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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 complex 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.

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.

FAQs

Below are a selection of frequently asked questions around trusts.

Q. What is a trustee?

- A.** The trustee is a person who will become the legal owner of the policy/trust fund from the settlor. The trustee 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 trustee 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.

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 person applying for the policy). The settlor will always be named as one of the trustees when using Aviva trusts.

Q. How does this differ to 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.

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. So the settlor makes that declaration to the adviser which the adviser confirms.

Hard copies are sent to 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.

You can have peace of mind when using Aviva online trusts. Trusts – made simple!

Q. Why can I only appoint 2 additional Trustees?

- A.** In most cases 2 additional Trustees should be sufficient. If your clients do require more then they can either be added at a later date or our paper trusts can be used.
- Please bear in mind that once a trust is up and running (whether completed online or via paper) it is not possible to appoint further Trustees that take the total number above 4. If more than 4 Trustees are required then a paper trust should be used.

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.

Q. Why is the number of beneficiaries limited to 6?

- A.** This applies to the online process and in most cases should be sufficient. If your clients do require more beneficiaries then our paper trusts should be used.

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.

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

- A.** It is not possible.

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.

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 journey

Putting your client's protection policy in trust with Aviva is a simple process, which can be completed online.

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



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.



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.

Writing a policy with an Aviva online trust

Business protection journey

Putting your client's protection policy in trust with Aviva is a simple process, which can be completed online.

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



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

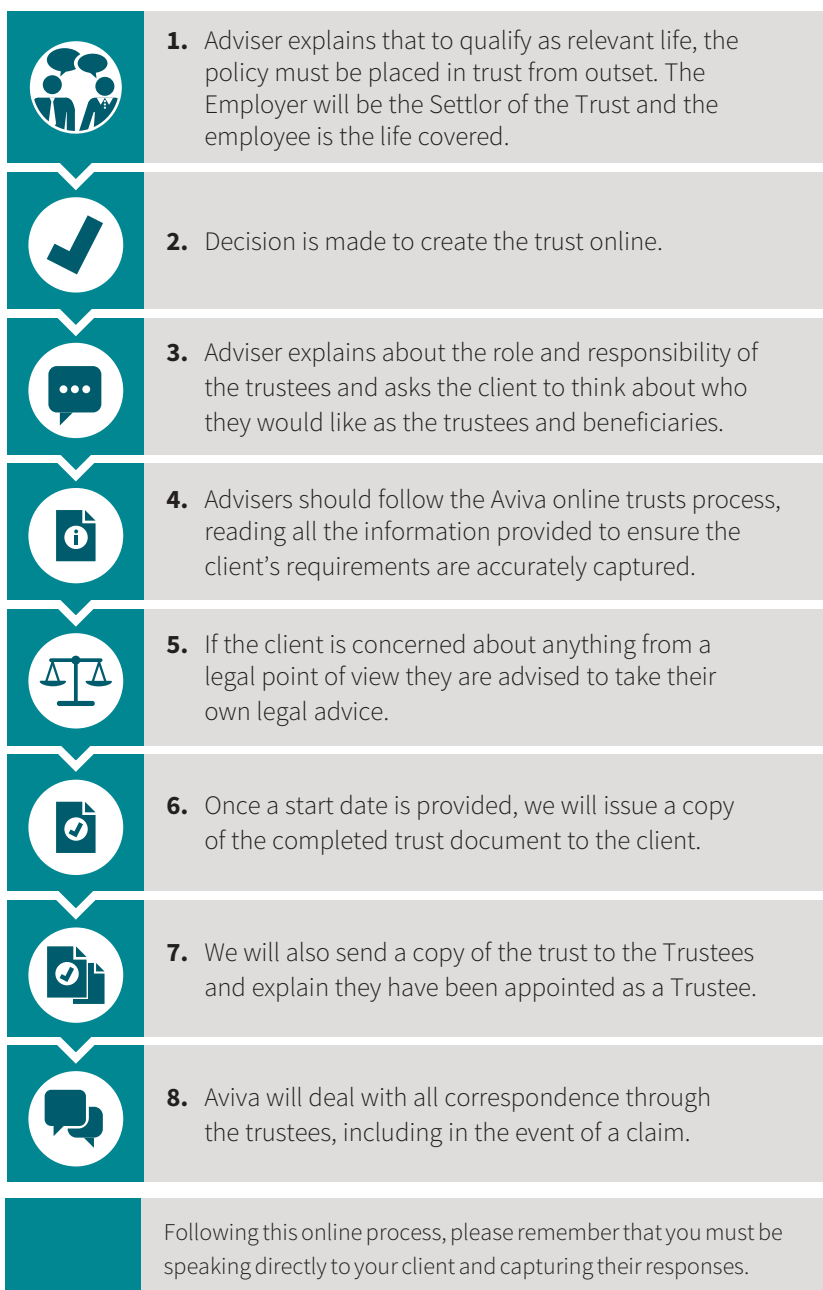
- The information provided as part of this draft online trust reflects the instructions given to me by my client(s).
- I have provided all required information to my client(s) to allow an informed decision to be made as to the suitability of the draft trust.
- I have explained that by providing a start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

Writing a policy with an Aviva online trust

Relevant life journey

Putting your client's protection policy in trust with Aviva is a simple process, which can be completed online.

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



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.

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
Notifications	Estate investigation	Probate applications – if needed	IHT calculation and payment	Probate confirmation	Provider payment
<ul style="list-style-type: none"> • Employer • Utilities • Council • Investment providers • Banks/Building Societies • Life company (unlikely to be able to make payment straight away) • Pension providers 	<ul style="list-style-type: none"> • Assets? • Debts? • Gifts within seven years? • Pension providers? 	<p>You can apply for probate yourself online or by post.</p> <p>Probate - England & Wales</p> <ul style="list-style-type: none"> • Complete PA1 form • Submit with original Will • Complete IHT400 & IHT410 if estate with life policy is above IHT nil rate band. <p>Confirmation (Scotland)</p> <ul style="list-style-type: none"> • Forms to obtain confirmation are C1 & C5. • IHT400 & IHT410 if estate with life policy is above IHT nil rate band. 	<p>How to pay?</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, 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.

Step 1	Step 2	
Notifications	Life Company makes payment to surviving trustees	Money available for Beneficiaries or reinvestment by Trustees
<p>As above, but 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>		
		<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>

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

Need this in a different format?

Please get in touch with your usual Aviva contact if you would prefer this brochure **(AL99073)**, in large print, braille or as audio.

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