

RL360° Trusts FAQs

When a policy is transferred into Trust, it's important to understand if there are any restrictions or differences as to how the administration of the policy would operate as opposed to it not being in Trust. This document covers some of the main areas where questions may arise. For the avoidance of doubt, once a policy has been transferred into Trust, the Trustees are the owners, not the individual(s) who assigned to the policy to it. Below are frequently asked questions for each type of Trust RL360° offers.

Beneficiary Trust

Can withdrawals be taken from a policy held in this Trust?

<ul style="list-style-type: none">• LifePlan• Quantum• Oracle• Paragon• PIMS	Yes in accordance with the product terms and conditions.
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Who can the withdrawals be paid to?

This Trust does not determine who withdrawals can be paid to, this is stated within the product's terms and conditions.

Can additional premiums be paid into the policy?

Yes. A premium increase on a LifePlan policy would involve additional underwriting.

Can a policy be assigned back to the Settlor?

As the Trust does not exist until the Policyholders death, the trust does not impose any restrictions during the Policyholder's lifetime.

Can the policy be assigned to a Beneficiary?

As the Trust does not exist until the Policyholders death, the Trust does not impose any restrictions during the Policyholder's lifetime.

Does the policy come to an end upon the Settlor's death?

If the policy is written on a Life Assured basis and the Settlor is the last Life Assured to die then the policy will come to an end.

If the policy is written on a Capital Redemption Bond (CRB) basis, then it can continue for 99 years or until it is surrendered.

Who can receive the death benefit if the Settlor dies and the policy comes to an end?

This is determined by the Trustees in accordance with the terms of the Trust.

Will Manx probate be avoided?

Yes.

Discounted Gift Trust (DGT)

Can withdrawals be taken from a policy held in this Trust?

<ul style="list-style-type: none">• LifePlan• Quantum• Paragon	A DGT cannot be set up with LifePlan, Quantum or Paragon.
<ul style="list-style-type: none">• Oracle• PIMS	Yes in accordance with the product terms and conditions.

Who can the withdrawals be paid to?

Withdrawals can generally only be paid to the Settlor(s) as specified at outset. The Trustees can also make payments to Beneficiaries during the Settlor's lifetime so long as the Trust fund is sufficient and the payment does not impact on the Settlor's rights.

Can additional premiums be paid into the policy?

Yes. Additional underwriting will be required where the transfer to the Trust is to be discounted.

Can a policy be assigned back to the Settlor?

No.

Can the policy be assigned to a Beneficiary?

Yes. But only after the death of the Settlor(s).

What is the UK tax treatment on the creation of the Trust?

This is dependent on the version of the Trust chosen. A Chargeable Lifetime Transfer (CLT) is created if setup on a discretionary basis and a Potentially Exempt Transfer (PET) is created if setup on a bare basis.

Does the policy come to an end upon the Settlor's death?

If the policy is written on a Life Assured basis and the Settlor is the last Life Assured to die then the policy will come to an end.

If the policy is written on a Capital Redemption Bond (CRB) basis, then it can continue for 99 years or until it is surrendered.

Who can receive the death benefit if the Settlor dies and the policy comes to an end?

This is determined by the Trustees.

Will Manx probate be avoided?

Yes.

Gift Trust

Can withdrawals be taken from a policy held in this Trust?

<ul style="list-style-type: none">• LifePlan• Quantum• Oracle• Paragon• PIMS	Yes in accordance with the product terms and conditions.
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Who can the withdrawals be paid to?

This is determined by the Trustees, however they cannot be paid to the settlor(s) or such other persons excluded by the Trust.

Can additional premiums be paid into the policy?

Yes. A premium increase on a LifePlan policy would involve additional underwriting.

Can a policy be assigned back to the Settlor?

No.

Can the policy be assigned to a Beneficiary?

Yes.

What is the UK tax treatment on the creation of the Trust?

This Trust type will create a Chargeable Lifetime Transfer (CLT) if setup on a discretionary basis or a Potentially Exempt Transfer (PET) if setup on a bare basis.

Does the policy come to an end upon the Settlor's death?

This is dependent on the version of the Trust chosen. A Chargeable Lifetime Transfer (CLT) is created if setup on a discretionary basis and a Potentially Exempt Transfer (PET) is created if setup on a bare basis.

Who can receive the death benefit if the Settlor dies and the policy comes to an end?

This is determined by the Trustees.

Will Manx probate be avoided?

Yes.

International Flexible Trust

Can withdrawals be taken from a policy held in this Trust?

<ul style="list-style-type: none">• LifePlan• Quantum• Oracle• Paragon• PIMS	Yes in accordance with the product terms and conditions.
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Who can the withdrawals be paid to?

Withdrawals can be paid to anyone who is a Beneficiary.

Can additional premiums be paid into the policy?

Yes. A premium increase on a LifePlan policy would involve additional underwriting.

Can a policy be assigned back to the Settlor?

Yes.

Can the policy be assigned to a Beneficiary?

Yes.

What is the UK tax treatment on the creation of the Trust?

This Trust type should only be used by non-UK domiciled persons otherwise it would create a Chargeable Lifetime Transfer (CLT).

Does the policy come to an end upon the Settlor's death?

If the policy is written on a Life Assured basis and the Settlor is the last Life Assured to die then the policy will come to an end.

If the policy is written on a Capital Redemption Bond (CRB) basis, then it can continue for 99 years or until it is surrendered.

Who can receive the death benefit if the Settlor dies and the policy comes to an end?

This is determined by the Trustees.

Will Manx probate be avoided?

Yes.

Isle of Man Probate Trust

Can withdrawals be taken from a policy held in this Trust?

<ul style="list-style-type: none">• LifePlan• Quantum• Oracle• Paragon• PIMS	Yes in accordance with the product terms and conditions.
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Who can the withdrawals be paid to?

Withdrawals can only be paid to the Settlor(s).

Can additional premiums be paid into the policy under this Trust?

Yes. A premium increase on a LifePlan policy would involve additional underwriting.

Can the policy held in this Trust be assigned back to the Settlor?

Yes. It can't be assigned to anyone other than the settlor(s).

Can the policy be assigned to a Beneficiary?

The Settlor(s) is the only Beneficiary.

What is the UK tax treatment on the creation of the Trust?

This Trust type is tax neutral as the Settlor is the only Beneficiary.

Does the policy come to an end upon the Settlor's death?

If the policy is written on a Life Assured basis and the Settlor is the last Life Assured to die then the policy will come to an end.

If the policy is written on a Capital Redemption Bond (CRB) basis, then it can continue for 99 years or until it is surrendered.

Who can receive the death benefit if the Settlor dies and the policy comes to an end?

This is determined by the Trustees.

Will Manx probate be avoided?

Yes.

Loan Trust

Can withdrawals be taken from a policy held in this Trust?

<ul style="list-style-type: none">• LifePlan• Quantum• Oracle• Paragon• PIMS	Yes in accordance with the product terms and conditions.
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Who can the withdrawals be paid to?

Withdrawals are paid out as per the trust deed agreement.

Can additional premiums be paid into the policy under this Trust?

Yes. These could be additional loans.

Can the policy held in this Trust be assigned back to the Settlor?

No.

Can the policy be assigned to a Beneficiary?

Yes.

What is the UK tax treatment on the creation of the Trust?

This Trust type is tax neutral.

Does the policy come to an end upon the settlor's death?

If the policy is written on a Life Assured basis and the Settlor is the last Life Assured to die then the policy will come to an end.

If the policy is written on a Capital Redemption Bond (CRB) basis, then it can continue for 99 years or until it is surrendered.

Who can receive the death benefit if the Settlor dies and the policy comes to an end?

This is determined by the Trustees.

Will Manx probate be avoided?

Yes.

Split Trust

Can withdrawals be taken from a policy held in this Trust?

As the Split Trust can only be used with LifePlan, withdrawals are determined by the policy terms and conditions.

Can additional premiums be paid into the policy under this Trust?

Yes. This would involve additional underwriting.

Can the policy held in this Trust be assigned back to the Settlor?

No.

Can the policy be assigned to a Beneficiary?

No.

What is the UK tax treatment on the creation of the Trust?

As transfers into the Trusts (premiums paid) would generally be from earned income, these should be exempt transfers.

Does the policy come to an end upon the Settlor's death?

Only where the Settlor is the last Life Assured to die on the policy.

Who can receive the death benefit if the Settlor dies and the policy comes to an end?

This is determined by the Trustees.

Will Manx probate be avoided?

Yes.

Important Information

Please note that every care has been taken to ensure that the information provided is correct and in accordance with our understanding of current law and practice with Her Majesty's Revenue and Customs (HMRC) as at October 2015. You should note however, that we cannot take on 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.