

Trusts

Purpose

This unit enables financial planning professionals to develop knowledge and understanding of the various types of trusts, including the legal principles and taxation considerations associated with the creation and management of a trust.

Learning outcomes

At the end of this unit, candidates will be able to:

Summary of learning outcomes	
1.	Explain the structure of a trust and the roles of the main parties
2.	Explain how trusts are created
3.	Explain the rules covering the investment of trust assets and the administration of trusts
4.	Explain substituted decision making
5.	Explain the use of Wills and the consequences of dying intestate
6.	Explain the effects of bankruptcy on trusts
7.	Analyse how trusts are subject to tax
8.	Explain how life policies, pensions and other investments can be placed in trust, including the tax implications
9.	Apply effective trust and related tax planning solutions

Important notes

- This syllabus will be examined from 1 September 2026 to 31 August 2027.
- Candidates will be examined on the basis of English law and practice in the tax year 2026/2027 unless otherwise stated.
- The general rule is that exams are based on the English legislative position three months before the date of the exams.
- Candidates should refer to the CII website for the latest information on changes to law and practice and when they will be examined:
 1. Visit www.cii.co.uk/learning/qualifications
 2. Select the appropriate qualification
 3. Select your unit from the list provided
 4. Select qualification update on the right hand side of the page

This PDF document has been designed to be accessible with screen reader technology. If for accessibility reasons you require this document in an alternative format, please contact us on online.exams@cii.co.uk to discuss your needs.

1. Explain the structure of a trust and the roles of the main parties

- 1.1 Explain the legal structure of a trust;
- 1.2 Describe the role and legal standing of the main parties of a trust;
- 1.3 Explain why trusts are used including their benefits and drawbacks.

2. Explain how trusts are created

- 2.1 Explain the different methods and rules of creating a trust;
- 2.2 Describe the various types of trusts;
- 2.3 Describe the main types of trust property.

3. Explain the rules covering the investment of trust assets and the administration of trusts

- 3.1 Describe the rules covered in the Trustee Act 2000 and other relevant legislation;
- 3.2 Explain the variation of trusts;
- 3.3 Explain charitable trusts and their use;
- 3.4 Explain the rules covering the creation and maintenance of offshore trusts;
- 3.5 Explain the rules covering the administration of trusts;
- 3.6 Explain how trusts are registered with the Trust Registration service.

4. Explain substituted decision making

- 4.1 Explain the rules covering the various types of Powers of Attorney;
- 4.2 Describe the role of the Court of Protection;
- 4.3 Describe the role of the Office of the Public Guardian;
- 4.4 Describe the rules covered in the Mental Capacity Act 2005 and other relevant legislation.

5. Explain the use of Wills and the consequences of dying intestate

- 5.1 Explain the requirements for and benefits of making a valid Will;
- 5.2 Explain the rules of intestacy;
- 5.3 Explain the process for changing a Will/intestacy after death;
- 5.4 Explain the implications of revoking, challenging or changing a Will;
- 5.5 Describe the role of the executor and administrator of an estate;
- 5.6 Explain the main Income Tax and Capital Gains Tax provisions for estates of deceased persons.

6. Explain the effects of bankruptcy on trusts

- 6.1 Explain the effects of the bankruptcy of the main parties to a trust;
- 6.2 Describe the roles of the main parties involved in the bankruptcy process.

7. Analyse how trusts are subject to tax

- 7.1 Explain the tax liability of trustees and their responsibilities under self-assessment;
- 7.2 Analyse the implications of Income Tax in relation to the various types of trusts;
- 7.3 Analyse the implications of Capital Gains Tax in relation to the various types of trusts;
- 7.4 Analyse the implications of Inheritance Tax in relation to the various types of trusts;
- 7.5 The relevance of residence and long-term residence on the parties to a trust.

8. Explain how life policies, pensions and other investments can be placed in trust, including the tax implications

- 8.1 Explain how life policies, pensions and other investments can be placed in trust;
- 8.2 Describe the reasons for placing life policies, pensions and other investments in trust;
- 8.3 Describe trustees' responsibilities for life policies, pensions and other investments in trust;
- 8.4 Explain the tax implications on life policies, pensions and other investments in trust.

9. Apply effective trust and related tax planning solutions

- 9.1 Apply trust and related tax planning solutions to meet client objectives and minimise tax liabilities;
- 9.2 Describe events which may give rise to the need for a review of trust arrangements.

Available Resources

The following list provides details of further resources which may assist you with your studies.

Note: The examination will test the syllabus alone.

The resources listed here: www.cii.co.uk/learning will help you keep up-to-date with developments and provide a wider coverage of syllabus topics.

Additional reading material can also be found referenced in an appendix within the study text(s).

Exam preparation

Exam preparation guidance and supporting exam documentation are available via the CII website: <https://www.cii.co.uk/learning/qualifications/assessment-information>.

Learning support

Trusts. London: CII. Study text J02.

Personal taxation. London: CII. Study text R03.

Financial protection. London: CII. Study text R05.

Revision Courses

Exam papers and test specifications

The last two exam papers and test specifications for review and practice can be found: www.cii.co.uk/learning/qualifications/assessment-information/before-the-exam/exam-papers-and-test-specifications/

Supporting exam documents

Additional information which is provided in your exam can be found here: www.cii.co.uk/learning/qualifications/assessment-information/before-the-exam/supporting-exam-documents

Examination guide

The examination guide is available on the unit page via the CII website.

If you have a current study text enrolment, the current examination guide is included and is accessible via **RevisionMate** (www.cii.co.uk/login). Details of how to access RevisionMate are on the first page of your study text.

It is recommended that you study from the most recent versions of the examination guide.