

Securing your future...

Trusts from FRIENDS

Taking out protection cover can help to protect the financial future of your family and provide them with security and peace of mind.



You want to be sure that the right people will benefit from your policy at the right time. You can help ensure this by putting your policy in trust for no extra cost.

Making sure the right people benefit

A trust is a way of ensuring the Life Cover you have taken out goes to the people you would like to see benefit from your policy.

As the settlor, the person who creates the trust, you can choose the people, known as beneficiaries, who will benefit. The trust will define how and when they are able to receive the sum that is in trust.

The people who look after the trust, and who FRIENDS will deal with, are known as trustees. With our trusts you are automatically a trustee and you can choose other individuals to act with you.

It is important that when you choose a trustee you should make sure they have a copy of the trust, and understand its terms and the responsibility they are taking on.

Save time and reduce the worry

Compared to leaving your Life Cover in your will or through intestacy (the complex rules that apply when there is no will), a trust will give you greater certainty and benefits.

Here are some points you may wish to consider:

Immediate payment on your policy...

A Life Cover claim is made at a stressful time for the family with both emotional and administration issues to be taken on board. A trust can pay the Life Cover to the trustees to pay monies over to a beneficiary straight away so that their financial position remains sound and they can focus on the future. Once Friends Provident has approved the Life Cover claim we can pay the proceeds to the trustees simply on production of the death certificate and a copy of the trust.

If the policy were not under trust then there would be a delay in payment until probate, when the will is deemed to be valid, or letters of administration are obtained. This can often take up to six months.

Reducing your Inheritance Tax (IHT) liability...

When you write your policy in trust your premiums are known as gifts for inheritance tax purposes and can usually be covered by generous exemptions. The proceeds will not form part of your estate, where inheritance tax becomes payable on assets over £325,000 (tax year 2011/2012).

There are various types of trust available for you to choose, and your financial adviser will be able to discuss these with you.

For flexibility and a degree of control...

Choose the Discretionary Trust

If you want flexibility and a degree of control over the beneficiaries covered under the trust then you may wish to consider the FRIENDS Discretionary Trust.

This trust gives the trustees the ability to decide who benefits, from a wide range of potential beneficiaries including the family, at what time and in what shares. To help the trustees you can give them written guidance on your latest wishes.

FRIENDS also offer a version of this trust where you can gift your Life Cover but keep any critical illness benefits for your own use.



The importance of advice

Your financial adviser will be able to give you advice on the benefits of writing your policy in trust. If you decide that a trust is the best way forward they can advise you on the most suitable trust based on your needs.

Even if you do not use a trust at outset the good news is that we can provide specific versions of these trusts for use with existing policies.

This guide has been based on understanding of the current law and HM Revenue & Customs practice, which may change at any time.

Further information and support

For further information on the products and services Friends Provident provide please visit:

www.friendsprovident.co.uk

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