PROPERTY LIFE INTEREST TRUST

FERN
WILLS & LPAs

Security for the survivor. Protection for the family.

What it is

A PLIT is created by your Will. If you own the home solely, the whole property can pass into trust; if you own as tenants in common, your share can pass into trust. The life tenant, usually your partner, receives the present right to live there or benefit from it. Your chosen family inherits the protected property or capital later, when the life interest ends.

Married or civil partners	Unmarried partners
Spouse or civil-partner exemption normally applies at the first death. Unused inheritance-tax allowances may normally transfer. The trust property is generally counted in the survivor's estate for inheritance tax.	There is no spouse exemption and unused allowances cannot transfer. The residence nil-rate band may be unavailable because the partner, rather than the children, receives the immediate benefit. Tailored tax modelling matters.

How it works

1. **Check ownership.** A sole owner's whole home, or a tenant in common's share, can pass under the Will. Beneficial joint ownership usually requires severance first. A Form A restriction alone does not prove the exact shares.
2. **Draft the Will trust.** Name the life tenant, trustees, ultimate beneficiaries, ending event and practical powers.
3. **First death.** The executors and trustees bring the PLIT into operation during estate administration, review the property and title, and record the survivor's occupation arrangements.
4. **Life changes.** If the Will allows, trustees may agree a move, sale, letting or temporary investment and record each contribution.
5. **Trust ends.** The protected property or share passes under the trust after administration, not necessarily instantly.

Tax and registration snapshot

- **IHT:** A qualifying life interest is generally counted in the life tenant's estate. The usual ten-year and exit charges for many discretionary trusts are not the standard treatment while it continues.
- **CGT:** Market value at death is normally the starting value. Main-residence relief may apply during permitted occupation; letting or non-occupation can restrict it.
- **Income:** The life tenant is generally taxable on income to which they are entitled. Trustees may have reporting duties and provide form R185.
- **TRS:** A Will trust holding estate property is generally excluded from the Trust Registration Service for two years after death. An ongoing trust may then need registration, and a taxable trust may need it sooner.

PRACTICAL DUTIES & COSTS	IMPORTANT LIMITS
Trustees must keep decisions, values, ownership contributions, expenses and tax/registration reviews on file. A quiet year may cost £0 to £500 + VAT in specialist support; a sale, move, dispute or tax year may cost roughly £500 to £2,500 + VAT, plus conveyancing, valuation, insurance and accounting. Illustrative only, not a Fern quote.	A PLIT protects succession to the owner's property or share. It does not guarantee protection from care fees, tax, creditors, claims or family conflict. Care-charge deprivation rules are fact-sensitive. Anything owned personally by the survivor remains theirs. Trustee powers and lender or insurance terms control what can happen.

Bring to your review

Registered title and any declaration of trust • Approximate value and mortgage • Family tree • Intended trustees and beneficiaries • Wishes about moving, letting, costs and when the life interest ends

After the first death

The family should obtain current probate and trust-administration advice. See "Will Trusts After Death: Registration and First Steps" when published, or ask Fern for an introduction to a probate specialist.

Fern's role

Fern can identify and explain options, check the planning facts, draft the Will trust and signpost conveyancing, tax or trustee support. Fern does not accept trustee appointments, create standalone lifetime property trusts, calculate tax liabilities, register/administer the trust or guarantee outcomes.