

Relevant Life signature-free trust terms and powers

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A Relevant Life trust is created by an Employer to hold the death-in-service benefit they're providing for an Employee.

These trust terms and powers apply to, and form part of, the trust you declare. If you don't intend to use our signature-free trust, you can use our Declaration of Trust for a Relevant Life policy trust form instead.

Trusts create legal entitlements and obligations, and have material financial and taxation implications. Once established, they can't simply be ignored.

If you're unsure as to the suitability of these trust terms and powers you should seek independent legal and tax advice before using our signature-free trust. Neither Scottish Equitable plc, nor any other Aegon Group company or any of their representatives, can accept any responsibility for the adoption or application of these trust terms and powers.

These trust terms and powers are based on our understanding of the law and HM Revenue & Customs (HMRC) practice, as at August 2022, which may change. Although we've made every effort to make sure they're accurate, we don't accept any responsibility for:

- our interpretation of the law, or
- notifying you of future changes in the law.

The trustees should consider what, if any, obligations they may have to register the trust and provide information to comply with the requirements of the HMRC Trust Registration Service. Aegon is not able to provide any assistance in this regard and the trustees should seek their own professional advice.

If your personal circumstances mean you need any additional support, or if you'd like a large print, braille or audio CD version of this document, please call 03456 00 14 02 (call charges will vary) or visit [aegon.co.uk/onlineform](https://www.aegon.co.uk/onlineform)

Trust terms and powers

In these trust terms and powers the following expressions have the following meanings.

1. Definitions and interpretation

Notes for users

These notes are for guidance only. They don't form part of the trust terms and powers.

This section explains the meanings of particular words used in these trust terms and powers.

A subsequent Employer could pay the premiums as long as they employ the insured person on the Policy.

After the Employer has declared the trust, we'll communicate with the appointed trustees. If the Employer is a trustee, they'll be the lead trustee who we'll send all future communications to. If the Employer isn't a trustee, the trustee they appoint as the lead trustee will be our main point of contact for all future communications.

It's advisable to have at least two individual trustees or one corporate trustee (with more than one director) at any time.

If the **Employee is a shareholder** of a close company, they may want to seek advice to see if they should be removed as a Beneficiary to prevent the gift with reservation of benefit provisions applying.

- 1.1 Employer** means the settlor who is creating the trust and is the employer of the Employee and any subsequent employer of the Employee who pays the premiums in respect of the Policy whilst the insured person remains an employee.
- 1.2 Trustees** means the persons originally declared as trustees by the Employer and such other persons who may be appointed or assumed as trustees from time to time. They will be the legal owners of the Policy.
- 1.3 Employee** means the person employed by the Employer and who is the insured person under the Policy.
- 1.4 Policy** means the Relevant Life policy issued by the Company and for this purpose a Relevant Life policy is that defined in section 393B(4) of the Income Tax (Earnings and Pensions) Act 2003 and any subsequent variation or amendment to that policy, which has been taken out, provided or otherwise funded by the Employer in respect of the Employee.
- 1.5 Trust Fund** means the Accidental Death Benefit, the Immediate Cover, the Policy, the capital sums payable or arising under the Policy and all additions and accretions to the Trust Fund by way of further settlement or otherwise and all accumulations of income and the property and money for the time being representing the same and any part or parts thereof.
- 1.6 Trust Period** means the period of 125 years from the date the Policy application is submitted to the Company.
- 1.7 Beneficiary(ies)** means the following persons whether now living or born during the Trust Period:
 - a** any spouse or Civil Partner who is married to, or in a civil partnership with, the Employee immediately before their death;
 - b** any children of the Employee or any spouse or Civil Partner of the Employee's children;
 - c** any person who, in the opinion of the Trustees, was a dependant of the Employee immediately before their death;
 - d** the Employee, and
 - e** any additional individuals (other than the Employee) or charity(ies) nominated in writing to the Trustees by the Employee as a Beneficiary.

1. Definitions and interpretation – continued

- 1.8 **Accidental Death Benefit** means any rights to accidental death benefits described in the application, key features document or any other relevant pre-contractual document.
- 1.9 **Immediate Cover** means any rights to immediate cover described in the application, key features document or any other relevant pre-contractual document.
- 1.10 **Civil Partner** means any person who is alive at the death of the Employee with whom the Employee had before his death entered into a civil partnership under the Civil Partnership Act 2004.
- 1.11 **Company** means Scottish Equitable plc.
- 1.12 Unless the context indicates otherwise, words in the singular will be deemed to include the plural and the masculine to include the feminine, and vice versa.

2. Purpose of the trust

- 2.1 The Employer declares that the purpose of the trust is to secure that the capital sums payable under the Accidental Death Benefit, the Immediate Cover or the Policy will be paid to, or for, or applied, in favour of any person or persons who are within the class of Beneficiaries (not the Employer). The Trustees agree to hold the Trust Fund, which is irrevocable.
- 2.2 The Trustees will pay or apply the whole or such part or parts of the Trust Fund and the income from it to or for the benefit of all or any one or more of the Beneficiaries who are, for the time being, living and in such shares or 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.
- Subject to the above:
- a** During the Trust Period, the Trustees may accumulate all or any part of the income as an accretion to the capital instead of paying or applying it as aforesaid and, if at any time there will be no Beneficiaries in existence, the Trustees will accumulate all of the income.
- b** The Trustees will at all times exercise their powers to secure that any sums payable must (whether directly or indirectly) be paid to, or for, or conferred on, or applied only in favour of a Beneficiary beneficially and so as to comply with section 482(2) Income Tax (Trading and Other Income) Act 2005.
- 2.3 Subject to all the trusts, powers and provisions of this trust, and if and so far as (for any reason) not wholly disposed of by it, the Trust Fund will be held in trust for the children of the Employee alive at the date the trust was created and, if more than one, in equal shares.

3. Trustees' powers

The Trustees have the following powers, in addition to any powers conferred on them by law.

- 3.1 To invest or apply any money for the time being representing the Trust Fund 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 aspects as if they were absolutely and beneficially entitled to the Trust Fund free from any obligation to diversify investments.
- 3.2 To take out or take over policies of assurance on the life of any person with full power to surrender, vary or otherwise deal with any such policies as if they were the absolute owners of these policies.
- 3.3 To borrow money and lend to any of the Beneficiaries on such terms and with or without security as they think fit.
- 3.4 To pay, transfer or apply the whole or any part or parts of the capital of the Trust Fund to or for the advancement or benefit of any one or more (to the exclusion of the others) of the Beneficiaries, in such shares and proportions and in any manner generally, as the Trustees in their absolute discretion think fit.
- 3.5 To revocably or irrevocably 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 upon such terms as to remuneration or otherwise as the Trustees may think fit and no Trustee will be responsible for the default of any such agent if the Trustee in question employed or incurred expense in employing them in good faith.
- 3.6 To, at any time or times during the Trust Period, declare by deed or deeds that the objects or persons named or specified (whether or not ascertained) in such deed who are, would or might, but for this clause, be or become Beneficiaries or otherwise able to benefit, as the case may be, will, in relation to the whole or any part of the Trust Fund, be excluded from benefit (both direct and indirect) and shall be known as 'Excluded Persons'. Provided however that such power will not be capable of being exercised so as to take away any interest to which any of the Beneficiaries has previously become indefeasibly entitled. Any declaration pursuant to this section 3.6 may be revocable, during the Trust Period, or irrevocable to take effect before the end of the Trust Period and will have effect from the date (not being a date earlier than the date of such deed or deeds) specified in the deed or deeds.

Where the Employee is a Beneficiary, they should be removed as a Beneficiary by Deed if they leave the employment of their Employer and want to take over the payment of the premiums, keeping the Policy in this trust.

3. Trustees' powers – continued

- 3.7 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.
- 3.8 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 so that the receipt of such parent or guardian shall be a complete discharge to the Trustees.

4. Administrative provisions

- 4.1 The statutory power of appointment of trustees shall apply.
- 4.2 In addition, the Employee may remove one or more of the Trustees by sending a Notice of Removal in writing to the Trustee in question at his last known address. The sending of the Notice by recorded delivery post will be deemed due service of it. The removed Trustee will co-operate (without any expense to him) in executing any documents or consents required to terminate effectively his trusteeship and to vest the Trust Fund in the continuing Trustees.
- 4.3 If during the management or administration of the Trust Fund any action is, in the opinion of the Trustees, expedient but cannot be effected by reason of the absence of any power for that purpose, the Trustees may by deed confer on themselves either generally or, in the particular instance, the necessary power for the purpose and on the execution of such a deed the Trustees will have the power as if it had been expressly conferred on them when the trust was declared.

5. Payment to trustees

Any Trustee (other than the Employer) being a solicitor or other person engaged in any profession or business will be entitled to charge and be paid all usual professional or other charges for business done by him or his firm in connection with the Trust Fund whether in the ordinary course of his profession or business or not.

6. Protection of the trustees

A Trustee will not be liable for a loss to the Trust Fund unless that loss was caused by his own actual fraud or negligence.

7. Governing law

The trust declared will be irrevocable and governed by and construed in accordance with the law of England and Wales.

