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## Declaration of Trust (Scotland)

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### Use this form if the plan is owned:

- by only one person; or
- Owned jointly by 2 people and they do not want the survivor to receive any benefits paid because of the death of the person covered.

### About this form

At Bright Grey we try to avoid complex language and jargon wherever possible. But trust and tax law is complex. Because of this, and because of the flexibility built into our plans, the words in this form are more complex than other Bright Grey documents. So to help you complete this form, we've added instructions next to each section.

If you have any questions, just let us know and we'll do our best to answer them as simply as we can. We also have a range of support booklets available to help you understand trusts and the roles of the people involved, as well as a guide which focuses on completing our forms. You can ask us to send you a copy of these or you can download them from [www.brightgrey.com](http://www.brightgrey.com)

### Disclaimer

The notes on page 2 and the notes in the Definitions and Signature sections are for general guidance only and are based on Bright Grey's understanding of the law and HM Revenue & Customs practice. We have made every effort to make sure they are accurate but can accept no responsibility for our interpretation of the law, or future changes in the law or practice. Tax liabilities depend on the circumstances of the individual, so we cannot give any assurance that the Trust is suitable for your own circumstances.

We strongly recommend that you seek independent professional advice before completing the Trust.

## Use of the Trust

- 1 This Declaration of Trust (the Trust) is for use in Scotland only.
- 2 This Trust is for your protection plan and allows you to keep some benefits under the plan for yourself and to give others away.
- 3 This Trust can be used to allow you to receive any benefit paid on diagnosis of a critical illness or total permanent disability if you survive the diagnosis by 30 days, but to give the benefit away if you die within this time.
- 4 The benefits you give away will no longer be an asset in your estate and would not normally be liable for Inheritance Tax (IHT). A liability to IHT may arise if any benefit paid following a claim remains in the trust past the next 10-year anniversary of when the trust was created. For more information on this please speak to your financial adviser.
- 5 You should not use this Trust with plans that are jointly owned and you want to give away benefits to your chosen beneficiaries if you both die, but allow the survivor to benefit if they survive the other by more than 30 days. If you want to do this, please use the Bright Grey Split Trust +30 (Scotland).
- 6 You should not use this Trust in a business protection arrangement. If you need a Trust for business protection you should use the Bright Grey Business Trust (Scotland).

## Types of Trust

- 1 The Retained Benefits are any benefits you choose to keep for yourself. They will be held on a Bare Trust, which means that they remain your property.
- 2 The Gifted Benefits are the benefits of the plan you choose to give away. Under this type of trust, the Trustees are able to direct the Gifted Benefits to any of the beneficiaries you refer to in the Trust. You should give the Trustees a Letter of Wishes outlining the circumstances in which they might use the powers they are given in Clause B2.

## Trust administrative provisions

- 1 We recommend that you appoint at least two Additional Trustees. They will be responsible for making sure that the Trust Fund is paid to the beneficiaries you select, or for selecting alternative beneficiaries from the Discretionary Beneficiaries listed in section F, Definitions.
- 2 By signing this form, you give the Trustees wide powers over how the Trust is administered and the Trust Fund invested, including the power to delegate the investment of the Trust Fund to an independent Fund Manager.
- 3 You can appoint a new Trustee or Trustees and can also remove one or more of the existing Trustees. However, there must always be at least two Trustees acting, unless a corporate body is named as Trustee.

# Declaration of Trust

## Section A – Introduction

- A1** The Settlor is the beneficial owner of the Plan and wishes to declare trusts on which the Plan is held and for that purpose appoints himself and the Additional Trustees as the initial Trustees of this Trust Deed.
- A2** The Definitions in Part F shall have the meanings set out in that Part.

## Section B – Trust provisions

- B1** The Trustees shall hold the Retained Benefits upon trust for the absolute benefit of the Settlor.
- B2** The Trustees shall, subject to the provisions of Clause B3, 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.
- B3 i** Where the Gifted Benefits include either or both of 'Critical Illness Cover' or 'Life or Critical Illness Cover' (both as defined in the Plan) then, where the Settlor is one person, in the event of the Person Covered being diagnosed as suffering from a critical illness or Total Permanent Disability, as provided for and defined in the Plan, and the Settlor surviving such diagnosis by 30 days, the Trustees shall hold the 'Critical Illness Cover' or the 'Life or Critical Illness Cover' or both as the case may be for the absolute benefit of the Settlor.
- B3 ii** Where the Gifted Benefits include either or both of 'Critical Illness Cover' or 'Life or Critical Illness Cover' (both as defined in the Plan) then, where the Settlor is two people, in the event of the Person Covered being diagnosed as suffering from a critical illness or Total Permanent Disability, as provided for and defined in the Plan, and the Settlor or either of them surviving such diagnosis by 30 days, the Trustees shall hold the 'Critical Illness Cover' or the 'Life or Critical Illness Cover' or both as the case may be for the absolute benefit of the Settlor or the survivor of them.
- B4** Subject to the provisions of Clauses B1 and B3, the Trustees may not pay or apply the Trust Fund or any part of it to or on behalf of the Excluded Person.
- B5** 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 provided that in ascertaining such heir the Excluded Person shall be deemed to have predeceased the last beneficiary so to die.

## Section C – Administrative provisions

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

- C1** To invest in the purchase or on the security of heritable or real property, investments, stocks, shares (including partly paid shares), deposits and securities (including bonds or securities payable to bearer) whether within the United Kingdom or abroad.
- C2** To purchase heritable or real property for the actual possession or occupation of any beneficiary with or without security as the Trustees may in their discretion think fit.
- C3** The Trustees shall not be required to diversify the investment of the Trust Fund, nor be liable for the consequences of investing, or keeping the Trust Fund invested, in, or in the shares or obligations of, a single business, company or firm, or in one asset or one type of asset.
- C4** To 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** To borrow and lend money on such terms and with or without security as the Trustees think fit (including power to make loans with or without interest) and apply money so borrowed in accordance with their powers.
- C6** To make over the Trust Fund and income of it which may be payable to a beneficiary under the age of sixteen to either the parent or to the guardian of such beneficiary or to any person who may be acting or willing to act as guardian of such beneficiary although not legally appointed whose receipt shall be sufficient discharge, or to retain the Trust Fund and income of it falling to any beneficiary until he attains the age of sixteen and either to apply the income (or even the capital) for and on behalf of such beneficiary or to reinvest income for such beneficiary.
- C7** To appoint one or more of their own number or any other person other than the Excluded Person to be Solicitors, Accountants, Stockbrokers or Agents for executing and carrying into effect the powers and purpose of this Trust Deed and to allow such Solicitors, Accountants, Stockbrokers or Agents their usual professional charges, without prejudice to the right of any Trustee to resign office.
- C8** To 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.
- C9** To exclude the apportionment of income between capital and revenue.

## Section D – Appointment of Trustees

- D1** The power of appointing a new Trustee or Trustees shall belong to the Settlor during his life or for so long as the Settlor retains full legal capacity (and where two persons are the Settlor this power shall be exercisable by them jointly during their joint lifetimes and then by the survivor of them during his lifetime).
- D2** There shall at all times be at least two Trustees unless a corporate body is a Trustee.
- D3** The Settlor may remove one or more of the Trustees by sending a Notice of Removal in writing to the Trustee in question at his last known address. The sending of the Notice by recorded delivery post will be deemed due service of the Removal Notice. The removed Trustee shall co-operate (without any expense to him) in executing any documents or consents required in order to terminate effectively his Trusteeship and to vest the Trust Fund in the continuing Trustees.

## Section E – Ancillary provisions

- E1** A Trustee shall not be liable for any loss to the Trust Fund unless that loss is caused by his own fraud. Any liability of a Trustee shall be restricted to the liability arising from his own actions or omissions only.
- E2** 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 party to such exercise.
- E3** Wherever it shall be necessary in connection with the affairs of this Trust for the Trustees to exercise any power, discretion or authority:
  - E3 i** 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
  - E3 ii** whatever decision or resolution they may act upon shall be final and binding on all parties interested either directly or indirectly and the actings of the Trustees shall not be liable to be called in question upon any ground except fraud.
- E4** This Trust Deed shall be irrevocable and shall be governed by and construed according to the Law of Scotland but the Plan shall be governed and construed according to the Law stated in the Plan.
- E5** This instrument falls within Category N in the Schedule to the Stamp Duty (Exempt Instruments) Regulations 1987 as amended by the Stamp Duty (Exempt Instruments) (Amendment) Regulations 1999.

## Section 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.

If 2 people are named, the term 'Settlor' includes both of them.

#### Settlor 1

title

first name

middle name

last name

address

postcode

#### Settlor 2

title

first name

middle name

last name

address

postcode

### F2 Additional Trustees

**Note:** Complete the full names, including middle names, of the Additional Trustees. You must appoint at least one Additional Trustee.

#### Additional Trustee 1

title

first name

middle name

last name

address

postcode

#### Additional Trustee 2

title

first name

middle name

last name

address

postcode

#### Additional Trustee 3

title

first name

middle name

last name

address

postcode

#### Additional Trustee 4

title

first name

middle name

last name

address

postcode

## Section F – Definitions continued

### F3 The Trustees

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

### F4 The Plan

**Note:** Please insert the number of each plan that is to be subject to this trust

The Plan means the Plan or Plans numbered below effected by the Settlor with the Company.

### F5 The Company

The Company means Bright Grey.

### F6 The Excluded Person

The Excluded Person means the Settlor.

### F7 The Trust Fund

The Trust Fund means:

- i the Plan;
- ii 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;
- iii all accumulations (if any) of income added to the Trust Fund; and
- iv the money, investments and property from time to time representing the above.

### F8 The Trust Period

The Trust Period means the period of 80 years from the date of this Trust Deed.

### F9 Children, grandchildren and issue of any person

Reference to the children, grandchildren and issue of any person shall include his children, grandchildren and remoter issue, whether legitimate, legitimated, illegitimate or adopted.

### F10 The Retained Benefits

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

The Retained Benefits shall mean any of the following benefits included in the Plan:

- i Income Cover for Sickness
- ii Income Cover for Unemployment
- iii Carer Cover
- iv Children's Critical Illness Cover

### F11 The Gifted Benefits

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

The Gifted Benefits shall mean any one of the following benefits included in the Plan:

- i Life Cover
- ii Critical Illness Cover
- iii Life or Critical Illness Cover

## Section F – Definitions continued

### 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 B2.

You can add to this list at any time by giving the Trustees the full names of any beneficiaries you think should benefit from the Trust Fund or by writing the full names of the beneficiaries at vi and vii in the box to the right. For example, if you have a partner that you are not legally married to or have not entered into a civil partnership with, your Trustees may only appoint benefits to them if you name them in this section of the form or add them at a later date by writing to the Trustees.

The Discretionary Beneficiaries shall mean:

- i the children and remoter issue of the Settlor (whenever born) including children and remoter issue by adoption.
- ii any spouse or civil partner or former spouse or civil partner of anyone within (i) above.
- iii any person at any time the spouse or civil partner of the Settlor or the widow or widower or surviving civil partner of the Settlor.
- iv any person who may at any time be a spouse, civil partner or widow or widower or surviving civil partner of either of the Settlers.
- v any person nominated in writing to the Trustees by the Settlor provided that the Settlor may not be the subject of such nomination.

vi

vii

### F13 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 this Trust Deed as are specified in the Plan.

### F14 Gender

Unless the context otherwise requires the masculine gender shall include the feminine and the neuter and vice versa, and the singular shall include the plural.

## Section F – Definitions continued

### F15 Clause headings

The clause headings are included for reference only and shall not affect the interpretation of this Deed.

## Section G – Signatures

In witness whereof these presents consisting of this and the 6 preceding pages are executed by the Settlor on the date shown before the witnesses hereto subscribing.

### Settlor signatures

**Note:** When you have completed all the information asked for in Section F, Definitions, please sign below before an independent witness, who should complete his full name, including middle names, and address where shown.

#### Settlor 1

name

signature

date

#### Settlor 2

name

signature

date

#### Witness

title

first name

middle name

last name

address

postcode

signature

#### Witness

title

first name

middle name

last name

address

postcode

signature

The Additional Trustee by their execution hereof accept office as Trustees of this Trust Deed.

### Additional Trustee signatures

**Note:** Each Additional Trustee should sign here to show they have agreed to take on the role of Trustee.

\*If the Additional Trustee is a corporate body, please complete the name of the authorised signatory and the capacity in which they are signing – for example, Director.

#### Additional Trustee 1

name

signature

date

\*authorised signatory name

\*authorised signatory capacity

#### Additional Trustee 2

name

signature

date

\*authorised signatory name

\*authorised signatory capacity

#### Additional Trustee 3

name

signature

date

\*authorised signatory name

\*authorised signatory capacity

#### Additional Trustee 4

name

signature

date

\*authorised signatory name

\*authorised signatory capacity

# Verification of identity

<b>I/We</b>	<b>Trustee 1</b>	<b>Trustee 2</b>
	name	name
	address	address
	postcode	postcode
	date of birth	date of birth
	<b>Trustee 3</b>	<b>Trustee 4</b>
	name	name
	address	address
	postcode	postcode
	date of birth	date of birth
	agree to Bright Grey carrying out an identity authentication search to verify my/our identity.	
<b>I/We understand</b>	<ul style="list-style-type: none"><li>• this involves checking the details I/we supply against those held on any databases which may be accessed by the reputable third party company which carries out our checks. This includes information from the Electoral Register and fraud prevention agencies.</li><li>• Bright Grey will use scoring methods to verify my/our identity.</li><li>• a record of this search will be kept and may be used to help other companies to help verify my/our identity.</li><li>• Bright Grey 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.</li><li>• if I/we give Bright Grey false or inaccurate information and Bright Grey suspects fraud, Bright Grey will record this and share this information with other organisations.</li></ul>	
	<b>Trustee 1</b>	<b>Trustee 2</b>
	signature	signature
	<b>Trustee 3</b>	<b>Trustee 4</b>
	signature	signature

## Help us to process this form quickly.

### Check you have:

- Read this list carefully
- Completed the name and address of each plan owner and additional trustee.
- Completed the plan number, if it is known.
- Included all the people that you might want to benefit.
- Had the form signed by each plan owner and had their signature witnessed by an independent person.
- Had the form signed by each additional trustee.
- Asked the additional trustees to complete the 'Verification of identity.'

Once complete you should post **a copy** of this form to us at

Customer Care Team, Bright Grey, 2 Queen Street, Edinburgh, EH2 1BG. We only need to see the original form if there is a claim on the plan. Please keep the original form with your plan documents.

### You will need your cover summary or quote to complete this form.

If you are completing this form at the same time as your application form, please leave the plan number blank and we will complete this when it is known.

You can only use this form with a Bright Grey protection plan, you should not use it with a plan from any other company.

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