

THE VARIOUS PARTIES TO FAMILY TRUSTS

1. The Settlor

This person should be someone independent who does not benefit in any way under the Trust.

Once the Settlor pays the settled sum and establishes the Trust, that person drops out of the picture. The Settlor is not liable thereafter for anything connected with the Trust.

2. The Trustee

The Trustee runs the Trust, and decides which Beneficiaries are paid what amounts and how out of the Trust's funds.

The Trustee may be an individual or individuals, or a Company. A Company is often preferred as among other things it:-

- (a) Avoids possible problems involved with the death of an individual Trustee; and

- (b) Gives limited liability protection to the Directors of the Company, in carrying out the Trustee's duties under the Trust.

3. The Appointor

This person is central to the workings of the Trust, as he/she can remove and appoint the Trustee, and therefore effectively controls the Trust.

4. Primary Beneficiaries

As the name suggests, these are the Beneficiaries who will first benefit from the Trust, and in the event of the Trustee not exercising discretion, the capital of the Trust will go to them on finalisation of the Trust.

5. General and Subordinate Beneficiaries

These groups receive benefit from the Trust at the Trustee's discretion.