

# Discretionary 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 Discretionary Gift Trust allows you to make gifts of investments and life assurance policies into trust. The terms of the trust state that you (the settlor) cannot be a beneficiary of the trust.

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 a discretionary trust which means that the trustees can distribute the trust fund to any beneficiary (whether individually or as members of a class) as they in their complete discretion see fit.

The individuals (whether named or as members of a class) who could possibly benefit from the policy are as stated in Part 5 of the trust deed.

The trustees can include an individual or class of individuals as a beneficiary if not already mentioned in Part 5.

The trustees determine the interests of the beneficiaries up to 125 years after the date of the trust being established.

If by the end of that time they have not paid out the benefits or appointed them to anyone else, they must pay them to the beneficiaries.

### What are the practical effects of putting a policy into a Discretionary Gift Trust?

When you place a policy (or anything else e.g. property or investments) in trust you become the Settlor 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 (and anything else that has been placed in the trust).

We will require the signatures of all trustees for 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.

### What is the inheritance tax position?

For inheritance tax purposes, this gift will be 'relevant property'.

Full details of the tax position are given in the tax notes, form 8295.

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

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