

# Guide to completing the Discounted Gift Trust Deed

## For financial advisers only

The purpose of this guide is to give you information about how the Discounted Gift Trust Deed should be completed. Should you require further assistance after reading this document, please telephone our Sales Support Team on +44 (0)1624 681893.

When completing the deed, please use BLOCK capitals throughout.

### A. Declaration

The declaration of trust should be dated on or after the commencement date of the policy. If the policy is already in force, the deed should be dated when the last signatory has signed and dated the trust deed. If this deed is dated, the assignment of the policy from the Settlor(s) to the trustees will have taken place. In the event that the Settlor(s) is/ are uninsurable following underwriting, the assignment is irreversible, so you may wish to submit the deed undated.

### B. The Parties

Please complete the full name(s) and residential address(es) of the Settlor(s) and Additional Trustees.

### C. Assignment of Policies

- i) Under the Discounted Gift Trust, policy segments within the offshore bond can be gifted and some can be retained for full access by the Settlor(s). Retained policy segments are optional and if none are required, you should write "None" in the Retained Policies boxes.

Should the Settlor(s) wish to utilise the benefit of Retained Policies, the number of inclusive whole policy segments which should be gifted and the number of inclusive whole policy segments which should be retained should be entered in this section (please see the example below).

**Example:** If a policy has a premium of GBP250,000 and under the offshore bond elects to have 100 segments, the Settlor(s) wish to retain GBP50,000 and gift GBP200,000, the boxes would be completed as follows:

*(Insert the policy numbers in the following boxes)*

- 1.  to  (Gifted)
- 2.  to  (Retained)

- ii) Other money or assets can be transferred to the Trustees if this box is completed.

If there are no other assets to be transferred, "None" should be written in these boxes.

### D. Choice of Trust Provisions

The Settlor(s) must select and confirm on which basis they wish the trust to be established by signing in the relevant box. Where there are joint Settlers, both must agree on the same basis and sign in the relevant boxes.

### E. Definitions

- i) If the Settlor(s) create a Bare Trust the beneficiary details (full name, date of birth and residential address) should be completed in the Named Beneficiaries boxes along with the Appropriate Share allocated to them.
- ii) If the Settlor(s) create a Discretionary Trust, the beneficiaries are listed (a) to (g) under Discretionary Beneficiaries.

In all cases there must be at least one named beneficiary.

Please refer to our *Guide to Trusts* for more information on Named and Discretionary Beneficiaries.

### F. The Settlor's Rights

This section must be completed. It documents the Settlor(s) capital repayment amounts.

Box F (ii) should be completed with the annual percentage of capital repayment required by the Settlor(s). Capital repayments up to 5% per annum from the bond are tax deferred. If capital repayments are above 5% per annum, the excess may be liable to income tax.

The Settlor(s) must also confirm if the amount is to be fixed or if it should increase every year. If they wish for it to increase each year, box (ii) (b) should be completed.

The frequency of the capital repayments should also be selected.

**Important notes:** A policy must have been in force for a minimum of 30 calendar days prior to capital payments commencing. Capital payments can be deferred but only for a maximum of 5 years from the date of the deed.

#### **Q. Signatures**

The Settlor(s) is/are required to sign and complete their full name(s). Their signature(s) should be witnessed and the Witness' name, residential address and signature completed in the appropriate boxes.

The Additional Trustee(s) is/are also required to sign and have their signature(s) witnessed as per the above.

#### **Important notes**

For financial advisers only. Not to be distributed to, nor relied on by, retail clients.

Please note that every care has been taken to ensure that the information provided is current and in accordance with our understanding of current law and Her Majesty's Revenue and Customs' (HMRC) practice as at 1 July 2012. You should note however, that we cannot take upon the role of an individual taxation adviser and independent confirmation should be obtained before acting or refraining from acting upon the information given. The law and HMRC practice are subject to change.