

Flexible Reversionary Trust

At a glance

The Aviva Flexible Reversionary Trust can be used in conjunction with the Aviva Onshore Bond to enable your clients to make an inheritance-tax-efficient gift.

At the same time, it allows the settlor to receive capital payments at future vesting dates selected in advance, but allowing the option to forgo or defer them to a future date if they're not required.

What products can I use it with?	The Aviva Flexible Reversionary Trust can only be established with an Aviva Onshore Bond. It can be used with either a new bond application or an existing bond.
How do I apply?	Complete the IN06089 Flexible Reversionary trust deed and the LF40069 application form, and send them to Aviva. Aviva will set up the bond and request the payment. The Flexible Reversionary Trust cannot be used for joint settlors.
How do I set up the capital payments?	When completing the trust deed your client can specify the number of segments to be held for their benefit, if they are alive on the vesting date. These specified segments are known as sub-trust funds.
How is the payment made?	When the relevant vesting date arrives, the trustees make a decision to either keep the segments invested, assign them to the settlor or make a payment to the settlor. If the trustees decide to make a payment to the settlor, they must contact Aviva to request the payment is made, there isn't an automatic payment or reminder process.
Can the vesting segments be deferred?	Yes, the trustees must defer prior to the vesting date and state a new vesting date.
How/When can deferred segments be taken?	At the request of the trustees, the deferred segments can be taken as a whole sub-trust fund on the revised vesting date that was set at the time of deferral. For example, if a sub-trust fund with 50 segments has been deferred then the settlor must take all 50 segments; they cannot take 20 and leave 30.
Where there is an existing bond does the whole bond have to be assigned to the FRT?	No, you could assign segments to the FRT
Can a spouse be a beneficiary?	No, the spouse cannot be a beneficiary during the lifetime of the settlor, but a widow(er) can benefit after the settlor's death.
Are deferred segments/payments considered as part of the settlor's estate upon death?	No, they don't form part of the estate. Any sub-trust funds not yet taken, or deferred, stay in the trust and are held for the beneficiaries. These sub-trust funds are outside of the estate after seven years from the start of the Trust (not from the date they were deferred).
Can a trustee be a beneficiary?	It is possible for a trustee to be a beneficiary, but it is strongly recommended that at least one trustee is independent as they are acting on behalf of the beneficiaries.
Can sub-trust funds be deferred indefinitely?	When trustees defer a sub-trust fund, they need to assign a new date; a sub-trust fund cannot be deferred indefinitely.

Please remember that the value of your client's investment can go down as well as up. They may get back less than they originally invested.

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Please get in touch with your usual Aviva contact if you would prefer this document, (**IN06095**), in large print, braille, audio, or in a different colour.

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