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# Aviva Online Trusts

A brief guide



There are many benefits to writing protection plans into trusts. Compared to leaving **life cover benefits** in a will or through intestacy (the rules that apply when there is no will), a trust could give your clients greater certainty and benefits.

Trusts help to overcome some of the financial issues that can arise at death, helping to ensure the right money goes to the right people in a straightforward manner.

This brief guide provides an outline to Aviva online trusts and the process involved.

## Online trusts – fast, efficient and convenient

**One way that we can help you put your client's protection policy in trust is being able to do it online.**

Before the availability of online trusts, when a policy was written in trust it was traditionally done so via a paper process involving a physical signature on the document. Given increasing prevalence of digital processes throughout all walks of life, it makes sense to offer our advisers and customers greater speed and convenience through an entirely digital process, which is available through ALPS.

### Is an online trust valid?

There are three certainties that are required in order to create a trust. These are:

- 1. Certainty of beneficiaries.**
- 2. Certainty of trust property.**
- 3. Certainty of intention to create a trust.**

As long as our online process is followed, the trust created will be robust and valid as the requirements relating to the three certainties are satisfied.

### When can online trusts be used?

Aviva's online trust process is only suitable for policies including life cover. It isn't suitable for income protection and standalone critical illness policies.

**For new business policies** an online trust can be enacted as part of the online application journey. In common with all trusts of life policies which are set up to be effective from Day 1 (written or online), the trust is established by a trust request rather than a trust deed.

**For active personal protection policies** on ALPS, an online trust can be set up for an existing policy via the adviser portal.

# FAQs

Below are a selection of frequently asked questions around trusts.

## Q. Who are the trustees?

- A.** The trustees are the individuals who will become the legal owners of the policy/trust fund. The trustees have a duty to the beneficiaries and will be personally liable for any loss the beneficiary may suffer if they use their powers incorrectly. The trustees will be responsible for the administration of the trust, according to the rules contained in the trust document. In future, there may be times where we need to write to all trustees and any decisions made regarding the policy must be confirmed by all trustees.
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## Q. Who is the settlor?

- A.** The settlor is the person who sets up the trust. This will be the applicant if it's a new policy or the policyholder if it's an existing policy.
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## Q. What is a trust request?

- A.** This is a request to the insurance company to issue the policy in trust to the trustees appointed by the settlor. The settlor will always be named as one of the trustees when using Aviva trusts.
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## Q. How does a trust request differ from a trust deed?

- A.** The trust request route anticipates the policy coming into force whereas a "trust deed" (or Declaration of Trust) applies to an existing policy. As the policy is in force it must be assigned to trustees which is what the trust deed does.
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## Q. Why don't we need a signature from the settlor or trustees?

- A.** A trust of a life policy (in common with the vast majority of assets) does not need to be by deed or even in writing and so a verbal declaration of trust is sufficient. However, one of the potential issues with this is proving that the settlor made that declaration. For the new business trust process, the settlor makes that declaration to the adviser which the adviser confirms. For the existing business online trust process, the settlor will confirm this through MyAviva when reviewing and accepting the trust. For both processes hard copies are sent to the trustees so they have the ability to reject being a trustee. However, even if they did reject their appointment that would not affect the validity of the trust.
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## Q. How many additional trustees can I appoint?

- A.** The amount of additional trustees that can be added through the online journey differs between the new business and the existing business processes. When adding a trust during the new business process, you can add up to two additional trustees. For the existing business online journey to add a trust, up to six additional trustees can be added. If you need to add more trustees than allowed through the online process, a paper trust should be used.
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## Q. Why do the trustees need to be living in the UK, Channel Islands, Isle of Man or Gibraltar?

- A.** This is only a requirement for the online process due to verification requirements. If your clients require trustees who are resident elsewhere then our paper trusts can be used.
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## Q. What is the maximum [number/amount] of named beneficiaries that can be added through the online trust?

- A.** The amount of beneficiaries that can be added through the online journey differs between the new business and the existing business processes. When adding a trust during the new business process, you can add up to six named beneficiaries. For the existing business online journey to add a trust, up to ten named beneficiaries. If you need to add more beneficiaries than allowed through the online process, a paper trust should be used.
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## Q. Can I place more than one policy under the same trust?

- A.** Unfortunately, this is not possible for our online trusts. Each policy needs to be under its own trust. If you do require more than one policy to be written under the same trust then our paper trusts should be used.
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**Q. Can I place my client's existing Aviva policy in trust online?**

**A.** You can place existing policies that include life insurance with a policy prefix of BPL into trust online. The products that meet this are Life Insurance Options, Life Insurance+, Whole of Life Insurance+ and Simple Life Insurance.

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**Q. Can I put income protection and standalone critical illness policies under trust?**

**A.** Aviva's online trust process is only suitable for policies including life cover. It isn't suitable for income protection and standalone critical illness policies.

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**Q. Does the trust need to be registered with the Trust Registration Service?**

**A.** If your client's 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 your client can't show us proof, this may delay the policy being processed.

You can find more information about the Trust Registration Service on the **Government website**.

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The information in this guide reflects our interpretation of the law and HM Revenue & Customs (HMRC) practice at the time of publication. The law relating to trusts and taxation is subject to change and treatment is dependent on individual circumstances. While we have taken every care in writing this guide, we do not accept responsibility for its contents.

# Writing a policy with an Aviva online trust

## Personal protection new business journey

In most cases, putting your client's protection policy in trust with Aviva is a simple process, which, in the majority of applications, can be completed online.

Here's an example of how the process can work:

-  1. Adviser talks to the client about the benefits of placing their policy into trust.
  -  2. Client decides they would like to create a trust.
  -  3. Adviser explains about the role and responsibility of the trustees and asks the client to think about who they would like as the trustees and beneficiaries.
  -  4. Advisers should follow the Aviva online trusts process, reading all the information provided to ensure the client's requirements are accurately captured.
  -  5. If the client is concerned about anything from a legal point of view they are advised to take their own legal advice.
  -  6. Once the policy has started, we will issue a copy of the completed trust document to the client.
  -  7. We will also send a copy of the trust to the trustees and explain they have been appointed as a trustee.
  -  8. Aviva will deal with all correspondence through the trustees, including in the event of a claim.
- Are there any risks to an adviser using an Aviva online trust?**  
There are no additional risks, as long as the adviser follows the process above, compared to completing the process using a paper trust form.
- Following this online process, please remember that you must be speaking directly to your client and capturing their responses.



During the online process, advisers must agree to the following declaration:

- The information provided as part of this draft online trust reflects the instructions given to me by my client(s).
- I have provided all required information to my client(s) to allow an informed decision to be made as to the suitability of the draft trust.
- I have explained that by providing a start date the trust will become effective and cannot then be cancelled.

### What is a draft online trust?

A draft online trust is an initial version of the trust, which is produced for the customer to approve. The online trust will remain a draft until the cover has started.

# Writing an existing policy into an Aviva online trust

## Personal protection existing business journey

Existing personal policies that include life insurance with a policy number starting with a BPL prefix can submit a trust online with Aviva.

Here's an example of how the process can work:



1. Adviser talks to the client about the benefits of placing their policy into trust.



2. Client decides they would like to create a trust.



3. Adviser explains about the roles and responsibilities of the trustees and asks the client to think about who they would like as trustees and beneficiaries.



4. Advisers should follow the Aviva digital add a trust online process, reading all the information provided to ensure the client's requirements are accurately captured



5. If the client is concerned about anything from a legal point of view, they are advised to take their own legal advice.



6. Once the adviser has completed the submission, an email is sent to the customer directing them to MyAviva, where they can review the proposed trust and can either accept or reject it.



7. Once accepted, we will issue a copy of the completed trust document to the client.



8. We will also send a copy of the trust to the trustees and explain they have been appointed as a trustee.



9. Aviva will deal with all correspondence through the trustees, including in the event of a claim.



10. Once the trust is accepted the adviser will be able to view the information within My Clients.



### Are there any risks to an adviser using an Aviva online trust?

There are no additional risks, as long as the adviser follows the process above, compared to completing the process using a paper trust form.

Following this online process, please remember that you must be speaking directly to your client and capturing their responses.



During the online process, advisers must agree to the following declaration:

- I can confirm that I have sought authority from all policy owners to action this request.

### What is a draft online trust?

A draft online trust is an initial version of the trust, which is produced for the customers to approve. The online trust will remain a draft trust until the customer(s) have approved it.

# Writing a policy with an Aviva online trust

## Business protection new business journey

In most cases, putting your client's protection policy in trust with Aviva is a simple process, which, in the majority of applications, can be completed online.

Here's an example of how the process can work:

-  1. Adviser explains that for a shareholder or partnership protection policy written on an own life basis, it is recommended a policy is placed in trust from outset.
  -  2. Decision is made to create the trust online.
  -  3. Adviser explains about the roles and responsibilities of the trustees and asks the client to think about who they would like as the trustees and beneficiaries.
  -  4. Advisers should follow the Aviva online trusts process, reading all the information provided to ensure the client's requirements are accurately captured.
  -  5. If the client is concerned about anything from a legal point of view they are advised to take their own legal advice.
  -  6. Once the policy has started, we will issue a copy of the completed trust document to the client.
  -  7. We will also send a copy of the trust to the trustees and explain they have been appointed as a trustee.
  -  8. Aviva will deal with all correspondence through the trustees, including in the event of a claim.
- Following this online process, please remember that you must be speaking directly to your client and capturing their responses.



During the online process, advisers must agree to the following declaration:

- The information provided as part of this draft online trust reflects the instructions given to me by my client(s).
- I have provided all required information to my client(s) to allow an informed decision to be made as to the suitability of the draft trust.
- I have explained that by providing a start date the trust will become effective and cannot then be cancelled.

### What is a draft online trust?

A draft online trust is an initial version of the trust, which is produced for the customer to approve. The online trust will remain a draft until the cover has started.

# Writing a policy with an Aviva online trust

## Relevant life new business journey

In most cases, putting your client's protection policy in trust with Aviva is a simple process, which, in the majority of applications, can be completed online.



1. Adviser explains that to qualify as relevant life, the policy must be placed in trust from outset. The employer will be the settlor of the trust and the employee is the life covered.



2. Decision is made to create the trust online.



3. Adviser explains about the roles and responsibilities of the trustees and asks the client to think about who they would like as the trustees and beneficiaries.



4. Advisers should follow the Aviva online trusts process, reading all the information provided to ensure the client's requirements are accurately captured.



5. If the client is concerned about anything from a legal point of view they are advised to take their own legal advice.



6. Once the policy has started, we will issue a copy of the completed trust document to the client.



7. We will also send a copy of the trust to the trustees and explain they have been appointed as a trustee.



8. Aviva will deal with all correspondence through the trustees, including in the event of a claim.

Following this online process, please remember that you must be speaking directly to your client and capturing their responses.



During the online process, advisers must agree to the following declaration:

- The information provided as part of this draft online trust reflects the instructions given to me by my client(s).
- I have provided all required information to my client(s) to allow an informed decision to be made as to the suitability of the draft trust.
- I have explained that by providing a start date the trust will become effective and cannot then be cancelled.

### What is a draft online trust?

A draft online trust is an initial version of the trust, which is produced for the customer to approve. The online trust will remain a draft until the cover has started.

# Use a trust and help avoid the probate hurdles

## Example one: without a trust

Mr X and Miss Y are living together but are not married or in a civil partnership. Miss Y is the executor of Mr X's will. Mr X has taken out a £200,000 life policy to protect Miss Y and their two children. It's not under trust. Mr X dies...

Step 1	Step 2	Step 3	Step 4	Step 5	Step 6
<b>Notifications</b>	<b>Estate investigation</b>	<b>Probate applications - if needed by your client</b>	<b>IHT calculation and payment</b>	<b>Probate confirmation</b>	<b>Provider payment</b>
<ul style="list-style-type: none"> <li>• Employer</li> <li>• Utilities</li> <li>• Council</li> <li>• Investment providers</li> <li>• Banks/Building Societies</li> <li>• Life company (unlikely to be able to make payment straight away)</li> <li>• Pension providers</li> </ul>	<ul style="list-style-type: none"> <li>• Assets?</li> <li>• Debts?</li> <li>• Gifts within seven years?</li> <li>• Pension providers?</li> </ul>	<p>Miss Y can apply for probate online or by post.</p> <p><b>Probate - England &amp; Wales</b></p> <ul style="list-style-type: none"> <li>• PA1 form needs completing along with submitting the original will</li> <li>• Forms IHT400 &amp; IHT410 need to be completed if the estate with life policy is above IHT nil rate band.</li> </ul> <p><b>Confirmation (Scotland)</b></p> <ul style="list-style-type: none"> <li>• Forms to obtain confirmation are C1 &amp; C5.</li> <li>• IHT400 &amp; IHT410 if estate with life policy is above IHT nil rate band.</li> </ul>	<p><b>How to pay?</b></p> <p>As the life policy proceeds cannot be accessed this could force a sale of assets or recourse to a loan.</p>	<p>Document to start dealing with the estate will be sent to Miss Y, for example, a 'grant of probate'.</p>	<p>Payment to Miss Y as the personal representative.</p> <p>If Mr X had no will, Miss Y could not have applied for letters of administration. She would also have no right to receive any part of the estate, including the life policy proceeds.</p>

## Example two: with a trust

As above but life policy is written under trust with trustees including Miss Y.

<b>Step 1</b>	<b>Step 2</b>	<b>Money available for Beneficiaries or reinvestment by trustees</b>	<p>These are example situations only. Time frames for each step depend on the complexity of the estate.</p> <p>Taxation and estate planning rules are subject to change and treatment depends on an individual's circumstances.</p>
<b>Notifications</b>	<b>Life Company makes payment to surviving trustees</b>		
<p>As above, but Miss Y would simply send the life company a copy of the death certificate, any deeds of appointment/retirement of trustees and the trust document (only if changes have been made that the life company doesn't know about).</p>			

For further information on our protection products, visit our [adviser website](#).

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