

Personal Injury Trusts: Things for you to think about



What is a Personal Injury Trust?

The trust is created by you when you sign a special document called a 'trust deed'. It states who must look after your compensation on your behalf. The people who look after it are your 'trustees'. You can choose them. The trust deed also explains how the money is to be invested and otherwise looked after for your benefit.

Why should you bother?

1. If you receive compensation, even an interim payment, it will tend to cut your means-tested benefits. That is certainly after the 12 months 'period of grace' ends and sometimes sooner. The period of grace is based upon complex legal provisions and our advice is that you should not rely upon it. That is especially if like most people you want to retain some of your award for a 'rainy day'.
2. Remember that your compensation may cost you more than you think if you do not put a trust in place. It may cut your present entitlements and also your ability to claim in the future. Not having entitlement to means-tested benefits can also stop you being able to obtain other valuable services such as free prescriptions and school dinners for children.
3. Even if you do not get means-tested benefits right now you might want to protect your compensation from the growing cost of long-term care. This is a big concern for many people. Why miss out when the rules allow you to retain your entitlements if you found a trust?

What can you do with the money in the Personal Injury Trust?

1. Your normal expenses of daily living are supposed to be met by means-tested benefits, such as gas, water, electricity, food, mortgage interest, council tax, most rents and payments

for any residential care. These should usually continue to be met by your benefits (so far as possible) because that will help you budget properly. But if there is a shortfall these bills can be met by the trust (e.g. if you get an unexpectedly large heating bill).

2. Other things which are not supposed to be met by benefits such as your phone bill, TV costs and the cost of extra care should be met from the trust. The trust can also pay for a place to live, a new car, petrol, a holiday and much more. It really is up to you. The money you do not need can be invested by the trustees for the longer term.

Who should you choose to be your trustees?

1. You need to pick a couple of trustees to look after the compensation you put into the trust and make decisions about payments from the trust. We suggest you choose a family member and a professional person. We can be the trustees if you wish.
2. Your choice of trustees is very important. Payments are subject to your consent. Trustees must take proper investment advice. You can have the power to get rid of trustees and appoint new trustees if you want. In many cases having a professional trustee is a good idea. The trust can be wound up if necessary although that may trigger loss of benefits.

Where can I find out more?

For further information about Personal Injury Trusts, please contact us at Wards Solicitors, 52 Broad Street, Bristol BS1 2EP, or on **0117 9292811**. In most cases, we can arrange an appointment for you at any of our branches with one of our trust specialists.