TRS – Why advisers must get involved?

Background – The responsibility for registering trusts sits with trustees but advisers planning to stay out of supporting clients will find some huge hurdles.

Case study – Cliff Wealth Management are based in the North West. They have 7 experienced advisers & 2 trainees/junior advisers who have been brought through the paraplanning route. They have internal compliance & paraplanning services but use an external compliance service as well.

Initially they have thought they could pass this work back to the client & were unsure of the size if the problem for their firm & what issues they would face.

After several discussions, they came to some conclusions:

1) Research showed that lay trustees would struggle to register a trust & are likely to want to involve advisers in what could turn out to be several unproductive meetings.
2) Their compliance team warned that advisers helping clients with the physical act of registering trusts would be out of scope for compliance. Thus, it would necessitate re-witting their own compliance manual, agreeing a training and competence programme for staff. They also realised it was out of scope for their Pi cover, this would necessitate getting an extension to their cover and negotiations on costs with insurers.
3) Regardless they realised that the 2017 statutory instrument created specific due diligence and discrepancy reporting requirements. Thus, they would need to make sure trust clients comply with the requirements and be able to prove this when dealing with providers, discretionary managers, and others.
4) They wanted to make life simple for customers who would be prepared to pay for a quality service.
5) The firm wanted a service that supplied clients with the data they need to register the trust whilst offering a service for clients.
6) They felt this allows adviser/client meetings to focus on more productive areas.
7) The firm considered an analysis of the data would help to identify processes that should be adopted. This would also create meetings with potential new clients & generate referrals for wills/LPA's etc.
8) They saw they could also approach clients who have disengaged and where advice fees are switched off. Thus, this was seen as a strong reengagement tool, they also believed that a failure to help clients would lead to an increase in disengaged clients.
9) The firm were aware that they have specific due diligence requirements in respect if trust registrations as do providers. They feared that they would be left unable to take instructions from trusts that failed to comply and or would not be able to get instructions processed by Providers/DFM's/Platforms

There were also some additional wins for the firm:

1) An opportunity to share their approach with introducers.
2) A chance to broaden the estate planning solutions they use.
3) The chance to tidy up their back book, considering the white paper about improving standards of tax advice (it specifically referenced advisers using trusts).
4) They plan to write articles in the local press around trust registration in the hope of acquiring clients away from other firms.