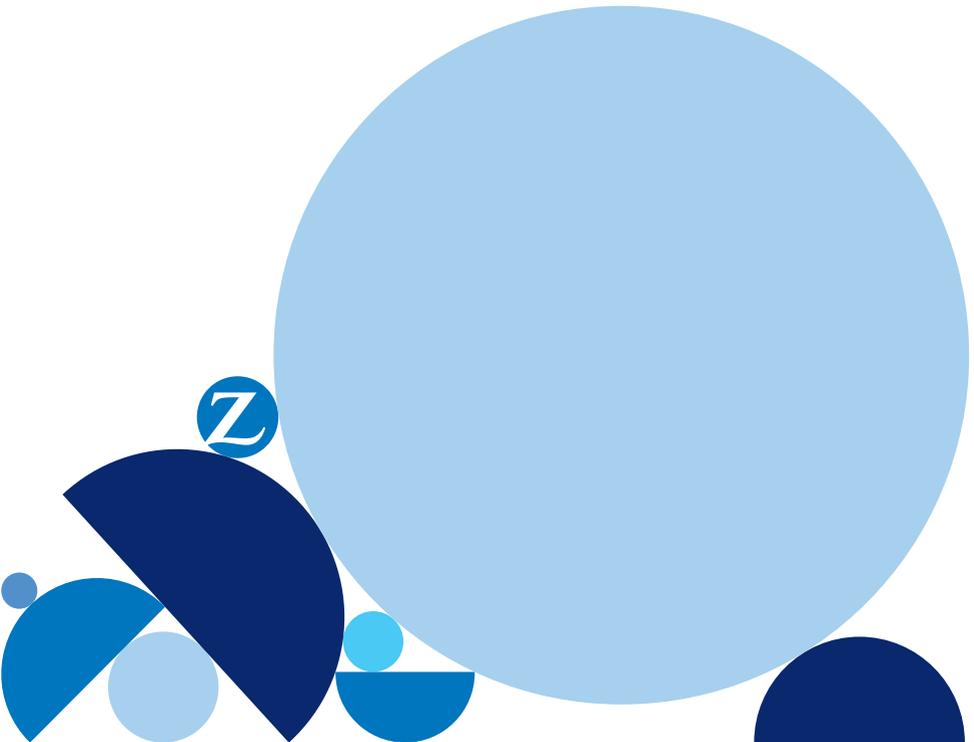


# A guide to online trusts



## Why are trusts important?

Trusts play an important role in protection planning. Issuing a protection policy subject to a trust can help by:

- Ensuring payments are made without any probate delay, so long as there's at least one surviving trustee
- Helping to mitigate the effects of inheritance tax, as the proceeds gifted to a trust fall outside the policyholder's taxable estate on death
- Ensuring the proceeds will be paid to whoever the policyholder nominates or would have chosen.

But trusts can be complicated and many people are put off before they've even started. Should they use a trust? If so, what type? And what are the consequences of getting it wrong?

### **It's an area where advice makes a huge difference.**

We want to make the process easy for you and your customers. That's why most of our trusts are now built into online applications for personal protection, business protection and relevant life policies. The following trusts are available for online applications:

- Discretionary Trust and Discretionary Survivorship Trust for personal protection policies,
- Relevant Life Trust for relevant life policies, and
- Flexible Business Trust and Partnership Keyperson Trust for business protection policies.

## How do our online trusts work?

Setting up a trust normally means paper deeds, witnessed signatures for the settlors, and for additional trustees to sign as well, all of which takes time to arrange. However, these aren't a legal requirement.

To create a trust all you need is certainty over the intention to create a trust, the property to be put in trust, and who is intended to benefit from the trust. But, without a record of the trust, it can be difficult following the death of the settlor to prove the existence of the trust and what their intentions were.

With our online trusts, your customer just needs to state that they want Zurich to issue the policy subject to a trust, and who they want to include as beneficiaries. You can put this information into the portal, include any additional trustees, and we'll create a pre-filled draft trust form.

You can give your customer a copy of the form so they can read the notes and provisions to make sure it's suitable for their needs, but there's no need for them to sign it. When you've completed the trust screens, the trust request will be held as part of the application and the policy will be issued subject to the trust.

### What trusts are available online?

We offer two different trusts online for our personal protection policies – a Discretionary Trust and a Discretionary Survivorship Trust. For our relevant life policy, we offer a Relevant Life Trust where the employer is a limited company or limited liability partnership (LLP). For our business protection policies, depending on the protection need, we offer both a Flexible Business Trust and a Partnership Keyperson Trust.

Both of our personal protection trusts let the settlor(s) decide whether they want to keep any critical illness or terminal illness benefits to themselves, or to also gift them to the trust. You might see this referred to elsewhere as a 'split' trust. In the trust, we refer to these benefits collectively as 'illness cover'.

With both personal protection trusts, benefits payable on death are given to the trust, but under the Discretionary Survivorship Trust the death benefit is retained for the surviving settlor if they survive the first settlor by 30 days. If they don't, then the death benefits will be payable to the trust for the benefit of the beneficiaries.

	Discretionary Trust	Discretionary Survivorship Trust
Available on Single life policies	✓	✗
Available on Joint life first death	✗	✓
Available on Joint life second death	✓	✗
Allows Critical Illness cover to be kept by the settlor(s) or gifted to the trust	✓	✓
Allows Terminal Illness cover to be kept by the settlor(s) or gifted to the trust	✓	✓
Allows for death benefits to be kept for the second life assured if they survive for 30 days after the death of the first life assured.	✗	✓

The Relevant Life Trust is only for use with a relevant life policy, which is a single life policy where the benefits payable on death or terminal illness are paid to the trust. The relevant life policy does not include critical illness cover.

The Flexible Business Trust can only be used on a single life business protection policy where the settlor is also the life assured. The Partnership Keyperson Trust can only be used on business protection policies where the settlor(s) are partners of a traditional partnership.

### What information is needed?

We'll include the policy number and the settlor(s) information on the draft trust form. For all of our online trusts the following information on the beneficiaries and trustees will need to be provided:

Beneficiaries	Trustees
For individuals, their: <ul style="list-style-type: none"> <li>• Title</li> <li>• Forename</li> <li>• Surname</li> </ul>	<ul style="list-style-type: none"> <li>• Title</li> <li>• Forename</li> <li>• Surname</li> <li>• Date of birth</li> </ul>
For charities/companies: <ul style="list-style-type: none"> <li>• Company name; or</li> <li>• Charity name</li> </ul>	<ul style="list-style-type: none"> <li>• Nationality</li> <li>• Address</li> <li>• Email address</li> </ul>
You'll also need to tell us what percentage of the trust benefits the settlor(s) would like to go to each beneficiary.	You can also include their phone number. This makes it easier for us to keep in touch with them, but isn't needed to create the trust.

Our online trusts allow up to six beneficiaries to be added and four trustees. The settlor(s) are always trustees so if there is one settlor, up to three additional trustees can be added, or if there are two settlors, up to two additional trustees can be added.

You'll be able to edit the trustee and beneficiary details online until you select an issue date for the policy and submit it to us. After that, any changes to the trust will need to be made using a deed.

If the settlor(s) want to include more than six beneficiaries or have more than four trustees our paper trust forms can be used. For trusts on our personal protection policies, you will also need to provide information on whether or not the settlor(s) want to keep or gift any illness cover.

For our Flexible Business Trust, you will need to provide the name of the limited company, limited liability partnership (LLP) or traditional partnership. For our Partnership Keyperson Trust, you will need to provide the name of the traditional partnership.

### Is the trustee role different for online trusts?

Trustees added when the trust is created don't have to sign the trust form, but it doesn't mean their role or responsibilities are reduced.

They'll still be responsible for ensuring the benefits of the trust are distributed to the beneficiaries, and may need to agree to any changes being made to the policy during the lifetime of the settlor(s).

There are also trustee powers within the provisions of some of our trusts that can only be exercised where there are at least two trustees, and at least one of them is neither a settlor, nor the spouse or civil partner of a settlor. Some provisions in some of our trusts require a majority of trustees to act and so at least two additional trustees should be appointed.

We'll write to the additional trustees to let them know they've been appointed. We'll send them key information about the policy (such as who it covers, how much it's for and how long the cover will last) along with a copy of our booklet 'Your guide to being a trustee' which explains their responsibilities.



If you'd like a copy of this in large print or Braille,  
or on audiotape or CD, please let us know.

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