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One of the fundamental reasons for establishing a family trust is for asset protection.

Business owners face a multitude of risks in their business lives which could result in personal liability and therefore exposure of personal assets such as their family home.

By transferring assets to a family trust with the establishment of a gifting programme business owners can progressively reduce that exposure with the ultimate goal of the trust owning the majority of assets.

The other primary reason to establish a trust is to ensure a succession plan for family assets. The use of a family trust can be a very effective mechanism for protecting family assets from the impact of the regime for the division of assets on the breakdown of a personal relationship. It is also a very effective way of distributing wealth through multiple generations. For example if you have a successful company, the shares may well be owned by the family trust. On the sale of the shares in that company the financial benefits can then be spread through a wider range of recipients namely the beneficiaries of that trust.

Establishing a family trust is vital when you are in business and it is important to get expert advice to ensure that you obtain the maximum protection possible, so that your personal family assets can be ring-fenced from potential business liability.

Every prospective or existing business owner should seek expert professional advice with regard to establishing a family trust.

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