

# IBOP/Transfer Plan/ Individual Policy

## Trust Deed Information Notes



### TRUST DEED INFORMATION NOTES

#### For use with Transfer Plans, Individual Buy-Out Plans (IBOP) and Individual Policies

This Trust Deed has been drafted by Standard Life Assurance Limited ('Standard Life') for use with your Transfer Plan, Individual Buy-Out Plan (IBOP) or Individual Policy. While we have drafted this deed with due care and attention, we cannot perform the function of your legal or tax adviser and, in particular, we cannot guarantee that this Trust Deed will meet all your specific requirements. We strongly recommend that you consult your own legal and tax adviser.

You may find these notes helpful when completing the enclosed Trust Deed. Tax and legislation are likely to change. The information given here is based on Standard Life's understanding of law and HM Revenue & Customs practice at the date of publication.

If you make a mistake when completing the Trust Deed, put a single score through the mistake, write the correct wording above it, and then have all the parties to the Trust Deed initial the correction.

For example:     John Smyth AB, CD, EF  
                      ~~John Smith~~

**Please note that correction fluid should not be used on a legal document. We cannot accept any document where correction fluid has been used.**

#### Writing a Policy in Trust

There are many different types of trust. The type of trust deed which Standard Life provides is called an 'interest in possession' trust. Under the trust, the trustees' discretion is limited because they must decide within two years of the policyholder's death who should receive the policy proceeds.

If the trustees don't make a decision within two years, the "interest possession" is triggered and the default beneficiary becomes automatically entitled to receive the policy proceeds. This is different from a discretionary trust where the discretion is not limited and the trust has different tax consequences. If you want this type of trust you should speak to your legal adviser.

Writing a pension policy in trust does not affect your retirement benefits and you can make decisions regarding your pension policy, eg transferring to another scheme, without the agreement of the trustees. The terms of the trust take effect only if you die before taking your benefits. When you take your benefits the trust will no longer apply.

Benefits on death after retirement and GMP benefits may not be written in trust.

#### The Trust Deed

The Standard Life Trust Deed has been drafted to comply with the law of the policyholder's country of residence.

#### Date of signing

The policy must be in force before it can be placed in trust. This means that the date of signing of the Trust Deed must therefore be a date later than the date the policy was signed by Standard Life. (Your policy schedule will show the date of signing of the policy.)

The date of the Trust Deed should reflect the date when the last person (usually the last witness) has signed the deed.

## Appointing Trustees

In our Trust Deed the policyholder is always a trustee. The policyholder ('Settlor' in England, Wales & Northern Ireland and 'Trustor' in Scotland) can appoint two other people to act as trustees. You should consider carefully the people you wish to appoint as trustees as they will be responsible for dealing with the trust fund if you die before taking your benefits.

It is possible for a potential beneficiary or the default beneficiary (providing they are 18 years or over) to also be one of the trustees.

## Choosing beneficiaries

On page 2, you will see a white box. This is where the name or names of the default beneficiaries should be inserted. Please note: it will not be possible to change the default beneficiaries. You should therefore give serious consideration to this appointment. The Trust Deed provides that when the policyholder dies, provided there are at least two trustees remaining, the trustees will have a discretion as to whom to pay the death benefits. This means that the trustees can look at the policyholder's family circumstances and make the best decision. They can select any one or more of the people from the list of potential beneficiaries listed in the deed. If the trustees have not made a decision within two years of the date of the policyholder's death, the person named as the default beneficiary or beneficiaries will automatically become entitled to receive the proceeds.

If the 'default beneficiary' box is left blank, you are changing the nature of the trust from an interest in possession trust to a discretionary trust. There may be adverse tax consequences as a result.

Please note: we will not accept a Trust Deed where the default beneficiary box is blank.

## Signing the deed

The policyholder and all other trustees must sign the deed on page 4.

The signatures must be witnessed by an independent witness. An independent witness is someone who is not 'a party' to the deed, ie they are not one of the other trustees or the default beneficiary of the trust.

The policy number must be inserted in the deed at the top of page 4. This should be the full policy number, eg H4800000123 and will be on the policy schedule.

The date of the signing of the policy is also found on the policy schedule.

## What to do next

Once you and the other trustees have completed the Trust Deed, you should send the original deed to us for recording. The Trust Deed will then be returned to you for safekeeping.

## Changing your mind

Once a Trust has been set up it is possible at a later date to change the trustees or for the trustees to appoint or remove a potential beneficiary. Please note: it is not possible to change the default beneficiary. As a Trust Deed is a legal document it is not enough to notify us of changes in a letter. Standard Life can provide deeds of amendment which can be used in such circumstances. You should write to us telling us what sort of change is to be made and we will prepare a draft deed.

Please be aware that should any change be required to the trust in the future, both the policyholder and all the other trustees must sign the relevant papers at that time.