

Is there a tax efficient way to help with your grandchildren's education costs?

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Many grandparents are keen to help with the cost of education for their grandchildren. An alternative to paying these on an ongoing basis would be to set up a bare trust for the benefit of the grandchild into which you gift a lump sum. The advantage of a bare trust is the tax treatment as the grandchild's personal income tax allowances, personal savings allowances, capital gains tax allowances and dividend allowances being available each year to offset any tax. Provided you survive the gift to the trust by a period of 7 years, the amount of the gift will fall outside of your estate for Inheritance Tax purposes.

It also means that if you die before they finish their education, the money within the Trust is unaffected and your grandchildren's education costs can continue to be paid.

If you wish to discuss setting up a bare Trust, please contact Susannah Griffiths, Christopher Hamlyn or James Rousell on 01384 371622

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