

Discretionary Survivorship Trust Deed



For use with Joint Life First Death life insurance policies including those providing both life and illness cover.

This trust should only be used with joint life, first death policies where there are two policyholders who are the two lives assured.

This trust must not be used with policies that provide no life cover, or provide both life and illness cover where the amount of life cover is greater than the amount of the illness cover (excluding any Children's Critical Illness Cover).

By 'illness cover' we refer to any benefits under your policy known as Children's Critical Illness Cover, Settlers' Critical Illness Cover, Terminal Illness Cover and Total Permanent Disability Cover.

The following policy benefits cannot be given away and will be retained by you:

- Specified Complications of Pregnancy;
- Children's Death Benefit;
- Children's Birth Defect Cover;
- Children's Hospital Stay Benefit;
- Premature Birth Hospital Stay Benefit;
- Accelerate Benefit; and
- Multi-Fracture Cover.

We refer to these as 'personal benefits'.

What is it?

A discretionary trust designed for use with joint life, first death life insurance policies, including those which provide illness cover as well as life cover.

This type of trust should only be used if there are two settlors.

The settlors (the persons creating the trust) can opt to retain the right to benefit from the illness cover, or can choose to give away any or all of the illness cover.

In addition, if a benefit is paid on death, then if one settlor survives the other by 30 days, the survivor will receive the life cover benefit. If both settlors die within 30 days of each other, the life cover will be held by the trustees for the trust beneficiaries.

Aims of the trust

- A discretionary trust designed for use with joint life, first death policies including those which provide illness cover as well as life cover.
- To ensure that if both settlors die within 30 days of each other, the life cover benefit is paid into the trust. Without the trust, the proceeds of the life cover could be subject to inheritance tax as part of the estate of the last settlor to die.
- To enable the settlors to retain the illness cover for their own benefit but if the settlors are confident that they will not need to benefit from the illness cover during their lifetimes, they can give part or all of the illness cover to the trust as well which should ensure

that the illness cover given to the trust will fall outside the settlors' estates for inheritance tax purposes.

- To avoid delay in the payment of benefits if the settlors die within 30 days of one another. Provided there is at least one living trustee when benefits are payable, payment will not need to be delayed pending issue of a grant of probate/letters of administration on the estate.

When should this trust not be used?

- If the policy is to be assigned as security for a loan.
- For policies providing both life and illness cover, if the amount of the life cover is greater than the amount of the illness cover.
- If your policy is to be used for business protection as a different type of trust will be more suitable. Please speak to your adviser.
- If the policy is a single owner/single life policy, or a joint owner/joint life second death policy. We offer a different type of trust appropriate to these situations. Please speak to your adviser.
- For policies that don't provide life cover.

How does it work?

The Discretionary Survivorship Trust allows the illness cover to be paid to the settlors during their lifetimes whilst providing for the death benefits to be paid for the benefit of the beneficiaries if less than 30 days elapses between the deaths of the settlors. The advantage of this is that the death benefits will not form part of either settlors' taxable estate if they die in quick succession.

The terms of the trust enable the settlors during their lifetimes, and then if they both die within 30 days of each other, the trustees, to appoint the death benefits and illness cover put in trust in favour of any of the trust beneficiaries. No appointment will be possible in the settlors' favour.

If any benefit is paid under your illness cover, it will be paid to the trustees. If you have retained the illness cover to which the benefit relates, the trustees must then pay the benefit to you. If you have not retained the illness cover, the trustees will hold the benefit for the beneficiaries identified in boxes 'B' and 'C'.

Please note that if the terminal illness benefit is put in trust then the surviving settlor will not be able to benefit from it. This trust is only suitable for those who wish the surviving settlor to receive the death benefits outright if they survive for 30 days, so it's likely that they would also want the surviving settlor to be able to benefit from any terminal illness cover paid but not spent during the life of the first to die. Please note that if benefits are added to the policy after the trust comes into force they will be held for you, as the beneficiaries are only entitled to benefits given away at the outset.

The entitlement to the life cover will only crystallise 30 days after the first settlor dies.

No part of any cover given away can be used for your benefit. You will always receive payments made in relation to any personal benefits.

If a trust beneficiary should die or if the settlors or trustees change the default beneficiaries in Box 'C' (see below) during the trust period (125 years from the start of the trust), there will be no adverse inheritance tax consequences.

If the policy acquires a surrender value and the trustees surrender the policy, they will have to hold the funds until 30 days from the death of the first settlor as the entitlement to the benefit will only crystallise at that time. If both settlors die within 30 days of each other the surrender value will be held for the trust beneficiaries. The surrender value of the policy needs to be dealt with in this way to maintain the inheritance tax efficiency of this trust.

How is the trust set up?

Completion of the form is very straightforward – see the notes about boxes 'A', 'C' and 'D' below. The settlors' full names must be written in the spaces provided (as the 'Settlors').

Box 'A' – you should only check the boxes to give away the illness cover if you are confident that you won't need to benefit from them during your lifetime. It is important that you leave the relevant box(es) blank if you want to retain the illness cover or if your policy doesn't include this cover.

Box 'C' – the full names of the default beneficiaries of the trust fund and the share each is to take (expressed as a percentage) must be written in this box. Please ensure that the shares add up to 100%. The reason you should specify the amount of each beneficiary's share is so that it is clear how much each beneficiary should have if the trust fund has not been fully distributed by the time the trust must end – i.e. 125 years after it was set up. You, or after your deaths your trustees, can change these beneficiaries at any time during the trust period, provided no irrevocable appointments have already been made which relate to the whole of the trust fund. **Do not leave box 'C' blank.**

In the boxes underneath the box marked 'C', you should sign and date the trust to show you agree to it coming into force. Your signatures must be witnessed by an individual who is neither a trustee, nor a beneficiary under the trust, nor your spouse or civil partner.

Box 'D' – you should write the full name and address of each additional trustee, and each additional trustee should sign in the box.

The settlors are automatically trustees and so should not be included in this box.

You can appoint up to four additional trustees in the boxes provided. We recommend that at least two additional trustees are added.

If you don't appoint any additional trustees, and if you both die within a short time of each other, we will need to delay payment until a grant of probate/letters of administration on the estate of whoever has died second have been obtained. This is because the personal representatives of the last trustee will be the only people (other than the court) with authority to validly appoint a new trustee to whom payment can be made.

Furthermore, some powers within the trust can only be exercised if 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. For these reasons, appointing additional trustees is strongly advised.

Trustees and trustee bank accounts

During their lifetimes the settlors (as 'Appointors') will be in control of most of the decisions relating to who should receive the benefits that will be payable to beneficiaries of the trust. Of course, the settlors cannot appoint any benefits to themselves.

Decisions about the policy, which is the trust property, such as reducing the premiums, will need to be taken by all the trustees. As Zurich will make any payment to all the trustees, they may need to set up a trustee bank account.

However, if the policy provides Family Income Cover (a benefit which provides a regular income following the death or critical illness of a life assured until the end of the term of the policy), then a trustee bank account must be set up to receive the ongoing payments until the end of the term of the policy.

Inheritance tax

Inheritance tax (IHT) is a complex subject. These notes are not comprehensive and are intended only to give a broad outline of our understanding of the tax position on 1st January 2024. These notes are not to be relied on and advice specific to your circumstances should always be sought before selecting a policy and establishing a trust.

What are the IHT consequences of setting up the trust?

For IHT purposes, when you establish the trust you make a gift which is known as a 'transfer of value'.

Premiums paid once the policy is in trust will be transfers of value for IHT purposes although they are likely to be covered by one or more exemptions (annual exemption and/or normal expenditure out of income exemption). To the extent that the transfers are not covered by exemptions, they will be Chargeable Lifetime Transfers (CLTs) and may cause an immediate IHT liability – see below.

If the policy is already in force, the assignment of the policy to the trust will be a CLT which, in general, will be based on the market value of the policy at the time, less the value of any illness cover which is retained and your personal benefits. If the policy is a term policy, this is likely to be negligible unless one or both of the settlors are in serious ill health. However, if the policy is a whole of life policy, the value of the CLT will be the market value of the policy or the total of all the premiums made to the policy (less any sums paid out previously by way of partial surrender) if greater. In the case of a unit-linked policy, if the value of the units has reduced below the value of the units when they were allocated to the policy, an adjustment is made for this. In determining whether an IHT liability arises on a CLT, account must be taken of CLTs the settlors have made in the previous seven years.

In all cases, to calculate the CLT, the value of the policy would need to be reduced to take account of the personal benefits and illness cover retained by the settlors. To be precise, this would require an actuarial calculation but, in practice, given that the values would either be negligible or covered by exemptions, no such calculation will be necessary and the value of the CLT should be based on the unreduced value of the policy.

For IHT purposes each settlor is treated as making a separate transfer of value equal to one half of the value transferred.

If the value of the transfer on a premium made to the policy or on the transfer of an existing policy into trust (after taking account of any available exemptions – which would in most cases cover the premiums payable) is less than the nil rate band after adding any CLTs made in the previous seven years, there will be no tax to pay at that time. If it is more than the nil rate band after adding any CLTs made in the previous seven years, IHT will be payable on the amount that exceeds the nil rate band at the rate of 20%. If IHT is payable on creation and the settlor dies within seven years of setting up the trust, the

trustees may pay an additional 20% IHT on the 'failed' CLT although taper relief will apply to reduce the tax if the settlor survives by at least three years. Any failed CLTs will also be taken into account in calculating IHT on the settlor's estate on death.

In some circumstances it may be necessary to report the CLTs to HM Revenue & Customs (HMRC) Inheritance Tax on forms IHT100, IHT100a and D34. Please speak to your adviser for more information on this.

How do the 10-yearly (or periodic) charges work?

There is also a 10-yearly (or periodic) charge which can arise 10 years after the trust was set up and on every 10-yearly anniversary after that. The trustees are liable for this charge. The calculation can be quite complicated but, in very general terms, the amount that is charged to tax is based on the value of the trust fund immediately before the 10-year anniversary. If this amount does not exceed the nil rate band at that time (taking account of any CLTs you made in the seven years before you created the trust), there will be no IHT due. For term policies this value will be the market value of the policy at the time, which is likely to be negligible unless one or both of you is in serious ill health or unless the policy proceeds have already been paid but have not been distributed to the beneficiaries. However, if your policy is a whole of life policy then the value will be taken to be the total of all premiums made if this is more than the market value of the policy. If the value of the trust fund (using the appropriate basis) is more than the nil rate band when the anniversary falls, IHT will be payable at a maximum rate of 6% on the excess.

How does the exit (or proportionate) charge work?

This could be relevant only if both of you die within 30 days of each other or you gift any illness cover to the trust.

This charge arises when some or all of the trust property held for the benefit of the beneficiaries leaves the trust. For example, if you both die within a short time of each other and the trustees distribute some or all of the proceeds of the life cover to a beneficiary. The charge is measured by the amount of the loss to the trust. If the trustees pay the tax, the amount charged to IHT is increased to take account of that tax.

Payment of the life cover to the surviving settlor on their survival for 30 days from the death of the first settlor will not give rise to an exit charge.

Exit charge in the first 10 years

Where the property leaves the trust before the first 10-year anniversary, IHT is payable at a fraction of the 'effective rate' of IHT that would have been paid when the trust was set up using the nil rate band in the tax year of exit (assuming it has increased). The fraction is 30% multiplied by the number of complete quarters (40ths) that have elapsed since the trust was set up. This means that if the initial transfer into trust, plus the total amount of your CLTs in the seven years before you set up the trust

(plus any added property) is less than the nil rate band at the time, there will be no exit charge. In general terms, if no IHT was paid when the trust was set up, there will be no IHT charge if property leaves the trust fund during the first 10 years.

Exit charge after the first 10 years

If the property leaves the trust after the first 10-year anniversary the rate of the exit charge will, in general, be the appropriate fraction of the rate of IHT that was charged at the last 10-year anniversary. However, this will be increased if any property has been added to the trust fund since the last 10-year anniversary. The appropriate fraction is 1/40th for each complete quarter that has elapsed since the last 10-year anniversary. Therefore, if there was no IHT charge at the last 10-year anniversary and nothing has been added to the trust fund since then (premiums on a policy which fall within your annual exemption and/or the normal expenditure out of income exemption are not taken into account for these purposes), there will be no exit charge. See above for information on how the 10-year periodic charge is calculated.

Why isn't there a gift with reservation under the trust?

Ordinarily, if a person can continue to benefit from an asset which they have given away, for IHT purposes that is not an effective gift and the value of the asset remains part of their taxable estate on death. The technical term for this is a 'gift with reservation of benefit' (GWR).

Although you can retain some or all of any type of illness cover and will keep any personal benefits together with the right to the reversion (both of which are always retained by you), the transfer of the policy into trust will not be a GWR because these precisely defined benefits will be carved out and held absolutely for your sole benefit if you wish to retain them. You cannot benefit from the life insurance element of the policy in any other circumstances.

To avoid a GWR it is essential that any benefits under the policy payable to your beneficiaries do not vary by reference to the benefits payable to you (except to extinguish them completely). For this reason, the life cover must not be greater than the retained illness cover.

What is the IHT position if I increase the benefits?

Provided the amount of the life cover is not increased so that it is more than the amount of the illness cover, any increase will not adversely affect the IHT effectiveness of the trust. If the life cover is increased to a level that is higher than the illness cover, this would create a GWR because, if the illness cover were to be paid, some life cover would remain but the interests of the beneficiaries would be reduced by the amount of the retained illness cover that was paid.

What if I don't claim for critical illness, terminal illness or total permanent disability when I can?

If you are entitled to make a claim for either type of critical illness, disability or terminal illness benefit under the policy and you or the trustees fail to make a claim, on your subsequent death the policy proceeds may be included in your taxable estate. This is on the basis that you have deliberately omitted to exercise a right with the result that your taxable estate has reduced in value and the trust fund has increased in value.

Will this trust be affected by the taxation of pre-owned assets legislation?

In cases where a person creates a trust under which they can benefit but the trust is not caught by the gift with reservation rules, an income tax charge can arise under the pre-owned assets tax legislation. We do not believe that this trust will be caught by the taxation of pre-owned assets legislation because the necessary conditions for the pre-owned assets tax rules to apply are not satisfied. In particular, there must be a settlement under which you can benefit. Any illness cover benefits you decide to retain together with any personal benefits will not be part of the settled property as they are held on an absolute trust for you. The same applies to your reversionary right and, other than on survival of 30 days from the first death, you are not able to benefit from the life cover in any other circumstances.

Trust registration

Trust registration is a complex subject. These notes are not comprehensive and are intended only to give a summary of our understanding of the position on 1st January 2024.

A Discretionary Survivorship Trust holding a protection policy (whether term or whole of life) which **only** pays out on the death, terminal illness, critical illness, disablement or to meet the healthcare services cost of the person assured is excluded from registering on HMRC's Trust Registration Service (TRS), providing benefits are distributed as summarised below:

For a death claim

The benefit is paid to the surviving settlor or the beneficiaries within **two years** of the date of death.

For a terminal illness, critical illness, disablement or healthcare services cost claim

The benefit is paid **directly** to the settlors (or the beneficiaries, where the benefit has been given away to the trust).

If the policy provides Family Income Cover, then for a death claim the trust would need to be registered where payments continue for more than two years following death. For a terminal illness, critical illness, disablement or healthcare services cost claim, the trust would **not** need to be registered where the benefit has been retained by the settlors. If instead the benefit has been given away to the trust, then because payments would be made to the trustees, the trust would need to be registered at the time of claim.

Additionally, a trust holding a protection policy which includes a surrender value should also be excluded from registration providing:

- there have been no partial surrenders from the policy or
- in the event of a full surrender, benefits are paid **immediately** and **directly** to a beneficiary/surviving settlor.

Regardless of the type of policy, a trust must **always** be registered should it become liable for tax.

Should a trust need to be registered, it is the trustees' responsibility to do so. Zurich may require proof of registration and the trustees can obtain this by downloading a PDF output from the TRS.

The trustees may need to seek professional advice about their registration responsibilities.

Important note

Creating a trust is an important matter and has lasting legal and tax consequences. These notes are for your general information only and cannot cover every situation. The trust is provided in draft form for consideration by your legal advisers. They are responsible for ensuring that it takes into account your individual circumstances and requirements. The trust, once created, is irrevocable and the policy and its benefits must be held according to the terms of the trust. The trustees will be in control of the operation of the trust which means that they may need to set up a trustee bank account and are responsible for understanding and complying with any applicable trust registration requirements. Any options available under the policy and any further policies that are issued as a result of the exercise of any options will also be held subject to the trust.

The draft trust and these notes are based on our understanding of HMRC practice as at 1st January 2024. Although every care has been taken in the preparation of these notes and the draft trust agreement, neither Zurich Assurance Ltd nor any of its officers, employees or agents accept responsibility for the operation of the trust which should be referred to your own legal advisers to ensure it meets your requirements.

This page forms part of the Trust Deed and must be submitted to Zurich.

Discretionary Survivorship Trust Deed

- This is a discretionary trust for use with joint life first death life insurance policies including those which have life and critical illness cover/total permanent disability cover.
- This trust is not to be used with policies which provide both life and illness cover where the life cover is greater than the retained illness cover, policies that don't provide life cover, single life and joint life second death policies, business assurance policies, income protection policies, or policies to be assigned to secure mortgages.

Policy number:

Persons declaring this trust (full names in BLOCK CAPITALS please):

<input type="text"/>	and	<input type="text"/>
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(the 'Settlers')

The terms of the trust are set out below

Box 'A': Settlers' Benefits

The Settlers give the benefit of the following elements of the Policy to the Trustees to be held by them for the Beneficiaries in accordance with clause 4(2):

Children's Critical Illness Cover	To be held for the Beneficiaries and not the Settlers	<input type="checkbox"/>
Settlers' Critical Illness Cover	To be held for the Beneficiaries and not the Settlers	<input type="checkbox"/>
Terminal Illness Cover	To be held for the Beneficiaries and not the Settlers	<input type="checkbox"/>
Total Permanent Disability Cover	To be held for the Beneficiaries and not the Settlers	<input type="checkbox"/>

Please note: You should only check the boxes above and give away the Illness Cover if you are confident that you will not need to benefit from this cover during your lifetime. Please leave the boxes blank if you want to retain the Illness Cover or if your Policy doesn't include this cover.

Box 'B': Potential Beneficiaries

The Settlers are excluded from all the classes below:

- Children, Grandchildren, Great Grandchildren (and the Spouse or Civil Partner of any of these) of the Settlers or either of them.
- Any person (other than the Settlers) whom the Settlers together or the survivor has notified to the Trustees in writing.
- Any charity.
- The person(s) named in Box 'C'.

Box 'C': Default Beneficiaries (Do not leave blank. See 'How is the trust set up?' on page 3)

If there is more than one Beneficiary, also state their share, making sure the total comes to 100%. This should not include the Settlers.

Full name (BLOCK CAPITALS)	Share %	Full name (BLOCK CAPITALS)	Share %
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

This page forms part of the Trust Deed and must be submitted to Zurich.

To create a trust you need to sign here. Your signatures must be witnessed.

Signed and delivered as a Deed by the Settlor(s):

Date

D	D	M	M	Y	Y	Y	Y
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In the presence of:

Signature of witness

Full name of witness

Address of witness

Box 'D': Additional Trustees

We do not recommend more than four Additional Trustees. However, if there are more than four, please provide their details and signatures on a sheet of paper marked with the Policy number, and sign it.

Title	Surname
Full forenames	
Address	
Postcode	
Nationality	
Date of birth	D D M M Y Y Y Y
Signature in acceptance of appointment as Trustee	

Title	Surname
Full forenames	
Address	
Postcode	
Nationality	
Date of birth	D D M M Y Y Y Y
Signature in acceptance of appointment as Trustee	

Title	Surname
Full forenames	
Address	
Postcode	
Nationality	
Date of birth	D D M M Y Y Y Y
Signature in acceptance of appointment as Trustee	

Title	Surname
Full forenames	
Address	
Postcode	
Nationality	
Date of birth	D D M M Y Y Y Y
Signature in acceptance of appointment as Trustee	

This page must be returned to us

Trust provisions

1. Definitions

'Accelerate Benefit' means any cover provided under the Policy where a Settlor or child of the Settlor makes use of the consultancy, diagnostics, and treatment services available under the Accelerate Benefit as defined by the terms set out under the Policy.

'Appointors' means the Settlers during their joint lifetime and the survivor of them, unless the power of appointment has been released in which case it means the Trustees. Following the death of the surviving Settlor, appointments have to be made by the Trustees.

'Beneficiary' and **'Beneficiaries'** means any person or persons described in Box 'B' or named in Box 'C'.

'Child' includes illegitimate, legitimate, adopted and/or step-children and **'Grandchild'** and **'Great Grandchild'** are to be interpreted in the same way.

'Children's Birth Defect Cover' means cover provided by the Policy where benefits will be payable if an eligible child is born with a birth defect as specified in the terms of the Policy.

'Children's Critical Illness Cover' means cover provided by the Policy where benefits will be payable if an eligible child is diagnosed with a critical illness that meets the terms set out under the Policy.

'Children's Death Benefit' means cover provided by the Policy where benefits will be payable if an eligible child dies as specified in the terms of the Policy.

'Children's Hospital Stay Benefit' means cover provided by the Policy where benefits will be payable if an eligible child is admitted to hospital as an inpatient, during or after the 37th week of pregnancy, for 7 consecutive nights or more as specified in the terms of the Policy.

'Civil Partner' means someone who has formed a civil partnership with the person referred to in accordance with the Civil Partnership Act 2004. It includes surviving Civil Partners but it does not include former Civil Partners if the civil partnership has been ended.

'Company' means Zurich Assurance Ltd.

'Gifted Benefits' means the Trust Fund other than the Settlers' Benefits and Personal Benefits.

'Illness Cover' means the rights to any benefits payable under the Policy during the lifetime of the Settlers but excluding any Personal Benefits.

'Multi-Fracture Cover' means any cover provided and payable under the Policy as a result of a fracture, dislocation, rupture or tear that meets the terms set out under the Policy.

'Personal Benefits' means any cover provided and payable under the Policy due to Specified Complications of Pregnancy, any Children's Birth Defect Cover, Children's Death Benefit, Children's

Hospital Stay Benefit, Premature Birth Hospital Stay Benefit, Accelerate Benefit or Multi-Fracture Cover.

'Policy' means the policy of insurance identified above and any other life insurance policy included in the Trust Fund. It also includes any other policies set up in the exercise of rights under that policy and any property derived from that policy.

'Premature Birth Hospital Stay Benefit' means cover provided by the Policy where benefits will be payable if an eligible child is admitted to hospital as an inpatient before the 37th week of pregnancy for 7 consecutive nights or more as specified in the terms of the Policy.

'Settlers' means the persons declaring this trust. Each of the Settlers is referred to as a Settlor where appropriate.

'Settlers' Benefits' means the Illness Cover retained by the Settlers, unless indicated otherwise in Box 'A'.

'Settlers' Critical Illness Cover' means any illness cover provided by the Policy where benefits will be payable if a Settlor is diagnosed with a critical illness that meets the terms set out under the Policy.

'Specified Complications of Pregnancy' means any cover provided and payable under the Policy where a Settlor or their partner is diagnosed with specified complications of pregnancy that meet the terms set out under the Policy.

'Spouse' means the husband or wife or widow or widower of the person referred to at the relevant time. It does not include divorced persons who were previously married to each other.

'Terminal Illness Cover' means cover provided by the Policy where benefits will be payable if a Settlor is diagnosed with a terminal illness which meets the terms set out under the Policy.

'Total Permanent Disability Cover' means cover provided by the Policy where benefits will be payable if a Settlor becomes totally and permanently disabled in line with the terms set out under the Policy.

'Trustee(s)' means the Settlers and the Additional Trustee(s) named in Box 'D' or the Trustee(s) for the time being of this trust.

'Trust Fund' means:

- (a) The Policy
- (b) Any policies of insurance that are held by the Trustees subject to this trust
- (c) Any policies effected in accordance with any option in any policy subject to this trust
- (d) All monies, investments and property paid to or transferred to the Trustees as additions to the Trust Fund
- (e) Any property representing the above.

This page forms part of the Trust Deed and must be submitted to Zurich.

'Trust Period' means the period of 125 years from the trust's commencement. This is the perpetuity period of the trust.

Unless the context indicates otherwise, words in the singular will be deemed to include the plural and vice versa and the masculine to include the feminine and vice versa.

2. Creation of the trust

The trust will commence on the date shown immediately below the Settlers' signatures or, if later, the date the above numbered Policy is issued to the Trustees.

(1) If the Policy is not issued:

The Settlers state that, in submitting the application for the above-numbered Policy to the Company, they are acting with the intention of making themselves and the Additional Trustees specified above Trustees for the Beneficiaries named or referred to above upon the trusts and subject to the powers set out below. The Settlers direct the Company to issue the above-numbered Policy to the Trustees to hold on the terms of this trust and request that the Policy should be endorsed to this effect.

(2) If the Policy is issued:

The Settlers hold the above-numbered Policy as Trustees for the Beneficiaries named or referred to above upon the trusts and subject to the powers set out below. The Settlers wish to appoint the Additional Trustees specified above as Additional Trustees of the Policy and declare that they hold the Policy in trust as set out in this document and appoint the Additional Trustees as Trustees of the Policy jointly with them and assign the Policy to the Additional Trustees and themselves jointly.

3. Exclusion of Settlers from benefit

Subject to the proviso in 4(2) below, the Trust Fund, other than the Settlers' Benefits and Personal Benefits, must always be enjoyed to the absolute exclusion of the Settlers and of any benefit to them, whether under a contract or in any other way.

4. Trusts

- (1) (a) Subject to clause 4.(1)(b) below, the Trustees hold the Settlers' Benefits and Personal Benefits for the absolute and indefeasible benefit of both Settlers jointly.

(b) Any cover provided and payable under the Policy pursuant to Accelerate Benefit will be held by the Trustees for the absolute and indefeasible benefit of only the Settlor named as subscriber to the Accelerate Benefit. Where more than one Settlor has Accelerate Benefit, such cover is held individually for each Settlor named on the Accelerate Benefit only.
- (2) Subject to the proviso at the end of this 4(2) the Trustees hold the capital and income of the Gifted Benefits upon the trusts and (subject to 3 above) with and subject to the powers and provisions set out below for whoever the Appointors (defined in 1

above) in their absolute discretion chooses from amongst the persons in Box 'B' on such terms as the Appointors think fit and in the shares and subject to the trusts powers, discretions and conditions as the Appointors appoint. The conditions for 'appointments' are set out in 5 below. Provided that if any benefit under the Policy becomes payable by reason of the death of a Settlor or surrender of the Policy the Gifted Benefits shall be held for the absolute benefit of the surviving (or the other) Settlor if he or she survives the first to die for a period of 30 days.

- (3) Subject to 4(2) above, the Trustees also have an absolute discretion to accumulate the whole or part of the income of the Gifted Benefits during the Trust Period and that income shall be added to the capital of the Gifted Benefits. The Trustees shall pay or apply the remainder of the income to or for the benefit of any of the person(s) in Box 'B' as the Appointors think fit.
- (4) Subject as above and if and so far as not wholly disposed of for any reason whatsoever by the above provisions, the Trustees shall hold the capital and income of the Gifted Benefits on trust at the expiry of the Trust Period for the persons named in Box 'C' in the shares specified in Box 'C' and if no such shares are specified and there is more than one Beneficiary, in equal shares absolutely.

5. Power of appointment

Appointments have to be made by deed. The Appointors can make them irrevocable, but otherwise they can be changed during the Trust Period. If the terms of any revocable appointment have not been revoked at the end of the Trust Period, the appointment will become irrevocable at that time. Appointments can be subject to conditions and give powers and discretions.

6. Appointment and removal of Trustees

- (1) The Settlers jointly, or the surviving Settlor, have the power to appoint new Trustees. After the death of a surviving Settlor, the Trustees for the time being may appoint new Trustees.
- (2) The Settlers jointly or a surviving Settlor have the power to remove any Trustee provided that there are at least two Trustees remaining after the removal and one of the remaining Trustees is neither a Settlor nor the Settlor's Spouse nor Civil Partner.
- (3) As long as there are at least two other Trustees, if a Trustee cannot be found, after reasonable efforts have been made to find him, the remaining Trustees can discharge the missing Trustee. It is up to the remaining Trustees to decide whether reasonable efforts have been made to find the missing Trustee and no other person shall be under any duty to ensure that it was proper for the Trustees to have exercised their power to discharge the missing Trustee.

This page forms part of the Trust Deed and must be submitted to Zurich.

7. Exclusion of Beneficiaries

The Trustees can exclude any Beneficiary from benefit under the trust. This must be done by deed. There must be at least one Beneficiary remaining under the trust after the relevant Beneficiary has been excluded and the exclusion must not affect any rights previously conferred on that Beneficiary.

8. General powers

(1) The Trustees have all powers conferred by the law. In addition they have the powers in 8(2) below. The Company cannot be held accountable for, and is under no duty to investigate, the exercise of any of their powers by the Trustees, or how they apply to any part of the Trust Fund.

(2) The Trustees can:

- (a) Borrow for the purposes of the trust on whatever terms they think appropriate. They can use any part of the Trust Fund as security. The lender is under no duty to check that they use the money properly;
- (b) Make the Policy paid-up even if the sum assured is reduced as a result;
- (c) Surrender or partially surrender the Policy;
- (d) Sell any part of the Trust Fund (including the Policy);
- (e) Subject to 9(1) below, exercise rights under the Policy which can reduce the benefits payable under it or, with the Company's consent, reduce the sum assured or premiums payable under the Policy;
- (f) Subject to 9 below, release any powers or discretions which can be exercised by the Trustees (including this power). The Trustees can do this wholly or partly and impose whatever conditions they think are appropriate;
- (g) Invest the Trust Fund as though they owned it beneficially and absolutely. The Trustees can invest in income-producing and non-income producing assets (including life insurance policies);
- (h) Subject to 9(2) below, lend to any Beneficiary on whatever terms about interest and repayment as they think fit. To avoid any doubt, it is made clear that this includes the power to make interest-free loans;
- (i) Delegate the exercise of any of their investment or management powers in relation to the Trust Fund, to any person they think fit, even if the delegate is resident or situated abroad. The Trustees can transfer the ownership of any property in the Trust Fund for these purposes;
- (j) Accept as a valid discharge any receipt, for any payment by the Trustees, given by a parent or

guardian of a Beneficiary who is a minor. The Trustees do not have any duty to ensure that the payment is paid to, or applied for the benefit of, the relevant Beneficiary;

- (k) Subject to 9(1) below, advance all of a Beneficiary's prospective share of capital.

9. Limiting exercise of powers

- (1) If at least one Settlor is alive, the powers in 8(2)(e), (f) and (k) can only be exercised with the Settlor's or Settlers' agreement as appropriate.
- (2) Unless the Trustee is a trust corporation, the powers in 8(2)(f) and (h) can only be exercised if there are at least two Trustees, and at least one of them is neither the Settlor nor his Spouse nor Civil Partner.
- (3) Where there are two surviving Settlers they must exercise their powers under this trust jointly.

10. Administration of trust outside the UK

All or part of the administration of this trust can be transferred outside the United Kingdom and persons resident outside the United Kingdom can be Trustees.

11. Settlers' incapacity

If any Settlor becomes mentally incapable as defined by the Mental Capacity Act 2005 or any Act of Parliament which supersedes that Act, his rights and powers under this trust will be exercisable as if he is dead at that time.

12. Charging by Trustees

Apart from the Settlers and any Spouse or Civil Partner of a Settlor, any Trustee who is in a profession, business or trade can charge his usual fees and charges for work done on behalf of the trust. This applies even where a Trustee who is not in the relevant profession, business or trade could have done the work personally.

13. Liabilities of Trustees

A Trustee shall not be liable for a loss to the Trust Fund unless that loss was caused by his own fraud or negligence. The duty of reasonable care set out in Section 1, Trustee Act 2000, or any Act of Parliament which supersedes that Act and which sets out a Trustee's duty of care, applies to all the functions of the Trustees.

14. No duty to investigate exercise of power

Where the agreement or consent of any person is needed for the exercising of a power by the Trustees, no person dealing with the Trustees needs to be concerned whether that agreement or consent has been obtained.

15. Choice of law and jurisdiction

This trust is subject to the law of England. The parties are subject to the jurisdiction of the English Courts.

Returning this form

Please read this information carefully before returning this form

This form contains 5 pages that must be returned to us to the below address. These include:

- 2 pages that you need to fill in, and
- 3 pages of 'Trust Provisions' that confirm your understanding of the information provided. These pages don't need filling in, but they **must be returned** to us.

Before returning the form, we recommend you take a photo or scan the pages to keep a digital copy for your records.

Once we've received all pages of the form, we'll review and record your deed and update you on any next steps. If you need help, please contact us using the details below.

If your policy begins with 'PR':



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Call us on

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Monday to Friday 9am to 5.30pm
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Write to us at

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If your policy doesn't begin with 'PR':



Email us at

zurich.customer.service@uk.zurich.com



Call us on

0370 333 1500

Monday to Friday 8.30am to 5.30pm
(except bank holidays). We may record or
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Write to us at

Zurich Assurance - InForce
Unity Place
1 Carfax Close
Swindon
SN1 1AP

Please let us know if you would like a copy of this
in large print, braille or audio.

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