

Bare Gift Trust

Notes

These trust notes may relate to policies issued by:

- Canada Life Limited
- Canada Life International Limited
- CLI Institutional Limited
- Canada Life International Assurance (Ireland) DAC

Background

The Bare Gift Trust allows you to make absolute gifts to a trust. When you gift your policy to the trust you will not be able to receive any benefits from it, such as withdrawals or surrender monies.

For inheritance tax purposes, this gift will be a potentially exempt transfer equal to the policy value (less any available exemptions). After seven years, the full value of the policy will be outside your estate and not subject to inheritance tax. Full details of the tax position are given in the tax notes, form MKT584.

To pay a death claim we will not need to see a grant of representation because we will pay the surviving trustees as legal owners.

The basis of the trust

The trust is for the absolute benefit of named individuals. Once the trust has been established, the trustees cannot change the proportion that a beneficiary will receive or change the actual beneficiaries.

Once a beneficiary is aged 18 or over, they are absolutely entitled to their share of the trust fund and can demand it at any time. This would include being able to require the trustees to transfer the policy to them.

What are the practical effects of putting a policy into a bare gift trust?

When you place the policy in trust you become the Donor of the trust.

Under the trust deed you are automatically appointed as a trustee. There needs to be a minimum of two trustees.

You, in your capacity as trustee, and the additional trustees that you appoint become the legal owners of the policy.

We will require the signatures of all trustees for all transactions relating to the policy.

To protect you and us from financial crime, we need to verify the identity of all owners, including newly appointed trustees. To assist us, we will require documents sufficient to verify the identity of all owners and appointed trustees. In the absence of such documents, we may use credit reference agency searches to verify the identity and address. Please note this will not affect anyone's credit rating. Based on the information provided, we reserve the right to request further information or documentation.

The information regarding taxation is based on our understanding of UK legislation as at July 2020, which may be altered and depends on the individual financial circumstances of the investor. We recommend that investors take their own professional tax advice.

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