

# Aviva Discretionary Trust for **Relevant Life Insurance**

This Deed should only be used to place an Aviva Relevant Life Insurance policy under trust. Creating a trust can have legal and taxation consequences and an employer should consult its own professional advisers before continuing. The implications of the trust will depend on particular circumstances.

## **About this trust**

This trust is only for use by an employer who is setting up a Relevant Life Insurance policy on the life of an employee (the life covered), where that employee or any individual nominated by that employee are to benefit. The trust should commence at the same time as the Relevant Life Insurance policy.

## **Questions about the Relevant Life Insurance and Trust**

### **1. What is Relevant Life Insurance?**

It is a life insurance policy taken out by an employer on the life of an employee (which can include a director) for the benefit of the employee or any individual nominated by the employee. There are tax benefits that apply provided the policy conditions satisfy requirements set out in legislation.

To comply with the statutory requirements, it is necessary that the cover amount under the Relevant Life Insurance product should be paid only on:

- (a) death, or
- (b) meeting Aviva's definition of terminal illness, or
- (c) meeting Aviva's definition of employee significant illness.

Please note that (c) above requires the illness to result in the retirement or anticipated retirement of the life covered. Also, this means retirement from their employment with the employer, and not termination of the employment for any other reason.

### **2. Who should complete the trust?**

The trust should be completed by the employer, who will automatically be a trustee. Other trustees can be appointed if desired.

### **3. Who can benefit under the trust?**

The legislation restricts beneficiaries to Individuals and the employer can't be a beneficiary. The trust sets out those who might benefit (eg employee and individual(s) that he or she nominates), and the trustee(s) will decide (from amongst the potential beneficiaries) who will receive any claim proceeds. The employee can nominate who he/she would want to benefit and in what amounts and the trustees will take that into account.

### **4. What is the trust fund?**

The trust fund consists of the Relevant Life Insurance policy, and any subsequent policy issued pursuant to it. It includes any benefits payable under the policy following a successful claim including the death benefit, terminal illness benefit or if applicable employee significant illness benefit or total permanent disability benefit.

## **Completing the Trust Deed**

**The use of a capital letter at the beginning of a word (or words) may mean that the particular word in question is a defined term. Defined terms can be found within the definitions section in Part C.**

**Please complete the Trust Deed in ink and use block capitals (except for signatures) and always give full titles and full names (so include middle names).**

## Important notes

1. Anyone thinking of using the Relevant Life Insurance Trust, or doing anything under the provisions of the Trust, must rely on the advice of their legal or financial advisers. We would urge you to seek appropriate professional advice before proceeding. This is important for a number of reasons:
  - a. Creating a trust can have taxation as well as legal consequences.
  - b. Once the trust has been created it cannot be revoked.
  - c. The Trustees have a special duty to the Beneficiaries and the misuse of a Trust power by a Trustee can make him/her personally liable for any resulting loss to the Beneficiary.
2. Any references to tax treatment for the Relevant Life Insurance Trust are based on Aviva's understanding of legislation and HM Revenue & Customs ("HMRC") practice at the time of publication. Both of these are likely to change in the future, and a liability to tax may arise under an existing arrangement. Every care has been taken as to accuracy, but it must be appreciated that neither Aviva nor its representatives can accept responsibility for loss, however caused, suffered by any person who has acted or refrained from acting as a result of material published.
3. Under Aviva's trust those people creating the trust, the settlors, are automatically appointed as a trustee. We will continue to recognise any financial adviser associated with the policy following the trust coming into force.

For any other trusts submitted to Aviva, where original policyholders are not appointed as trustees, we will assume that there is no financial adviser acting in relation to the policy, unless we receive confirmation from all trustees that either the original financial adviser is retained, or a new financial adviser has been appointed.

This will also apply to any further appointments or retirement of trustees made.
4. **Trust Registration** Trusts may need to be registered with HMRC. Most of the trusts set up to hold Aviva's protection policies are excluded from registration. In certain circumstances the trust may become registrable. Registration is the trustee's responsibility. You can find more information about the Trust Registration Service at [gov.uk/guidance/register-a-trust-as-a-trustee](https://gov.uk/guidance/register-a-trust-as-a-trustee). If you're unsure about what you need to do, you should speak to a legal or financial adviser.

### 5. Is it essential to use a trust with the Relevant Life Insurance policy?

Aviva's Relevant Life Insurance policy must be taken out under an Aviva Relevant Life Insurance trust. The trust provides added benefits and also makes it clear that only those allowable under the legislation may benefit.

### 6. Is it necessary to appoint additional trustees?

If the employer is an Individual (sole trader) or partnership (two or more individuals) then it is advisable to have at least two trustees. If the employer is corporate (eg a limited company) then an additional trustee may not be essential. The trustees are responsible for administering the trust.

## Your Personal Information

We collect and use your Personal Information as part of this trust process. If you would like more information about how we use and process Personal Information and your rights in relation to it, you can find further detail in our full privacy policy at [aviva.co.uk/privacypolicy](https://aviva.co.uk/privacypolicy) or request a copy by writing to us at: **The Data Protection Team, Aviva, PO Box 7684, Pitheavlis, Perth PH2 1JR.**

**For more information, please read our guides, 'Introducing Relevant Life Insurance' and 'Relevant Life Insurance, A guide to our Relevant Life Trust'. You can access these at <https://connect.avivab2b.co.uk/adviser/protection/business-protection/relevant-life-insurance/>.**

# Relevant Life Insurance Trust Deed

## Part A

THIS TRUST DEED takes effect from the start date of the Relevant Life Insurance policy to which it relates.

Principal Employer declaring this Trust

Business address of the Principal Employer

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Postcode

The Principal Employer is creating this trust and is named on the payslip of the employee. The Principal Employer must insert its full name and business address.

- For companies and LLPs, this must be the name and address registered at Companies House, including suffixes like “Ltd”, “plc” or “LLP”.
- For other partnerships, insert the full names of the individual partners, as well as the name of the partnership, e.g. “Fred Smith and George Bloggs trading as Smith, Bloggs & Co”.
- For charities, use the official name as registered at the Charities Commission.

Type of business of the Principal Employer

<input type="checkbox"/> Limited Company	<input type="checkbox"/> Partnership	<input type="checkbox"/> Sole trader
<input type="checkbox"/> Limited liability partnership	<input type="checkbox"/> Charity	

Tick the box indicating the type of business.

Company or charity number

- For limited companies and LLPs, insert your registered company number from Companies House.
  - For charities, insert your charity number from the Charities Commission.
- Otherwise, leave blank.

Additional Trustee 1  
(title and full name)

Additional Trustee 1  
(full address)

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Postcode

The titles, full names and addresses of any Additional Trustees should be inserted in these boxes. The Principal Employer is automatically a Trustee, so doesn't need to be included again. Unless the Principal Employer is a corporate body, such as a company with more than one director, we strongly recommend at least one Additional Trustee is appointed.

Additional Trustee 1  
(date of birth)

D	D	M	M	Y	Y	Y	Y
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## Part B Constitution of the trust

**Title and full name of the employee whose life is insured under the Relevant Life Insurance policy** (the 'Life Covered')

**Policy number of the Relevant Life Insurance policy** (or application date if the number not known)

1. The Principal Employer is applying for a life insurance policy ('the Relevant Life Insurance policy') to provide death-in-service and terminal illness benefits, and where applicable employee significant illness benefits and/or total permanent disability benefit for the Life Covered who is an employee of the Principal Employer.
2. The Principal Employer agrees to pay the premiums under the Relevant Life Insurance policy so long as the Life Covered remains an employee of the Employer.
3. The Principal Employer confirms that tax avoidance is not the main purpose or one of the main purposes for taking out the Relevant Life Insurance policy.
4. In submitting the application for the Relevant Life Insurance policy the Employer declares that it intends constituting itself and any Additional Trustee(s) named in Part A above as the Original Trustees for the Beneficiaries described in Part C below and that the Relevant Life Insurance policy will vest in the Original Trustees immediately it comes into force.
5. The Trustees secure that the sums or other benefits can only be paid to, conferred on or applied in favour of an Individual or UK registered charity.

## Part C Definitions

In this Deed the following terms have the following meanings and unless the context does not permit, words signifying the singular shall include the plural and vice versa, and gender shall include all genders (including neuter).

1. **"Beneficiaries"** means the Default Beneficiaries (if any) and the Potential Beneficiaries.
2. **"Child or remoter descendant"** includes any illegitimate, step, adopted or legitimated child or remoter descendant.
3. **"Default Beneficiaries"** means the one or more individuals named in the box below and if none then such UK registered charities as the Trustees shall determine.

Beneficiary's full name	% share
	%
	%
	%
	%
	%
	%

**Give the full names of the Default Beneficiaries (e.g. children or grandchildren of the employee) who are to benefit from the Trust, and the share each is to receive. The shares must total 100%.**

They will only benefit if no other appointment is made in favour of other Potential Beneficiaries within the Trust Period (125 years).

## Part C Definitions continued

4. **“Individual”** includes any natural person anywhere in the world and includes a Trustee who is a natural person
5. **“Potential Beneficiaries”** means:
  - a. The Life Covered
  - b. Any Spouse or former Spouse or Widow(er) of the Life Covered
  - c. Any Child or remoter descendant of the Life Covered
  - d. Any Individual or UK registered charity that has an interest in the estate of the Life Covered by will or codicil, under intestacy laws, by right of survivorship or otherwise
  - e. Any Individual or UK registered charity nominated in writing by the Life Covered to the Trustees to be a Potential Beneficiary.
6. **“Principal Employer”** means the person(s) declaring this trust and any other business to whom the business of the Principal Employer is transferred provided the transferee continues to employ the Life Covered.
7. **“Spouse”** includes civil partner and “Widow” or “Widower” includes a surviving civil partner.
8. **“Trustees”** means the Original Trustees or other Trustees for the time being.
9. **“Trust Fund”** means the Relevant Life Insurance policy described in Part B above, and all moneys, investments or other assets at any time paid or transferred to and accepted by the Trustees by way of further settlement, accumulation of income, capital accretion or otherwise and all property from time to time representing the foregoing respectively.
10. **“Trust Period”** means the period of one hundred and twenty five years commencing from the start of this Trust Deed.

## Part D Principal Trust Terms

1. The Trustees shall hold the Trust Fund for the benefit of the Potential Beneficiaries as follows:
  - (a) During the Trust Period the Trustees may by Deed or Deeds revocable or irrevocable appoint the whole or any part or parts of the Trust Fund for such one or more of the Potential Beneficiaries in such one or more shares and for such interests as the Trustees shall in their absolute discretion think fit.
  - (b) A revocable appointment may only be revoked during the Trust Period.
  - (c) Notwithstanding any provision in this Deed no power conferred by this Deed or by law shall be exercisable and no provision shall operate if it could cause the Relevant Life Insurance policy described above to lose its status as a relevant life policy.

### The income of the Trust Fund

1. The Trustees may pay or apply the whole or any part or parts of the income of the Trust Fund to or for the benefit of any Beneficiary as they think fit within twelve months of the same arising, and
2. Shall during the Trust Period accumulate all such income as is not so applied and hold the same as one fund with the capital of the Trust Fund.

### Default clause

Subject to the above, the Trust Fund shall be held on Trust at the expiry of the Trust Period for the absolute benefit of the Default Beneficiaries in such shares as the Trustee shall determine and subject thereto in equal shares absolutely.

## Part E Powers and provisions

1. In managing and dealing with the Trust Fund, the Trustees shall have the widest possible powers as if they were the absolute Beneficial owners thereof and were capable of carrying out any transaction whatever in connection with this Trust and without prejudice to the generality of the foregoing the Trustees shall have the following specific powers:
  - (a) power to effect any policy of life insurance on the life of any person or persons.
  - (b) power to exercise all options conferred by any policy of life insurance.
  - (c) power to sell, charge or assign any policy of life insurance and to surrender the whole or any part of such policy, but may only assign the Relevant Life Insurance policy described above to an individual or charity.
  - (d) power to borrow money on such terms as they may think fit and whether upon the security of the whole or any part or parts of the Trust Fund or upon personal security only.
  - (e) power to pay or transfer any capital or income to be paid to or applied for the benefit of a Beneficiary who is under legal disability to any parent or guardian of that Beneficiary on behalf of such Beneficiary and the receipt of such person shall be a complete discharge to the Trustees who shall be under no obligation to see to the proper application thereof.
  - (f) power to lend with or without security to any Beneficiary the whole or any part or parts of the Trust Fund upon such conditions as to interest (if any) and repayment and generally upon such terms as the Trustees in their absolute discretion think fit provided always that any such loan must be repayable during the Trust Period.
  - (g) in addition, and subject always to Clause D1(c), the Trustees may by deed or deeds add to, amend or remove the powers contained in this clause if they in their absolute discretion think fit.
2. The statutory power of appointing further Trustees shall be vested in the Trustees.
3.
  - (a) Any Trustee hereof being a person engaged in any profession or business shall be entitled to charge and be paid the usual professional or proper charges for business transacted, time expended and acts done by such Trustee or any partners of such Trustee in connection with the aforesaid Trusts including acts which a Trustee not being in a profession or business could have done personally. Any Trustee being a Trust Corporation shall be entitled to remuneration and expenses in accordance with the provisions of its Trustee prospectus in force at the date of its appointment.
  - (b) Any Trustee hereof shall be entitled to retain any brokerage or commission which may be received personally or by such Trustee's firm in respect of any transaction carried out in connection with these Trusts for which such Trustee or Trustee's firm is in the normal course of business allowed such brokerage or commission notwithstanding that the receipt of such brokerage or commission was procured by an exercise by such Trustee or Trustees of his/her statutory or non-statutory powers.
  - (c) Any Trustee may exercise or concur in exercising all powers and discretions given to him/her by this Deed or by law notwithstanding that he/she has a direct or other personal interest in the mode or result of any such exercise but any of the Trustees may nevertheless abstain from acting except as a merely formal party in any matter in which he/she may be so directly or personally interested and may allow his/her one or more co-Trustees to act alone in relation thereto.

## Part E Powers and provisions continued

4. None of the Trust powers or provisions shall operate or be exercised so as to allow any part of the Trust Fund or the income arising from it to be paid, transferred, or applied directly or indirectly to or for the benefit of the Principal Employer in any circumstances whatsoever.
5. The majority of the Trustees shall together have power to dismiss any Trustee by Deed giving 30 days' notice to such Trustee provided always that no dismissal shall take effect unless and until there is at least a corporation or two individual Trustees to act as continuing Trustees.
6. Where one Trustee ("the Missing Trustee") cannot be found and the other Trustees ("the Remaining Trustees") have made all reasonable efforts to trace him/her, the Remaining Trustees being not less than two in number or a corporation may by Deed discharge the Missing Trustee. A recital in that Deed stating that the Missing Trustee cannot be found and that the Remaining Trustees have made all reasonable efforts to trace him/her shall be conclusive evidence in favour of any person dealing with the Trustees in good faith.
7. This Deed is irrevocable and shall be governed by the law of England.
8. The Principal Employer certifies that this Deed falls within categories L and N of the Stamp Duty (Exempt Instruments) Regulations 1987.



## Part F Signature(s) continued

### Additional Trustee(s)

Each Additional Trustee being appointed should insert his/her title and name, and sign to confirm acceptance of appointment as Trustee. The Trustee signature(s) need not be witnessed.

**Title and full name of  
Additional Trustee 1**

**Signed by Additional  
Trustee in acceptance  
of appointment  
as Trustee:**

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**Title and full name  
of Additional Trustee 2**

**Signed by Additional  
Trustee in acceptance  
of appointment  
as Trustee:**

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**Title and full name  
of Additional Trustee 3**

**Signed by Additional  
Trustee in acceptance  
of appointment  
as Trustee:**

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