



Protection

Business Trust

Important notes

Please read these important notes before to completion.

This trust form is designed for use where applying for a new plan issued by Royal London. Please note that this trust form cannot be used for pension plans or plans that are already in force.

The notes forming part of this document are for general guidance only and are based on our current understanding of the law as it applies in the United Kingdom and HM Revenue & Customs practice. No responsibility can be taken by Royal London or any of its subsidiary companies for the interpretation of the law or future changes in the law or practice. Tax liabilities are dependent on individual circumstances.

This document is provided as a specimen only. We strongly recommend that you take separate legal and taxation advice before establishing the trust and periodically while the trust is in existence particularly if any changes are intended to be made. Royal London or any of its subsidiary companies cannot accept any responsibility for any consequences, losses or claims that may arise from the use of the document or the manner in which it is completed.

This draft trust form may be suitable in the following circumstances:

(A) Shareholder/member/partner protection

In conjunction with an option agreement under which co-shareholders, co-members or co-partners have options to sell/purchase each other's interests in the company, limited liability partnership (LLP) or partnership in the event of death or critical illness.

NOTE – Only the terms of the Royal London specimen cross-option agreement have been taken into consideration for the purpose of preparing this trust form and the notes to the specimen agreement must also be considered. It may be appropriate to use this trust form in other circumstances but in such cases the provisions of any agreements between co-shareholders, co-members and co-partners, the articles of association of a company and the terms of a partnership agreement or LLP agreement must also be reviewed.

(B) Key person protection

In the case of a partnership, where the partners want a key person plan to be effected by a partner solely for the benefit of the partners. Under English law a partnership is not a separate legal person, so cannot directly own a protection plan. The trust form may be used in Scotland although under Scots law a partnership is a separate legal person. The trust form may also be used by members of LLPs although LLPs are separate legal persons.

Trust roles

The settlor

The person creating the trust is the settlor.

The trustees

The trustees are the legal owners of the plan and are responsible for looking after the trust and distributing any benefits from the plan to the beneficiaries. The settlor is automatically a trustee, but there must be at least one additional trustee entered at F2 appointed for the trust to be effective, but up to four additional trustees may be nominated. The additional trustee(s) are normally the settlor's co-shareholder(s), co-member(s) or co-partner(s).

The discretionary beneficiaries

These are the people who could ultimately benefit from the gifted benefits and include the settlor, and other partners, members or shareholders in the business.

About this trust

This trust form should be completed by the shareholder, member or partner who is applying for the plan. The trust form must be completed as part of the application for the plan.

The business trust comprises a bare trust for the settlor in respect of the "retained benefits". The retained benefits means the right to any payment comprised in the Trust Fund which is not comprised in the gifted benefits. Any additional covered conditions payment is also a gifted benefit.

The trust is discretionary with respect to the gifted benefits, allowing the trustees to determine who among the discretionary beneficiaries is to receive benefits and in what shares and proportions. The settlor is included as a discretionary beneficiary.

By completing the trust the settlor is requesting that this trust is applied to the plan from the date it is issued.

Trust Registration Service

The trustees may need to register the trust with HMRC's Trust Registration Service.

Generally, if the protection plan is the only asset of the trust, the trust may only require to be registered following a claim being paid or if the trustees have a liability to tax.

It is however the responsibility of the trustees to register and identify when to register the trust. For more information, trustees are recommended to consider the guidance available on [Trust Registration Service Manual - HMRC internal manual - GOV.UK](#) and www.gov.uk/guidance/register-a-trust-as-a-trustee or consult a professional adviser.

Completing the trust form (The numbering denotes the relevant clause in the trust form.)

F1 The settlor should complete their full name, including middle names and address.

F2 The settlor is automatically a trustee and therefore their name doesn't need to be added in F2. There must be at least one additional trustee appointed for the trust to be effective, but up to four additional trustees may be nominated.

We recommend that two additional trustees are appointed. The additional trustee(s) are normally the settlor's co-shareholder(s), co-member(s) or co-partner(s).

The full name, including any middle names, address and date of birth of each additional trustee must be completed.

The additional trustee must be aware and have agreed to their appointment as a trustee in order to be listed on this trust form. It is the settlor's responsibility to provide them with a copy of this trust form – Royal London will not contact the additional trustees directly. The settlor should also inform the additional trustees that their details may be checked against databases held by Experian, and that Royal London may also pass information to organisations involved in money laundering and fraud prevention in order to protect themselves and their customers from theft and fraud.

F4 If known the plan number should be added in box (a). If the plan number is not known the application date should be added in box (b). This will either be the date the paper application was completed or the date the online application was submitted.

Benefits

F9 & F10

The plan may provide for a variety of different benefits, e.g. life cover, death benefit, critical illness benefit, income protection benefit and children's critical illness benefit.

Income protection benefit and children's critical illness benefit will be retained benefits, to be held for the absolute benefit of the settlor. It is not recommended that income protection benefit be included in a plan being used for shareholder/ member/partner protection as there would be potential tax implications.

The discretionary beneficiaries

F11 This section specifies who among a class of discretionary beneficiaries the trustees may appoint, either permanently or revocably, to benefit from all or part of the trust fund. The class of beneficiaries comprises of the settlor, and other partners, members or shareholders (present and future) in the business.

Please note that individuals cannot be added to the class of discretionary beneficiaries.

Signing the trust

G The trust form must be signed by the settlor. It may be physically signed, or by using an electronic signature accompanied by a completion certificate generated by an electronic signature platform that identifies the person signing. The date must be completed underneath the settlor's signature.

Once signed, **a copy** of the trust form must be returned to us for noting. You can send a scanned copy or a digital photograph of it by email or post a copy to the address below. **You should not send us the original form**, which should be kept with the plan documents and other trust papers.

Please send to:

Email: protectionhelp@royallondon.com

Royal London
22 Haymarket Yards
Edinburgh
EH12 5BH

The trust form begins on the next page.

Business Trust

A Establishment of Trust and Appointment of Trustees

- A1** Capitalised terms used in this trust form shall have the meanings set out in Section F (Definitions) and unless the context does not permit the singular shall include the plural and the masculine shall include the feminine and vice versa.
- A2** In submitting the application for the Plan, the Settlor wishes to appoint himself and the Additional Trustees as the initial trustees of this Trust and requests and directs the Company to issue the Plan to the Trustees and declares that the trusts set out below shall apply to the Plan from the date it is issued.
- A3** The Settlor confirms that the Additional Trustees have agreed to accept office as Trustee of this Trust and agree to the Company carrying out an identity authentication search to verify their identity.

The Additional Trustees understand:

- This involves checking the details they supply against those held on any databases that may be held by the reputable third party company that carries out the Company's checks. This includes information from the Electoral Register and fraud prevention agencies.
- The Company will use scoring methods to verify their identity.
- A record of this search will be kept and may be used to help other companies to help verify their identity.
- The Company may also pass information to financial and other organisations involved in money laundering and fraud prevention to protect themselves and their customers from theft and fraud.
- If they give the Company false or inaccurate information and the Company suspects fraud, the Company will record this and share this information with other organisations.

B Trust Provisions

- B1** The Trustees shall hold the Retained Benefits upon trust for the absolute benefit of the Settlor.
- B2 i** The Trustees shall hold the Gifted Benefits upon trust for the benefit of such one or more of the Discretionary Beneficiaries in such proportions, on such terms and conditions and subject to such new or other trust purposes, powers and provisions as to both income and capital (including power to accumulate during such period permissible by law) as the Trustees may during the Trust Period revocably or irrevocably appoint in writing PROVIDED ALWAYS THAT (A) no appointment and no revocation of any revocable appointment shall be valid without the written consent thereto of the Settlor if then living and (B) any such appointment or revocation shall not invalidate any prior payment or application of all or part of the Trust Fund (whether capital or income) made in exercise of any of the powers conferred by these Trust Terms or by law.
- B2 ii** Subject to any and every exercise of such power of appointment, the Trustees shall pay the income of the Trust Fund arising during the Trust Period to or for the benefit of all or such one or more of the Discretionary Beneficiaries as the Trustees shall in their absolute discretion determine.
- B3** In the event of the failure of the above Trusts, the capital and income of the Trust Fund or such part of it with respect to which such failure has occurred shall be held upon Trust absolutely for the intestate heir of the last of the Discretionary Beneficiaries to die.
- B4** In the event of the Settlor ceasing to be a partner or member in or a holder of ordinary shares in the Business other than by reason of his death then with effect from such cessation the Trustees shall hold the Gifted Benefits upon trust for the absolute benefit of the Settlor.

C Administrative Provisions

The Trustees shall have the following powers in addition to any powers conferred upon them by law namely:

C1 General

The Trustees shall have all the powers of investment, sale, alienation, exchange, partition, mortgage, charging, pledging, leasing, insurance, protection, improvement, equipment, dealing, disposition, and management (and all other powers) of an absolute beneficial owner of the Trust Fund. Such powers shall not be restricted by any principle of construction but shall operate according to the widest generality of which the foregoing words are capable, notwithstanding that certain powers are more particularly set out in the following clauses.

C2 Power to manage the Trust Fund

The Trustees have the full powers of an absolute beneficial owner of the Trust Fund (subject to clause C1, in dealing with the Plan or other assets). This includes but is not limited to:

- C2i Making any investments they see fit without the need to diversify investments or invest in income producing investments, and whether involving liabilities or not.
- C2ii The power to borrow, including against the security of the Trust Fund, or any part thereof.
- C2iii The power to lend any capital comprising part of the Trust Fund to one or more of the Discretionary Beneficiaries on such terms (including as to security) as the Trustees see fit.
- C2iv The powers of an absolute beneficial owner in relation to the disposition, development, improvement and occupation of any land comprised in the Trust Fund.

C3 Transfer of Trust Fund

Notwithstanding that a beneficiary is absolutely or indefeasibly entitled in possession to a share of the Trust Fund he shall not be entitled to call for the transfer to himself of his share of any divisible asset if such transfer would in the opinion of the Trustees reduce disproportionately the value of the asset remaining in the hands of the Trustees or other realisation of any indivisible asset unless such transfer or sale is called for by persons of full legal capacity who together are the owners of the entirety of the beneficial interests in the asset concerned.

C4 Life assurance

The Trustees may take out or take over policies of assurance on the life of any person with full power to surrender, vary or otherwise deal with any such policies as if they were the absolute owners of these policies.

C5 Power to permit occupation of property and enjoyment of chattels

The Trustees shall have power to permit any person beneficially interested in the Trust Fund or any part of it to occupy, or reside in or upon, any real or immoveable property, or to have the enjoyment and use of chattels or moveable property for the time being comprised in the Trust Fund, on such terms as to payment of rent, rates, taxes and other expenses and outgoings and as to insurance, repair and decoration, and generally upon such terms as the Trustees think fit.

C6 Power of appropriation

The Trustees may appropriate any part or parts of the Trust Fund in or towards satisfaction of the interest of any beneficiary and may for such purpose place such value on any property as they think fit.

C7 Powers in relation to minors

The Trustees may pay or transfer any assets comprised in, or any income of, the Trust Fund to the parent or guardian of any person who has not yet attained full legal capacity (a "Minor") who is beneficially entitled to such assets or income, and the receipt of such parent or guardian shall be a full discharge to the Trustees.

C8 Power to appoint agents

The Trustees shall have power to engage the services of any legal, investment or other professional advisers for guidance in administering the Trust, on such terms as to fees or other remuneration and generally as the Trustees see fit.

C9 Power to delegate

The Trustees shall have power to delegate the investment of the Trust Fund on a wholly discretionary management basis and to delegate any power or powers in dealing with any property comprised in the Trust Fund to any person upon such terms as the Trustees may think fit.

C10 Trustee charging

A Trustee who is engaged in any profession or business or which is a trust corporation or corporate body authorised to undertake trust business shall be entitled to charge and be paid such remuneration (A) if it is/they are appointed by the Settlor as may be agreed by the Settlor prior to such appointment and (B) if appointed otherwise than by the Settlor, in accordance with its/their published terms for acting as a trustee.

C11 Power of restriction and amendment

The Trustees may release or restrict the future exercise of any power conferred on them and amend or add to the administrative provisions of the Trust by deed.

D Appointment of Trustees

- D1** There shall at all times be at least two Trustees unless a corporate body is a Trustee.
- D2** The power of appointing a new Trustee or Trustees shall belong to the Settlor during his life.
- D3** The Settlor may remove one or more of the Trustees by sending a Notice of Removal (the “**Removal Notice**”) in writing to the Trustee in question at their last known address. Sending the Removal Notice by recorded delivery post will be deemed due service of the Removal Notice. This power of removal shall be exercisable only if there are at least two persons remaining as Trustees after the removal of any Trustee, unless a corporate body remains as sole Trustee after the removal.
- D4** Following the death or loss of capacity of the Settlor, the Trustees shall have power to appoint a new Trustee or Trustees.

E Ancillary Provisions

E1 Protection of the Trustees generally

A Trustee shall not be liable for any loss to the Trust Fund unless that loss resulted from personal dishonesty, negligence or knowing breach of trust. Any liability of a Trustee will be restricted to any loss resulting from their own actions or omissions only.

E2 Exclusion of benefit to Trustees

No power, discretion or authority may be exercised so as to benefit a person who is a Trustee unless at least one other Trustee who takes no benefit is also a party to such exercise.

E3 Extended power of maintenance

Without prejudice to any exercise of the power conferred on them by Clause C7 the Trustees may at their sole discretion and in such manner as they think fit apply any income, whenever arising, to which a beneficiary who is a Minor is entitled, for their maintenance, education or benefit. Income which is not so applied shall be retained and added to the share of the capital of the Trust Fund to which the Minor beneficiary is prospectively entitled.

E4 Extended power of advancement

The Trustees may at any time or times advance to any beneficiary any part or the whole of the capital of the Trust Fund to which that beneficiary may be entitled or prospectively entitled (whether defeasibly, contingently or in default).

E5 Exclusion of apportionment

Income and expenditure shall be treated as arising when payable, and not from day to day, so that no apportionment shall take place.

E6 Trustees to act by majority

Subject to the requirements of proviso (A) to Clause B2 i (when applicable) the Trustees shall act by majority.

E7 Receipt of Trustees

The receipt of the Trustees or of any person duly appointed by them for the purpose shall be a valid discharge of any person's liability to pay money to the Trust (if such person acts in good faith and has no notice of the revocation of the agent's authority where applicable), and such person shall not be concerned to see to the application of such money.

E8 Power to receive additional property

The Trustees may, at any time during the Trust Period, accept additional money, investments or other property, of whatever nature and wherever situate, paid or transferred to them by the Settlor or any other person. Such additional money, investments or property shall, subject to any contradictory direction, be held upon the Trust and with and subject to the powers and provisions of these Trust Terms.

E9 No requirement to consult with beneficiaries

Any duty to consult with beneficiaries implied by law shall not apply to the Trust contained in these Trust Terms.

E10 Trustees' powers

Wherever it shall be necessary in connection with the affairs of this Trust for the Trustees to exercise any power, discretion or authority, such power, discretion or authority shall be exercisable at any time and from time to time or not as the Trustees in their sole and absolute discretion think fit; and whatever decision or resolution they may act upon shall be final and binding on all parties interested either directly or indirectly and the actions of the Trustees shall not be liable to be called in question upon any ground except fraud or negligence or if the Trustee is remunerated for their services.

E11 Proper law, forum and place of administration

This Trust shall be irrevocable and shall be governed by and construed according to the law of England and Wales but the Plan shall be governed and construed according to the law stated in the Plan.

E12 Transfers outside of the United Kingdom

All or part of the administration of this Trust can be transferred outside the United Kingdom and persons resident outside the United Kingdom can be trustees.

F Definitions

F1 The Settlor

Note: The Settlor is the person who is creating the Trust. As the plan owner you will be the Settlor. You should put your full name, including middle names, and address. This information will be used for the usual administration and analysis purpose – see more at www.royallondon.com/protectionprivacy.

Settlor

Name

Address

Postcode

F2 Additional Trustees

Note: Complete the full names, including middle names, addresses and dates of birth of the Additional Trustees. You must appoint at least one Additional Trustee. The Additional Trustees are normally the Settlor’s co-shareholders, co-partners or co-members. Trustees’ personal information will only be used to verify the Trustees’ identity, and to confirm their instructions in the event of a claim being made.

To protect our customers we may have to verify the identity of certain individuals connected to a plan. We do this electronically to make things easier for you. If these individuals would prefer us not to do this electronically please call us on 0345 6094 500 so we can talk through what needs to be sent to us.

Additional Trustee 1

Name

Address

Postcode

Date of birth

D

D

M

M

Y

Y

Y

Y

Additional Trustee 2

Name

Address

Postcode

Date of birth

D

D

M

M

Y

Y

Y

Y

Additional Trustee 3

Name

Address

Postcode

Date of birth

D

D

M

M

Y

Y

Y

Y

Additional Trustee 4

Name

Address

Postcode

Date of birth

D

D

M

M

Y

Y

Y

Y

F3 The Trustees

The Trustees means the Settlor and the Additional Trustees for the time being acting under these Trust Terms and any other person or corporate body who may be appointed or assumed as a Trustee of this Trust.

F4 The Plan means:

(a) the Plan means the Plan or Plans numbered below effected by the Settlor with the Company.

Note: Please insert the number of the Plan or Plans that is to be subject to this trust if it is known.

If the plan number is not known at the date when these Trust Terms are signed, by ticking this box, the Settlor authorises their adviser to insert the Plan number in the box above once this has been provided by the Company. ☐

OR

(b) the Plan or Plans to be issued by the Company under an application dated

D

D

M

M

Y

Y

Y

Y

Note: Please insert the date of the application if the Plan number is not yet known. The date of the application is the date the online application was submitted to us or the date the paper application form was completed.

F5 The Company

The Company means The Royal London Mutual Insurance Society Limited.

F6 Trust

The Trust means the trust created by the completion of this trust form.

F7 The Trust Fund

The Trust Fund means:

- F7 i The Plan.
- F7ii Any free cover offered by the Company as a result of the application for the Plan.
- F7 iii All money investments or other property paid or transferred by any person to or so as to be under the control of and, in either case, accepted by the Trustees as additions.
- F7 iv All accumulations (if any) of income added to the Trust Fund.
- F7 v The money, investments and property from time to time representing the above.

F8 The Trust Period

The Trust Period means the period ending on the earlier of:

F8 i The last day of the period of 125 years from the date of this Trust being created, which period, and no other, shall be the applicable perpetuity period.

F8 ii Such date as the Trustees shall at any time specify by deed, not being a date earlier than the execution of such deed or later than a date previously specified.

F9 Trust Terms

Trust Terms means the terms of the Trust as set out in this trust form.

F10 The Gifted Benefits

Note: These are the benefits of the Plan which you wish to give away.

The Gifted Benefits means any of the following benefits included in the Plan and any free cover offered by the Company as a result of the application for the Plan:

F10 i Any benefit payable on death.

F10 ii Any benefit payable following the Person Covered being diagnosed with a Critical Illness (as defined in the Plan) or Total Permanent Disability (as defined in the Plan).

F10 iii Any benefit payable following the Person Covered being diagnosed with a Terminal Illness (as defined in the Plan) including where it is paid as a pre-payment of the benefit payable on death.

F10 iv Any benefit payable following the Person Covered being diagnosed with an Additional Covered Condition (as defined in the Plan).

F10 v Any surrender value.

The Gifted Benefits exclude any benefit which is comprised in the Retained Benefits.

F11 The Retained Benefits

Note: These are the benefits of the Plan which you wish to keep for yourself.

The Retained Benefits means the right to any payment comprised in the Trust Fund which is not comprised in the Gifted Benefits.

F12 The Discretionary Beneficiaries

Note: This is the list of beneficiaries the Trustees may appoint all, or any part of, the Gifted Benefits to, using the powers in clause B2i.

We only use this information to pay your benefits in the event of your death. Please make sure your beneficiaries are aware of how we use their information.

The Discretionary Beneficiaries means:

F12 i The Settlor.

F12 ii The present partners in the Business and all persons who shall at any time in the future be partners in the Business or in any partnership carrying on as successor to the Business.

F12 iii The present members in the Business and all persons who shall at any time in the future be members in the Business or in any limited liability partnership carrying on as successor to the Business.

F12 iv The present owners of Ordinary Shares in the Business and all persons who shall at any time in the future be owners of Ordinary Shares in the Business or in any company carrying on as successor to the Business.

F13 The Business

Note: Insert the name of the company, partnership or limited liability partnership, and registered number if applicable.

The Business means:

or any company or limited liability partnership or partnership carrying on business in succession to it.

F14 The Person Covered

The Person Covered means the person or persons specified as the Person Covered in the Plan.

F15 Words and expressions defined in the Plan

Words and expressions defined in the Plan shall, unless the context otherwise requires, have the same meanings in these Trust Terms as are specified in the Plan.

F16 Clause Headings

The clause headings are included for reference only and shall not affect the interpretation of these Trust Terms.

G Signatures

Note: When you have completed all the information asked for in Section F (Definitions), please sign and date below and then return a copy to the address listed on page 3. Alternatively you may scan or take a digital photograph of the signed copy and email it to the email address on page 3. Please retain the original signed document for your records.

Settlor signature

I confirm that the information above reflects my instructions. I intend to create a trust over the Plan on the terms set out in these Trust Terms. I am aware that the trust will be created with immediate effect and cannot be cancelled.

Settlor

Name

Signature

Date of signing

D

D

M

M

Y

Y

Y

Y



Royal London
royallondon.com

**We're happy to provide your documents in a different format, such as braille,
large print or audio, just ask us when you get in touch.**

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