



For customers | Business Protection

Business trust – new policies only

Choice of governing law

Completion notes

1. Please complete all relevant sections of the Trust document in BLOCK CAPITALS and in ballpoint pen. If you leave any of these sections blank, the Trust could be invalid.
2. If you make a mistake, just draw a line through it. Don't use correction fluid. You and all the Trustees must initial the change.
3. The margin notes throughout the document will help you complete it. These notes are for guidance only and don't form part of the Trust.
4. For Capital Gains Tax reasons this Trust has been drafted for use with new policies only.
5. If you want the law of Scotland to apply, you as the Settlor should initial the box under Part 9.
6. The signatures of the Settlor and all the Trustees must be witnessed.

This draft trust has been drawn up based on our understanding of current law and HM Revenue & Customs practice. The Trust is presented as a draft only and anyone intending to make a policy subject to a trust is strongly advised to consult their own legal advisers to make sure that the draft trust meets their requirements.

Trusts are not regulated by the Financial Conduct Authority.

Aegon cannot accept any responsibility for the consequences arising from the use of this draft.

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1. Request

You are the Settlor.
Write your full name
after 'I' and address
after 'of'.

I
of

(‘the Settlor’)

hereby request and direct that:

the life protection Policy shown in Part 2 below issued as a result of the Settlor’s proposal (**the Policy**, which expression shall, where there is more than one such Policy, include all such Policies) be issued and delivered by the Company (as defined later) in such manner as to constitute the Settlor and the Additional Trustees (as defined below) as the Trustees of the Policy.

2. Policy subject to trust

Insert the date of your
new Policy application.
For online applications
this will be the date you
submitted your online
application.

Policy type

Date of proposal (dd/mm/yyyy)

This trust should be executed before the Policy comes into force.

3. Appointment of Additional Trustees

You as the Settlor are
automatically a Trustee
of this Trust so there’s
no need to fill in your
details here. Insert
the full name(s) and
address(es) of your
additional Trustee(s).

It is recommended there
be at least two Trustees.
A Trustee must be 18
years of age or over.

It is likely to be desirable
to appoint the other
co-owners as Trustee(s)
and to replace/remove
them as Trustee(s) if they
subsequently leave the
business.

The Settlor appoints
of
and
of

to be the Trustees of this Trust with the Settlor with the effect that the Policy shall be held by the Trustees subject to the terms and powers set out in this Trust.

4. Definitions

This part defines the terms used in the Trust.

Insert the company name or the name of the limited liability partnership or partnership.

- 4.1 **Appointment Period** means the period expiring on the earlier of:
- a the expiry of the Trust Period; and
 - b twenty-five months and one day following the Relevant Date.
- 4.2 **Beneficiary(ies)** means:
- a the Settlor;
 - b the present partners in the business and all persons who shall at any time in the future be partners in the Business or in any partnership carrying on as successor to the Business;
 - c the present members in the Business and all persons who shall at any time in the future be members in the Business or in any limited liability partnership carrying on as successor to the Business; and
 - d the present owners of Ordinary Shares in the Business and all persons who shall at any time in the future be owners of Ordinary Shares in the Business or in any company carrying on as successor to the Business.
- 4.3 **Business** means:
-
- any successor partnership, limited liability partnership or limited company carrying on the entire operation of the Business and any other partnership, limited liability partnership or limited company specified in a memorandum signed before the Relevant Date by all the owners of the Business for the time being.
- 4.4 **Company** means Scottish Equitable plc.
- 4.5 **Gifted Benefits** means any benefit arising under the Policy.
- 4.6 **Ordinary shares** means shares other than shares that as respects dividends and capital carry a right to participate only up to a fixed or specified amount on distribution.
- 4.7 **Relevant Date** means the earlier of the date of payment of any claim in respect of critical illness protection or total permanent disability benefit under the Policy, the date of death of the Settlor and the date of termination of the Policy (for any reason other than payment of the terminal illness benefit under life protection benefit).
- 4.8 **Trustees** means the Settlor and the Additional Trustees appointed in Part 3 above, or the trustees for the time being hereof.
- 4.9 **Trust Fund** means the Policy, the full benefit of the Policy and all property at any time held by the Trustees upon the trusts created by this Trust whether by way of further settlement, accumulation of income capital accretion or otherwise and all property from time to time representing the foregoing respectively.
- 4.10 **Trust Period** means the period of one hundred and twenty-five years from the date of this Trust (which period, where the Trust is governed by the law of England and Wales, shall be the perpetuity period for the purpose of this Trust).
- 4.11 Where the context of the Trust permits, words importing the singular shall include the plural and the masculine shall include the feminine and vice versa.

5. Principal trusts

A. Gifted Benefits

The Trustees shall hold the Trust Fund and the income from it on the following trusts:

- i Subject to the provisions of sub-clauses ii and iii of Part 5A, the Trustees shall have power by deed or deeds revocable (whether by the person(s) making the deed or some other person(s)) or irrevocable to appoint during the Appointment Period the whole or such part or parts of the Trust Fund and the income from it as they think fit for the benefit of such one or more of the Beneficiaries in such shares and proportions and subject to such terms and conditions and with, and subject to, such provisions for forfeiture in respect of bankruptcy or otherwise and with such discretionary trusts and powers exercisable by such persons as the Trustees in their absolute discretion think fit. An appointment in favour of the Settlor can only be made by a minimum of two Trustees.

If the terms of any revocable appointment have not been revoked at the end of the Appointment Period such appointment shall become irrevocable at that time.

- ii Subject to any appointments made under sub-clauses i, iii and iv of Part 5A (and so far as any such appointment shall not extend or fail for any reason), the Trustees shall hold the Trust Fund and the income from it for the benefit of the person or persons falling within the definition of Beneficiaries (other than the Settlor), immediately before the Relevant Date in the same ratio to each other as the ratio of their entitlement to share in the Business (excluding the share of the Settlor and any Beneficiary excluded from benefiting by virtue of sub-clause iv of Part 5A).
- iii Provided always that if the Settlor ceases to be a partner or member in or a holder of Ordinary Shares in the Business for a reason other than the occurrence of an event insured under the Policy then with effect from such cessation the Trustees shall hold the Trust Fund and the income from it for the benefit of the Settlor absolutely.
- iv No person shall be capable of benefiting under sub-clause i or ii of Part 5A unless he has taken out a life protection policy on his own life held on trusts similar to this and for the same commercial purpose and Beneficiaries as those contained in this Trust.

For inheritance tax purposes, the Beneficiaries must all have a policy in a similar trust in order to benefit.

B. Trust Income

It is hereby further declared that:

- i Section 31 of the Trustee Act 1925 shall not apply to the trusts declared in Part 5A.
- ii The trusts of the Trust Fund as declared in Part 5A shall carry any intermediate income.

The right to such income shall be vested in the Beneficiaries who would, at the time the income arises, have been beneficially entitled under Part 5A (whether under the terms of an appointment under sub-clause i of Part 5A or in default of appointment) to the part of the Trust Fund from which such income arises:

- a if the Relevant Date has not yet occurred then as if the Relevant Date had occurred immediately prior to the income arising;
- b in any case as if the Trust Period had ended and the Trustees have no power to make any further appointments.

Such Beneficiaries shall be so entitled to receive the said income in the same proportions as they would have been beneficially entitled to the Trust Fund in the said circumstances.

6. Appointment and resignation of trustees

- 6.1 The Settlor shall, during his lifetime, have the power to appoint new or Additional Trustees. After the Settlor's death, the Trustees shall have the power to appoint new or Additional Trustees.
- Any such appointment or addition of a Trustee must be made in writing. The Company shall not be bound by the appointment of a new or Additional Trustee until notice in writing of such appointment is received at its Head Office.
- 6.2 Any Trustee may resign office at any time notwithstanding any benefit under these Trusts provided that no such resignation shall take effect unless it is in writing and immediately after it (whether by virtue of a new appointment by the same or simultaneous instrument or otherwise) there will be either a corporate body or at least two individuals to act as trustees hereof.

7. Trustees' powers

The Trustees shall have the following powers and any money received by the Trustees as a result of the exercise of their powers must be held by them subject to the terms of this trust.

- 7.1 The Trustees may exercise full powers of:
- a borrowing upon the security of;
 - b cashing in or converting into a paid-up Policy (if the Policy has a cash-in or paid-up value); or
 - c otherwise dealing with;
- the Policy or other assets including the exercise of any options under the Policy held on trust, in all respects as if they were the absolute beneficial owners of the Policy.
- 7.2 The receipt by the Trustees of any money payable under (or deriving from) any dealing with the Policy shall be a full and sufficient discharge to the Company who shall not be concerned to see to the application of any such money.
- 7.3 Any money for the time being representing the Trust Fund may be invested or applied in the purchase of or at interest upon the security of such stocks, funds, shares, securities or other investments or property of whatsoever nature and wheresoever situate and whether producing income or not, including investment in life assurance policies and the purchase or improvement of real property, and whether involving liability or not or upon such personal credit with or without security as the Trustees may in their absolute discretion think fit to the intent that the Trustees shall have the same full and unrestricted powers of investing and varying investments in all respects as if they were absolutely and beneficially entitled to the Trust Fund free from any obligation to diversify investments.
- 7.4 The Trustees may at any time or times advance or apply, freed from the trusts in this Trust, any part or parts or the whole of any money payable under the Trust Fund or otherwise held on these trusts to any Beneficiary who is entitled absolutely or contingently to such part or parts or the whole.

8. Trustees' remuneration and liability

- 8.1 Any Trustee, other than the Settlor, who shall be a Solicitor or an Accountant or engaged in any profession or business shall be entitled to and be paid all usual and proper professional and other reasonable charges for any business or work done by him or his firm in relation to the trusts in this Trust.
- 8.2 No Trustee shall be liable for any loss to the Trust Fund arising by reason of any investment made in good faith or by reason of any mistake or omission made in good faith by any Trustee or by reason of any other matter or thing except wilful and individual fraud or wrongdoing on the part of the Trustee who is sought to be made liable.

9. Governing law

This Trust shall be irrevocable and shall be governed by and construed in accordance with the law of England and Wales unless the box incorporated in this paragraph is initialled by the Settlor in which case the proper law of this Trust shall be the Law of Scotland

10. Attestation

The date should be the date on which the last witness has signed the Deed.

You must sign here. Without your signature the Trust is invalid.

Your signature must be witnessed. A witness must be someone over 18 and not a party to this Trust.

Each of the Additional Trustees must also sign here, and each signature must be witnessed.

A witness must be over 18.

In witness whereof the parties have executed this Deed:

at (place)

on this day (dd/mm/yyyy)

Signed a Deed by the Settlor
(and as Trustee)

In the presence of:
Signature of Witness

Name of Witness

Occupation of Witness

Address of Witness

Postcode

Signed as a Deed by the Additional
Trustee

In the presence of:
Signature of Witness

Name of Witness

Occupation of Witness

Address of Witness

Postcode

10. Attestation – continued

Each of the Additional Trustees must also sign here, and each signature must be witnessed.

A witness must be over 18.

Signed as a Deed by the Additional Trustee

X	X
---	---

In the presence of:

Signature of Witness

X	X
---	---

Name of Witness

Occupation of Witness

Address of Witness

Postcode

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