

Absolute Trust pack

Technical guide

Absolute Trust deed

Introduction

This guide has been written to explain what an Absolute Trust is, and how to place a Legal & General protection policy in our Absolute Trust. We've tried to use plain language to keep this guide easy to understand. You'll find explanations of any technical terms we use in the glossary on page 7 of this document. Whenever terms covered in the glossary appear in the main text, we've highlighted them in blue. We also have a range of online support to help you place your policy in trust.

Trust information

WHAT IS AN ABSOLUTE TRUST?

An Absolute Trust is a legal arrangement which allows the owner of a life policy (the **donor**) to give their policy to a trusted group of people (the trustees), who look after it. At some time in the future they pass it on to some people that the **donor** has decided (the beneficiaries). The beneficiaries are chosen at outset and cannot be changed in the future.

When a life policy is looked after in this way, it is said to be 'in trust'. The life policy which is in trust, and any payment received from the life policy are called the trust fund. This guide assumes that a Legal & General life policy will be the only asset in the trust.

WHAT ARE SOME OF THE MAIN BENEFITS OF USING AN ABSOLUTE TRUST?

Using an Absolute Trust for a life policy has lots of practical and financial benefits. For example:

Inheritance Tax – It should help to ensure that any money paid out from the life policy would not be part of the estate of the person covered, helping to minimise **Inheritance Tax**. Tax is covered in more detail on page 6.

Quicker payout – It should help to ensure that the money paid out from the life policy can be paid to the right people quickly, without the need for lengthy legal processes. When you die, your personal representatives will need to obtain **probate** so that they have the authority to deal with your estate. In England and Wales either a 'grant of **probate**' or 'grant of letters of administration' is issued to your personal representatives. This process takes time and if you die without having made a will it takes even longer. Since the trustees are the owners of a policy placed in trust they do not have to go through this process in order to make a claim.

Control of funds – By placing your policy in trust, you can name who you want the proceeds to be paid to. A trust can control when the money from the life policy will be paid out. This can ensure that children receive some financial support from the money, but do not have full access to it. Our draft Absolute Trust deed makes placing a life policy in trust easy, and Legal & General provide this service to our customers for free.

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WHO'S INVOLVED IN AN ABSOLUTE TRUST?

There are three important roles:

The donor – The person giving away their life policy is called the **donor**. Once the **donor** has put their life policy into trust they no longer personally own it and have limited rights to say how it's dealt with. However, the **donor** is still usually responsible for paying the policy premiums, and is one of the trustees. It is possible to have joint **donors**, for example on a joint life policy. The **donor** chooses the trustees and the beneficiaries.

The beneficiaries – The people who receive payment from the trust fund are called the beneficiaries.

The trustees – The trustees take legal ownership of the trust fund from the **donor**. They then look after the trust fund, and, following a claim on the policy will make arrangements for payments to the beneficiaries.

Setting up an Absolute Trust with a Legal & General protection policy

WHAT ARE THE IMPORTANT DOCUMENTS?

There are two key documents:

The Absolute Trust deed – This is the legal document that creates the trust. The donor and the trustees must sign it. It names the parties involved, says what roles they have, and gives details of the life policy which is being put into trust. The provisions in the trust deed are the basis of the trust arrangement. The trustees must act according to the trust deed, and cannot do anything that the trust deed doesn't allow.

The policy documents – These include the policy documentation, which contains all the important information about the life policy, which forms the trust fund.

CAN ANY POLICY BE PUT IN LEGAL & GENERAL'S ABSOLUTE TRUST?

Legal & General's Absolute Trust can be used for most of Legal & General's protection policies. The trust can be used for new or existing policies. It should not be used for policies for business insurance (e.g. key person or shareholder protection), Relevant Life Plans, or for a pension term assurance (e.g. Tax Efficient Life Insurance Plan (TELIP)). For more details, please speak with your financial adviser.

WHAT IF I HAVE CRITICAL OR TERMINAL ILLNESS COVER?

The Absolute Trust automatically makes you the beneficiary of any proceeds arising from a claim as a result of a critical or terminal illness as described in the policy (if your policy has those benefits). If you do not want to keep these benefits for yourself and would rather they were held for the beneficiaries of the trust then please sign the box(es) in clause 7 of Part B of the trust.

CAN I GIVE THE TRUST A NAME?

Yes. You can give the trust a name in clause 5 of Part B. You do not have to give the trust a name if you do not want to.

CAN I EVER CANCEL THE TRUST?

No, not usually. However, there may be circumstances when a policy can be taken out of trust. You should contact your legal adviser for advice.

Trustee information

WHAT ARE THE MAIN DUTIES OF A TRUSTEE?

The trustees must understand the terms of the trust, and mustn't do anything that is not allowed by the trust or by the law.

The trustees must act in the best interests of the beneficiaries, and exercise a high degree of care and honesty and must all agree when making trust decisions.

The trustees must keep clear and accurate records and accounts of trust property and ensure that all tax, which the trust is liable for, is paid.

Being a trustee is an important responsibility, however it is unlikely that the trustees will need specific detailed knowledge of trust law to enable them to act effectively. Usually, the trustees will not have much to do until the time comes to make a claim. The trustees can seek professional advice should the need arise. The key thing is that they act honestly and in the best interests of the beneficiaries.

WHO CAN I APPOINT AS A TRUSTEE?

Generally anyone, but the people appointed must be over 18 years of age and of sound mind. The trustees should be people who the **donor** believes will act in the best interests of the beneficiaries. It is also a good idea for them to be resident in the United Kingdom for tax reasons. Solicitors and accountants can act as trustees but they will charge for their services.

CAN I BE A TRUSTEE?

Yes. The Absolute Trust automatically makes you a trustee.

CAN I APPOINT ADDITIONAL TRUSTEES IN THE FUTURE?

Yes, with our Absolute Trust the donor has the power to appoint additional trustees at any time. After you die, the trustees will have the power to appoint additional trustees.

HOW MANY TRUSTEES SHOULD I CHOOSE?

It is a good idea to have at least two trustees at any time. For this reason, it is normally sensible to appoint at least two trustees in addition to yourself.

WHAT HAPPENS IF A TRUSTEE DIES?

If a trustee dies, the remaining trustees can still carry on with the role, but a replacement could be appointed. If the trustee was the last surviving trustee, their legal personal representatives will have the power to appoint additional trustees or take over as trustees themselves.

WHAT CAN THE TRUSTEES DO IF I DON'T PAY THE POLICY PREMIUMS?

As legal owners of the policy, the trustees can arrange for the premiums to be paid but they are not obliged to make sure this happens or pay the premiums themselves. The trust will come to an end if, as a result of the premiums not being paid, the policy lapses with no value.

WHAT HAPPENS IF A TRUSTEE NO LONGER WANTS TO BE A TRUSTEE?

A trustee can retire from the trust with the consent of the other trustees, provided that there are at least two trustees following the retirement.



HOW DO THE TRUSTEES MAKE A CLAIM?

In the event of your death the trustees will need to send the following items to Legal & General's Customer Claims Department:

1. Absolute Trust deed (and any subsequent deeds)
2. The original policy documentation
3. A death certificate



The address to send these items to is:
 Legal & General Customer Claims Department
 City Park
 The Droveaway
 Hove
 East Sussex
 BN3 7PY

Once the claim is accepted, the trustees will be paid by direct credit.



For other claims, please call us on freephone (from landlines):
 For terminal illness claims **0800 137 101**
 For critical illness claims **0800 068 0789**
 We may record and monitor calls.

Beneficiary information

WHO IS A BENEFICIARY OF THE ABSOLUTE TRUST?

The Absolute Trust allows you to specify the beneficiary or beneficiaries of the trust. The details of each beneficiary should be entered in clause 4 of Part B. Where there is more than one beneficiary, you should specify the percentage share of each beneficiary's interest. If no shares are specified then each beneficiary should benefit equally. The beneficiaries are chosen at outset and cannot be changed in the future

This means your beneficiaries are fixed and cannot be changed later. For example, children born later cannot be included or a spouse cannot be removed following a divorce.

Careful consideration should be given before specifying your spouse or registered civil partner as a beneficiary if Inheritance Tax is a potential issue for you (SEE [INHERITANCE TAX INFORMATION](#)).

Where there are joint [donors](#), neither of them can benefit from the trust (other than in respect of any critical or terminal illness benefits), that they have kept for themselves.

WHAT IF THE BENEFICIARIES ARE STILL UNDER 18 WHEN THE POLICY PROCEEDS ARE PAID OUT?

The trustees will have the power to invest the proceeds for the beneficiaries.

CAN I BE A BENEFICIARY?

No. With the Absolute Trust the donor cannot benefit other than regarding any critical illness or terminal illness benefits that have been kept for them (known as the 'retained benefits').

Inheritance Tax information

Whilst a policy in the Absolute Trust will not usually form part of your estate for **Inheritance Tax** purposes, on some occasions there is a potential for an **Inheritance Tax** charge to apply. These are summarised below, however if you are unsure about this or require more detail, you should discuss this with your adviser or a tax professional.

CREATING THE ABSOLUTE TRUST WITH AN EXISTING POLICY

Where an existing policy is placed into an Absolute Trust a transfer of value takes place.

Currently, individuals have an **annual gift exemption** of £3,000. As such, if the open market value of a policy falls within the annual exemption (and provided that this allowance is not used for other gifts) the transfer of value should be exempt.

Where a life insurance policy with no surrender value is placed in trust, provided that the **life insured** is in good health the open market value of the policy for **Inheritance Tax** purposes is likely to be negligible. Therefore, even if the **annual gift exemption** did not apply, the transfer of value would be nil.

For some policies, such as whole of life policies, the value of the policy for **Inheritance Tax** purposes is deemed to be the higher of the open market value of the policy (considered in the same way as described above) and the value of the premiums paid to date. It is unlikely to have a negligible value.

Where a transfer of value exceeds the available exemptions it will usually be a **potentially exempt transfer**. This means that, irrespective of the value transferred, there will be no immediate **Inheritance Tax** liability at the time of the transfer and after seven years should leave the estate of the donor entirely.

THE PAYMENT OF PREMIUMS

Inheritance Tax may be payable on premiums as they are considered to be a transfer of value. However, currently, individuals have an **annual gift exemption** of £3,000. If this exemption is not used for other gifts, and if the premiums paid fall within the annual exemption the transfers of value should be exempt.

In addition, individuals have an **Inheritance Tax** exemption for normal expenditure out of income. If premiums fall within this exemption the transfers of value will be exempt. In order for the exemption to apply, it would need to be shown that the payment of premiums comes out of your income, that it leaves you with sufficient income to maintain your normal standard of living and that it was made as part of your normal expenditure.

Where a transfer of value exceeds the available exemptions it will usually be a **potentially exempt transfer**. This means that, irrespective of the value transferred, there will be no immediate **Inheritance Tax** liability at the time of the transfer and after seven years should leave the estate of the donor entirely.

DEATH OF THE DONOR

Where **Inheritance Tax** exemptions cover the payment of premiums (or the transfer of an existing policy) to the trust, there should be no charge on the death of the **donor** with respect to those exempt transfers.

However, an **Inheritance Tax** liability could arise if the **donor** dies within seven years of making a chargeable transfer into the trust. If the value of the gift together with the value of all chargeable transfers (including **potentially exempt transfers** that have subsequently become chargeable due to the **donor's** death) made by the **donor** in the seven years prior to the gifts in to the trust, exceeds the **nil rate band** applicable at the time of the **donor's** death, **Inheritance Tax** will be due on the excess value. This will be at the death rate of up to 40%. **Taper relief** should also be available to reduce the amount of tax payable for gifts made prior to three years before the **donor's** death.

With respect to the **donor's** estate, it should also be noted that the **nil rate band** available to the **donor's** personal representatives would be reduced by the value of any chargeable transfers made by the **donor** in the seven years before death, (including the full value of any potentially exempt transfers that have subsequently become chargeable due to the donor's death).

DEATH OF A BENEFICIARY

For **Inheritance Tax** purposes, the beneficiary of an absolute trust is treated as owning the trust assets comprised in the trust fund and if there is more than one beneficiary, then each will be treated as owning their specified share of the trust assets. On the death of a beneficiary, the value of their share of the trust fund would be included in the deceased beneficiary's estate for **Inheritance Tax** purposes.

Whether there would be any liability to **Inheritance Tax** following a beneficiary's death will depend on the value of the trust fund, the value of that beneficiary's personal estate and who benefits under the beneficiary's will or on their intestacy. The beneficiary's personal representative would normally be liable to pay any **Inheritance Tax** due on the beneficiary's death.

REDUCED INHERITANCE TAX RATE FOR ESTATES LEAVING 10% OR MORE TO CHARITY

A reduced rate of **Inheritance Tax** from 40% to 36% may apply where 10% or more of a deceased's net estate is left to charity. For details of whether this might be applicable to you please speak to your Financial Adviser or Solicitor.

Glossary

Annual gift exemption

Gifts in any one tax year that total £3,000 or less are exempt from Inheritance Tax. Where any part of the exemption is unused it can be carried forward to the following tax year.

Donor

The person (or people if more than one) putting the policy into the trust.

Inheritance Tax

A tax which may be payable on certain transfers of assets, for example, a gift or on death.

Life insured

The person upon whose death (or diagnosis of a critical or terminal illness as defined in the policy (if included)) the amount of cover will become payable. Where a policy has more than one life insured then, depending upon the terms of the policy, the benefits may be payable on the first or the last of the lives insured to die.

Important notes

We have written this guide to give you general information about placing your Legal & General protection policy in trust. It is not intended to replace legal advice. If this trust does not meet your needs then you should talk to your legal and your financial advisers.

We have based the information in this guide on our understanding of the laws relating to trusts and [Inheritance Tax](#) as at 1 July 2018. Although we have made every effort to make sure that the information is accurate, we cannot take legal responsibility for any particular statements.

This guide is based on our understanding of current law and HMRC practice, which can change.

In preparing this guide we have assumed that only Legal & General's Absolute Trust is to be used in conjunction with Legal & General's protection policies. We can also provide Discretionary Trust deeds, Flexible (interest in possession) Trust deeds, and a Survivor's Discretionary Trust (for use with joint life first death policies only). The information in this guide does not apply to business protection, Legal & General have separate literature for business protection. Please see your financial adviser for more details.

Nil rate band

The amount of an individual's estate, which is subject to Inheritance Tax at 0%.

Potentially exempt transfer

For Inheritance Tax purposes it includes a gift (that is not otherwise exempt) made during life to an individual or an Absolute Trust. No Inheritance Tax is payable at the time a potentially exempt transfer is made.

Probate

The authority given by the court to your personal representatives to deal with your estate following your death.

Taper relief

For Inheritance Tax purposes, the reduction of tax payable on a sliding scale should the donor die between three and seven years following the making of a gift.

Absolute Trust deed

Checklist

- Before sending the Trust to Legal & General, have you...
1. Inserted the policy number (if known) in the box below?
 2. Dated the Trust (on page 3)?
 3. Completed the donor's details (on page 3)?
 4. Inserted the details of the absolute beneficiary(ies) (on page 4)?
 5. Decided whether or not to retain any terminal illness/critical illness benefits (on page 5)?
 6. Completed the details of the application/existing policy (on page 7)?
 7. Signed the Trust and had those signatures witnessed (on pages 7 and 8)?
 8. Crossed through mistakes (rather than using correction fluid) and have all parties initialled any changes?

Policy number

Date received by Legal & General





IMPORTANT NOTES – before completing the Director’s Share Protection Trust, please read the following notes.

1. This documentation has been produced for consideration by you and your legal advisers. The legal and tax effects of the Trust will depend on your individual circumstances and Legal & General (as defined in clause 9.3 of Part B of the Trust) and its advisers accept no responsibility for ensuring that the Trust meets your requirements.
2. Ensure that you fully understand the terms of the Trust and how it works. The beneficiaries are chosen at outset and cannot be changed in the future. See the Absolute Trust technical guide for further details. If you are in any doubt about the terms, it is your responsibility to seek legal or tax advice as appropriate.
3. You should also ensure you have read and understood all the literature relating to your chosen policy for this Trust.
4. This Trust is designed for use with Legal & General’s protection life insurance policies for family protection and Inheritance Tax planning. It is not designed to be used for business protection arrangements (for example, key person insurance or shareholder protection), Relevant Life Plans or pension term assurance (for example, Tax Efficient Life Insurance Plan (TELIP)). Please contact Legal & General for other trust deed templates that we offer.
5. This is a split trust which means that death benefits will be held for the beneficiaries (known as the ‘Gifted Benefits’). While critical illness or terminal illness benefits as defined in the policy documentation will be held for you (known as the ‘Retained Benefits’). You can choose to give away these critical illness or terminal illness benefits by signing the box in clause 7 of Part B of the Trust deed so these benefits are also for the benefit of the beneficiaries.
6. This Trust can be used for new or existing Legal & General protection policies.
7. The donor is the person who is creating the Trust. The trustees will be the legal owners of the policy and their authority is required for any dealings with the policy. It is the trustees who would make a claim for any policy proceeds.
8. It is generally a good idea to have at least two trustees at any time. Care should be taken when choosing trustees. The people appointed must be over 18 years of age and of sound mind. The trustees should be people who the donor believes will act in the best interests of the beneficiaries. It is also generally a good idea for them to be resident in the United Kingdom for tax reasons. Solicitors and accountants can act as trustees but they will charge for their services.
9. In creating this Trust or by paying premiums you may be making exempt transfers or potentially exempt transfers for Inheritance Tax purposes. For further information see the Absolute Trust technical guide.
10. By signing this deed, and if required by Legal & General, the trustees agree to take all reasonable steps to obtain for Legal & General evidence of identification for any of the beneficiaries of the Trust.
11. Legal & General has drafted this Trust to reflect the law as at 1 July 2018. Legal & General and its advisers cannot accept any responsibility for loss, damage or other claim that may arise from the use of this Trust or the way in which you complete it. We therefore strongly recommend that you consult your own legal or tax adviser before proceeding. Failure to understand the terms of the deed may affect its suitability and effectiveness.
12. Use CAPITALS and black or blue ink throughout. If you make a mistake while completing the Trust, please correct the error by crossing out (do not use correction fluid) and the donor and the trustees should initial the change.
13. Completed trust deeds should be sent to: Trust Team, Legal & General Assurance Society Ltd, City Park, The Droveaway, Hove, East Sussex BN3 7PY.
14. If the trust, trustees or settlor/donors are resident for tax purposes anywhere other than the UK you must also complete the Trust/Entity Self-Certification Declaration form and send this to us together with your completed deed.
15. You may wish to refer to HMRC in order to decide whether you are required to register on the online Trusts Registration Service.

Protection Gift Trusts – Absolute Trust

The donor and trustees should read Important Notes on page 2 before completing the Trust deed.

A

Date of Trust

New policy: The date inserted for Part A must be a date on or after the last person signs on page 7 and must be a date before the new policy comes into force.

Existing policy: Insert date when last person signs on page 7.

THIS DECLARATION OF TRUST is made on the day of 20
BY the settlor and the trustees.

B

Definitions

The donor is the person who is creating the Trust

Please insert the name and address of the donor

In the case of joint donors, insert the details of the second donor

The donor will automatically be a trustee. It is important that at least one additional trustee is named. Where there are two donors, both donors will automatically be trustees

1. The 'Donor'

First (or sole) Donor

Second Donor

Name

Address

Postcode

Date of birth (DD/MM/YYYY)

2. The 'Additional Trustees'

Additional Trustee 1

Additional Trustee 2

Name

Address

Postcode

Date of birth (DD/MM/YYYY)

Additional Trustee 3

Additional Trustee 4

Name

Address

Postcode

Date of birth (DD/MM/YYYY)

3. The 'Trustees'

The 'Trustees' shall mean the Donor and the Additional Trustees and any other Trustees for the time being of this Trust.

4. The 'Absolute Beneficiary or Beneficiaries'

Beneficiary 1

Beneficiary 2

Please insert the details of any individual(s) (other than the donor) you want to benefit, together with any percentage shares you want each to receive adding up to 100%

Name
Address
Postcode
Date of birth (DD/MM/YYYY)
Percentage

Form fields for Beneficiary 1: Name, Address, Postcode, Date of birth, Percentage

Form fields for Beneficiary 2: Name, Address, Postcode, Date of birth, Percentage

Please use the continuation sheet if you wish to nominate more than four beneficiaries. A draft is available from Legal & General

Beneficiary 3

Beneficiary 4

Name
Address
Postcode
Date of birth (DD/MM/YYYY)
Percentage

Form fields for Beneficiary 3: Name, Address, Postcode, Date of birth, Percentage

Form fields for Beneficiary 4: Name, Address, Postcode, Date of birth, Percentage

Total percentage

Total percentage field with 100% value

5. Name of Trust

The donor can give the Trust a name but they do not have to

The Trust shall be called [text box] Trust

6. Governing Law

English law governs the validity of this Settlement, and its construction, effects, and administration.

B**Definitions continued**

Any death benefits are held for the beneficiaries of the Trust. Any critical or terminal illness benefits as defined in the policy will be paid to the donor(s)

However, if the donor(s) sign this box, they will not be able to receive any critical or terminal illness benefits and they will become 'Gifted Benefits' and will also be held for the beneficiaries of the Trust

7. The Gifted Benefits and the Retained Benefits

- 7.1 Subject to the proviso in sub-clause 7.4 the Donor gives all the benefits (the 'Gifted Benefits') under the Policy (other than any benefit payable on a claim arising from the contraction or diagnosis of a critical or terminal illness (as defined in the Policy) (the 'Retained Benefits')) to the Trustees to hold on Trust subject to the powers and provisions of the Trust as set out in this Deed.
- 7.2 The 'Gifted Benefits' include any Accidental Death Benefit cover that Legal & General may give pursuant to the application to Legal & General for the new policy as set out in the schedule.
- 7.3 The Donor irrevocably disclaims any lien or charge on the Policy for the repayment of any premium.
- 7.4 If the Donor signs this box, the Donor also gives the Retained Benefits to the trustees to hold on trust subject to the powers of the trust as set out in this Deed and the Gifted Benefits shall include the Retained Benefits.

First (or sole) Donor

First (or sole) Donor

8. The 'Trust Fund'

The Trust Fund means the Gifted Benefits contained in the Policy set out in the Schedule to this Deed together with any and all other property at any time added to this Trust by way of further gift, capital accretion, accumulation of income or otherwise and all assets from time to time representing the same.

9. Construction

- 9.1 In this Deed words importing the singular shall include the plural and vice versa. Words importing a gender include every gender.
- 9.2 The notes in the margin are for the purposes of information only and shall not be used in the construction of the Trust or any part of it.
- 9.3 Legal & General shall mean Legal & General Assurance Society Limited.
- 9.4 'Policy' shall mean either the policy or policies effected pursuant to the application to Legal & General or the existing policy, in either case as set out in the Schedule, and in either case shall include any variation or amendment to the same.

C**Key Provisions****1. Appointing the Trustees**

In signing this Declaration of Trust the Donor appoints the Trustees to act as the trustees of this Trust and the Trustees agree to act as the trustees of the Trust (as evidenced by them signing this Deed) in accordance with the trusts powers and provisions set out below.

2. Application for a New Policy

The Donor hereby requests and declares that the Policy be issued by Legal & General to the Donor to hold on trust with the Additional Trustees subject to the powers and provisions of the Trust as set out in this Deed.

3. Assigning an Existing Policy

- 3.1 The Donor as the legal and beneficial owner of the Policy assigns the Policy and all the benefits payable under it to the Trustees to hold on Trust subject to the powers and provisions of the Trust as set out in this Deed and the Trustees accept the assignment on these terms (as evidenced by them signing this Deed).
- 3.2 The Donor and Trustees will send a copy of this Declaration of Trust to Legal & General as notice of the assignment effected under this Trust.

4. Trust Provisions

Subject to the Retained Benefits (if any) the Trustees shall hold the Trust Fund upon trust for the Absolute Beneficiary or Beneficiaries in the percentage shares set out in clause 4 of Part B (provided that if shares are specified but they do not amount to 100% they shall be adjusted rateably) and in default in equal shares.

5. Bare Trust for Donor of Retained Benefits

Notwithstanding the provisions of clause 4 of Part C the Trustees hold the Retained Benefits (if any) on trust for the Donor absolutely.

6. Trustees' Powers

In addition to the powers given to them by law, the Trustees shall have the following powers. The exercise of these powers is subject to the Retained Benefits (if any):

- 6.1 The Trustees may invest any money requiring to be invested (subject to obtaining advice, if required by law) in such manner as if they were absolutely beneficially entitled to the investments.
- 6.2 The Trustees are under no obligation to diversify the Trust Fund.
- 6.3 The Trustees shall have power to effect any life insurance policy on the life of any person or persons, accept assignments of a policy to the Trust and exercise any option under any policy held by the Trustees and to sell, charge, assign or surrender the whole or any part of such policy. For the avoidance of doubt any new policy or increase or decrease of benefits secured by any policy or by any new policy which is effected under any options which are contained in any policy shall be subject to the same Trust as set out in this Deed.
- 6.4 The Trustees shall have power to borrow money on such terms and security as they think fit.
- 6.5 The statutory provisions for accumulation and payment of income shall not apply to the trust.
- 6.6 The Trustees shall have power to pay or all apply all or any part of the capital of the Trust Fund to or for the benefit of the Absolute Beneficiary interested therein.
- 6.7 The Trustees shall have 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 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.
- 6.8 The Trustees shall have power to instruct any investment or other professional adviser or advisers on such terms as to fees or other remuneration and generally as the Trustees may think fit, and the Trustees may either pay such fees or other remuneration out of the Trust Fund or reimburse themselves out of the Trust Fund if they have paid such fees or other remuneration themselves.

7. Administrative Provisions

- 7.1 **Receipt as a full discharge**
The Trustees may pay any sum of capital or income to a minor's parents or guardian on behalf of the minor and the receipt of the parent(s) or guardian will be a complete discharge to the Trustees.
- 7.2 **Payments to Trustees**
Any Trustee for the time being (other than the Donor) shall:
 - (i) be entitled to recover all reasonable expenses; and
 - (ii) being a solicitor or other person or corporate body engaged in any profession or business be entitled to be paid all usual professional or other charges for business done in relation to the Trust.
- 7.3 **Appointment of Trustees**
There shall be vested in the Donor the power of appointment of a new Trustee and/or additional Trustee(s). Subject thereto the power to appoint new or additional Trustees shall be vested in the Trustees.
- 7.4 **Removal of Trustees**
As long as there are at least two other Trustees, if a Trustee cannot be found, after reasonable efforts have been made to find him, the remaining Trustees can discharge the missing Trustee. It is up to the remaining Trustees to decide whether reasonable efforts have been made to find the missing Trustee and no other person shall be under any duty to ensure that it was proper for the Trustees to have exercised their power to discharge the missing Trustee.
- 7.5 **Power to vary administrative provisions**
When in the management or administration of the Trust Fund any transaction is, in the opinion of the Trustees, expedient but cannot be effected by reason of the absence of any power for that purpose, the Trustees may by deed confer on themselves either generally or, in the particular instance, the necessary power for the purpose and on the execution of such a deed the Trustees will have such power as if it had been expressly conferred on them by this Deed.

