



STERLING

# Discretionary Probate Trust Deed

# Discretionary Probate Trust Deed

## What is it?

A discretionary trust designed for use with single premium life assurance plans, more commonly known as investment bonds, where the settlor (the person creating the trust) wishes to establish a trust and retain the right to benefit from the trust property. An investment bond is referred to as a 'plan' in these notes.

**The trust is not suitable for inheritance tax planning.**

**This trust deed is for a single settlor only and not for joint settlors.**

## Aims of the trust

To enable you (the settlor) to transfer the plan into trust to be held for the benefit of the trust beneficiaries.

To ensure that if the benefits of the plan are paid on your death, they are paid into the trust without the delay that would arise from the need to obtain a grant of probate/letters of administration on your estate. There will need to be at least one surviving trustee at the date of your death to avoid probate delay.

## When should this trust not be used?

If you wish to gift assets to mitigate an inheritance tax liability. The trust is not inheritance tax effective and should not be used for inheritance tax planning.

If the plan is owned by more than one person.

## How does it work?

The Discretionary Probate Trust enables you, and after your death your trustees, to appoint the plan benefits in favour of any of the trust beneficiaries. However, if the appointment is in favour of yourself or your spouse or civil partner, it must always be made by the trustees. If a trust beneficiary should die, or if you or your trustees change the default beneficiaries in Box 'B' (see below) during the trust period (125 years from the start of the trust), there will be no adverse inheritance tax consequences. However, if an absolute appointment of benefits is made in favour of a beneficiary, this will have potential inheritance tax consequences (see below).

## How is the trust set up?

For new plans, the cheque to pay for the plan should be from your individual account (not from a joint account).

Completion of the form is very straightforward – see the notes about boxes 'B' and 'C' below. Your full name must be written in the space provided (as the 'Settlor').

Box 'B' – you must write the full names of the default beneficiaries of the trust fund and the share each is to take (expressed as a percentage) 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 death 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 'B' blank.**

In the boxes underneath the box marked 'B', you should sign and date the deed and your signature must be witnessed by an individual who is neither a trustee nor a beneficiary under the trust, nor your spouse or civil partner.

Box 'C' – you should write in the full name and address of each additional trustee and each trustee should sign in the box. Each additional trustee must also complete the boxes that ask for their country of residence for tax purposes, their tax reference or national insurance number and whether or not s/he is a US citizen. For new plans, you (the settlor) must provide this information on the plan application form. You can appoint up to four additional trustees in the boxes provided. **At least one additional trustee must be appointed and we recommend that at least two additional trustees should be appointed.** You, the settlor, are automatically a trustee and so you should not be included in this box.

## Why do you need to know about our tax and residency status?

HM Revenue and Customs (HMRC) require us to check these details so you must provide this information. If you have a country of residence other than the UK, or you are a US taxpayer, we will be in touch in order to check your status, as your details may need to be reported to HMRC.

## Trustees and trustee bank account

During your lifetime, you will (as 'Appointor') be in control of most of the decisions relating to who should benefit from the trust. The main exception to this is where you wish to appoint any benefits in favour of yourself or your spouse or civil partner, in which case you must obtain the agreement of all the trustees. Decisions about the plan, which is the trust property, including encashing it or taking withdrawals, will usually be taken by all the trustees. As Sterling will make any payment to all the trustees, you should consider setting up a trustee bank account.

# 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 6 April 2024.

## What are the IHT consequences of setting up the trust?

The transfer of an existing plan into trust (or the issue of the plan in trust) will be a chargeable lifetime transfer (CLT) and you will also be making a gift with a reservation of benefit (GWR) because you retain the right to benefit under the trust. If the value of the transfer (net of any available annual exemptions) is below your available nil rate band (after taking account of any CLTs you have made in the seven years before you set up this trust), there will be no tax to pay at that time. If it is more than your available nil rate band, IHT will be payable on the amount that exceeds the nil rate band at the rate of 20%.

If you decide to pay the tax (rather than pay the tax out of the trust fund), it will be necessary to gross up the amount to calculate the amount of tax that you will need to pay.

For example, if the value of the transfer is £400,000, the amount of tax payable by the trustees is:

$$\begin{aligned}\pounds 400,000 - \pounds 325,000 &= \pounds 75,000 \\ \pounds 75,000 \times 20\% &= \pounds 15,000\end{aligned}$$

To arrive at the grossed up amount, you need to divide the amount that exceeds the nil rate band by 80%. Therefore:

$$\begin{aligned}\pounds 400,000 - \pounds 325,000 &= \pounds 75,000 \\ \pounds 75,000 \div 80\% &= \pounds 93,750 \\ \pounds 93,750 \times 20\% &= \pounds 18,750\end{aligned}$$

If your plan will be issued in trust from the outset, and the CLT arising on the gift into this trust, when added to CLTs you've made in the previous seven years, causes you to exceed the nil rate band (see above) and so tax is due, you must report the transfer to HMRC Inheritance Tax on forms IHT100, IHT100a and D34.

If you're declaring a trust over an existing plan, then the transfer will only need to be reported to HMRC Inheritance Tax if:

- (i) The CLT arising on the gift, together with the cumulative total of all CLTs you have made in the seven years before the current CLT, exceeds 80% of the IHT nil rate band at the time of the gift, and/or
- (ii) The value transferred by the gift (ignoring exemptions and reliefs) exceeds the nil rate band that is available to you at the time the disposal takes place.

Please speak with your adviser for more information.

## How does the 10 yearly (or periodic) charge 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 year 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 the value of any 'relevant property' which is held in trust immediately before the 10 year anniversary (i.e. the value of the trust fund). If this amount (and see below) does not exceed the nil rate band at that time, there will be no IHT due. However, if this amount is more than the nil rate band at that time, IHT will be payable.

In calculating whether the value of the trust fund exceeds the nil rate band at the 10 year anniversary, you also need to take account of any CLTs you made in the seven years before you established the trust and the amount of any payments out of the trust in the previous 10 years.

**NB** For the purpose of these examples, it has been assumed that a Discretionary Probate Trust was set up some years ago.

### Example

A Discretionary Probate Trust was set up in September 2013. In September 2023 the value of the trust fund is £350,000. The settlor did not make any CLTs in the seven years before the trust was set up and nothing has been added to or taken out of the trust fund since then.

The IHT charge on the £350,000 trust fund would be:

value of the trust fund	
at the 10 year anniversary	= £350,000
minus the nil rate band at that time	= £325,000
value of trust fund in excess of the nil rate band	= £25,000
IHT at 20% on the amount in excess of the nil rate band	= £5,000

(IHT is charged at 20% on the amount in excess of the nil rate band to establish the 'effective rate' of IHT. The actual rate of tax that applies is 30% of the effective rate.)

the effective rate is calculated as:

$$£5,000 \div £350,000 \times 100 = 1.43\%$$

therefore, the rate of the 10 year charge =  
 $1.43\% \times 30\% = 0.43\%$

$$\text{IHT payable} = £350,000 \times 0.43\% = £1,505$$

A 'quick' method of calculating the IHT would be to apply 6% to the excess over the nil rate band.

## How does the exit (or proportionate) charge work?

This charge arises when some or all of the trust property leaves the trust. 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.

### Exit charge in 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 quarter years (40ths) that have elapsed since the trust was set up. 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.

### Example

This example assumes that the settlor didn't make any CLTs in the seven years before the Discretionary Probate Trust was set up and that nothing has been added to the trust fund since the trust was set up. The value of the CLT into trust, made on 1 August 2017, was £500,000 (net of annual exemptions) and the trustees make a payment to a beneficiary on 1 August 2023 of £50,000.

The calculation would be:

value of CLT into trust in 2017	= £500,000
notional tax on a CLT of £500,000 (using nil rate band in year exit charge arises (£325,000))	= £35,000

the tax payable is calculated as:

$$\text{effective rate} = £35,000 \div £500,000 \times 100 = 7\%$$

$$7\% \times 30\% = 2.1\%$$

$$\text{rate at which tax is payable} = 24/40$$

(i.e. 24 quarters since the trust was set up)

$$\times 2.1\% = 1.26\%$$

$$\text{IHT payable is } £50,000 \times 1.26\% = £630$$

However, if the value of the trust fund when the trust was set up, plus the value of the settlor's CLTs in the seven years before the trust was set up, is less than the nil rate band at the time the property leaves the trust, then there will be no exit charge in 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 quarter year that has elapsed since the last 10 year anniversary.

### Example

Using the same facts and figures as are set out in the periodic charge example above, IHT of £1,505 was paid in September 2023 on the value of the relevant property in the trust, which was £350,000. This equates to a rate of IHT of 0.43%. Five years (i.e. twenty quarters) later, £40,000 is distributed to a beneficiary. On the assumption that the tax rates are unchanged and that nothing further has been added to the trust fund, the £40,000 will be taxed at the fraction of 20/40 of the rate of 0.43%. Therefore, the tax payable is  $£40,000 \times 20/40 \times 0.43\% = £86$ .

However, if there was no IHT charge at the last 10 year anniversary and nothing has been added to the trust fund since then, there would be no exit charge.

### What is the position when I die?

When you die, the value of the trust fund at the time of your death will be added to the value of your estate for IHT purposes.

### What is the position if I die within seven years of setting up the trust?

If you were to die within seven years of setting up the trust, to avoid the possibility of a double charge to tax (i.e. the lifetime IHT rates that have already been paid and a second charge to tax at death rates on the whole value of the trust fund), relief is provided by regulation. The way this works is that the total amount of IHT that is chargeable on your estate will be calculated in two ways. The first calculation is carried out on the assumption that the gift into trust hadn't been made.

The second calculation is carried out as if you had made the gift into trust at the time it was made but the gift was made without a reservation of benefit. IHT is payable in accordance with the calculation which gives the higher sum due. If this amount is less than the amount that you have already paid, there will be no further tax to pay but you will not be able to reclaim any additional tax that you have already paid. Therefore, you should be aware that if you make a gift in this way (i.e. a gift with a reservation of benefit) and pay IHT at the outset, this will usually increase the eventual IHT bill. There is no relief for any IHT periodic or exit charge on the trust. If you are interested in IHT planning, this trust should not be used. Instead you should consider Sterling's other range of trusts.

### What is the position if I die more than seven years after setting up the trust?

There is a tax charge on the whole value of the trust fund with no relief.

# Income tax

## How are the proceeds of the plan taxed?

The proceeds of the plan are free of capital gains tax. However, a charge to income tax on a gain can arise:

- if the plan is fully surrendered
- if the plan is assigned for money or money's worth
- if any partial encashments in a year exceed 5% per annum of the amount invested on a 20 year cumulative basis
- if the cumulative total of partial encashments exceeds 100% of the amount invested
- on payment of the death benefit.

These are called 'chargeable events' and if they occur while you are alive and UK resident for tax purposes, any gain or excess in respect of the plan is deemed to form part of your income for the tax year in which the chargeable event occurs. A liability to tax will only arise if you are a higher rate or additional rate taxpayer, or the gain causes you to become one (although please speak to your adviser about top-slicing relief). Liability to tax will be at the higher rate (40%) or the additional rate (45%), as appropriate, but with a non-reclaimable tax credit of 20% where the plan is a UK plan.

Each policy year the trustees can encash up to 5% of the contribution made to the plan without any immediate liability to tax under the chargeable event rules. This allowance builds up over 20 years and, once the full allowance has been used, all later encashments will be taxable in full. These amounts will be included in the calculation of any gain when the plan is fully surrendered or pays out on death. If the amount encashed in a year exceeds 5% of the amount invested in the plan, you may be liable to pay higher rate or additional rate tax (as appropriate) in respect of the amount above the 5%. You are entitled to recover the tax on any chargeable event gain from the trustees.

However, if you are not alive in the tax year in which the chargeable event occurs, or not resident in the UK for tax purposes, the trustees, if they are UK resident, will be liable for any tax on the gain. The gain will be taxed at the rate applicable to trustees (45%) but again with a 20% tax credit where the plan is a UK plan. From 6 April 2024 the £1,000 standard rate band has been abolished. Instead trustees will have no tax to pay on gains less than \*£500. If the gain is more than £500 the whole gain will be taxed at the rate applicable to trustees. \*If the settlor has created other trusts, the amount available is the higher of £100 or £500 divided by the total number of existing trusts.

If the trustees are not UK resident, the tax charge on any gain or excess will be assessed on any UK ordinarily resident beneficiaries when, and to the extent that, they receive any benefits from the trust.

Anyone who is liable for tax in respect of a gain or excess (other than in their capacity as a trustee) may have any entitlement to the personal allowance, personal savings allowance and certain benefits such as tax credits affected since the whole gain is added to their total income to determine entitlement to the allowance or credit. Gains will also be included when assessing any liability to a child benefit tax charge. It is possible, therefore, that your overall payment of tax may increase as a result of having a chargeable event gain assessed on you.

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

In cases where a person creates a trust under which he can benefit, but the trust is not caught by the gift with reservation rules, an income tax charge can apply. However, this trust is caught by the gift with reservation rules (see above) and so it cannot also be caught by the taxation of pre-owned assets legislation.

## Trust registration

A trust holding a Sterling Investment Bond would need to be registered with the HMRC Trust Registration Service (TRS). It is the trustees' responsibility to register the trust.

The registration deadline for a new trust is 90 days from its creation. It is important the trustees understand the need to register, as late registration may incur a financial penalty. Once registered, the information on the TRS must be updated within 90 days of any changes.

Sterling will require proof of registration. This can be obtained 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 plan 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. Any options available under the plan 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 current law and HMRC practice (6 April 2024). Although every care has been taken in the preparation of these notes and the draft trust, 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 is especially the case with this trust which is ineffective for IHT purposes and may increase a potential IHT liability if the settlor exceeds his available nil rate band when creating the trust.

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# Discretionary Probate Trust Deed

This trust is not suitable for inheritance tax planning.

Person declaring this trust (full name in BLOCK CAPITALS please):

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(the 'Settlor')

The terms of the trust are set out below.

Potential Beneficiaries – Box 'A'

(a) The Settlor.  
(b) Any Spouse, Civil Partner, widow, widower or surviving Civil Partner of the Settlor.  
(c) Children, Grandchildren, Great Grandchildren (and the Spouse or Civil Partner of any of these) of the Settlor.  
(d) Any person whom the Settlor has notified to the Trustees in writing.  
(e) Any charity.  
(f) The person(s) named in Box 'B'.

Default Beneficiaries – Box 'B' (do not leave blank)

See "How is the trust set up?" on page 2. If there is more than one Beneficiary, also state their share, making sure the total comes to 100%.

Full name (BLOCK CAPITALS)	Share %

Full name (BLOCK CAPITALS)	Share %

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

Signed and delivered as a Deed by the Settlor:

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Date

---

In the presence of:

Signature of witness

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Full name

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Address

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*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 Plan number, and sign it.*

**At least one Additional Trustee must be included here.**

*See "How is the trust set up?" on page 2 and "Why do you need to know about our tax and residency status?" on page 3.*

Title	Surname
Full forenames	
Address	
Postcode	Date of birth
Country of residence for tax purposes	Tax reference number (if UK, please supply your national insurance number)
Are you a US citizen? Yes <input type="checkbox"/> No <input type="checkbox"/>	
Signature in acceptance of appointment as Trustee	

Title	Surname
Full forenames	
Address	
Postcode	Date of birth
Country of residence for tax purposes	Tax reference number (if UK, please supply your national insurance number)
Are you a US citizen? Yes <input type="checkbox"/> No <input type="checkbox"/>	
Signature in acceptance of appointment as Trustee	

Title	Surname
Full forenames	
Address	
Postcode	Date of birth
Country of residence for tax purposes	Tax reference number (if UK, please supply your national insurance number)
Are you a US citizen? Yes <input type="checkbox"/> No <input type="checkbox"/>	
Signature in acceptance of appointment as Trustee	

Title	Surname
Full forenames	
Address	
Postcode	Date of birth
Country of residence for tax purposes	Tax reference number (if UK, please supply your national insurance number)
Are you a US citizen? Yes <input type="checkbox"/> No <input type="checkbox"/>	
Signature in acceptance of appointment as Trustee	

# Trust Provisions

## 1 Definitions

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

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

**'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 trading as Sterling.

**'Plan'** means the policy of assurance identified above and any other life assurance policy included in the Trust Fund. Where the policy is a bond, it includes all the policies which make up the bond. It also includes any other policies set up in the exercise of rights under that policy and any property derived from that policy.

**'Settlor'** means the person declaring this trust.

**'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.

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

**'Trust Fund'** means:

- (a) the Plan
- (b) any policies of assurance 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.

**'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 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 Settlor's signature or, if later, the date the above numbered Plan is issued to the Trustees.

(1) If the Plan is not issued:

the Settlor states that, in submitting the application for the above numbered Plan to the Company, he is acting with the intention of making himself 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 Settlor directs the Company to issue the above numbered Plan to the Trustees to hold on the terms of this trust and requests that the Plan should be endorsed to this effect.

(2) If the Plan is issued:

the Settlor holds the above numbered Plan as Trustee for the Beneficiaries named or referred to above upon the trusts and subject to the powers set out below. The Settlor wishes to appoint the Additional Trustees specified above as Additional Trustees of the Plan and declares that he holds the Plan in trust as set out above and appoints the Additional Trustees as Trustees of the Plan jointly with him and assigns the Plan to the Additional Trustees and himself jointly.

### 3 Beneficiaries

- (1) The Trustees hold the capital and income of the Trust Fund upon the trusts with and subject to the powers and provisions set out below for whoever the 'Appointor' (defined in 4(1) below) in his absolute discretion chooses from amongst the persons in Box A on such terms as the Appointor thinks fit and in the shares and subject to the trusts powers discretions and conditions as the Appointor appoints. The conditions for 'appointments' are set out in 4(2) below.
- (2) Subject to 3(1) above, the Trustees also have an absolute discretion to accumulate the whole or part of the income of the Trust Fund during the Trust Period and that income shall be added to the capital of the Trust Fund. The Trustees shall pay or apply the remainder of the income to or for the benefit of any of the person(s) in Box A as the Appointor thinks fit.
- (3) 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 Trust Fund on trust at the expiry of the Trust Period for the persons in Box B in the shares specified in Box B and if no such shares are specified and there is more than one Beneficiary, in equal shares absolutely.

### 4 Power of Appointment

- (1) The Appointor is the Settlor unless either he has released his power of appointment, or has died, or the appointment is to be made in favour of himself or his Spouse or Civil Partner. In these cases appointments have to be made by the Trustees. If the appointment is in favour of the Settlor or the Settlor's Spouse or Civil Partner then, unless the only Trustee is a trust corporation, to make the appointment there must be at least two Trustees and one of them must be neither the Settlor nor the Settlor's Spouse nor Civil Partner.

- (2) Appointments have to be made by deed. The Appointor 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.

### 5 Appointment and Removal of Trustees

- (1) The Settlor has the power to appoint new Trustees. After the death of the Settlor, the Trustees for the time being may appoint new Trustees.
- (2) During the Settlor's lifetime the Settlor has 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 the 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.

### 6 Powers and Rights under the Plan

- (1) The Settlor can exercise any rights or powers under the Plan except where 8(2) below states specifically that the Trustees have the relevant power. However, the Settlor must exercise these powers under the Plan in his capacity as, and subject to the duties of, a Trustee.
- (2) The Settlor's power under 6(1) above ends if he ceases to be a Trustee, dies or releases that power by deed.

## 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.

## 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 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 Plan paid-up even if the sum assured is reduced as a result;
  - (c) surrender or partially surrender the Plan;
  - (d) sell any part of the Trust Fund (including the Plan);
  - (e) subject to 9(1) below, exercise rights under the Plan which can reduce the benefits payable under it or, with the Company's consent, reduce the sum assured or premiums payable under the Plan;
  - (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 assurance 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 the Settlor is alive, the powers in 8(2)(e), (f) and (k) can only be exercised with his agreement.
- (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.

## 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 Settlor's 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 Settlor and his Spouse or Civil Partner, 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 Liability 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.

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