

The VitalityLife Discretionary Trust 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 VitalityLife. 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 VitalityLife

These are the policies we sell through VitalityLife 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.

Step 1:

Begin by downloading the “VitalityLife Discretionary Trust” form from VitalityLife Website. This can be found by clicking [here](#), or by downloading it from the attachments we sent to you in the Vitality Life Trust Guide email. The first page is as follows:

THIS CAN BE USED WITH A VITALITYLIFE PLAN, VITALITYLIFE ESSENTIALS PLAN OR A MORTGAGE PLAN (“THE PLAN”) THIS SHOULD NOT BE USED FOR PLANS WITH LIFESTYLECARE COVER



THE VITALITYLIFE DISCRETIONARY TRUST

At VitalityLife we try to avoid complex language and unnecessary jargon wherever possible. However, because this is a legal document and trust laws are complex the words in this form are more technical than other VitalityLife documents. We've included margin notes to help with completion but if you have any questions let us know and we'll answer them as simply as possible.

DISCLAIMER

VitalityLife cannot accept responsibility that this Trust is suitable for your individual requirements. If you or your adviser are unsure about its suitability, we strongly advise that you seek specialist legal or tax advice.

The notes in this Trust form are based on VitalityLife's understanding of the law and HM Revenue & Customs practice. We have made every effort to ensure they are accurate but accept no responsibility for our interpretation of the law, or future changes in the law.

IMPORTANT NOTES

- This Discretionary Trust is for use with your Plan. It allows you to keep for yourself the benefits under the Plan that are payable during your lifetime (such as Serious Illness Cover, Serious Illness Cover or Income Protection Cover) and to give away other benefits, such as Life Cover, that are paid on death.
- You must indicate in the Trust whether you want to keep the sum paid on diagnosis of a terminal illness for yourself or give it away. Once made, this choice cannot be changed. As this choice may have important tax consequences, you should discuss your requirements with your adviser. Where the Plan is a joint life first death plan it is assumed that both of you would wish to be paid the benefit on diagnosis of a terminal illness and so in this circumstance, this benefit cannot be gifted to others.
- Where the Plan is a joint life second death Plan, death benefits (including Terminal Illness benefits) are only paid on the second death or the second event. This means that if one life assured has already died or suffered a terminal illness, benefits will be paid when the second life assured dies or suffers terminal illness. In cases where the second event is terminal illness it is probably the case that both of you would not want the survivor to receive terminal illness benefits. This benefit can therefore be gifted by completing the appropriate box in the trust. Benefits based on a life assured's health e.g. Serious Illness Cover or Serious Illness Cover benefit, will be paid on the first event to happen in the normal way.
- With a VitalityLife Plan or a VitalityLife Essentials Plan, to ensure that there are no adverse inheritance tax implications, if the Plan provides Serious Illness Cover, you need to ensure that the Plan includes, from outset, either Protected Life Cover or Protected Life and Serious Illness Cover at a level of 100%. Failure to do so does not affect the validity of the trust but may have adverse IHT consequences. You should discuss your requirements with your adviser.
- With a Mortgage Plus Plan, neither Protected Life Cover nor Protected Life and Serious Illness Cover are available. If you have selected Serious Illness Cover Protector this does not affect the validity of the trust but may have adverse IHT consequences. You should discuss your requirements with your adviser.
- This Trust may be used either when you are applying for a new Plan or with an existing Plan.
- This Trust may be used whether the Plan is owned/applied for by one person or two people jointly (with death benefits payable on either the first death or second death).
- This Trust can be used with Plans that are on a whole of life basis or those that expire after a fixed term, where available.
- With a joint life plan that pays death benefits on the first death, you can choose for the survivor to benefit after the first death provided they survive the death by 30 days. If they do not, the benefit will be held by the Trustees for the other beneficiaries. This option is not available on joint life second death Plans because benefits are not payable until the second event.

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: Part A – Trust Request

The purpose of part A is to name The Settlor (yourself). This section starts on page 4. You **must** fill in the whole form in block capitals. Fill in the date that the trust is signed (DD/MM/YYYY) before filling in your full name, including middle names. Follow on to fill in your full address in the next box. If you share a policy or have an existing policy with your spouse, fill in their details in second set of “Name” and “Address” boxes.

PART A - TRUST REQUEST

This Declaration of Trust is made the day of in the year

by

Name

of

Address

AND

by

Name

of

Address

called "the Settlor". Where two persons are named above, they will both be the Settlor)

Insert here the date this Trust is signed and your name and address. Where there are two applicants for the Plan or two Planholders (in the case of existing Plans) both names and addresses need to be inserted.

This person(s) is known as the Settlor.

Step 4:

Before filling in Part B, please read through the two points below part A (I and II) to gain understanding for Part B.

As follows:

(I) Where a new Plan is applied in for

The Settlor refers to the application for the Plan described in Part B below and now requests and directs that the Plan be issued in such manner as to constitute the Settlor as the Trustee (as defined below) to hold the Plan on the trusts and subject to the powers and provisions of this Trust.

or (II) Where a Plan is already in existence

The Settlor as the legal and beneficial owner of the Plan described in Part B below now declares that from the date of this Declaration the Settlor holds the Plan as the Trustee (as defined below) on trusts and subject to the powers and provisions of this Trust.

Step 5: Part B – Plan Subject to Trust

Part B deals with either a new policy or an existing policy. This section can be found at the top of page 5. It 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 named “Plan number(s)”. You must also add the number of people the policy applies for in the box named “Life (Lives) Assured”.

Box 3 only applies to Joint Policies. Please refer to the instructions below the box. If you wish to receive a “Reversion to surviving Settlor” benefit, you must both initial the box 3.

Box 4 is subject to any diagnosis of a Terminal Illness. You must sign this field if you wish to keep the payment made on diagnoses of Terminal illness for yourself. You must both choose this option if you have a Joint plan that pays death benefits on the first death and if you elected the “Reversion to surviving Settlor” option above in (3).

PART B - PLAN SUBJECT TO TRUST

This Trust can be used with a new or existing Plan. Insert the name(s) under the Plan.

1) Plan number(s):

2) Life (Lives) Assured:

3) For joint life first death Plans
 Reversion to surviving Settlor

If the Plan is a joint life first death Plan and if you wish the surviving Settlor to benefit from death benefits if they survive for 30 days from the first death, both of you must initial this Box. This option is not available for single life Plans or joint life second death Plans.

4) Entitlement to benefits on diagnosis of Terminal Illness

You must initial not initial both fields.

(a) Retained Fund.

If you wish to keep the payment made on diagnosis of Terminal Illness for yourself, you (both of you) must initial field (a). You both must choose this option if you have a joint life Plan that pays death benefits on the first death and you have elected for the “Reversion to surviving Settlor” option in paragraph (3) above.

(b) Gifted Fund

If you wish to give the payment made on diagnosis of Terminal Illness to your Beneficiaries, you (both of you) must initial field (b). Do not initial this field if you have initialled field (3) above.

In cases of joint life second death Plans it is likely that you would wish to gift terminal illness benefits payable where terminal illness is the second event to occur. If this is the case please initial paragraph (b).

Step 6: Part C – Definitions

Part C refers to the understanding of specific terms within the form. Please read through the information at the bottom of page 5 and through page 6.

PART C - DEFINITIONS

In this Trust, in addition to the terms defined above, the following expressions shall have the following meanings and, unless the context does not permit the singular shall include the plural and the masculine shall include the feminine and vice versa.

- (1) **"Appointor"** means the Settlor during his or her lifetime (and where two persons are the Settlor both of them during their joint lifetime and then the survivor) and the Trustees following the Settlor's (or the second Settlor's) death.
- (2) **"Beneficiaries"** means:
 - a) any Spouse, Widow or Widower of the Settlor (provided they are not also the Settlor).
 - b) the Children and Remoter Issue of the Settlor whenever born.
 - c) any Spouse, former Spouse, Widow or Widower of any such Child or Remoter Issue.
 - d) any brother or sister of the Settlor and their issue.
 - e) any person other than the Settlor (either Settlor for joint Plans) who shall upon the death of the Settlor (either Settlor for joint Plans) become beneficially entitled to the whole or any part of the estate of the deceased Settlor) whether by virtue of any will or codicil or under the rules of intestacy or by virtue of survivorship or otherwise.

In box 2(g) you should include the name of anybody else that you would wish to be a beneficiary under the trust. This cannot be you.

PART C - DEFINITIONS CONTINUED

- f) any person (other than the Settlor(s) that have been nominated to the Trustees in writing by the Settlor(s) as a Beneficiary. For joint Plans, this nomination must be made by both Settlers jointly during their joint lives and afterwards by the survivor.

g)

You should include in (g) the name of anybody else you would wish to be a Beneficiary under the Trust. This should not be you.

- h) The Default Beneficiaries (as defined in paragraph (4) below)

We will only use the above information in connection with the payment of benefits under the Plan. You should make your Beneficiaries aware of how we use their information.

- 3) **"Child", "Children"** and **"Issue"** includes any illegitimate step adopted or legitimated (whether adopted or legitimated before or after the date hereof) child, children or issue.

In box 4 you should add the names of any default beneficiaries.

4) "Default Beneficiaries" means the one or more persons named in the fields below

Name(s) of Default Beneficiaries

<input type="text"/>	<input type="text"/>	%
<input type="text"/>	<input type="text"/>	%
<input type="text"/>	<input type="text"/>	%

and if none are named in the boxes above then the child or children of the Settlor(s) alive at the end of the Trust Period and if more than one in equal shares and if none alive the estate of the last one to die. Provided that if the Settlor (either of them) has no children and no Default Beneficiary is named above then the Default Beneficiary will be the individual or charity who is entitled to the largest part (or the whole) of the estate of the Settlor (or the surviving Settlor) under the Settlor's will or, if there is no valid will, under intestacy, and if there are more than one individuals or charities entitled equally then for such individuals or charities as appropriate.

- (9) "Spouse" and "Widow/Widower" includes any civil partner or surviving civil partner registered under the Civil Partnership Act 2004.
- (10) "Trust Fund" means the Plan, the full benefit thereof, any assets at anytime added to this Trust by way of further settlement, capital accretion, accumulation of income or otherwise and all assets from time to time representing the same.
- (11) "Trust Period" means the period of 125 years from the date of this Trust deed.
- (12) "Trustees" means the trustee or trustees for the time being of this Trust.

Step 7: Part D – Part I

Please read through these sections carefully. It is vital that you understand the terms of this trust.

Step 8: Part J – Signatures

For this final 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 9 of the form. Begin by filling in your Settlor details. If you have more than one Settlor, fill in their details in the boxes provided for the second settlor. You should then both sign the form in the boxes provided, in the presence of your witness. 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.

PART J - SIGNATURES

IN WITNESS whereof the Settlor executed this deed the day and year stated above.
SIGNED AS A DEED AND DELIVERED by the said Settlor:

The Settlor (or in cases of joint Settlers, the first Settlor) must sign here. His/her signature must be witnessed.		
	Name of Settlor	Signature of Settlor
	In the presence of:	
A witness must be over 18 and an independent person.		
	Name and address of Witness	Signature of Witness
The second Settlor (where a joint Plan) must sign here. His/her signature must be witnessed.		
	Name of second Settlor	Signature of second Settlor
	In the presence of:	
	Name and address of Witness	Signature of Witness

Step 9: Trustees

The final step in the Trust process is selecting and verifying your trustees. To do this, you will need to download and print the second form attached to your Vitality Life Trust Guide email, called Deed Appointment Additional Trustees. You can fill the form in on your computer before you print it out to sign it, if you wish.

Step 10: Date on Trustees form

You will first need to add the date at the top of page three, in the format DD Month YYYY

Insert the date this Deed is signed here.

This Deed is made on the 1st day of March in the year 2020

Step 11: Settlers and Trustees on Trustees form

You will need to follow the date with the details of The Settlor (yourself) and the Trustee(s) (who you want to control your trust until your beneficiaries can take responsibility for it themselves). Fill in your full name, including middle names. Follow on to fill in your full address in the next box. If you share a policy or have an existing policy with your spouse, fill in their details in second set of "Name" and "Address" boxes. Follow this up with the full name, including middle names, of your trustee(s), and their address(es).

Between the following parties:

Insert the name and address of the Settlor.

Name Daniel Lewis Graham
 Address 103 Wisteria Way
Otford
Kent, TM15 GGS

AND

Insert the name and address of the second Settlor (where a joint life Plan).

Name _____
 Address _____

(where two persons are named, "the Settlor" includes both of them)

AND

Insert here the name(s) and address(es) of the persons who are to be the Additional Trustee(s) who will act with the Settlor as the Trustees.

Name of the 1st Additional Trustee David Nathan Graham
 Address of the 1st Additional Trustee 15 Forest Drive
Orpington
Kent, HD33 4BN

AND

Name of the 2nd Additional Trustee _____
 Address of the 2nd Additional Trustee _____

AND

Name of the 3rd Additional Trustee _____
 Address of the 3rd Additional Trustee _____

("the Additional Trustees") of the second part.

Step 12: Trust details and Policy number on Trustee Form

You will then need to fill out the date your trust was created, and the number of your policy the trust was issued for. Fill them out in the boxes provided.

Insert the date of the Trust here. **AND IS SUPPLEMENTAL** to a Declaration of Trust dated 20/02/2020
 ("the Trust") and made by the Settlor.

WHEREAS

Insert the plan number here if the plan has been issued. A By means of the Trust, a Trust was created of the plan numbered 12345678910 X ("the Plan").

B The Settlor is/are the present Trustee(s) of the Trust.

C The power of appointing new or Additional Trustee(s) under the Trust is vested for the time being in the Settlor.

D The Settlor desires to appoint the Additional Trustee(s) to act jointly with the Settlor as Trustees of the Trust in the execution and administration thereof.

E The Additional Trustee(s) wish to accept his/her/their appointment as Trustees of the Trust.

F The Plan is the only property at present held by the Settlor as Trustee(s) and it is intended that legal ownership of the Plan shall be transferred into the joint ownership of the Settlor and the Additional Trustee(s).

AND WITNESSES as follows:

- In exercise of the power conferred by the Trust and all other powers (if any) the Settlor HEREBY APPOINT(S) the Additional Trustee(s) to be a Trustees(s) to act jointly with the Settlor as Trustees for all the purposes of the Trust with effect from the date of this Deed.
- The Additional Trustee(s) accept the appointment effected by this Deed.
- With effect from the date of this Deed the Settlor as Trustee(s) of the Plan hereby assigns the Plan to the Settlor and the Additional Trustee(s) to be held subject to the Trusts of the Trust.
- By sending this deed to VitalityLife the parties hereto hereby notify VitalityLife of the assignment referred to above.

This Deed must be sent to VitalityLife as a notice of the Appointment and assignment.

Step 13: Signatures on Trustee Form

For this final 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. Begin by filling in your name in the Settlor box. If you have more than one Settlor, fill in their details in the boxes provided for the second settlor. You should then both sign the form in the boxes provided, in the presence of your witness. 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. They will then need to do the same for the trustee(s), in the separate section on the next page. The date and location (where you were when the papers were signed) will then need to be filled in for every settlor and trustee that signs the form. **(Note – There are separate forms for England, Wales and Northern Ireland, and Scotland. If you are in Scotland, you need to do this step on the Scotland section of the form, found below the signature section for England, Wales and Northern Ireland)**

SIGNATURES

[IN ENGLAND, WALES AND IN NORTHERN IRELAND]

IN WITNESS whereof the parties hereto executed this Deed the day and year stated above

SIGNED AS A DEED AND DELIVERED by the said:

Daniel Lewis Graham

Name of Settlor

Signature of Settlor

In the presence of:

Mary Susanna Hooper
18 Maple Grove
Lewington
Dorset
JN33 KF1

Name and address of Witness

Signature of Witness

Name of Second Settlor

Signature of Second Settlor

In the presence of:

Name and address of Witness

Signature of Witness

David Nathan Graham

Name of First Additional Trustee

Signature of First Additional Trustee

In the presence of:

Mary Susanna Hooper
18 Maple Grove
Lewington
Dorset
JN33 KF1

Name and address of Witness

Signature of Witness

Name of Second Additional Trustee

Signature of Second Additional Trustee

In the presence of:

Name and address of Witness

Signature of Witness

Name of Third Additional Trustee

Signature of Third Additional Trustee

In the presence of:

Name and address of Witness

Signature of Witness