

Compensation Protection Trusts

A guide to protecting means-tested benefits

Expert advice

When you've received an award of compensation, it may be necessary to have a Compensation Protection Trust.

A Compensation Protection Trust (also known as a Personal Injury Trust) helps protect your compensation award so that you can continue to claim means-tested benefits. Only money received as a result of a personal injury claim can be paid into the Trust.

Slater and Gordon can offer you a tailored service to suit all your needs. We'll ensure that your compensation award and any means-tested benefits you receive are fully protected.



Why would you set up a Compensation Protection Trust?

If you receive means-tested benefits, an award of compensation can mean that you no longer qualify for those benefits. Spending the award quickly or giving part or all of it away is not an alternative solution as the benefits agency may still be entitled to remove or reduce your benefits. If an award of compensation is likely to affect your benefits, a Compensation Protection Trust is advisable.

What happens to the money when it's in the Trust?

Trustees manage the money on your behalf, ensuring that it's invested if appropriate and used for your benefit. They are required to keep records of all transactions where the Trust fund is used.

How do you set up a Compensation Protection Trust?

Our trust experts will provide all the advice required to create the Trust. They'll draft the Trust Deed, advise on who's suitable to act as a Trustee, and help them open a Trustee bank account. Trustees can either be people you trust, such as a family member or close friend, or a professional such as a lawyer.

When should a Trust be set up?

We always advise that you should consider creating a Trust once you're aware of any payments being made on your claim. There's a 52 week period where all payments are disregarded for benefits purposes. This period begins on

receipt of the first interim payment made on your claim. It's therefore vitally important you consider a Trust as soon as you're aware of any interim offer being made.

How easily can you get access to your money?

The Trustees will manage the money on your behalf and make payments when requested. You can be named as one of the Trustees and be involved in the management of the Trust fund. The Trustees have to agree to requests for funds from the Trust. However, care should be taken to ensure that payments don't affect any means-tested benefits.

What if you change your mind?

It's likely that you will be the sole beneficiary of your Compensation Protection Trust. Therefore, if you're 18 and have capacity, you can write to the Trustees confirming you wish the Trust to be closed and all remaining monies paid to you. As this may affect your benefits entitlement, advice should be taken before you take this course of action.

What happens if you die?

In the event of your death, any money left within the Trust will form part of your estate. If you have a Will, it will be paid in accordance with the terms of the Will. If you don't, your estate will be distributed according to the rules of intestacy.

What should you do if you think you need a Trust?

Call a member of our team of experts and we'll provide you with all the information you need.