

The VitalityLife Absolute Trust

This can be used with a VitalityLife Plan, VitalityLife Essentials Plan or a Mortgage Plus Plan (“the Plan”)

This should not be used for plans with LifestyleCare Cover

At VitalityLife we try to avoid complex language and unnecessary jargon wherever possible. However, because this is a legal document and trust laws are complex the words in this form are more technical than other VitalityLife documents. We’ve included margin notes to help with completion but if you have any questions let us know and we’ll answer them as simply as possible.

IMPORTANT NOTES

- This Absolute Trust is for use with your Plan. It allows you to keep for yourself the benefits under the Plan that are payable during your lifetime (such as Serious Illness Cover, Serious Illness Cover for Mortgages or Income Protection Cover) and to give away other benefits to named beneficiaries, such as Life Cover or Mortgage Life Cover, that are paid on death.
- You must indicate in the Trust whether you want to keep the sum paid on diagnosis of a terminal illness for yourself or give it away. Once made, this choice cannot be changed. As this choice may have important tax consequences, you should discuss your requirements with your adviser. Where the Plan is a joint life first death Plan it is assumed that both of you would wish to be paid the benefit on diagnosis of a terminal illness and so, in this circumstance, this benefit cannot be gifted to others.
- Where the Plan is a joint life second death Plan, death benefits (including Terminal Illness benefits) are only paid on the second death or the second event. This means that if one life assured has already died or suffered a terminal illness, benefits will be paid when the second life assured dies or suffers a terminal illness. In cases where the second event is terminal illness it is probably the case that both of you would not want the survivor to receive terminal illness benefits on the second life becoming terminally ill. This benefit can therefore be gifted by, at outset, completing the appropriate box in the Trust. Benefits based on a life assured’s state of health, eg. Serious Illness Cover or Serious Illness Cover for Mortgages benefit, will be paid on the first event to happen in the normal way.
- With a VitalityLife Plan or a VitalityLife Essentials Plan, to ensure that there are no adverse inheritance tax implications, if the Plan provides Serious Illness Cover, you need to ensure that the Plan includes, from outset, either Protected Life Cover or Minimum Protected Life Account at a level of 100%. Failure to do so does not affect the validity of the Trust but may have adverse IHT consequences. You should discuss your requirements with your adviser.
- With a Mortgage Plus Plan, Protected Life Cover and Minimum Protected Account are not available. If you have selected Serious Illness Cover for Mortgages this does not affect the validity of the trust but may have adverse IHT consequences with your adviser.
- This Trust may be used either when you are applying for a new Plan or with an existing Plan.
- This Trust may be used whether the Plan is owned/applied for by one person or two people jointly (with death benefits payable on either the first death or second death).
- This Trust can be used with Plans that are on a whole of life basis or those that expire after a fixed term.
- With a joint life Plan that pays death benefits on the first death, you can choose for the survivor to benefit after the first death provided they survive the death by 30 days. If they do not, the benefit will be held by the Trustees for the other beneficiaries. This option is not available on joint life second death Plans because benefits are not payable until the second event. You should note that slightly different inheritance tax implications may apply if you elect for this option.

Disclaimer

VitalityLife cannot accept responsibility that this Trust is suitable for your individual requirements. If you or your adviser are unsure about its suitability, we strongly advise that you seek specialist legal or tax advice.

The notes in this Trust form are based on VitalityLife’s understanding of the law and HM Revenue & Customs practice. We have made every effort to ensure they are accurate but accept no responsibility for our interpretation of the law, or future changes in the law.

IMPORTANT NOTES

- For a full explanation of the features and the legal and tax implications of this Trust please refer to the VitalityLife Absolute Trust - Client Guide. The VitalityLife Absolute Trust - Adviser Guide, gives more in-depth coverage of the technical issues.
- This Trust is provided in draft form. We recommend that you seek legal or tax advice before using the Trust as, once created, it cannot be revoked or altered.
- If, after seeking legal advice, the draft trust is to be used unaltered, you should follow the completion instructions in the margin of the document.
- We strongly recommend that you appoint additional trustees to act with you from the outset. A separate deed of appointment is available from VitalityLife for this purpose. If you are domiciled in Scotland it is absolutely essential that at least one additional trustee is appointed when the Trust is established.
- You should not use this Trust in a business protection arrangement.
- As the name Absolute Trust implies, it is not possible to remove or change the entitlement of beneficiaries. You should therefore not use this Trust if you wish to retain the flexibility to change beneficiaries.

KEY TRUST PROVISIONS

1. The Retained Fund is comprised of the benefits under the Plan that you want to keep for yourself. They will be held on a bare trust for you.
2. The Gifted Fund is comprised of the benefits of the Plan that you give away and that will be held by the Trustees on bare trust for the Beneficiaries you name in the Trust. Neither the Beneficiaries nor their shares can be changed.
3. The Appointor has the power to appoint new Trustees. The Appointor is you, during your lifetime, and then the Trustees. Subject to certain conditions being met you, as Donor, have the power to dismiss Trustees.

Please sign this page as confirmation that you have read and understood these notes.

Signed

NEXT STEPS?

If you decide to make your Plan subject to the VitalityLife Absolute Trust, it is important that you follow the process below to make sure all documents are correctly completed and submitted:

You/your adviser completes a plan application form and the Absolute Trust form. This Trust form must be dated on or after the date of the policy application.

Post the original Trust form (along with the Plan application if placing in Trust from outset) and the 'Deed of Appointment of Additional Trustees' (if appointed at outset) to VitalityLife, Sheffield, S95 1BW.

We will return to you the original Trust form by special delivery once processed.

We will confirm to you by letter when your Plan has been successfully placed into Trust.

You should then:

1. Provide all additional Trustees you've appointed with copies of the Trust form.
2. Make the Trustees aware of the place of safe-keeping for the original Trust form for ease at point of claim.

Insert here the date this Trust is signed and your name and address. Where there are two applicants for the Plan or two Planholders (in the case of existing Plans) both names and addresses need to be inserted.

This person(s) is known as the Donor.

PART A REQUEST AND DECLARATION

This Declaration of Trust is made the ____ day of _____ in the year _____

by

Name _____

of

Address _____

AND

by

Name _____

of

Address _____

(called the "Donor". Where two persons are named above, they will both be the Donors)

As follows:

(I) Where a new Plan is applied or (II) Where a Plan is already in existence

The Donor refers to the application for the Plan described in Part B below and now requests and directs that the Plan be issued in such manner as to constitute the Donor as the Trustee (as defined below) to hold the Plan on the trusts and subject to the powers and provisions of this Trust.

The Donor as the legal and beneficial owner of the Plan described in Part B below now declares that from the date of this Declaration the Donor holds the Plan as the Trustee (as defined below) on the trusts and subject to the powers and provisions of this Trust.

PART B PLAN SUBJECT TO TRUST

This Trust can be used with a new or existing Plan.

(1) Plan number(s) _____

Insert the name(s) of the life (lives) assured under the Plan.

(2) Life (Lives) Assured _____

If the Plan is a joint life first death Plan and if you wish the surviving Donor to benefit from death benefits if they survive for 30 days from the first death, both of you must initial this Box. This option is not available for single life Plans or joint life second death Plans.

(3) For joint life first death Plans: Reversion to the surviving Donor

You must not initial both Boxes

(4) Entitlement to benefits on diagnosis of Terminal Illness

If you wish to keep the payment made on diagnosis of Terminal Illness for yourself, you (both of you) must initial Box (a). You both must choose this option if you have a joint life Plan that pays death benefits on the first death and you have elected for the "Reversion to surviving Donor" option in paragraph (3) above.

(a) Retained Fund _____

(b) Gifted Fund _____

If you wish to give the payment made on diagnosis of Terminal Illness to your Beneficiaries, you (both of you) must initial Box (b). Do not initial this Box if you have initialled Box (3) above.

In cases of joint life second death Plans it is likely that you would wish to gift Terminal Illness benefits payable where Terminal Illness is the second event to occur. If this is the case please initial paragraph (b).

PART C DEFINITIONS

In this Trust, in addition to the terms defined above, the following expressions shall have the following meanings and, unless the context does not permit, the singular shall include the plural and the masculine shall include the feminine and vice versa.

1. **"Appointor"** means the Donor during his lifetime (and where two persons are the Donor both of them during their joint lifetime and then the survivor) and the Trustees following the Donor's (or the second Donor's) death.
2. **"Beneficiaries"** means:

Insert here the name(s) of the individual person(s) you wish to benefit and if more than one person is named state the percentage shares in which they are to benefit. At least one person must be specified here. The shares must add up to 100%. Please note that the Beneficiaries and their shares cannot be varied after this document is signed.

Name(s) of Beneficiaries	Share (if more than one)
	_____ %
	_____ %
	_____ %

3. **"Child", "Children" and "Issue"** includes any illegitimate step adopted or legitimated (whether adopted or legitimated before or after the date hereof) child, children or issue.
 - Family Income Cover (where the benefits become payable on the diagnosis of a serious illness; otherwise the benefits will form part of the Gifted Fund),
4. **"Gifted Fund"** means the Trust Fund to the exclusion of the Retained Fund.
 - all benefits arising under the healthy living part of the Plan,
5. **"Life Assured"** means the person(s) identified as such in Part B(2) above.
6. **"Plan"** means the VitalityLife contract of life assurance the number of which or the date of application for which (as appropriate) is specified in Part B(1) above.
 - if paragraph (a) in Part B(4) above has been initialled any payments made on diagnosis of Terminal Illness as defined in the definitions section of the Plan Provisions,
 - all other benefits which are payable under the Plan during the lifetime of the Life Assured or either of them by reason of the Life Assured suffering an illness or condition as specified in the Plan,
 - any property from time to time representing the same and for the avoidance of doubt if neither paragraph (a) nor (b) in part B (4) has been initialled, the Terminal Illness benefit will not be a part of the Retained Fund except where the Donors have indicated by initially the box in part B (3) that the Reversion to the Surviving Donor provision shall apply in which case the TIB will be a part of the Retained Fund.
7. **"Retained Fund"** means any rights to any of the following benefits that are provided under the Plan, namely:
 - Serious Illness Cover (including any benefits which become payable at the same time as the Serious Illness Cover as well as Dementia and FrailCare Cover),
 - Serious Illness Cover for Children,
 - Mortgage Incapacity Cover,
 - Serious Illness Cover for Mortgages,
 - Disability Cover,
 - Income Protection Cover,

8. "Spouse" and "Widow/Widower" includes any civil partner or surviving civil partner registered under the Civil Partnership Act 2004.
9. "Trust Fund" means the Plan, the full benefit thereof, any assets at any time added to this Trust by way of further settlement, capital accretion, accumulation of income or otherwise and all assets from time to time representing the same.
10. "Trust Period" means the period of 125 years from the date of this Trust deed.
11. "Trustees" means the trustee or trustees for the time being of this Trust.

PART D PRINCIPAL TRUST TERMS – THE RETAINED FUND

The Trustees shall hold the Retained Fund and its income upon trust for the absolute and indefeasible benefit of the Donor or, if the Donor is two persons, for the benefit of that Donor in respect of whose illness

or disability the relevant benefit under the Plan is payable, provided that any benefit in respect of Serious Illness Cover for Children (as defined in the Plan) shall be held for both Donors jointly.

PART E PRINCIPAL TRUST TERMS – THE GIFTED FUND

1. Subject to Paragraph 3 of this Part E the Trustees shall hold the Gifted Fund on bare trust for the Beneficiaries named in Part C (2) above and, if more than one, in the shares specified in Part C(2) (and if no shares are there specified, and there is more than one Beneficiary, in equal shares), such that each Beneficiary shall be absolutely entitled to that Beneficiary's share of the Gifted Fund as against the Trustees.
2. The Trust shall carry the intermediate income and section 31 of the Trustee Act 1925 shall not apply to the same and whilst any Beneficiary entitled to income under the Trust is a minor the Trustees shall pay or otherwise apply for or towards his or her maintenance education or benefit so much of the income from his or her share in the Trust as the Trustees may in their absolute discretion think fit and the Trustees shall retain the balance of any income on trust for that Beneficiary absolutely and until he or she shall attain the age of majority the Trustees shall invest the same and the resulting income there from in investments hereby or by law authorised and shall hold the same as an accretion to the said balance Provided Always that so long as the said Beneficiary has not attained the age of majority the Trustees may pay or apply as aforesaid any such balance or accretion as if it were income arising in the then current year.
3. Notwithstanding the provisions of Paragraphs 1 and 2 of this Part E, where two persons are the Donor and the Box in Part B(3) is initialled by both of them then if the Life Cover becomes payable under the Plan the Gifted Fund shall be held for the absolute benefit of the surviving (or the other) Donor if he or she survives the first to die for a period of 30 days.
4. None of the Trusts powers or provisions shall operate or be exercised so as to allow any part of the Gifted Fund or its income to be paid, transferred or applied, to or for the benefit of the Donor(s) except where both Donors have initialled the box in Part B(3) in which case the Donors' rights under this Trust are limited to those specified in Paragraph 3 of this Part E.

PART F ADMINISTRATIVE POWERS OF THE TRUSTEES

Subject to Paragraph 6 of this Part F, in addition to any powers conferred upon them by law the Trustees shall have the following powers:

1. All the powers of an absolute owner of the Plan (or any life assurance policy forming part of the Trust Fund) including the power to exercise any option or to sell or realise the Plan or any such policy or to convert the same to any other form of assurance Provided that if the Donor(s) is alive then the right to exercise any options under the Plan which can reduce or increase the level of benefits payable under the Plan will vest in the Donor or either or both of them as appropriate and in accordance with the Plan conditions. For the avoidance of doubt it is confirmed that any additional cover arising as a result of the Donor exercising their rights under the Plan will form part of the Trust Fund.
2. Power to borrow money on the security of the Plan (or any life assurance policy) in order to pay any overdue or future premium or any other sum necessary for maintaining the Plan or policy in force.
3. Power to mortgage, surrender or otherwise deal with the said Plan (or any life assurance policy) in such manner as the Trustees shall in their absolute discretion think appropriate.
4. Power to invest or apply the Trust Fund for acquisition of either income or non income producing assets including other life assurance policies or such stocks, funds, shares, securities or other investments or property, of whatever nature and wherever situated, and whether involving liabilities or not, with or without security as the Trustees in their absolute discretion shall think fit with the intention that the Trustees shall have the same powers as absolute owners who are beneficially entitled.
5. Power to pay or transfer any capital or income to be paid, transferred to, or applied for the benefit of a Beneficiary who is under a legal disability, to any parent or guardian of that Beneficiary or to such other person on behalf of such Beneficiary, as the Trustees shall think fit and the receipt of that person shall be a complete discharge to the Trustees who shall be under no obligation to see to the proper application of the funds.
6. The exercise by the Trustees of the powers conferred by this Part F shall require the consent of the Beneficiary or Beneficiaries affected thereby except in relation to any part of the Gifted Fund held for a Beneficiary or Beneficiaries under the age of legal capacity or otherwise under a legal disability.

PART G APPOINTMENT AND DISMISSAL OF TRUSTEES

1. The power to appoint new or additional trustees by deed will vest in the Appointor and where necessary the Trustees will grant any necessary documentation to complete such appointment.
2. The Donor during his lifetime will have power by deed to dismiss any Trustee (and where two persons are the Donor this power shall be exercised by them jointly during their joint lifetime and thereafter by the survivor) provided at least two Trustees remain after such dismissal at least one of whom is not the Donor.

PART H REMUNERATION AND LIABILITY OF TRUSTEES

1. Any Trustee (other than the Donor or a Spouse of the Donor) who is a solicitor or other person engaged in any profession or business shall be entitled to charge and to be paid all usual professional or other charges for business done by him or her or his or her firm in connection with the Trust whether in the ordinary course of his profession or business or not.
2. No Trustee who is an individual shall be liable for any loss to the Trust Fund or the income arising from it by reason either of (a) any investment made in good faith by him or her or any other Trustee; or (b) any mistake or omission made in good faith by him or her or any other Trustee except in the case of negligence by a paid Trustee; or (c) the negligence or fraud of any delegate or agent employed in good faith by him or any other Trustee although the delegation to or employment of such agent was not strictly necessary or expedient; or (d) any other matter except individual fraud on the part of the Trustee whom it is sought to make liable or, in the case of a paid Trustee, negligence.

PART I THE LAW OF THE TRUST

This trust shall be irrevocable and shall be governed by and construed in accordance with the law of England.

PART J SIGNATURES

IN WITNESS whereof the Donor executed this deed the day and year stated above
SIGNED AS A DEED AND DELIVERED by the said Donor:

The Donor (or in cases of joint Donors, the first Donor) must sign here. His/her signature should be witnessed.

Name of Donor (or first Donor)

In the presence of:

Name and address of Witness

Signature of Donor

Signature of Witness

A witness must be over 18 and an independent person.

The second Donor must sign here. His/her signature should be witnessed.

Name of Second Donor

In the presence of:

Name and address of Witness

Signature of Second Donor

Signature of Witness

