

# Discretionary Gift Trust

## Trust Deed

### How to complete the Trust

**This Discretionary Gift Trust is provided as a draft. If, after you have sought independent legal advice, this Discretionary Gift Trust is considered to be appropriate and is to be completed unamended and in the same format the following sections of the document need to be completed:**

#### Section 1. Declaration

- The date the deed is made must be inserted.
- The name and address of the Settlor must be inserted. Where there are two Settlers, both names and addresses must be inserted.

#### Section 2. Policy Subject to Trust

- Where the trust is used with a new policy, the policy type and life (lives) assured must be included and the date of application should be inserted in Section 2A.
- Where the trust is used with an existing policy, the policy type and the life/lives assured must be included and the policy number(s) should be inserted in Section 2B.

#### Section 3. Definitions

##### Para (c) 'Discretionary Beneficiaries' Definitions

In sub paragraph (ix) the Settlor should insert the name(s) or class of any other beneficiary they wish to include and who is not already covered under categories (i) to (viii). The Settlor should not name himself/herself.

##### Para (d) 'Default Beneficiaries'

The name(s) of the beneficiary(ies) who will benefit in the unlikely event of no appointment being made by the end of the Trust Period should be inserted. The Default Beneficiaries will be entitled to any capital left in the trust at the end of the Trust Period which has not by that time been distributed to one or more of the Discretionary Beneficiaries. If there is to be more than one Default Beneficiary, the percentage shares in which they are to benefit should be inserted. Please ensure that the shares add up to 100%. At least one name must always be included in this paragraph.

The Settlor's spouse should not be a Default Beneficiary.

#### Section 8. Proper Law

If the Settlor is domiciled in Scotland or Northern Ireland (both Settlers in joint Settlor cases), he/ she/ they should initial one of the boxes if the law of Scotland or Northern Ireland should apply to the Trust. If the Settlor is domiciled in England or Wales, he or she should leave the boxes blank. If there are joint Settlers, both must initial the same box, if applicable.

#### Section 9. Signatures

The Settlor (both Settlers in joint cases) should sign the document and each signature should be witnessed. In Scotland, the location and date of each signature must also be stated. The last date of signing should be inserted in the first row of boxes on the first page of the Trust

## Additional Trustees

The Settlor is automatically a trustee. Additional trustees should be appointed by using the separate form 'Deed of Appointment of Additional Trustees'.

When the trust is subject to the law of Scotland, it is absolutely essential that additional trustees are appointed as soon as possible. Failure to appoint additional trustees or otherwise intimate the existence of the trust may affect the valid creation of the trust in Scotland.

**This Trust document is provided on the strict understanding that it is presented as a draft to be considered by the Settlor and his/her legal advisers. Ultimately, its appropriateness and its legal and tax effects will depend on the circumstances of each particular case. Accordingly, neither Sanlam Life & Pensions UK Limited, Sanlam Financial Services UK Limited nor any of their representatives, officials or employees can accept any responsibility for any loss occasioned as a result of its use in any circumstances whatsoever.**

## Section 1. Declaration

This Trust Deed of  day of  in the year   
by   
of   
and   
of   
(hereinafter called 'the Settlor' which expression shall where two persons are named above include both of them)

### As follows:

#### A. Where new policy applied for (Section 2A completed)

The Settlor having submitted an application for the Policy (as hereinafter defined) hereby requests and directs that the Policy be issued by the Company specified in Section 2 below in such manner as to constitute the Settlor as the Trustee(s) (as hereinafter defined) thereof to hold the same irrevocably on the trusts and subject to the powers and provisions hereof.

or

#### B. Where policy in force (Section 2B completed)

The Settlor as the legal and beneficial owner of the Policy (as hereinafter defined) hereby declares that from the date hereof the Settlor holds the Policy as the Trustee(s) (as hereinafter defined) thereof irrevocably on the trusts and subject to the powers and provisions hereof.

## Section 2. Policy subject to Trust

The policy subject to this Trust (the 'Policy') means the one or more contracts of life assurance the details of which including the date of application or the policy number(s) (as appropriate) are specified below.

Policy type

Name of company issuing policy (Sanlam Life & Pensions UK Limited, Royal London 360°, Other)

On the life/lives of

A. Date of application (if A in Section 1 above applies)

or

B. Policy number(s) (if B in Section 1 above applies)

**Section 3. Definitions**

In this Trust the following expressions shall have the following meanings and unless the context does not permit the singular shall include the plural and vice versa and words denoting any gender shall include all genders.

- a. **'Appointor'** means the Settlor during his life or if two persons are the Settlor both of them jointly during their joint lives and thereafter the survivor of them and subject thereto the Trustees.
- b. **'Beneficiaries'** means the Default Beneficiaries and the Discretionary Beneficiaries.
- c. **'Discretionary Beneficiaries'** means:
  - i) any Spouse, former Spouse, widow or widower of the Settlor provided that if two persons are the Settlor such person is not one of them.
  - ii) the children and remoter issue of the Settlor or either of them whenever born.
  - iii) every spouse, former spouse, widow or widower of any such child or remoter issue.
  - iv) the brothers and sisters of the Settlor (or either of them) and their issue.
  - v) any one or more persons beneficially entitled under the Will (or any codicil thereto) of the Settlor or who would be entitled to an interest in the Settlor's estate if the Settlor had died intestate and where the Settlor is two persons this provision shall operate with like effect on the death of each of those persons.
  - vi) any person (other than the Settlor (or either of them)) nominated in writing to the Trustees by the Settlor as a Discretionary Beneficiary such power of nomination to be exercisable if the Settlor is two persons by them jointly during their joint lives and thereafter by the survivor of them.
  - vii) the Default Beneficiaries (as hereinafter defined).
  - viii) any charity.
  - ix)

d. **'Default Beneficiaries'** means the one or more persons named in the boxes below.

Name	% share if more than one
<input style="width: 600px; height: 25px;" type="text"/>	<input style="width: 150px; height: 25px;" type="text"/>
<input style="width: 600px; height: 25px;" type="text"/>	<input style="width: 150px; height: 25px;" type="text"/>
<input style="width: 600px; height: 25px;" type="text"/>	<input style="width: 150px; height: 25px;" type="text"/>
<input style="width: 600px; height: 25px;" type="text"/>	<input style="width: 150px; height: 25px;" type="text"/>

- e. **'Trustees'** means the Trustee or Trustees as appropriate for the time being of this Trust.
- f. **'Trust Fund'** means the Policy the full benefit thereof any assets at any time added thereto by way of further settlement, capital accretion, accumulation of income or otherwise and all assets from time to time representing the same and includes where the context so admits any part or parts thereof.
- g. **'Trust Period'** means the period of one hundred and twenty five years from the date of this Trust Deed which period where this trust is subject to the Law of England and Wales or the law of Northern Ireland is also the perpetuity period hereof.
- h. **'Accumulation Period'** means the period of one hundred and twenty five years from the date of this Trust Deed where the law of England and Wales applies or the period of twenty one years from the date of this Trust Deed where the law of Scotland or Northern Ireland applies.
- i. In this Trust **'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.
- j. **'Spouse'** includes any civil partner registered under the Civil Partnership Act 2004 and widow(er) includes any surviving civil partner so registered. Any references to marriage include registered civil partnership.

## Section 4. Principal Trust terms

1. The Trustees shall hold the Trust Fund and its income on the trusts of and subject to the powers and provisions set out in this Trust Deed.
2. During the Trust Period the Appointor shall have power by deed or deeds revocable (whether by the person(s) making the deed or some other person(s)) or irrevocable to appoint the whole or any part or parts of the Trust Fund and the income thereof for such one or more of the Discretionary Beneficiaries in such one or more shares and for such interests and subject to such trusts powers and provisions (including protective trusts discretionary trusts or powers operative or exercisable at the discretion of the Appointor or any other persons) as the Appointor shall in his absolute discretion think fit Provided Always that no such appointment shall infringe the rule against perpetuities where this is relevant or affect the entitlement of any person to any payment made or asset transferred to him.  
  
Provided also that where the Appointor is the Trustees no appointment shall be made in favour of a Beneficiary who is one of the Trustees unless there is at least one other Trustee who does not benefit directly or indirectly from the appointment.
3. Subject to any exercise of the power of appointment conferred by paragraph 2 of this Section 4:
  - i) The Trustees may accumulate the whole or part of the income of the Trust Fund during the Accumulation Period. Such income shall be added to the Trust Fund.
  - ii) The Trustees shall pay or apply the remainder of the income to or for the benefit of such one or more of the Discretionary Beneficiaries as the Trustees in their absolute discretion think fit during the Trust Period.
4. Subject to any exercise of the power of appointment conferred by paragraph 2 of this Section 4, during the Trust Period:
  - i) The Trustees shall have power to pay, transfer or apply the whole or any part or parts of the capital of the Trust Fund as they in their absolute discretion think fit to or for the benefit of any Beneficiary entitled to such whole or part.
  - ii) The Trustees shall have power to lend with or without security to any Beneficiary the whole or any part 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 before the end of the Trust Period.
5. Subject to the preceding trusts and to any exercise of the powers conferred above the Trustees shall at the end of the Trust Period hold the Trust Fund upon trust for such of the Default Beneficiaries as are living at the end of the Trust Period and if more than one in the shares shown in para d. of Section 3 and if no shares are shown in equal shares.
6. Subject as above and to any or every exercise of the Trustees' powers the Trust Fund and its income so far as not otherwise disposed of shall be held in trust for the Default Beneficiaries in equal shares absolutely.

## Section 5. Administrative powers of the Trustees

The Trustees shall in the management and administration of the Trust Fund have the widest possible powers (which they may exercise or omit to exercise from time to time at their absolute discretion) of managing and dealing with the Trust Fund in all respects as if the Trustees were the absolute beneficial owners thereof and without prejudice to the generality of the foregoing the Trustees shall have the following powers:

- a. Power to retain the Trust Fund in its present state.
- b. Power to sell or otherwise liquidate and deal with any asset whatsoever comprised in the Trust Fund and to invest in any property of whatsoever nature and wheresoever situate and whether producing income or not, including investment in any policies of assurance as the Trustees may in their absolute discretion think fit and to hold any such asset or property in certified or uncertified form.
- c. With regard to the Policy and any other policy of assurance or capital redemption policy:
  - i) to pay premiums on any such policy and to borrow from any person (including any of themselves) the moneys required for any such premium upon such terms as to repayment interest and otherwise as they may think fit.
  - ii) to exercise any of the elections, powers, options and privileges conferred by any such policy and to alter the amount of any periodic premiums payable thereunder or the period during which such premiums are payable and to alter the terms of any such policy in any manner by agreement with the insurers and to do any of the foregoing notwithstanding that the sum assured may thereby be reduced or increased.
  - iii) to convert any such policy into a fully paid up policy free from payment of future premiums.
  - iv) to surrender wholly or partially any such policy.
  - v) to appoint in writing such person or persons as the Trustees think fit to act as agent of the Trustees for the purpose of receiving moneys from any person and to apply the said moneys as premiums under any such policy already in force or under any such policy which is about to come into force and to become comprised in the Trust Fund.
  - vi) to recover, receive or give valid receipts for all moneys due or to become due under any such policy so that the receipt by the Trustees of any moneys payable under or deriving from any dealing with any such policy shall be a full and sufficient discharge to the insurance company making the payment who shall not be concerned to see to the application of any such moneys.
- d. Power to borrow money on such terms as to interest repayment and otherwise 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 and to use such money in purchasing or subscribing for investments or property to be held as part of the Trust Fund or otherwise for any purpose for which capital moneys forming part of the Trust Fund may be used.
- e. Power to pay or transfer any capital or income to be paid transferred to or applied for the maintenance, education or benefit of a Beneficiary who is under the age of legal capacity or otherwise 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 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 revocably or irrevocably to delegate any power or powers in making managing, realising or otherwise dealing with any property comprised in the Trust Fund to any person or persons (including nominees) upon such terms as to remuneration or otherwise as the Trustees may think fit and no Trustee shall be responsible for the default of any such agent if the Trustee in question employed or incurred expense in employing him in good faith.
- g. Power at any time or times by deed or deeds to confer on themselves any administrative power not conferred on them by this Deed or the general law which the Trustees may consider necessary or expedient.

## Section 6. Appointment, removal, retirement and remuneration of Trustees

1. The Appointor shall have power to appoint by deed new or additional Trustees.
2. The Settlor shall have power to dismiss by deed any Trustee and where the Settlor is two persons this power shall be exercisable by them jointly during their joint lives and thereafter by the survivor of them during his lifetime and the said power shall be exercisable notwithstanding that as a result of its exercise the sole Trustee is a corporation which is not a Trust Corporation for the purpose of section 37 of the Trustee Act 1925 where relevant or a single individual but not so as to result in the Settlor or the Settlor's Spouse for the time being becoming the sole Trustee(s).
3. Any Trustee may retire at any time provided he gives 30 days written notice to the Appointor Provided Always that no retirement of any Trustee shall take effect so as to result in the Settlor or the Settlor's Spouse for the time being becoming the sole Trustee(s).
4. Any corporate body which is empowered to act as a Trustee may at any time be appointed as a Trustee and may act by its proper officers in the discharge of its duties as such Trustee and in the exercise of the powers and discretions conferred hereby or by law.
5. Every corporate Trustee shall be entitled to remuneration upon such terms as may be agreed by the Appointor at the time of its appointment and in the absence of such agreement every corporate Trustee shall be entitled to remuneration in accordance with its normal scale of charges (if applicable) at the time of its appointment provided always that the Settlor and the Spouse for the time being of the Settlor shall not in any capacity or in any way be entitled to remuneration as a Trustee.
6. Any Trustee other than the Settlor:
  - a) who, not being a body corporate, is engaged in any profession business or trade may be employed by the Trustees and any Trustee so engaged and employed may charge and be paid all reasonable professional business or trade costs and charges for business transactions and time expended and acts done by him (or any partner or employee of his) in connection with this Trust including acts which a Trustee not being engaged in any profession business or trade could have done personally and whether or not in the usual scope of his profession business or trade;
  - b) may exercise or concur in exercising all powers and discretions given to him by this Trust 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 co-trustees to act alone in relation thereto.

**Section 7. Further Trust provisions**

1. Where this trust is subject to the law of England and Wales the duty of care set out in Section 1 Trustee Act 2000 shall apply to all the functions of the Trustees.
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 (i) any investment made in good faith by him or any other Trustee or (ii) any mistake or omission made in good faith by him or any other Trustee except in the case of negligence by a paid Trustee or (iii) 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 (iv) any other matter or thing 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.
3. The Trustees shall have power by deed or deeds revocable (whether by the person making such deed or some other person) during the Trust Period or irrevocable wholly or partially to release or restrict the future exercise of any power hereby conferred on them (including this power) whether or not of a fiduciary nature and whether dispositive or administrative and so as to bind their successors.
4. Notwithstanding any of the foregoing provisions the Settlor (or where two persons are the Settlor both of them) shall not be capable of taking any direct or indirect benefit of any kind by virtue or in consequence of this Trust Deed and in particular but without prejudice to the generality of this paragraph:
  - a) the Trust Fund and its income shall be held and enjoyed to the entire exclusion of the Settlor and to the entire exclusion of any direct or indirect benefit to any Settlor by contract or otherwise;
  - b) no part of the capital or income of the Trust Fund shall be paid to or held by the Settlor (except in a fiduciary or parental capacity) or lent to or applied for the direct or indirect benefit of the Settlor; and
  - c) no power or discretion conferred on the Trustees shall be capable of being exercised or operating in any manner so as to confer any benefit whether directly or indirectly on the Settlor in any manner or circumstances whatsoever.

**Section 8. Proper law**

The proper law of this Trust shall be that of England and Wales and all rights under this Trust and its construction and effect shall be subject to the jurisdiction of the courts and construed according to the law of England and Wales unless the Settlor (and where two persons are the Settlor both of them) has initialled one of the boxes below in which case references in this Section 8 to England and Wales shall be read as if they referred to the proper law and jurisdiction indicated by the initials.

**Initials**


**Proper Law**

Scotland  
Northern Ireland

**Section 9. Signatures**

**1. In England, Wales and Northern Ireland**

**In witness** whereof the Settlor executed this deed the day and year stated above.

**2. In Scotland**

**In witness** whereof these presents are subscribed as follows:

At the location stated below on the day and year stated above.

**Signed as a deed and delivered by:**

**Name of Settlor**

Signature of Settlor

Location (only relevant in Scotland)

**In the presence of:**

Name of witness

Address

Postcode

Signature of Witness

Date (in Scotland)

**Name of second Settlor**

Signature of second Settlor

Location (only relevant in Scotland)

**In the presence of:**

Name of witness

Address

Postcode

Signature of Witness

Date (in Scotland)





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