

## Royal London Trusts Guide

This guide is designed to help you through the process of turning your Life, Whole or Life or Critical Illness Insurance into a Trust with Royal London. To begin, here are some of the terms you will encounter when setting a trust up, a brief overview of what a trust is, and why a trust could be beneficial to your next of kin in the future.

### List of terms:

Trust – a legal entity in which you deposit your asset(s)

The Donor / Settlor – The person who creates the trust (you)

Trustee(s) – who you name to manage your trust until your beneficiaries can take control of the asset(s)

Beneficiary – who will benefit from the asset(s), for example your spouse, children or grandchildren

Witness – Someone over the age of 18 with no affiliation with the trust

### What is a trust?

A trust is an entity in which your assets are ‘held under’ whilst your beneficiaries are unable or incapable of taking them on themselves. The assets held under a trust are managed until it is appropriate for your beneficiaries to manage them themselves. A good example would be a relative such as your brother or sister looking after a house until your children are old enough to take responsibility for it themselves. Insurance policies are also an asset which can be held under a trust. The pay-outs from these policies can be managed in accordance with the terms set out by the trust and have some other benefits in the long run.

### How can a Trust benefit me and my next of kin?

**Tax Benefits.** Life insurance pay-outs are already exempt from capital gains tax and income tax. However, they are usually subject to inheritance tax as they are part of your legal estate. However, if you put your policy “In trust”, the pay-out is made directly to your beneficiaries and will not be considered when inheritance tax is being calculated.

**Skip Probate.** When a person dies, probate courts distribute a person’s assets to the right beneficiaries. However, this can be a lengthy process and can be made even longer if you have not written a will. By naming a policy in trust it can mean that the beneficiaries can receive their pay-out direct from the insurance company. This can help if your beneficiaries need the money quickly.

**No Extra Costs.** Insurance providers can set up a trust for you when you purchase your policy with no surcharge. It is also possible to transfer active policies into trust. You should speak to your provider for more details.

## Setting up a Trust with Royal London

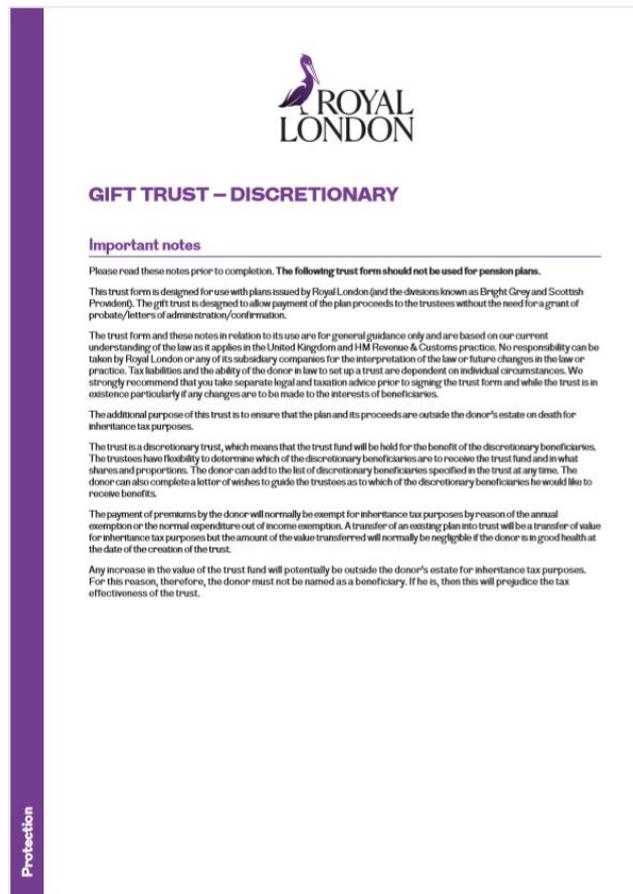
These are the policies we sell through Royal London you could put in trust:

- Term Life Insurance – Level, Indexed or Decreasing
- Whole of Life Life Insurance – Level or Indexed.
- Critical Illness Insurance – Level, Indexed or Decreasing

This guide will now take you through filling out the appropriate forms in order to set up a trust for your policy. When you are finished filling out the form, you can either print it out and send it by post, or you can submit it electronically. We recommend the latter option if it is possible for you. If you want to post this form, postal details can be found on page 3 of the Trust form.

### Step 1:

Begin by downloading the “Gift Trust – Discretionary” form from the Royal London Website. This can be found by clicking [here](#). The first page is as follows:



**ROYAL LONDON**

### GIFT TRUST – DISCRETIONARY

**Important notes**

Please read these notes prior to completion. The following trust form should not be used for pension plans.

This trust form is designed for use with plans issued by Royal London (and the divisions known as Bright Grey and Scottish Provident). The gift trust is designed to allow payment of the plan proceeds to the trustees without the need for a grant of probate/letters of administration/confirmation.

The trust form and these notes in relation to its use are for general guidance only and are based on our current understanding of the law as it applies in the United Kingdom and HM Revenue & Customs practice. No responsibility can be taken by Royal London or any of its subsidiary companies for the interpretation of the law or future changes in the law or practice. Tax liabilities and the ability of the donor in law to set up a trust are dependent on individual circumstances. We strongly recommend that you take separate legal and taxation advice prior to signing the trust form and while the trust is in existence particularly if any changes are to be made to the interests of beneficiaries.

The additional purpose of this trust is to ensure that the plan and its proceeds are outside the donor's estate on death for inheritance tax purposes.

The trust is a discretionary trust, which means that the trust fund will be held for the benefit of the discretionary beneficiaries. The trustees have flexibility to determine which of the discretionary beneficiaries are to receive the trust fund and in what shares and proportions. The donor can add to the list of discretionary beneficiaries specified in the trust at any time. The donor can also complete a letter of wishes to guide the trustees as to which of the discretionary beneficiaries he would like to receive benefits.

The payment of premiums by the donor will normally be exempt for inheritance tax purposes by reason of the annual exemption or the normal expenditure out of income exemption. A transfer of an existing plan into trust will be a transfer of value for inheritance tax purposes but the amount of the value transferred will normally be negligible if the donor is in good health at the date of the creation of the trust.

Any increase in the value of the trust fund will potentially be outside the donor's estate for inheritance tax purposes. For this reason, therefore, the donor must not be named as a beneficiary. If he is, then this will prejudice the tax effectiveness of the trust.

Protection

**Step 2:**

Read through the terms of the trust. This is your choice, but it can help you to better understand how your trust will work.

**Step 3: Section F1**

The purpose of section F1 is to name The Donor (yourself). This section starts at the lower section of page 7. You **must** fill in the whole form in block capitals. Fill in your full name, including middle names, and address in the “Donor 1” section. If you share a policy with your spouse, fill in their details in the “Donor 2” section.

	<b>Donor 1</b>	
<b>Name</b>	<input type="text" value="THOMAS DANIEL OWEN"/>	
<b>Address</b>	<input type="text" value="100 GORDON TERRACE"/>	
	<input type="text" value="CUCKFIELD"/>	
	<input type="text"/>	<b>Postcode</b> <input type="text" value="GM66 5US"/>
	<b>Donor 2</b>	
<b>Name</b>	<input type="text" value="SUSANNA MARY OWEN"/>	
<b>Address</b>	<input type="text" value="100 GORDON TERRACE"/>	
	<input type="text" value="CUCKFIELD"/>	
	<input type="text"/>	<b>Postcode</b> <input type="text" value="GM66 5US"/>

## Step 4: Section F2

Section F2 deals with naming the Trustee(s). This section starts at the top of page 8. You need the details of those who are going to manage your trust until your beneficiaries can take over management of your assets. Fill in their full name, including middle name(s), address, and Date of Birth (format DD/MM/YYYY) in the boxes provided. There are additional boxes for adding more than one trustee.

### F2 Additional Trustees

**Note:** Complete the full names, including middle names, of the Additional Trustees. You must appoint at least one Additional Trustee. Trustees' personal information will only be used to verify the Trustees' identity, and to confirm their instructions in the event of a claim being made.

	<b>Additional Trustee 1</b>	
<b>Name</b>	<input type="text" value="NATHAN TONY OWEN"/>	
<b>Address</b>	<input type="text" value="103 EGERTON ROAD"/>	
	<input type="text" value="BANBURY"/>	
	<input type="text"/>	<b>Postcode</b> <input type="text" value="GH34 8TG"/>
<b>Date of birth</b>	<input type="text" value="08"/> <input type="text" value="10"/> <input type="text" value="1968"/> <input type="text" value="Y"/>	
	<b>Additional Trustee 2</b>	
<b>Name</b>	<input type="text" value="SAMANTHA ELIZABETH OWEN"/>	
<b>Address</b>	<input type="text" value="103 EGERTON ROAD"/>	
	<input type="text" value="BANBURY"/>	
	<input type="text"/>	<b>Postcode</b> <input type="text" value="GH34 8TG"/>
<b>Date of birth</b>	<input type="text" value="17"/> <input type="text" value="05"/> <input type="text" value="1969"/> <input type="text" value="Y"/> <input type="text" value="X"/>	
	<b>Additional Trustee 3</b>	
<b>Name</b>	<input type="text"/>	
<b>Address</b>	<input type="text"/>	
	<input type="text"/>	
	<input type="text"/>	<b>Postcode</b> <input type="text"/>
<b>Date of birth</b>	<input type="text" value="D"/> <input type="text" value="D"/> <input type="text" value="M"/> <input type="text" value="M"/> <input type="text" value="Y"/> <input type="text" value="Y"/> <input type="text" value="Y"/> <input type="text" value="Y"/>	
	<b>Additional Trustee 4</b>	
<b>Name</b>	<input type="text"/>	
<b>Address</b>	<input type="text"/>	
	<input type="text"/>	
	<input type="text"/>	<b>Postcode</b> <input type="text"/>
<b>Date of birth</b>	<input type="text" value="D"/> <input type="text" value="D"/> <input type="text" value="M"/> <input type="text" value="M"/> <input type="text" value="Y"/> <input type="text" value="Y"/> <input type="text" value="Y"/> <input type="text" value="Y"/>	

### Step 5: Section F4

Section F4 requires you to add your policy number(s) that will be placed as an asset within the trust. You need to add your policy number(s) into the box provided. If you are not sure of your policy number, tick the box and your policy number will be filled in by Royal London when they receive the form. Alternatively, you can fill in the date your plan started, and Royal London will find your policy number for you.

**F4 The Plan means:**  
 (a) the Plan means the Plan or Plans numbered below effected by the Donor with the Company

**Note:** Please insert the number of the Plan or Plans that is to be subject to this trust if it is known.

If the plan number is not known at the date of this deed, by ticking the box below, the Donor authorises his or her adviser to insert the Plan number in the box above once this has been provided by the Company.

OR

(b) the Plan or Plans to be issued by the Company under an application dated

**Note:** Please insert the date of the application if the Plan is not yet in force. The date of the application is the date the online application was submitted to us or the date the paper application form was completed.

### Step 6: Section G

For this section you will need an independent witness. A witness is an individual over the age of 18 who has no previous affiliation with your policy or trust – meaning they are **not** currently named in the boxes you have already filled out. This section deals with your signatures, verifying them with your independent witness and him/her signing and providing details below. It can be found on page 10 of the form. Begin by filling in your Donor details. If you have more than one donor, fill in their details. You should then both sign the form in the box provided, in the presence of your witness, followed by adding the date (in the format DD/MM/YYYY). Your witness must then list their full name, including middle names, and their address. They must then sign in the signature box provided. The witness must do this for **BOTH DONORS**, there are individual boxes for each one.

**Donor signatures**

**Donor 1**

Name

THOMAS DANIEL OWEN

Signature



Date

17 04 2020

**Witness**

Name

KEVIN JAMES HARDY

Address

47 CHICHESTER GROVE

HIGH WYCOMBE

 Postcode FD82 9TG

Signature

**Donor 2**

Name

SUSANNA MARY OWEN

Signature



Date

17 04 2020

**Witness**

Name

KEVIN JAMES HARDY

Address

47 CHICHESTER GROVE

HIGH WYCOMBE

 Postcode FD82 9TG

Signature

### Step 7: Section G Continued

The final step in filling out your form is getting signatures from your trustees. This section is on page 11 of the form. Print your trustee(s) name(s) in block capitals in the boxes provided, then have them sign in the signature box and fill in the date they sign (in the format DD/MM/YYYY). **Note** – this does not need to be done on the same day as you signed the donor section.

	<b>Additional Trustee 1</b>
Name	<input type="text" value="NATHAN TONY OWEN"/>
Signature	<input type="text"/>
Date	<input type="text" value="20"/> <input type="text" value="04"/> <input type="text" value="2020"/>
*authorised signatory name	<input type="text"/>
*authorised signatory capacity	<input type="text"/>
	<b>Additional Trustee 2</b>
Name	<input type="text" value="SAMANTHA ELIZABETH OWEN"/>
Signature	<input type="text"/>
Date	<input type="text" value="20"/> <input type="text" value="04"/> <input type="text" value="2020"/> <input type="text" value="Y"/> <input type="text" value="X"/>
*authorised signatory name	<input type="text"/>
*authorised signatory capacity	<input type="text"/>
	<b>Additional Trustee 3</b>
Name	<input type="text"/>
Signature	<input type="text"/>
Date	<input type="text" value="D"/> <input type="text" value="D"/> <input type="text" value="M"/> <input type="text" value="M"/> <input type="text" value="Y"/> <input type="text" value="Y"/> <input type="text" value="Y"/> <input type="text" value="Y"/>
*authorised signatory name	<input type="text"/>
*authorised signatory capacity	<input type="text"/>
	<b>Additional Trustee 4</b>
Name	<input type="text"/>
Signature	<input type="text"/>
Date	<input type="text" value="D"/> <input type="text" value="D"/> <input type="text" value="M"/> <input type="text" value="M"/> <input type="text" value="Y"/> <input type="text" value="Y"/> <input type="text" value="Y"/> <input type="text" value="Y"/>
*authorised signatory name	<input type="text"/>
*authorised signatory capacity	<input type="text"/>