

TRUST SPOTLIGHT

For financial advisers only

Trusts are predominantly used to transfer or gift assets for succession, tax planning and asset protection purposes. This document highlights the differences between each RL360° trust and points out the main features of each trust type. For a detailed insight into our trust range, please refer to our Guide to Trusts booklet.

	Isle of Man Probate Trust	International Flexible Trust	Beneficiary Trust	Loan Trust	Gift Trust	Discounted Gift Trust (DGT)	Split Trust
What is the purpose of the Trust?	To avoid obtaining Manx Probate when the policy owner dies	To be used for succession planning	To nominate beneficiaries to receive policy proceeds after death - this means the Trust will not come into effect until after death	To gift the growth of a policy only and retain access to capital. Only the growth is outside of the Settlor's estate for IHT purposes	To gift the entire policy out of the Settlor's estate	To make a gift subject to the Settlor being able to retain an income for life (Maximum age of Settlor must be no greater than 86 next birthday)	To ensure the cover upon death is outside of the estate for IHT purposes but retain access to Critical Illness Cover (CIC)
Is it suitable for UK domiciled individuals?	YES	NO	Can be used by UK domiciled Settlers to avoid Manx Probate only - there are no IHT benefits as the policy under this Trust forms part of the Settlor's estate.	YES - But the growth is outside of the Settlor's estate for IHT purposes	YES	YES	YES
Is it suitable for Non-UK domiciled individuals?	YES	YES - Can also be used as an Excluded Property Trust	YES	YES - But if the Settlor has no UK IHT liability, it would make no sense to use this Trust type	Only where the Settlor wants nothing to do with the policy	YES - But if the Settlor has no UK IHT liability, it would make no sense to use this Trust type	NO
Can this Trust be used with an existing bond?	YES	YES	YES - but cannot be used where the policy has been written on a Joint First Death event basis.	NO - to be used with a new RL360 application only	YES	YES	YES
Is it effective for IHT planning?	NO - There is no IHT planning available with this Trust type as the policy remains part of the Settlor's estate	NO - Unless it is being used as an Excluded Property Trust	NO	YES - There are no tax liabilities so long as the loan repayments do not exceed 5% per policy year	YES	YES - Mainly used for IHT planning	YES
Does it fall under Potentially Exempt (PET) or Chargeable Lifetime Transfer (CLT)?	N/A - Assets remain in Settlor's estate	N/A - Assets remain in Settlor's estate	N/A - Assets remain in Settlor's estate	N/A - The Loan remains in Settlor's estate	PET & CLT	PET & CLT	CLT
Can it be used on a Bare or Discretionary basis?	Bare ONLY	Discretionary ONLY	Both	Both	Both	Both	CIC is held on a Bare Trust for the Settlor and the life cover is a Discretionary Trust
Can the Settlor have access to the Trust fund?	YES	YES - But only at the discretion of the Trustees	NO - As the Settlor is dead.	NO - The Settlor is only entitled to the repayment of the loan	NO - But if they did it would be a Gift with Reservation (GWR) if they were UK Domiciled	YES - But only where they have an Access Fund	Only where CIC is paid
Can the Settlor be a beneficiary?	YES - They are the sole beneficiary	YES - They are one of many beneficiaries	NO	NO	NO	NO	Only for CIC
What RL360 products can the Trust be used with?	LifePlan, PIMS, Oracle, Paragon, Quantum & any of our WRAP Offshore Bonds	LifePlan, PIMS, Oracle, Paragon, Quantum & any of our WRAP Offshore Bonds (where the settlor is non-UK domiciled)	LifePlan, PIMS, Oracle, Paragon, Quantum	PIMS, Oracle, Paragon, Quantum & any of our WRAP Offshore Bonds	PIMS, Oracle, Paragon, Quantum & any of our WRAP Offshore Bonds	LifePlan, PIMS, Oracle, Paragon, Quantum & any of our WRAP Offshore Bonds	LifePlan ONLY

The contents of this document should not be used as the basis of advice given to individual clients without independent legal advice being sought. RL360° cannot be held responsible for any actions taken or refrained from being taken by individuals as a result of the information provided in this guide.

Important notes

Please note that every care has been taken to ensure that the information provided is correct and in accordance with our understanding of law and Her Majesty's Revenue and Customs' (HMRC) practice as at August 2014. You should note however, that we cannot take upon the role of an

individual taxation adviser and independent confirmation should be obtained before acting or refraining from acting upon the information given. The law and HMRC practice are subject to change.

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