

RL360 TRUSTS FAQS



When a plan is transferred into Trust, it's important to understand if there are any restrictions or differences as to how the administration of the plan would operate as opposed to it not being in Trust. This document covers some of the main areas where questions may arise. For the avoidance of doubt, once a plan has been transferred into Trust, the Trustees are the owners, not the individual(s) who assigned to the plan to it. Below are frequently asked questions for each type of Trust RL360 offers.

BENEFICIARY TRUST

Can withdrawals be taken from a plan held in this Trust?

<ul style="list-style-type: none"> • LifePlan • Quantum • Regular Savings Plan • Oracle • Paragon • PIMS 	<p>Yes in accordance with the plan terms and conditions.</p>
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Who can the withdrawals be paid to?

This Trust does not determine who withdrawals can be paid to, this is stated within the plan's terms and conditions.

Can additional payments be paid into the plan?

Yes. A payment increase on LifePlan would involve additional underwriting.

Can the plan be assigned back to the Settlor?

As the Trust does not exist until the plan owner's death, the Trust does not impose any restrictions during the plan owner's lifetime.

Can the plan be assigned to a Beneficiary?

As the Trust does not exist until the last plan owner's death, the Trust does not impose any restrictions during the plan owner's lifetime.

Does the plan come to an end upon the Settlor's death?

If the plan is written on a Life Assured basis and the Settlor is the last Life Assured to die then the plan will come to an end.

However, if the plan is written on a Capital Redemption (CR) basis, then it can continue for a maximum of 99 years or until it is surrendered.

Who can receive the death benefit if the Settlor dies and the plan comes to an end?

This is determined by the Trustees in accordance with the terms of the Trust.

Will Isle of Man probate be avoided?

Yes.

ISLE OF MAN PROBATE TRUST

Can withdrawals be taken from a plan held in this Trust?

<ul style="list-style-type: none">• LifePlan• Quantum• Regular Savings Plan• Oracle• Paragon• PIMS	Yes in accordance with the plan terms and conditions.
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Who can the withdrawals be paid to?

Withdrawals can only be paid to the Settlor(s).

Can additional payments be paid into the plan?

Yes. A payment increase on LifePlan would involve additional underwriting.

Can the plan be assigned back to the Settlor?

Yes. It can't be assigned to anyone other than the settlor(s).

Can the plan be assigned to a Beneficiary?

The Settlor(s) is the only Beneficiary.

What is the UK tax treatment on the creation of the Trust?

This Trust type is tax neutral as the Settlor is the only Beneficiary.

Does the plan come to an end upon the Settlor's death?

If the plan is written on a Life Assured basis and the Settlor is the last Life Assured to die then the plan will come to an end.

However, if the plan is written on a Capital Redemption (CR) basis, then it can continue for a maximum of 99 years or until it is surrendered.

Who can receive the death benefit if the Settlor dies and the plan comes to an end?

This is determined by the Trustees.

Will Isle of Man probate be avoided?

Yes.

LOAN TRUST

Can withdrawals be taken from a plan held in this Trust?

<ul style="list-style-type: none">• Oracle• PIMS	Yes in accordance with the plan terms and conditions.
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Who can the withdrawals be paid to?

Withdrawals are paid out as per the trust deed agreement.

Can additional payments be paid into the plan?

Yes. These could be additional loans.

Can the plan held in this Trust be assigned back to the Settlor?

No.

Can the plan be assigned to a Beneficiary?

Yes.

What is the UK tax treatment on the creation of the Trust?

This Trust type is tax neutral.

Does the plan come to an end upon the settlor's death?

If the plan is written on a Life Assured basis and the Settlor is the last Life Assured to die then the plan will come to an end.

However, if the plan is written on a Capital Redemption (CR) basis, then it can continue for a maximum of 99 years or until it is surrendered.

Who can receive the death benefit if the Settlor dies and the plan comes to an end?

This is determined by the Trustees.

Will Isle of Man probate be avoided?

Yes.

GIFT TRUST

Can withdrawals be taken from a plan held in this Trust?

<ul style="list-style-type: none">• LifePlan• Quantum• Regular Savings Plan• Oracle• Paragon• PIMS	Yes in accordance with the plan terms and conditions.
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Who can the withdrawals be paid to?

This is determined by the Trustees, however they cannot be paid to the settlor(s) or such other persons excluded by the Trust.

Can additional payments be paid into the plan?

Yes. A payment increase on LifePlan would involve additional underwriting.

Can the plan be assigned back to the Settlor?

No.

Can the plan be assigned to a Beneficiary?

Yes.

What is the UK tax treatment on the creation of the Trust?

This Trust type will create a Chargeable Lifetime Transfer (CLT) if set up on a discretionary basis or a Potentially Exempt Transfer (PET) if set up on a bare basis.

Does the plan come to an end upon the Settlor's death?

If the plan is written on a Life Assured basis and the Settlor is the last Life Assured to die then the plan will come to an end.

However, if the plan is written on a Capital Redemption (CR) basis, then it can continue for 99 years or until it is surrendered.

Who can receive the death benefit if the Settlor dies and the plan comes to an end?

This is determined by the Trustees.

Will Isle of Man probate be avoided?

Yes.

DISCOUNTED GIFT TRUST (DGT)

Can withdrawals be taken from a plan held in this Trust?

<ul style="list-style-type: none">• Oracle• PIMS	Yes in accordance with the plan terms and conditions.
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Who can the withdrawals be paid to?

Withdrawals can generally only be paid to the Settlor(s) as specified at outset. The Trustees can also make payments to Beneficiaries during the Settlor's lifetime so long as the Trust fund is sufficient and the payment does not impact on the Settlor's rights.

Can additional payments be paid into the plan?

Yes. Additional underwriting will be required where the transfer to the Trust is to be discounted.

Can the plan be assigned back to the Settlor?

No.

Can the plan be assigned to a Beneficiary?

Yes. But only after the death of the Settlor(s).

What is the UK tax treatment on the creation of the Trust?

This is dependent on the version of the Trust chosen. A Chargeable Lifetime Transfer (CLT) is created if set up on a discretionary basis and a Potentially Exempt Transfer (PET) is created if set up on a bare basis.

Does the plan come to an end upon the Settlor's death?

If the plan is written on a Life Assured basis and the Settlor is the last Life Assured to die then the plan will come to an end.

If the plan is written on a Capital Redemption (CR) basis, then it can continue for a maximum of 99 years or until it is surrendered.

Who can receive the death benefit if the Settlor dies and the plan comes to an end?

This is determined by the Trustees.

Will Isle of Man probate be avoided?

Yes.

INTERNATIONAL FLEXIBLE TRUST/EXCLUDED PROPERTY TRUST

Can withdrawals be taken from a plan held in this Trust?

<ul style="list-style-type: none">• Oracle• PIMS	Yes in accordance with the plan terms and conditions.
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Who can the withdrawals be paid to?

Withdrawals can be paid to anyone who is a Beneficiary.

Can additional payments be paid into the plan?

Yes. However, care needs to be taken not to add to the trust, once an individual has become 'deemed UK domiciled' for UK inheritance tax purposes (i.e. been resident in the UK for 15 out of the last 20 tax years).

Can the plan be assigned back to the Settlor?

Yes.

Can the plan be assigned to a Beneficiary?

Yes.

What is the UK tax treatment on the creation of the Trust?

This Trust type should only be used by non-UK domiciled persons otherwise it would create a Chargeable Lifetime Transfer (CLT).

Does the plan come to an end upon the Settlor's death?

If the plan is written on a Life Assured basis and the Settlor is the last Life Assured to die then the plan will come to an end.

However, if the plan is written on a Capital Redemption (CR) basis, then it can continue for a maximum of 99 years or until it is surrendered.

Who can receive the death benefit if the Settlor dies and the plan comes to an end?

This is determined by the Trustees.

Will Isle of Man probate be avoided?

Yes.

IMPORTANT INFORMATION

Please note that every care has been taken to ensure that the information provided is correct and in accordance with our understanding of current law and practice with Her Majesty's Revenue and Customs (HMRC) at March 2019. You should note however, that we cannot take on 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.