

## Discretionary Gift & Loan Trust Loan Agreements for additional loans to trustees

**This loan agreement may be used for policies issued by:**

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

These agreements are provided as drafts to be considered by you and your professional adviser. They are based on Canada Life's understanding of applicable UK tax laws. HM Revenue & Custom's interpretation and enforcement of tax law may differ. If this happens additional costs and expenses may be incurred in connection with the settlement of inheritance tax (IHT) liabilities.

As such, these agreements shall not constitute advice of any sort, whether legal or otherwise. They are provided solely for general consideration. We recommend that investors take independent professional advice before they take (or refrain from taking) any action.

Canada Life cannot be held responsible for the results of any action that the client may or may not undertake.



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## Guidance Notes

This document contains two Loan Agreements and should be used when the Settlor(s) of an existing Discretionary Gift and Loan Trust (the 'Trust') wish(es) to transfer money to the trustees as a loan, which is in addition to the loan made when the Trust was created by the Discretionary Gift and Loan Trust Deed (the 'Trust Deed').

A loan agreement needs to be completed by each Settlor (Lender) and the Trustees. Where there are joint Lenders, normally they will each lend 50% but they can state different amounts on their loan agreement.

If there is one Settlor (Lender) please complete pages 3 to 7. If there are two Settlers (Lenders), the first Lender should complete pages 3 to 7 and the second Lender pages 8 to 12.

### How to complete the Loan Agreement(s)

1. Insert your full name and residential address as the Lender in Part 1 (page 3 (and the full name and residential address of the second Lender on page 8 if there are two Lenders))
2. Insert the full name and residential address of each Additional Trustee in Part 2 (page 3 (and page 8 if there are two Lenders)). This should match the trustees of the existing Trust. You do not have to add your name again. If there is a joint Lender they will need to be listed as an Additional Trustee in the other Lender's Loan Agreement.
3. Insert the date of the Trust Deed in clause 1 and then insert the amount of the additional loan you are making to the Trustees in clause 2 (page 3 (and page 8 if there are two Lenders)).
4. If you need repayments of the loan to start immediately insert the amount you require in clause 1.1 (page 4 (and page 9 if there are two Lenders)). Alternatively this can be left blank.
5. You and the Additional Trustees must insert your names in the appropriate signature boxes on page 5 (and page 10 if there are two Lenders). Then sign in the presence of an independent witness who is not party to the Trust (someone who is NOT a trustee or beneficiary). The name and residential address of each witness should also be added.
6. Finally the date that the last person signed the agreement should be added at the top of page 3 (and page 8 if there are two Lenders).

**Loan Agreement  
Lender 1**

This agreement is made on the  This is the date that the last person signs

**Part 1 Lender**

(full name of Lender)

of

(residential address)   
  
Postcode

(‘the Lender’) of the one part.

**Part 2 Additional Trustees**

The Lender and  
(full name of Trustee)

and

of

(residential address)   
  
Postcode

of

Postcode

and

(full name of Trustee)

of

(residential address)   
  
Postcode

(‘the Trustees’) of the other part.

If a corporate trustee is chosen, please add details of its registered office.

**Whereas**

1. This Agreement is supplemental to a deed of settlement (the “Settlement”)  dated and is made between the Lender (the Settlor) and the Trustees.
2. The Lender wishes to lend the sum of £..... (the “Loaned Property”) to the Trustees to effect and maintain premiums on such policies as the Trustees may in their absolute discretion determine to be held by them upon the trusts of the Settlement on condition that the Principal Amount (as defined below) will be free of interest and repayable on demand.
3. Until further demand or notice is given by the Lender, the Trustees shall repay the Annual Repayment Sum to the Lender.

**NOW THIS AGREEMENT WITNESSES** that the Lender hereby loans the Loaned Property to the Trustees upon and subject to the following terms and conditions:

1. In this Agreement, where the context admits:
  - 1.1 the "Annual Repayment Sum" means the sum of  

£
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or the Principal Amount if less;
  - 1.2 the "Principal Amount" means the Loaned Property less any repayment or repayments made to the Lender pursuant to clause 5 of this agreement; and
  - 1.3 the "Trustees" shall include the trustees from time to time of the Settlement.
2. The Loaned Property shall be used by the Trustees to effect such policy or policies as the Trustees determine in their absolute discretion and to maintain the premiums on such policy or policies.
3. The Principal Amount shall be free of interest.
4. The Principal Amount shall be repayable by the Trustees upon demand made in writing by the Lender.
5. Until further demand or notice is given by the Lender, the Trustees shall repay the Annual Repayment Sum to the Lender on each anniversary of the date of this agreement.
6. The Trustees shall not repay the Annual Repayment Sum and the Principal Amount from the Initial Settled Property (as defined in the Settlement).
7. The parties acknowledge that the Trustees shall not incur any personal liability in any circumstances whatsoever by virtue of this Agreement.
8. On any transfer or assignment by the Lender of the whole or any part of his interest in the Principal Amount the Lender shall procure that the person or body to whom their interest in the Principal Amount is transferred or assigned shall enter into an agreement under the terms of which they agree to adhere to the terms of this Agreement.
9. This Agreement shall be binding on and shall endure for the benefit of the successors and assigns of the Lender and the Trustees.
10. The provisions of this Agreement may be varied at any time by written agreement of the parties.
11. The terms of this Agreement shall be governed by and construed in accordance with English law.

**In witness**

the parties have entered into this Agreement on the day and year written above (shown on page 3).

**Signed by the Lender 1**

Print name of Lender

Signature of Lender

All signatures must be witnessed by an independent person, not another Trustee or the Lender

In the presence of

Full name of witness

Signature of witness

Occupation of witness

Residential address of witness

Postcode

**Signed by the first mentioned Additional Trustee (shown on page 3)**

Print name of first mentioned Additional Trustee

Signature of first mentioned Additional Trustee

All signatures must be witnessed by an independent person, not another Trustee or the Lender

In the presence of

Full name of witness

Signature of witness

Occupation of witness

Residential address of witness

Postcode

**Signed by the second mentioned Additional Trustee  
(shown on page 3)**

Print name of second mentioned Additional Trustee

All signatures must be witnessed by an independent person, not another Trustee or the Lender

Signature of second mentioned Additional Trustee

In the presence of

Full name of witness

Signature of witness

Occupation of witness

Residential address of witness

Postcode

**Signed by the third mentioned Additional Trustee  
(shown on page 3)**

Print name of third mentioned Additional Trustee

All signatures must be witnessed by an independent person, not another Trustee or the Lender

Signature of third mentioned Additional Trustee

In the presence of

Full name of witness

Signature of witness

Occupation of witness

Residential address of witness

Postcode

**Signed by the mentioned Corporate Trustee  
(shown on page 3)**

Print name of Director

Signature of Director

Print name of Director/  
Company Secretary

Signature of Director/  
Company Secretary

In the presence of (if only  
one Director has signed)

Full name of witness

Signature of witness

Occupation of witness

Residential address of  
witness   
  
  

Postcode							
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All signatures must be witnessed by an independent person, not another Trustee or the Lender

**Loan Agreement Lender 2** THIS LOAN AGREEMENT SHOULD ONLY BE COMPLETED IF THERE ARE TWO LENDERS

This agreement is made on the [ ] This is the date that the last person signs

**Part 1 Lender**

(full name of second Lender) [ ]

of

(residential address) [ ]  
[ ]  
Postcode [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ]

(‘the Lender’) of the one part.

**Part 2 Additional Trustees**

(full name of first Lender as Trustee) the Lender and [ ]

and [ ]

of

(residential address) [ ]  
[ ]  
Postcode [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ]

of

[ ]  
[ ]  
Postcode [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ]

and

(full name of Trustee) [ ]

of

(residential address) [ ]  
[ ]  
Postcode [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ]

(‘the Trustees’) of the other part.  
If a corporate trustee is chosen, please add details of its registered office.

**Whereas**

- 1. This Agreement is supplemental to a deed of settlement (the “Settlement”) [ ] dated and is made between the Lender (the Settlor) and the Trustees.
- 2. The Lender wishes to lend the sum of £..... (the “Loaned Property”) to the Trustees to effect and maintain premiums on such policies as the Trustees may in their absolute discretion determine to be held by them upon the trusts of the Settlement on condition that the Principal Amount (as defined below) will be free of interest and repayable on demand.
- 3. Until further demand or notice is given by the Lender the Trustees shall repay the Annual Repayment Sum to the Lender.



**Now this agreement witness**

that the Lender hereby loans the Loaned Property to the Trustees upon and subject to the following terms and conditions:

1. In this Agreement, where the context admits:
  - 1.1 the "Annual Repayment Sum" means the sum of  or the Principal Amount if less;
  - 1.2 the "Principal Amount" means the Loaned Property less any repayment or repayments made to the Lender pursuant to clause 5 of this Agreement; and
  - 1.3 the "Trustees" shall include the trustees from time to time of the Settlement.
2. The Loaned Property shall be used by the Trustees to effect such policy or policies as the Trustees determine in their absolute discretion and to maintain the premiums on such policy or policies.
3. The Principal Amount shall be free of interest.
4. The Principal Amount shall be repayable by the Trustees upon demand made in writing by the Lender.
5. Until further demand or notice is given by the Lender, the Trustees shall repay the Annual Repayment Sum to the Lender on each anniversary of the date of this Agreement.
6. The Trustees shall not repay the Annual Repayment Sum and the Principal Amount from the Initial Settled Property (as defined in the Settlement).
7. The parties acknowledge that the Trustees shall not incur any personal liability in any circumstances whatsoever by virtue of this Agreement.
8. On any transfer or assignment by the Lender of the whole or any part of his interest in the Principal Amount the Lender shall procure that the person or body to whom their interest in the Principal Amount is transferred or assigned shall enter into an agreement under the terms of which they agree to adhere to the terms of this Agreement.
9. This Agreement shall be binding on and shall endure for the benefit of the successors and assigns of the Lender and the Trustees.
10. The provisions of this Agreement may be varied at any time by written agreement of the parties.
11. The terms of this Agreement shall be governed by and construed in accordance with English law.

**In witness**

the parties have entered into this Agreement on the day and year written above (shown on page 8)

**Signed by the Lender 2**

Print name of Lender

All signatures must be witnessed by an independent person, not another Trustee or the Lender

Signature of Lender

In the presence of

Full name of witness

Signature of witness

Occupation of witness

Residential address of witness

Postcode

**Signed by the first mentioned Additional Trustee (shown on page 8)**

Print name of first mentioned Additional Trustee

All signatures must be witnessed by an independent person, not another Trustee or the Lender

Signature of first mentioned Additional Trustee

In the presence of

Full name of witness

Signature of witness

Occupation of witness

Residential address of witness

Postcode

**Signed by the second mentioned Additional Trustee  
(shown on page 8)**

Print name of second mentioned Additional Trustee

All signatures must be witnessed by an independent person, not another Trustee or the Lender

Signature of second mentioned Additional Trustee

In the presence of

Full name of witness

Signature of witness

Occupation of witness

Residential address of witness

Postcode

**Signed by the third mentioned Additional Trustee  
(shown on page 8)**

Print name of third mentioned Additional Trustee

All signatures must be witnessed by an independent person, not another Trustee or the Lender

Signature of third mentioned Additional Trustee

In the presence of

Full name of witness

Signature of witness

Occupation of witness

Residential address of witness

Postcode

Signed by the mentioned Corporate Trustee  
(shown on page 8)

Print name of Director

Signature of Director

Print name of Director/  
Company Secretary

Signature of Director/  
Company Secretary

In the presence of  
(if only one Director  
has signed)

Full name of witness

Signature of witness

Occupation of witness

Residential address of  
witness   
  
  
Postcode

All signatures must be witnessed by an independent person, not another Trustee or the Lender



Canada Life Limited, registered in England no. 973271. Registered office: Canada Life Place, Potters Bar, Hertfordshire EN6 5BA. Telephone: 0345 6060708 Fax: 01707 646088 www.canadalife.co.uk Member of the Association of British Insurers.

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