
Declaration of Trust (Scotland)

Use this form if the plan is:

- **Owned by only one person; and**
- **To provide benefits to the co-owners of your business in the event of your death or diagnosis of a critical illness.**

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 language in this form is more complicated 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.

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 Business Protection Menu plan and allows you to keep some benefits under the plan for yourself and to give others away.
- 3 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. In certain circumstances a liability for Pre-Owned Assets Tax (POAT) might also arise. For more information on this please speak to your financial adviser.

- 4 You should not use this Trust with plans that are jointly owned.
- 5 You should not use this form with plans that have already started. This form must be completed before your plan starts to avoid a possible capital gains tax liability. We therefore recommend you complete this form and send a copy of it to us at the same time as your application form.
- 6 You should not use this form if your plan is to provide benefits for someone who is not a co-owner of your business. If you are looking to provide additional cover for members of your family or anyone else not involved in your business, this should be written under a separate plan with its own trust.
- 7 You should not use this form with a plan from any other company.

Types of Trust

- 1 The Retained Benefits are the benefits you are choosing to keep for yourself. They will be held on a Bare Trust, which means that they remain your property. The Retained Benefits are any Income Cover for Sickness or Children's Critical Illness Cover you have in your plan. This means that these benefits will always be paid to you and cannot be paid to your co-owners.
- 2 The Gifted Benefits are the benefits of the plan you are choosing to give away. The Gifted Benefits are any Life Cover, Critical Illness Cover or Life or Critical Illness Cover you have in your plan. This means that these benefits are normally paid to your co-owners so that they have the funds available to either buy your share of the business or maintain its profitability if you are no longer there. The Gifted Benefits can however be paid to you and will automatically revert to you if you leave the business.
- 3 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. The beneficiaries would normally be the co-owners of your business who have also taken out a plan on their life and written it under a similar trust.

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.
- 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.

Section A – Introduction

- A1** In submitting the application for the Plan, the Settlor wishes to appoint himself and the Additional Trustees as the initial trustees of this Trust Deed and requests the Company to incorporate this declaration in the Plan, when issued, so that the trusts declared below shall apply to the Plan from the date it is issued.
- 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 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** 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.

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 Discretionary Beneficiary with or without security as the Trustees may in their discretion think fit.
- C3** To delegate the investment of the Trust Fund on a wholly discretionary portfolio management basis.
- 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 i** To pay or transfer any assets comprised in, or any income of, the Trust Fund to the parent or guardian of any minor who is beneficially entitled to such assets or income, and the receipt of such parent or guardian, or of the minor shall be a full discharge to the Trustees.
- C6 ii** The parent or guardian of a minor shall in respect of any assets or income received in accordance with this clause have the powers conferred on the Trustees by Part C of this Deed.
- C7** To appoint one or more of their own number or any other 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.
- 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

Settlor

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

name

address

postcode

Additional Trustee 2

name

address

postcode

Additional Trustee 3

name

address

postcode

Additional Trustee 4

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: If you do not know your plan number, please leave this blank and we will complete this when it is known.

The Plan means the Plan numbered [redacted] to be effected by the Settlor with the Company.

F5 The Company

The Company means Bright Grey.

F6 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.

F7 The Trust Period

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

F8 The Retained Benefits

Note: These are the benefits of the Plan which 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 Children's Critical Illness Cover

F9 The Gifted Benefits

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

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

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

F10 The Business

The Business shall mean [redacted] or any partnership or limited liability partnership or company carrying on business in succession to it.

F11 The Discretionary Beneficiaries

Note: This is the list of beneficiaries in whose favour the Trustees may, using the powers in Clause B2, appoint all or any part of the Gifted Benefits.

The Discretionary Beneficiaries shall mean:

- i 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.
- ii 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.
- iii 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.
- iv Any person beneficially entitled to an interest in the Business under the Will or as an intestate beneficiary of the Settlor.
- v The Settlor.

F12 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.

F13 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

F14 Clause headings

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

Section G – Signatures

In witness whereof these presents consisting of this and the 5 preceding pages are executed by the Settlor on the date shown before the witness hereto subscribing.

Settlor signatures

Note: When you have completed all of Section F, please sign below before an independent witness.

Settlor

name

signature

date

Witness

name

witness signature

witness address

postcode

date

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

Additional Trustee signatures

Note: The additional trustees should sign here to signify their acceptance of office.

*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

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

Help us to process this form quickly.

Check you have:

- Read this list carefully
- Completed the name and address of the plan owner and each additional trustee.
- Completed the name of the business in F10.
- Had the form signed by the plan owner and had their signature witnessed by an independent person.
- Had the form signed by the 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.

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