

Flexible trust

Including Split trust – retained and gifted benefits

Survivorship option – for joint life first death policies

Choice of governing law

This draft trust has been drawn up based on our understanding of current law and HM Revenue & Customs practice. However, 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 and tax advisers to ensure that the draft trust meets their requirements. This is of particular importance if benefits other than life protection benefits have been selected. Accordingly Aegon cannot accept any responsibility for the consequences arising from the use of this draft.

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, 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. This Trust has been drafted with the intention that it's either being set up with a new application for a Policy not yet issued or with an existing Scottish Equitable plc Policy already issued to you.
You should complete either Part 1.1 or Part 1.2 or, where you want to both transfer an existing Policy into the trust and request a new Policy about to be issued be placed in the trust, then both Parts. (Where we refer to an existing Policy we mean one you already have in force, in contrast to a new policy which is one you have applied for and which is not yet in force.)
It is possible for the trust to hold more than one Policy as long as the Settlor of each Policy is the same (for example, where a husband is now setting up this Trust to hold a new policy and he already has an existing policy he can add that to the Trust, but if his wife has a separate policy in her name, her policy should not be added to this Trust). All the policies will then be held on the same terms. If you wish different terms to apply to any Policy then you should set up a separate trust for that Policy.
5. In this Trust, Part 3.8 h is optional. It should only be completed if there's a person you wish to be a beneficiary but who isn't included within the definition of Beneficiary(ies).
6. Usually any death benefits are held for the Beneficiaries and any Retained Benefits (where included in the Policy – Personal Protection policies only) are paid by the Trustees to you as Settlor. However, if you initial the box under Part 4 A ii you will not receive any Retained Benefits and any Retained Benefits will be held for the Beneficiaries.
7. If the Policy is on a joint life, first death basis, you may, by initialling the boxes in Part 4 D, instruct the Trustees to hold the Trust Fund for the surviving Settlor absolutely, provided that he or she survives 30 days after the deceased Settlor, and the interests of the Beneficiaries shall cease.
Note that, if the Settlers are not married or in a civil partnership, you should seek advice on the inheritance tax ('IHT') consequences of initialling the boxes before entering into this Deed. The IHT position is not straightforward in these situations and there is a possibility that an IHT charge could arise on the first death.
8. If you want the Law of Scotland to apply to this Trust you must initial the box(es) under Part 8.
9. The signatures of the Settlor(s) and all Trustees must be witnessed.

Contents

Part 1	Declaration	03
Part 2	Appointment of Additional Trustees	04
Part 3	Definitions	05
Part 4	Principal Trusts	07
Part 5	Appointment, removal and resignation of Trustees	09
Part 6	Trustees' powers	09
Part 7	Trustees' remuneration and liability	11
Part 8	Governing law	11
Part 9	Attestation	11

1. Declaration

Please read completion note 4 before taking any action. Complete **1.1** for a new policy(ies), **1.2** for an existing policy(ies) or both 1.1 and 1.2 if both a new policy and existing policy are being placed in Trust. You are the Settlor(s). Write your full name(s) after 'I/We' and address(es) after 'of'.

1.1 New Policy(ies)

I/We
of

(**the Settlor**), which expression, where expressly provided, shall include either of us, have applied to the Company for a Whole of Life and/or a life protection Policy or Policies (**the Policy**) in terms of application dated (dd/mm/yyyy)

Insert the date of the Policy application. For online applications the date will be the date you submitted your online application. This Trust should be executed on or after the application date, but before the policy comes into force.

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And in the case of an online application have been identified with the following Policy number(s).

Insert the Policy number(s) allocated when you submitted an online application.

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The Settlor **irrevocably declares** that the said Application(s) with this Deed (which forms an integral part of, and is treated as, incorporated therein for all purposes) is made with the intention that the Policy should, from its inception, be held by the Settlor and the additional Trustee or Trustees named in section 2 below on the trusts set out in Part 4 of this Deed.

The Settlor **directs** that in the Policy the Settlor shall be expressed to be the Policyholder of the Company and that the Policy shall be issued and delivered to the Settlor and the Additional Trustee or Trustees named in Part 2 below to hold the Policy upon the terms and powers set out in this Deed.

1. Declaration – continued

You are the Settlor(s). Write your full name(s) after 'I/We' and address(es) after 'of'.

1.2 Existing Policy(ies)

I/We
of

(the Settlor), which expression, where expressly provided, shall include either of us, effected with the Company the following Whole of Life and/or life protection Policy or Policies (the Policy).

Insert Scottish Equitable plc Policy number(s).

Policy number(s)

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Insert Policy start date(s). This Trust should be executed after the policy is in force.

Policy start date(s) (dd/mm/yyyy)

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The Settlor **now intends** that the Policy shall be held on trust for the Beneficiaries named in Part 3 below. The Settlor **hereby assigns** the Policy to the Settlor and the Additional Trustee or Trustees named in Part 2 below to hold the Policy upon the terms and powers set out in this Deed.

2. Appointment of Additional Trustees

You as the Settlor(s) 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's recommended there be at least three Trustees. A Trustee must be 18 years of age or over.

The Settlor appoints
of
and
of

as Trustee(s) to act jointly with the Settlor as Trustees of this Trust.

3. Definitions

- 3.1 Additional Trustee(s) means the person or persons named in section 2 above.
- 3.2 Beneficiary(ies) means any person who is a 'Default' Beneficiary or 'Possible' Beneficiary.
- 3.3 Civil Partner means an individual who is in a Civil Partnership with the Settlor (or either of them) at the date of the event which gives rise to the relevant payment under the Policy. 'Civil Partnership' means a partnership which exists under or by virtue of the Civil Partnership Act 2004.
- 3.4 Company means Scottish Equitable plc.
- 3.5 Default Beneficiary(ies) is/are the person(s) named below:

List here the full names of the people who you currently wish to benefit from the Trust. If there is more than one, insert the percentage shares in which they are to benefit. Don't include the Settlor here.

Name	Share (%)
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>

- 3.6 Free cover means any rights to free cover described in the application, key features document or the relevant policy conditions.
- 3.7 Gifted Benefits means any benefits arising under the Policy other than any Retained Benefits (unless Aii of Part 4 applies).
- 3.8 Possible Beneficiaries means the following persons:
 - a any Spouse or Civil Partner who is married to or in a Civil Partnership with the Settlor (or either of them);
 - b any children of the Settlor (or either of them) whenever born;
 - c any grandchildren or remoter issue of the Settlor (or either of them) whenever born;
 - d any person to whom any Beneficiary in classes b or c above shall be or shall have been married to or in a Civil Partnership with;
 - e any person(s) (other than the Settlor (or either of them)), including Trustees, nominated by the Settlor and whose name(s) has/have been notified to the Trustees in writing by the Settlor as being a possible recipient of the Trust Fund;
 - f any person other than the Settlor (or either of them) beneficially entitled under his Will/the Will of either of them or in accordance with the rules relating to intestacy to any interest in his/their estate;

The Default Beneficiary(ies) has the initial interest in possession and will benefit from the Trust Fund at the end of the Trust Period, if the Trustees don't otherwise exercise their discretion, so you should name a Default Beneficiary(ies). If no Default Beneficiary is provided the Trust Fund could potentially be held for your benefit (in other words remain in your estate) until such time as either a Default Beneficiary is added or the Trustees appoint the Trust Fund to one or more Possible Beneficiaries in accordance with section 4Bi. This could have inheritance tax implications for you.

3. Definitions – continued

Insert the full name(s) of any person(s) you're including as a Beneficiary who isn't already included as a Beneficiary (Part 3.5 and 3.8).

For example you may wish to add (i) a partner that you are not legally married to or have not entered into a Civil Partnership with or (ii) a former spouse to cover maintenance. Don't include the Settlor here.

g any Default Beneficiary;

h

- 3.9 Retained Benefits means such one or more of the following benefits (if any) which are provided under the Policy in accordance with its terms and conditions: critical illness protection, critical illness family income benefit, total permanent disability benefit, reducing critical illness protection, children's critical illness protection and income protection (relevant under a Personal Protection policy but not under a Whole of Life policy).
- 3.10 Spouse means the person to whom the Settlor is legally married.
- 3.11 Trustees means the Settlor and the Additional Trustee(s) appointed in section 2 above or the trustees for the time being hereof.
- 3.12 Trust Fund means the Free Cover, the Policy, the full benefit of the Policy and all property at any time held by the Trustees upon the trusts created by this Deed whether by way of further settlement, accumulation of income, capital accretion or otherwise and all property from time to time representing the foregoing respectively, but excluding any rights to the Retained Benefits (as defined above) and any property from time to time representing the Retained Benefits, except where paragraph ii of section 4A applies.
- 3.13 Trust Period means the period of one hundred and twenty-five years from the date of this Deed (which period, where the Trust is subject to the Law of England and Wales, shall be the perpetuity period for the purpose of this Trust).
- 3.14 Children and grandchildren shall include adopted children whether adopted before or after the date of this Deed and illegitimate children.
- 3.15 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.
- 3.16 Any direct or indirect reference to marriage includes a relationship between persons of the same sex which is recognised as a marriage by the law in any part of the United Kingdom.

4. Principal Trusts

Only Personal Protection policies include Retained Benefits.

Usually any death benefits are held for the Beneficiaries and any Retained Benefits are paid to you. However, if you initial the box opposite you will not receive any Retained Benefits and the Retained Benefits will also be held for the Beneficiaries. Where there is more than one Settlor all Settlers must initial.

A. Retained Benefits (Relevant for Personal Protection policies)

- i Unless paragraph Aii below applies, the Retained Benefits and the income from them shall be held upon trust for the absolute and indefeasible benefit of the Settlor.
- ii If the Settlor **or if two Settlers, both of them** initials the box(es) below, the Settlor also gives the Retained Benefits to the Trustees to hold on such trusts subject to the powers and provisions as set out in this Deed and the Gifted Benefits shall include the Retained Benefits.

Initials of Settlor(s)

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B. Gifted Benefits (all policies)

- i The Trustees shall, subject to section D below, hold the Trust Fund, and the income from it, on such trusts and subject to such powers and provisions in favour of such one or more of the Possible Beneficiaries as the Trustees may appoint during the Trust Period. The trusts, powers and provisions may include protective and discretionary trusts and powers operative or exercisable at the discretion of the Trustees or any other person(s). The appointment of benefits from the Trust Fund by the Trustees must be by deed (or deeds) and may be revocable (whether by the person(s) making the deed or some other person(s)) or irrevocable.
- ii Until and subject to and in default of any appointment made under paragraph i of this section 4B or so far as any such appointment shall not extend or fail for any reason, the Trustees shall hold the Trust Fund and the income thereof absolutely for the Default Beneficiaries and if more than one in the shares specified in Part 3.5 and if no shares are specified in equal shares absolutely.
- iii The Trustees may in their absolute discretion at any time or times during the Trust Period transfer the whole or any part or parts of the Trust Fund to the trustees of any trust so that such transferred property shall be held on the trusts and with and subject to the powers and provisions of the transferee trust and freed and discharged from the trusts and provisions of this Trust provided that the Trustees are satisfied such transfer is for the benefit of one or more of the Beneficiaries.
- iv Unless section D below applies, the Settlor (or either of them) shall not be capable of benefiting from the Trust Fund.

4. Principal Trusts – continued

C. Trust Income

It is hereby further declared that:

- i Section 31 of the Trustee Act 1925 shall not apply to the trusts declared in section 4B of this Trust;
- ii The trusts of the Gifted Benefits set out in section 4B shall carry any intermediate income;
- iii Whilst any Beneficiary who is entitled to income under this Trust (including under any appointment) is a minor, the Trustees shall receive and take such Beneficiary's income to pay or apply the whole or such part (if any) as they think fit for or towards the maintenance, education or benefit of such Beneficiary until that Beneficiary attains the age of majority. The Trustees shall accumulate the surplus (if any) of such income and the resulting income and shall hold such income for the sole benefit of the Beneficiary absolutely.

D. Survivorship

Where all the Settlers initial the boxes below the Trustees shall hold the Trust Fund, and the income from it, for the surviving Settlor absolutely, if he or she is alive 30 days after the death of the first Settlor to die.

Initials of Settlers

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Please read completion note 7 before taking any action. If the Policy is on a joint life, first death basis, you may, by initialling the boxes opposite, instruct the Trustees to hold the Trust Fund for the surviving Settlor absolutely, provided that he or she survives 30 days after the deceased Settlor, and the interests of the Beneficiaries shall cease. Both Settlers must initial the boxes.

5. Appointment, removal and resignation of Trustees

- 5.1 The Settlor shall, during his lifetime, have the power to appoint new or Additional Trustees. If there are two Settlers, they must exercise this power of appointment jointly and the survivor of them shall continue to have the power if one of them dies. After the Settlor's death (or the death of the surviving Settlor if there are two), the Trustees shall have the power to appoint new or Additional Trustees.
- 5.2 The Settlor shall also have the power to remove a Trustee, as long as there are at least two remaining Trustees after such removal, one of whom not being a Settlor. Any such removal must be carried out by deed. If there are two Settlers, they must exercise this power of removal jointly. The survivor may exercise the power alone after the death of one of the Settlers.
- 5.3 Any Trustee may resign office at any time notwithstanding any benefit under the trusts provided that no such resignation shall take effect unless 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 (at least one of whom is not one of the Settlers).

Any such appointment of new or Additional Trustees, or removal of a Trustee or resignation of a Trustee must be in writing. The Company shall not be bound by any change, addition, appointment or resignation of a Trustee until notice in writing of such change, addition, appointment or resignation is received at its Head Office.

6. 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.

- 6.1 The Trustees shall have the power to exclude any person or persons from being a Possible Beneficiary under this Trust. Once excluded, such persons shall cease to be and shall not be able to become a Possible Beneficiary either by nomination by the Settlor, or under the Will or under the intestacy of the Settlor, or by being the Spouse of the Settlor (or, in each case, of either of them). Any such exclusion of a Possible Beneficiary must be carried out by deed (or deeds) revocable during the Trust Period or irrevocable. Any such deed or revocation of it can only be made by the Trustees if at least one Possible Beneficiary will remain after it has taken effect. No such deed or revocation of it shall affect the entitlement of any person so excluded from being a Possible Beneficiary to any benefit previously conferred on him.
- 6.2 The Trustees may exercise full powers of:
 - a borrowing upon the security of the Trust Fund or part thereof;
 - b cashing in or converting the Policy into a paid-up Policy (if the Policy has a cash in or paid-up value);
 - 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.

6. Trustees' powers – continued

- 6.3 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.
- 6.4 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.
- 6.5 The Trustees may at any time or times advance or apply, freed from the trusts in this Deed, any part or parts or the whole of the Trust Fund or property otherwise held on these trusts to any Beneficiary who is entitled absolutely or contingently to such part or parts or the whole.
- 6.6 The Trustees shall at their discretion have power to pay the parents (or either parent) or any guardian of any minor Beneficiary any sum of income intended to be applied for the maintenance or education or benefit of that minor or any sum of capital to be applied for the advancement or benefit of that minor, so that the receipt of such parent or parents or guardian shall be a complete discharge to the Trustees.
- 6.7 The Trustees shall have power to lend any monies comprising part of the Trust Fund to any one or more of the Beneficiaries either interest-free or at such rate of interest as they determine and upon such terms and conditions as to security (if any) repayment and otherwise as they think fit. For the avoidance of doubt it is hereby declared that no loan may be made to or for the benefit of the Settlor (or either of them).
- 6.8 The Trustees shall have power, revocably or irrevocably, to delegate any power or powers in making, managing, realising or otherwise dealing with any property comprised in the Trust Fund to any person or persons (other than the Settlor or either of them) upon such terms as to remuneration or otherwise as the Trustees may think fit. No Trustee shall be responsible for the default of any such agent if the Trustee in question employed or incurred expense in employing him in good faith.
- 6.9 The Trustees shall have power to transfer any part of the administration of this Trust outside the United Kingdom and persons who are resident outside the United Kingdom may be appointed Trustees of this Trust.

7. Trustees' remuneration and liability

- 7.1 Any Trustee, other than the Settlor (or either of them), 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 Deed.
- 7.2 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.

8. 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(es) below is initialled by the Settlor (or if two Settlers, by both Settlers) in which case the proper law of this Trust shall be the Law of Scotland.

Initials of Settlor(s) – (if the Law of Scotland to apply)

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9. Attestation

Insert the date this Trust is set up. The date should be the date on which the last witness has signed the Deed and should be on or after the date the application is submitted.

You must sign here as Settlor(s). You don't need to sign again as Trustee(s).

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

The full names, addresses and occupation of Witnesses should be added in the spaces provided.

In witness whereof the parties have executed this Deed on:

Date (dd/mm/yyyy)

Place

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at

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Signed and delivered as a Deed by the Settlor

Signed and delivered as a Deed by the Settlor

X	X
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X	X
---	---

in the presence of:
Signature of Witness

in the presence of:
Signature of Witness

X	X
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X	X
---	---

Name of Witness

Name of Witness

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Occupation of Witness

Occupation of Witness

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Address

Address

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Postcode

Postcode

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9. Attestation – continued

Each of the Additional Trustees that you've appointed must sign here and each signature must be witnessed. A witness should be someone over 18 and not a party to this Trust.

The full names, addresses and occupation of Witnesses should be added in the spaces provided.

Signed as a Deed by the Additional Trustee

X	X
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in the presence of:
Signature of Witness

X	X
---	---

Name of Witness

Occupation of Witness

Address of Witness

Postcode

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

