

Discretionary Loan Trust from Aviva

(for use by single or joint settlors)



Guide to completing the Deed:

To help make it easier to complete this Deed, look out for the instruction notes.

These notes are for guidance only and don't form part of the Trust Deed.

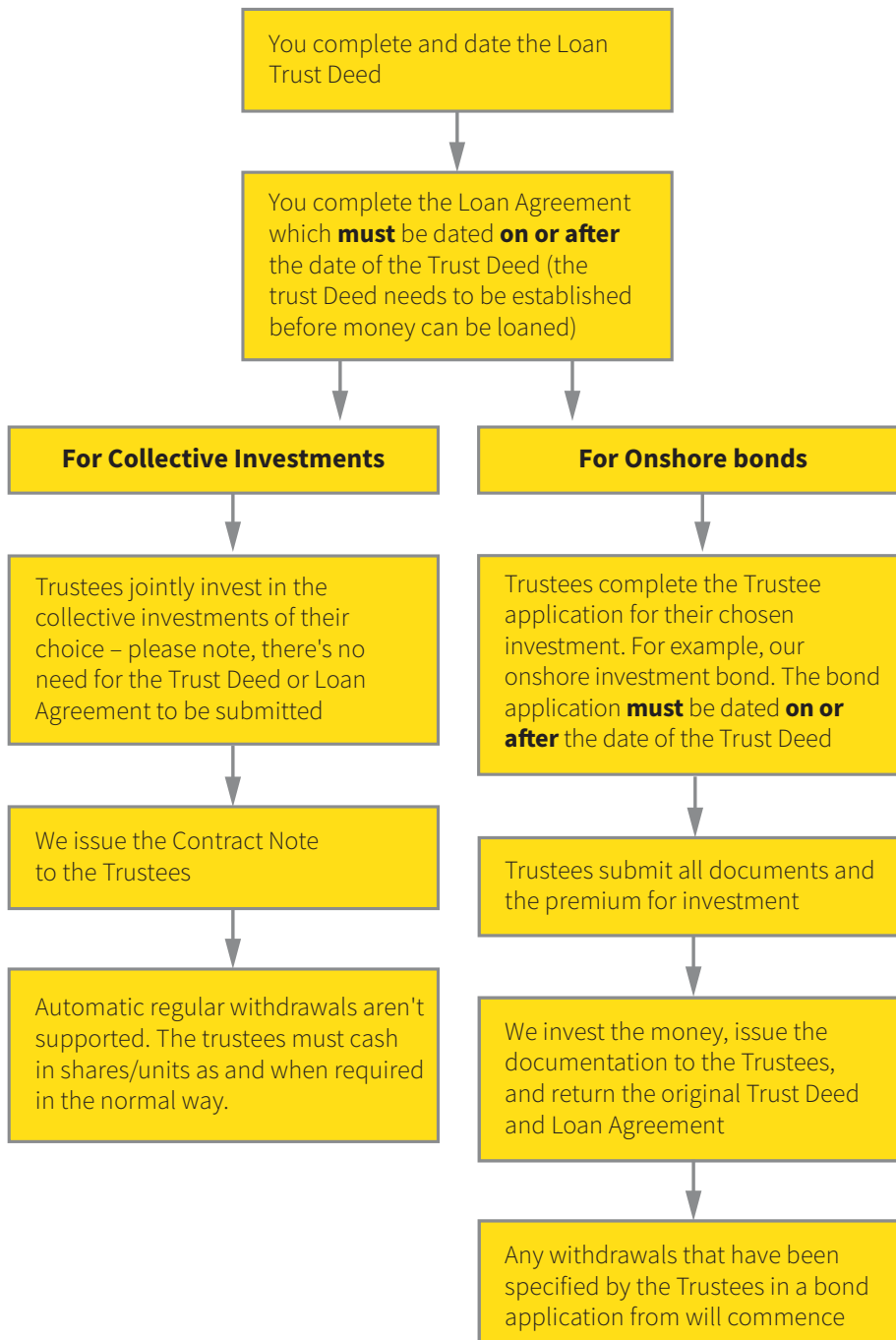


Discretionary Loan Trust

New business application process for the Discretionary Loan Trust

This Trust is designed for use with either Aviva onshore bond and / or collective investments (a range of which are available from Aviva).

Please note to enable us to set up the Trust and make the appropriate investment(s), it's important that you follow the process below to ensure that all documents are correctly completed and submitted.



Discretionary Loan Trust

How to complete the Loan Agreement

Please note that creating a Trust can have legal and taxation consequences. You should consult your own professional advisers before continuing.

Please complete the Loan Agreement and Trust Deed in ink and use block capitals (except for signatures) and always give full names (i.e. include middle names).

Loan Agreement

Box A

1. Insert the date when the last person (Lender or Trustee) signs the document. **This shouldn't be earlier than the date of the Discretionary Loan Trust Deed, although both may have the same date.**
2. The first or only Lender should insert their full name alongside (Lender 1 full name) and their full address alongside (Lender 1 address).
3. If there are two Lenders, the second Lender should insert their full name and address alongside the appropriate (Lender 2) sections.
4. Insert the full names and addresses of any Additional Trustees you're appointing under the Discretionary Loan Trust Deed alongside (name of Trustee) and (address of Trustee). You're automatically a Trustee, so you don't have to include your own name again. The Trustees (including you) are responsible for administering the Trust. We recommend that you appoint at least one Additional Trustee.

Box B

1. Insert the date of the Discretionary Loan Trust Deed. **This shouldn't be later than the date of the Loan Agreement, although both may have the same date.**
2. Insert the amount of the loan you're making to the Trustees.

Box C

Insert the amount of the loan you're making to the Trustees.

Box D

1. The first or only Lender should insert their name alongside (Lender 1 name) and sign alongside (signature of Lender 1).
2. If there are two Lenders, the second Lender should insert their name and sign alongside the appropriate Lender 2 sections.
3. Each Lender should sign in the presence of an independent Witness who isn't also a Trustee. The Witness should sign alongside (signature of Witness), and insert his/her name and address below the signature.
4. Each Additional Trustee you're appointing should insert his/her name alongside (Trustee name), and sign alongside (signature of Trustee).
5. Each Trustee signature should be witnessed (as with the Lender above) by an independent Witness.

Discretionary Loan Trust

How to complete the Loan Trust Deed

Part A

1. Insert the date when the last person (Settlor or Trustee) signs the document. **This shouldn't be later than the date of the Loan Agreement, although both may have the same date.**
2. The first or only Settlor should insert their full name alongside (Settlor 1 full name) and then their full address alongside (Settlor 1 address).
3. If there are two Settlors, then the second Settlor should insert their full name and their address alongside the appropriate (Settlor 2) sections.
4. Insert the full name and address of any Additional Trustee you're appointing alongside (full name of Trustee) and (address of Trustee). You're automatically a Trustee, so you don't have to include your own name again. The Trustees (including you) are responsible for administering the Trust.

We strongly recommend that you appoint at least one Additional Trustee.

Part B – Declaration and main Trust provisions

Insert the amount of the loan you're making to the Trustees.

Part C – Definitions

Default Beneficiaries. Insert the names of the Beneficiaries (your children or grandchildren, for example) you want to benefit from the Trust, and the share each is to receive. The shares must total 100%. These Beneficiaries will only benefit if no other appointment is made within the trust period (125 years). You should insert only names i.e. not a beneficiary clause.

Part E Signatures

1. You should insert your full name(s) alongside (Settlor 1 name) and (Settlor 2 name) as appropriate and sign the Trust Deed.
2. Your signature(s) should be witnessed by an independent Witness who isn't party to the Trust (i.e. not a Settlor or a Trustee). That Witness' name and address should also be inserted.
3. Each Additional Trustee you're appointing should insert his/her name alongside (Original Trustee name), and sign alongside (signature of Original Trustee).
4. Each Trustee signature should be witnessed (as with the Settlor above) by an independent Witness.

Important notes

1. Anyone thinking of using the Discretionary Loan Trust, or doing anything under the provisions of the Trust, must rely on the advice of their legal or financial advisers. We'd urge you to seek appropriate professional advice before proceeding. This is important for a number of reasons:
 - Creating a Trust can have taxation as well as legal consequences.
 - Once the Trust has been created it can't be revoked.
 - 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 Discretionary Loan Trust are based on Aviva's understanding of legislation and HM Revenue & Customs 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. If the Trust is to invest in a single premium investment bond, the Trustees must be the applicants for the bond with (say) Trust Beneficiaries as lives insured.
4. Note that on the death of a Lender/Settlor, their outstanding loan will form part of their estate and will be repayable by the Trustees to their personal representatives (unless the Lender/Settlor has otherwise made arrangements in their Will to release the outstanding Loan). This might result in the Trustees having to withdraw money from the trust investments (in particular on the death of the first Lender/Settlor to die) to repay the loan, which may have tax consequences.
5. Tax Residence Self Certification. If you're considering using this document in connection with a bond or immediate life annuity, please note that it is important also to complete a Tax Residence Self Certification Form (IN06062) for each new party who is signing. You can obtain the form from your financial adviser.
6. Trust Registration. If your policy is written into a trust, there may be an action to register the trust with HMRC. Registration is the trustee's responsibility. As part of our checks, we may ask to see evidence that this has been done. If you can't show us proof, this may delay your policy being processed. You can find more information about the Trust Registration Service on the Government website. If you're unsure about what you need to do, you should speak to a legal or financial adviser.

7. 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://www.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

Discretionary Loan Trust

Loan Agreement

Box A

This agreement is made on the

day of	20
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(This date **must not be before** the date of the Loan Trust Deed.)

between (Lender 1 full name)

--

of (Lender 1 address)

postcode	

by (Lender 2 full name)

--

of (Lender 2 address)

postcode	

(hereinafter called 'the Lender') of the one part.

and (name of Trustee)

--

of (address of Trustee)

postcode	

and (name of Trustee)

--

of (address of Trustee)

postcode	

--

and the Lender (hereinafter called 'the Original Trustees') of the other part.

Insert the date when the last person (Lender or Trustee) signs the document.

The first or only Lender should insert their full name and address.

If there are two Lenders, the second Lender should insert their full name and address.

Insert the full names and addresses of any Additional Trustees you're appointing, you're automatically a Trustee, so you don't have to include your own name again. We recommend that you appoint at least one Additional Trustee.

Discretionary Loan Trust

Loan Agreement continued

Box B

Whereas the Original Trustees are the Trustees of a Declaration of Trust dated the

day of **20**

(This date **must not be later** than the date of the Loan Agreement.)

('the Trust') wherein it is recited that the Lender intends to lend the sum of £

(or if there are two Lenders each Lender intends to lend a sum of half that amount) to the Original Trustees such Loan to be free of interest and to be held by them upon the Trusts and subject to the powers of the Trust.

Insert the date of the Discretionary Loan Trust Deed.

Insert the amount of the loan you're making to the Trustees.

Box C

Now this Deed witnesseth that in consideration of the Loan(s) of the said sum of £

the Trustees hereby agree to the repayment thereof and to hold the same upon the following terms and conditions:

1. The said sum shall be held by the Trustees upon the Trusts and with and subject to the powers contained in the Trust.
2. The said Loan (or Loans where there are two Lenders) shall be repayable by the Trustees in whole or in part upon demand made at any time or times hereafter in writing by the Lender to the Trustees, but pending such repayment shall be free of interest.

Insert the amount of the loan you're making to the Trustees.

Box D

Signed and delivered as a Deed by the said (Lender 1 name)

Signed (signature of Lender 1)

[Signature lines for Lender 1]

The first or only Lender should insert their full name and signature.

**in the presence of:
(signature of Witness)**

Name (of Witness)

Address (of Witness)

[Signature lines for Witness]
[Name line for Witness]
[Address lines for Witness]
postcode [Postcode line]

Each Lender should sign in the presence of an independent Witness who isn't a Settlor or Trustee. The Witness should sign and insert his/her name and address below the signature.

Signed and delivered as a Deed by the said (Lender 2 name)

Signed (signature of Lender 2)

[Signature lines for Lender 2]

If there are two Lenders, the second Lender should insert their full name and signature.

Discretionary Loan Trust

Loan Agreement continued

Box D continued

in the presence of:
(signature of Witness)

Name (of Witness)
Address (of Witness)

postcode

**Signed and delivered as a Deed
by the said (Trustee name)**
Signed (signature of Trustee)

Each Additional Trustee you're appointing should insert his/her name and signature.

in the presence of:
(signature of Witness)

Name (of Witness)
Address (of Witness)

postcode

Each Trustee signature should be witnessed (i.e. signed) by an independent witness who isn't party to the Trust (i.e. not a Settlor or a Trustee). That witness' name and address should also be inserted.

**Signed and delivered as a Deed
by the said (Trustee name)**
Signed (signature of Trustee)

in the presence of:
(signature of Witness)

Name (of Witness)
Address (of Witness)

postcode

Discretionary Loan Trust

Trust Deed

Part A

This declaration of Trust is made the

day of

Insert the date when the last person (Settlor or Trustee) signs the document.

(This date **must not be after** the date of the Loan Agreement.)

by (Settlor 1 full name)

of (Settlor 1 address)

The first or only Settlor should insert their full name and address.

postcode

by (Settlor 2 full name)

of (Settlor 2 address)

If there are two Settlers, then the second Settlor should insert their full name and address.

postcode

(hereinafter called 'the Settlor') of the one part.

and (full name of Trustee)

of (address of Trustee)

Insert the full names and addresses of any Additional Trustees you're appointing, you're automatically a Trustee, so you don't have to include your own name again. We strongly recommend that you appoint at least one Additional Trustee.

postcode

and (full name of Trustee)

of (address of Trustee)

postcode

and the Settlor (hereinafter called 'the Original Trustees') of the other part.

Discretionary Loan Trust

Trust Deed continued

Part B Declaration and main Trust provisions

Whereas the Settlor intends to lend interest free and repayable on demand the sum of (hereinafter called “the Original Loan”) to the Original Trustees (or where there are two Settlers each Settlor intends to lend a sum equal to one half of the Original Loan to the Original Trustees) and may from time to time lend further sums on the same or other terms (but not so as to give rise to a disposal by way of gift) to the Trustees to be held upon the Trusts and with and subject to the Powers and Provisions hereinafter declared.

Insert the amount of the loan you're making to the Trustees.

Now this Deed witnesses as follows:

Subject to the overriding duty in accordance with the Loan Agreement to repay, but only from capital, any money loaned by the Settlor, the Trustees shall hold the Trust Fund for the benefit of the Potential Beneficiaries as follows:

- a) During the Trust Period, the Appointor 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 Beneficiaries in such one or more shares and for such interests as the Appointor shall in their absolute discretion think fit.
- b) An appointment may create any provisions and in particular discretionary Trusts and dispositive or administrative powers, exercisable by any person.
- c) A revocable appointment may only be revoked during the Trust Period.

The income of the Trust Fund

- a) The Trustees may pay or apply the whole or any part or parts of the income of the Trust Fund within one calendar year of its arising to or for the benefit of any one or more of the Beneficiaries as they think fit, and
- b) shall during the trust period accumulate all income not so paid or 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 at the expiry of the Trust Period on Trust for the absolute benefit of the Default Beneficiaries in the shares specified.

Discretionary Loan Trust

Trust Deed continued

Part C Definitions

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

1. **“Appointor”** means:
 - a) if there are two Settlor of full capacity, both Settlor;
 - b) if there's only one Settlor of full capacity, that Settlor;
 - c) if no Settlor is of full capacity, the Trustees (being at least two in number or a Trust Company).
2. **“Beneficiaries”** means the Default Beneficiaries (if any) and the Potential Beneficiaries.
3. **“Potential Beneficiaries”** means:
 - a) any spouse, former spouse or widow(er) of any Settlor (but not where such person is also a Settlor);
 - b) any child or remoter descendant of any Settlor;
 - c) any spouse, former spouse or widow(er) of any such child or remoter descendant;
 - d) any person (other than a Settlor) or charity nominated in writing by a Settlor (and if there are two Settlor of full capacity both Settlor) to the Trustees to be a Potential Beneficiary;
 - e) any person (other than a Settlor) who has an interest in the estate of any Settlor by will or codicil, under intestacy rules, by right of survivorship or otherwise.
4. **“Trustees”** means the Original Trustees or other Trustees for the time being hereof.
5. **“Trust Fund”** means:
 - a) the Original Loan, and
 - b) all moneys, investments or other assets at any time paid or transferred to and accepted by the Trustees by way of loan, further settlement, accumulation of income, capital accretion or otherwise, and
 - c) all property from time to time representing the foregoing respectively.
6. **“Trust Period”** means the period of one hundred and twenty five years commencing on the date of this Trust Deed.
7. **“Spouse”** includes a civil partner and “widow” or “widower” also includes a surviving civil partner.
8. **“Child or remoter descendant”** includes any illegitimate, step, adopted or legitimated child or remoter descendant.
9. **“Person”** includes a person anywhere in the world and includes a Trustee.
10. **“Default Beneficiaries”** means the one or more persons named in the box below and in the shares specified and if there are no shares specified then in equal shares.

Beneficiary name	% Share

Insert the names of the Beneficiaries (your children or grandchildren, for example) you want to benefit from the Trust, and the share each is to receive. The shares must total 100%. These Beneficiaries will only benefit if no other appointment is made within the trust period (125 years). You should insert only names i.e. not a beneficiary clause.

Discretionary Loan Trust

Trust Deed continued

Part D 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.
 - (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 after the death of the Settlor (or the death of both Settlers where there are two Settlers) 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.
2. The statutory power of appointing new or Additional Trustees shall be vested in the Appointor.
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 statutory or non-statutory powers.
 - (c) Any Trustee may exercise or concur in exercising all powers and discretions given to him by this Deed or by law notwithstanding that he 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 may be so directly or personally interested and may allow his one or more co-Trustees to act alone in relation thereto.
4. If there are two Settlers of full capacity both Settlers shall together have power to dismiss any Trustee by Deed giving 30 days' notice to such Trustee and if there's only one Settlor of full capacity that Settlor shall have that power provided always that no dismissal shall take effect unless and until there's at least a Trust Corporation or two individual Trustees to act as continuing Trustees.
5. Where one Trustee ("the Missing Trustee") can't be found and the other Trustees ("the Remaining Trustees") have made all reasonable efforts to trace him, the Remaining Trustees being not less than two in number or a Trust Corporation may by Deed discharge the Missing Trustee. A recital in that Deed stating that the Missing Trustee can't be found and that the Remaining Trustees have made all reasonable efforts to trace him shall be conclusive evidence in favour of any person dealing with the Trustees in good faith.
6. During the Trust Period the Appointor may by Deed exclude any one or more persons from the Potential Beneficiaries to the intent that thereafter no Beneficial appointment may be made in favour of that person or those persons.
7. Notwithstanding any provision in this Deed no power conferred by this Deed or by law shall be exercisable, and no provision shall operate, so as to allow the whole or any part of the Trust Fund or its income to be or to become lent to or in any way paid or payable to or applied or applicable for the benefit of any Settlor in any circumstances whatsoever (otherwise than (for the avoidance of doubt) by way of repayment of any loan made by the Settlor to the Trustees).
8. This Deed is irrevocable and shall be governed by the law of England.
9. The Settlor certifies that this Deed falls within categories L and N of the Stamp Duty (Exempt Instruments) Regulations 1987.

Discretionary Loan Trust

Trust Deed continued

Part E Signatures

**Signed and delivered as a Deed
by the said (Settlor 1 name)**

Signed (signature of Settlor 1)

Insert your full name(s) as appropriate and sign the Trust Deed.

**in the presence of:
(signature of Witness)**

Name (of Witness)

Address (of Witness)

Your signature(s) should be witnessed (i.e. signed) by an independent Witness who isn't party to the Trust (i.e. not a Settlor or a Trustee). That Witness' name and address should also be inserted.

**Signed and delivered as a Deed
by the said (Settlor 2 name)**

Signed (signature of Settlor 2)

**in the presence of:
(signature of Witness)**

Name (of Witness)

Address (of Witness)

postcode

Discretionary Loan Trust

Trust Deed continued

Part E Signatures continued

Signed and delivered as a Deed
by the said (Original Trustee name)

Signed (signature of Original Trustee)

Each Additional Trustee you're appointing should insert his/her name and signature.

in the presence of:
(signature of Witness)

Name (of Witness)

Address (of Witness)

postcode

Each Trustee signature should be witnessed by an independent Witness. This can't be a Settlor or Trustee

Signed and delivered as a Deed
by the said (Original Trustee name)

Signed (signature of Original Trustee)

in the presence of:
(signature of Witness)

Name (of Witness)

Address (of Witness)

postcode

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Aviva Life & Pensions UK Limited.

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