outgoing trustees on appointment as a sole trustee. A trust corporation can also receive the proceeds on the sale of land held solely, something trust companies are unable to do. It is a company which has a place of business in the UK and is registered with Companies House. Its constitution must enable it to undertake trust business in England and Wales and it must have issued share capital of not less than £250,000, of which at least £100,000 must be paid up.



What we do

We're independent and means that we're free to advise with one agenda alone: what's best for you.

Our clients vary from small family trusts where the sole asset is a portfolio of quoted investments to complex trusts holding a variety of assets including landed estates, private company shareholdings and chattels.

We recognise that no two peoples lives are the same and so we manage your trust in a way that is designed around you. We work closely with you - to build something uniquely geared to no one else but you.

We understand that the way you structure your wealth today can affect your family for generations, which is why we put retaining longstanding relationships with each of our customers, their families, trusted advisers and trustees at the core of our business. We can help you manage complex family wealth as well as family businesses, providing the continuity to help your family enjoy, build and protect your wealth across generations.

Our holistic, personalised approach is designed to be a more tailored, long-term way to manage your wealth.

We act as

- ✦ Trustee of family trusts and settlements
- ✦ Trustee of charitable trusts
- ✦ An executor of deceased persons' estates

Fees

We charge a fee for acting as trustee, we work directly with our Fund Managers to reduce advisor charges and high investment platform charges which can erode the future value of your Trust Fund. At Sterling, by working with fund managers who only charge a fraction of other platforms we are able to do this.

Our scale of charges is as follows.

- ✦ Income earning assets with market value of up to £500,000 - £750 plus VAT
- ✦ Income earning assets with a market value above £500,000 - 1% plus VAT of the Trust Value

What does Fiduciary Duty mean?

This means that the relationship of trustee and beneficiary stems from trust. You have a:

- ✦ Duty of care. This means that you must manage the assets competently, prudently and diligently as you would if they were your own assets.
- ✦ Duty to act fairly. You must act in the interests of the beneficiaries always and you cannot seek to or realise personal gain from your position as trustee or from having knowledge of the trust assets (known as the self-dealing rule).
- ✦ Duty of impartiality. You must treat the interests of the beneficiaries even-handedly, when considering the assets, investments and distributions made.
- ✦ Duty to inform. You must provide the beneficiaries with information necessary to protect their interests in the trust.

Our Fiduciary Duties

- ✦ Calculating the tax position and filing Tax returns
- ✦ Settlor and beneficiary queries
- ✦ Keeping abreast of tax & trust legislative changes
- ✦ Prudent management of the trust assets
- ✦ Development and maintenance of the accounting records of all transactions performed as trustees and distribution of annual Trust Accounts
- ✦ Administration of your will
- ✦ Determination of distribution requirements
- ✦ Verification and payment of invoices such as council tax and insurance
- ✦ on properties
- ✦ Meetings with beneficiaries
- ✦ Making provisions of loans
- ✦ Meeting the wishes of settlors
- ✦ Selling property
- ✦ Paying care fees
- ✦ Defending claims against the assets
- ✦ Trustee Meetings



Meet Us

Andrew Sparham - Managing Director

Andrew has over 37 years experience in Private and Commercial Banking with his primary focus on customer service and providing positive and reliable financial solutions to his clients. Proactive support to all those I come in contact with in order to deliver high quality outcomes.

Kylie Simmonds-Cox - Operations Director TEP MBA MIPW

Kylie has over 20 years experience working within Trust Corporations and Law Firms. She has vast experience in both estates and trust administration and is a full member (TEP) of the Society of Trust and Estate Practitioners.

Michael Budden - Advisory Board

Michael graduated at Manchester University with a Law degree. He qualified as a solicitor in London with Charles Chaplin & Co. He moved into personal tax and financial planning with Anderson's and moved to Kleinwort Benson in 2000 as a senior consultant advising wealthy private clients. Michael lectures on trusts, inheritance tax and capital gains tax. Michael provides individual tax reports on our family trusts.

Martin Hall - Optimus Fiduciary

Martin is a member of the Society of Trust and Estate Practitioners. He commenced his career with the Isle of Man Company Registry before later moving into the private sector. He actively manages a growing team and provides strategic direction for Optimus Pensions Administrators Limited. Martins firm provides expertise, oversight and compliance.

Our Partners

We work in partnership with the best specialist fund managers and providers of financial products in the industry.

About The T J M Partnership Plc

Established in 2007 by Tim Jenkins, TJM offers a truly bespoke service. With strong credentials, safe third party custody of assets and first rate market intelligence, TJM are able to advise and deliver across a wide spectrum of investment opportunities.

Staffed by highly experienced professionals, our carefully considered market expertise will help you realise your investment aspirations. Our team develops a partnership with its clients and adopts a completely tailored approach to each and every one.

When you engage the services of TJM, your own dedicated personal broker or manager is backed up by an impressive team. Maintaining a watch on your positions in the market and your long term investment objectives, we underpin everything we do with attention to managing risk.

Our solution provides you with a single access point to a wide range of markets and trading instruments, without reliance upon a disparate array of brokers and managers. You deal with us and we deliver the whole of the marketplace. This streamlined approach saves you time and money and enables us to act quickly on your behalf to exploit opportunities as they arise.

The emphasis we place on up to the minute market intelligence and research is key to our success and, ultimately, yours.

The foundation of our business is a partnership which ensures you continuity of our relationship - we attract talented professionals who build their careers with us, staying loyal and committed to you for the long term. Their stake in the business means we offer stability and continuity of service year in, year out.



Our clientele reflects the international reach of our business and comprises high net worth individuals, institutional investors and intermediaries; all of whom benefit from our global expertise and our attentive service. Our success is built on our unique model - taking a different outlook on the traditional relationship between the broker and client, ensuring our investors' interests come first and always dealing with integrity.



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