

## DISCRETIONARY TRUST FOR AN EXISTING POLICY DT(EP)

This form is suitable for use with existing policies **including those which were applied for online**. It is not suitable for pensions contracts or for life assurance contracts approved under pensions legislation.

Please note, the effect of using this trust will depend on your policy. If your policy is:

- a BOND, you will be gifting the entire investment to your beneficiaries, and you will not be able to benefit from the regular withdrawal scheme.
- a SAVINGS PRODUCT, you will be gifting all benefits to your beneficiaries, including the surrender and/or maturity proceeds.
- a PROTECTION POLICY, you will be gifting all benefits except for any Terminal Illness Benefit which you may retain for yourself by ticking the relevant box in Part E of the Schedule. If the policy is a joint life, first death policy, you must tick the relevant box in Part F of the Schedule to indicate whether or not the proceeds will be held in trust for the survivor, if they are living 30 days after the death of the first of you to die.

This trust form should not be used for Business Protection purposes.

An additional trustee must be appointed at outset to ensure the trust is valid.

The people who could possibly benefit from your trust are listed in Part D of the Trust Schedule. We suggest you complete a letter of wishes to give your trustees an indication as to who you would currently like to benefit from your trust.

If you are in any doubt as to the suitability of this form we recommend that you obtain independent professional advice.

You may need to report your gift into this trust to HM Revenue and Customs (HMRC) where its value exceeds certain limits. Forms IHT100, IHT100a and D34 (all available from HMRC) are used for this purpose. If you are using this trust in connection with a protection policy, it is extremely unlikely that you will need to report the gift. Please discuss this reporting requirement with your financial adviser before completing this trust form.

Friends Life categorises each trustee of an investment contract as a 'retail client'. This gives you the highest level of protection available under the Financial Services Authority's (FSA) Conduct of Business Rules. If you would otherwise be categorised under FSA Rules as a 'professional client' or an 'eligible counterparty' then you may not have access to the Financial Services Compensation Scheme or Financial Ombudsman Service. Please contact your financial adviser if you require further details.

This trust form should be completed with the details that appear on your policy document. Please ensure you provide all the information requested in the Schedule (policy number etc.). When completed please send this trust form to:  
**Friends Life, PO Box 1550, Milford, SALISBURY, Wilts SP1 2TW**

# DISCRETIONARY TRUST

## FOR AN EXISTING POLICY DT(EP)

### Explanatory Notes

It is important to read these notes before completing this Trust Form

#### The advantages of writing life assurance in trust

The main advantages are:

- (i) We can pay the policy proceeds to the surviving trustees on production of a death certificate without waiting for your personal representative(s) to produce a grant of representation or confirmation.
- (ii) The death benefit will be outside your estate for inheritance tax purposes (but see opposite).
- (iii) Use of the **correct** trust will provide flexibility in personal financial planning as well as over the timing and destination of the policy proceeds.

#### When will this trust form be used?

The trust form is suitable for both single and joint policies and can be used anywhere in the United Kingdom. It is not suitable for pension contracts or for life assurance contracts approved under pensions legislation.

Trust form DT(EP) enables you and your co-trustees to decide which of the beneficiaries referred to in Part D of the Schedule in the trust form will receive the benefit of the policy.

#### Terminal Illness Benefit

This form enables you to choose at outset, by ticking the relevant box in Part E of the Schedule, whether you wish to gift any Terminal Illness Benefit or retain it for yourself.

#### Joint Life, First Death Policies

You must indicate, by ticking the relevant box in Part F of the Schedule, whether or not the policy proceeds will be held in trust for the survivor if still living 30 days after the first of you dies.

**You must not be included as a beneficiary either on the trust form itself or in any deed of appointment completed at a later date, as mentioned in clause 3 of the trust form.**

#### Who are the Trustees?

You are automatically appointed as the first trustee(s). You must appoint one or more additional trustees. Provided there is at least one surviving trustee, then in the event of a death claim against the policy, we can pay the trustees as soon as proof is received. If there is no surviving trustee, payment cannot be made until probate, letters of administration or confirmation have been granted and new trustees have been appointed.

It should be noted that at least two trustees are required to make an appointment to a beneficiary.

#### What are the Inheritance Tax (IHT) consequences of using this Trust Form?

Depending on your personal circumstances, there may be a tax charge when you place your policy into this trust.

It is also possible that there may be a tax charge on each tenth anniversary of the trust, and when a payment is made from the trust.

**Please note:** there is unlikely to be a tax charge if a protection policy is the only asset of the trust.

We recommend that you discuss the effect of using this trust with your financial adviser.

#### Warnings

Law and HM Revenue & Customs practice may change at any time. These notes are based on our understanding of both as at December 2011.

The trust fund may be subject to tax in any territory where a trustee is resident. Friends Life cannot advise on non-UK tax issues.

This trust restricts a trustee's liability to losses arising from the trustee's own fraud, wilful misconduct or gross negligence (unless the trustee is entitled to charge for acting as a trustee).

#### Select Protection Plans

A Select Protection Plan can potentially consist of several different policies, some of which cannot be placed in trust e.g. income protection. Each separate policy should be placed in its own trust (if required) according to the benefits it provides.

#### Alterations

If you make a mistake when completing this form, please cross through the error, insert the correction and sign against it. Please do not use correction fluid. If there are two Settlers, both of you should sign against any alterations. The Additional Trustees do not need to sign the alterations. This would also apply if you wish to delete or add to the standard wording. Friends Life cannot take responsibility for or guarantee the legal effectiveness of any amendments.

# Declaration of Trust – Discretionary Trust DT(EP)

## 1. Definitions and Interpretation

1.1 In this trust form (except where the context otherwise requires) the following words shall have the following meanings:

“Additional Trustees” means the person or persons specified in Part C of the Schedule;

A person's "Civil Partner" means the person with whom he or she is in a civil partnership within the meaning of section 1(1) of the Civil Partnership Act 2004;

“the Policy” means the policy specified in Part B of the Schedule;

“the Potential Beneficiaries” has the meaning given in Part D of the Schedule;

“the Schedule” means the Schedule hereto;

“the Settlor” (or “the Settlers”) means the person or persons specified in Part A of the Schedule;

the "Surviving Civil Partner" of a person who has died means the person who was his or her Civil Partner immediately before the death;

“the Trustees” means the Settlor(s) and the Additional Trustees or such person or persons who may hereafter be appointed as a trustee or trustees hereunder;

“the Trust Fund” means the Policy, all monies to become payable thereunder (including bonuses) and monies received on the sale or surrender thereof, all property at any time added thereto by way of further settlement, accumulation of income, capital accretion or otherwise and all property from time to time representing the foregoing respectively;

“the Trust Period” means the period of 125 years from the date hereof which period shall be the perpetuity period for the purposes of this trust.

1.2 The Schedule forms part of this trust form.

1.3 The clause headings are included for convenience only and shall not affect the interpretation of this trust form.

1.4 In this trust form (except where the context otherwise requires):

1.4.1. Use of the singular includes the plural and vice versa.

1.4.2. Use of any gender includes the other genders.

1.4.3. Any reference to an English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall, in respect of any jurisdiction other than England, be deemed to include a reference to what most nearly approximates in that jurisdiction to the English legal term.

1.4.4. A person's children shall be taken to include his illegitimate children, his adopted children and his step children.

## 2. Declaration of Trust

The Settlor HEREBY ASSIGNS to the Trustees the Policy and HEREBY DECLARES that the Trust Fund shall be held:

2.1 If Terminal Illness Benefit is shown as “retained” in part E of the Schedule, as to any Terminal Illness Benefit payable under the Policy upon trust for the Settlor absolutely;

2.2 Subject thereto upon the trusts with and subject to the powers and provisions hereinafter declared and contained.

## 3. Discretionary Power of Appointment

3.1 Subject to Clause 5, the Trustees shall hold the income and capital of the Trust Fund upon trust for or for the benefit of such one or more of the Potential Beneficiaries at such ages and in such shares, upon such trusts and in such manner at any time or times before the expiry of the Trust Period by any deed or deeds revocable or irrevocable as the Trustees (being at least two in number) shall in their absolute discretion appoint.

3.2 The Trustees may at any time or times by deed or deeds extinguish (or restrict the future exercise of) the discretionary power of appointment in this Clause.

## 4. Power of accumulation

Subject to Clauses 2.1, 5 and 6.1 and to the terms of any appointment made under Clause 3.1, the Trustees may during the period of twenty-one years from the date hereof if in their absolute discretion they think fit from time to time accumulate the whole or any part of the income of the Trust Fund by investing the same and the resulting income thereof in any investments hereby authorised (other than the purchase of land only) and adding the accumulations to the capital of the Trust Fund.

## 5. Reversion to Surviving Joint Settlor

If Part F of the Schedule shows that a 30 day wording applies, and the Policy is on the joint lives of the Settlers and the death benefit thereunder is expressed as payable on the death of the first of them to die, the Trustees shall hold the Trust Fund for the survivor of the Settlers absolutely, and the interests of all other persons hereunder shall cease, if the survivor of the Settlers is living thirty days after the death of the deceased Settlor.

## 6. Payment of Income and Capital

6.1 The income (if any) of the share of any of the beneficiaries who is for the time being under full age and is entitled under an appointment (but subject to any prior interest in such income and subject to the terms of any such appointment) shall be held in trust for that beneficiary absolutely and indefeasibly.

6.2 Subject as aforesaid the statutory powers of maintenance and advancement shall apply to this trust (but without the restriction on advancing more than one-half of a beneficiary's share).

**7. Settlor unable to benefit**

No power or discretion by this trust form or by law conferred on the Trustees or any of them or any other person shall (notwithstanding anything to the contrary herein expressed or implied) be exercised so as to cause or permit any part of the capital or income of the Trust Fund to become in any way payable to or applicable for the benefit of the Settlor (or either of the Settlers).

**8. Law**

If the address (or both addresses) shown in Part A of the Schedule is in Scotland this trust shall be subject to, and shall be construed in accordance with, Scots Law. If the address (or either address) shown in Part A of the Schedule is not in Scotland this trust shall be subject to, and shall be construed in accordance with, the Law of England and Wales.

**9. Irrevocability**

This Declaration of Trust shall be irrevocable.

**POWERS**

**10. Powers of investment**

The Trustees may apply any money to be invested in the purchase or acquisition (either alone or jointly with others) of such property, of whatever nature and wherever situate and whether of a wasting nature, involving liabilities or producing income or not, or in making such loans with or without security, as they think fit so that they shall have the same powers to apply money to be invested as if they were an absolute beneficial owner provided that any option, right of surrender or other right under any policy of assurance forming part of the Trust Fund must be exercised by all the Trustees acting together. Provided further that any right to switch investment funds under any unit-linked policy forming part of the Trust Fund may be exercised on behalf of the Trustees by the Settlor during his or her life (or by the Settlers during their joint lives and by the survivor of them during his or her life) without the consent of any other of the Trustees or being under any duty to seek advice thereon.

**11. Power to borrow**

The Trustees may borrow and raise money on the security of the whole or any part of the Trust Fund and use such money to pay the premiums on any policy of assurance or for acquiring investments to be held as part of the Trust Fund or for any other purpose for which the Trust Fund may be used.

**12. Power to appoint new trustees**

12.1 The power of appointing new trustees shall be vested in the Settlor during his life (or in the Settlers during their joint lives and in the survivor of them during his life) or so long as the Settlor retains full legal capacity.

12.2 The Settlor hereby appoints the Additional Trustees to be Trustees to act with the Settlor in the trusts of this trust form, which office the Additional Trustees acknowledge has been accepted on execution of this trust form.

**13. Power to remove trustees**

The Settlor(s) (or the survivor of the Settlers) shall have the power to remove any Trustee by deed without giving any reason for doing so and without the necessity for any Trustee to concur or otherwise be party to such removal provided that this power shall only be exercised if there are at least two Trustees remaining after such removal.

**14. Receipts**

14.1 The receipt of any parent or legally appointed guardian of any beneficiary who shall be under the age of full legal capacity shall be a full discharge to the Trustees.

14.2 The Trustees may pay or transfer any assets comprised in, or any income of, the Trust Fund to the person who purports to be the treasurer or other appropriate officer of any charity which is entitled to such assets or income, and the receipt of such person shall be a full discharge to the Trustees.

14.3 The receipt of the Trustees shall be a good and sufficient discharge to any person for all monies payable by such person under any policy forming part of the Trust Fund.

**15. Power to Charge**

15.1 A Trustee (other than the Settlor) being a person engaged in any profession or business shall be entitled to charge and be paid all usual professional and other charges for business done, services rendered or time spent by such Trustee personally or by such Trustee's firm in the administration of these trusts including acts which a Trustee not being in any profession or business could have done personally.

15.2 A Trustee (other than the Settlor) shall be entitled to retain any commission which may be received personally or by such Trustee's firm in respect of any transaction carried out in relation to the Trust Fund for which such Trustee or Trustee's firm is, in the normal course of business, allowed commission, notwithstanding that the receipt of such commission was procured by an exercise by such Trustee or the Trustees of powers over the Trust Fund.

15.3 If any corporate body shall act as a Trustee hereof it shall be entitled to charge in accordance with its published terms for trust business in force from time to time and in the absence of published terms in accordance with such terms as may from time to time be agreed between the Trustee and the Settlor(s).

**16. Power of Appropriation**

The Trustees may appropriate any part of the Trust Fund in or towards satisfaction of the interest of any beneficiary and may for such purpose place such value on any property as they think fit.

**17. Power to Vary Administrative Provisions**

The Trustees may by deed amend or add to the administrative provisions of this trust.

**18. Liability for Breach of Trust**

The liability of a Trustee for breaches of trust shall be limited to breaches arising from the Trustee's own fraud, wilful misconduct or gross negligence except in the case of a Trustee entitled to charge under Clause 15

## Schedule - Discretionary Trust DT(EP)

In Part A insert your name(s) and address(es).	<b>A</b>	Settlor(s): _____ Address: _____ _____ _____
In Part B insert the type of policy which you are putting into trust and the Policy Number(s).	<b>B</b>	Type of Policy: _____ Policy Numbers*: _____ * Please insert the policy number (not the plan number) which can be found at the top of the policy schedule.
In Part C insert the full names and addresses of the persons who are to be Additional Trustees.  <b>At least one additional trustee must be appointed. If this is not done the trust may not be valid.</b>  <b>Note: the trust fund may be subject to tax in any territory where a trustee is resident. Friends Life cannot advise on non-UK tax issues.</b>	<b>C</b>	Additional Trustees: (1) Full Name: _____ Address: _____ (2) Full Name: _____ Address: _____ (3) Full Name: _____ Address: _____
The Trustees may appoint anyone in this list to receive benefits from the trust  Please see the definitions of Civil Partner and Surviving Civil Partner in part 1.1 of the Declaration of Trust.	<b>D</b>	The "Potential Beneficiaries" shall mean any one or more of: (1) the children and other direct descendants of the Settlor or either of the Settlers; (2) the parents, brothers and sisters of the Settlor (or either of the Settlers) and the children and other direct descendants of such brothers and sisters; (3) the spouse, Civil Partner, widow, widower or Surviving Civil Partner of the Settlor (or either of the Settlers) or of any person within (1) or (2) above; (4) any person entitled under the will or intestacy of the Settlor, or either of the Settlers; (5) any person(s) or charity other than the Settlor(s) nominated as a beneficiary hereunder by the Settlor(s) (or the survivor of the Settlers) by notice in writing to the Trustees;
If your policy includes Terminal Illness benefit, please tick the relevant box in Part E to indicate whether you wish to gift or retain this benefit.	<b>E</b>	<input type="checkbox"/> Terminal Illness Benefit gifted <input type="checkbox"/> Terminal Illness Benefit retained
If your policy is on a joint life, first death basis, please tick the relevant box in Part F to indicate if you wish to apply for a 30 day wording.	<b>F</b>	<input type="checkbox"/> 30 day wording applies <input type="checkbox"/> 30 day wording does not apply

IN WITNESS WHEREOF these presents consisting of this and the two preceding pages are executed by the Settlor(s) and the Additional Trustees in acceptance of their appointment on the date shown in Part G and if executed in Scotland before the witnesses hereto subscribing.

The trust form must be dated and signed by you and the Additional Trustees.  <b>If the trust is declared in Scotland, each should sign in the presence of an independent witness whose signature and details should be included where indicated.</b>  <b>* If the trust is declared in England, Wales or Northern Ireland, witnesses are not required</b>	<b>G</b>	DATE: _____  SIGNED: <b>Signature(s) of Settlor(s):</b> _____ *Witness:    Signature:                      _____ Full Name:                      _____ Address:                          _____
		SIGNED: <b>Signature of First Additional Trustee:</b> _____ *Witness:    Signature:                      _____ Full Name:                      _____ Address:                          _____
		SIGNED: <b>Signature of Second Additional Trustee:</b> _____ *Witness:    Signature:                      _____ Full Name:                      _____ Address:                          _____
		SIGNED: <b>Signature of Third Additional Trustee:</b> _____ *Witness:    Signature:                      _____ Full Name:                      _____ Address:                          _____



## **LETTER OF WISHES FOR DISCRETIONARY/FLEXIBLE TRUSTS**

You can use this document to tell your co-trustees who you would like to benefit from your trust. Please note: the letter is not legally binding as it is simply an indication of your wishes. You may need to adapt the letter to suit your circumstances. Friends Life cannot accept responsibility for its use.

If you change your mind about who you would like to benefit from your trust, please complete a new letter of wishes.

Please send a copy of this letter to your trustees and place the original with your policy document and trust deed. Please send a copy to us at:

Friends Life  
PO Box 1550  
Milford  
SALISBURY  
SP1 2TW

# LETTER OF WISHES FOR DISCRETIONARY/FLEXIBLE TRUSTS

**From:**

1<sup>st</sup> Settlor's name and address:

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2<sup>nd</sup> Settlor's name and address:

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**To:**

1<sup>st</sup> Trustee's name and address:

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2<sup>nd</sup> Trustee's name and address:

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3rd Trustee's name and address:

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4th Trustee's name and address:

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**Policy Number(s):** \_\_\_\_\_

Although this letter is not legally binding, these are the people I would like to benefit from my trust. If any of the people named below are not already potential beneficiaries of my trust, please accept this letter as a nomination.

Name(s):	Share (% or fraction)	Relationship
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

This letter replaces any letter of wishes I may have sent to you previously.

Signed 1<sup>st</sup> Settlor: \_\_\_\_\_ Date: \_\_\_\_\_

Signed 2<sup>nd</sup> Settlor: \_\_\_\_\_ Date: \_\_\_\_\_

*Please send a copy of this letter to your trustees and place the original with your policy document and trust deed. Please send a copy to us so that we can record the details for future reference.*