Without assuming prior legal knowledge, books in the Directions series introduce and guide readers through key points of law and legal debate. Questions, diagrams and exercises help readers to engage fully with each subject and check their understanding as they progress. If a person sets up a trust to protect himself from creditors in case of insolvency, the trust will be void. Public policy does not permit private trusts to defeat public interests. In addition to a trust prejudicing one’s creditors, other examples of trusts that are void on grounds of public policy are trusts that promote racial or sexual prejudice, trusts which tie up wealth for too long, trusts that restrain marriage and ‘sham’ trusts. This chapter, which focuses on public policy limitations on the formation of trusts, first outlines the rules against perpetuities, the rule against remoteness of vesting, the rule against inalienability of capital and the rules against perpetuity and charities. It then considers private trusts, a breach of the rules against perpetuity and excessive accumulation of income, situations in which a trust designed to shield assets from creditors will and will not
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be void, the Perpetuities and Accumulations Act 1964, proposals for reform of the rules against perpetuities and gifts subject to conditions.

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