

## Excepted Solution

### Rules

## **1 Interpretation**

### **1.1 Meaning of key terms**

The meaning of terms used frequently in the Deed and these Excepted Solution Rules is set out in the Glossary at the end of these Excepted Solution Rules.

All defined terms used, but not otherwise defined in the Glossary shall have the meanings set out in the Deed.

Except where the context requires, any reference to an enactment or regulation is a reference to it as already amended and includes a reference to any repealed enactment or regulation which it may re-enact or otherwise replace, with or without amendment, and to any future re-enactment, replacement and/or amendment of it, and to any current enactment which has not yet been repealed but which will be repealed by the enactment referred to when the latter comes into force.

The singular includes the plural (and vice versa) and the masculine includes the feminine (and vice versa).

The headings in these Excepted Solution Rules shall be ignored for interpretation purposes.

### **1.2 The Trustee's powers**

- (a) The discretions and powers conferred on the Trustee by these Excepted Solution Rules are absolute and unfettered and, except where the context otherwise requires, independent of every other discretion, power or duty conferred on the Trustee. The Trustee shall not be obliged to give any Member or any of the Beneficiaries or Employers any reason or justification for any exercise of any discretion or power.
- (b) The Trustee's powers shall be exercised
  - (i) in relation to any capital sums payable or paid under a Policy on the death of a Member, only for the benefit of those persons who are Beneficiaries in relation to that Member; and
  - (ii) in relation to any sums payable or paid or benefits arising under a Policy, so as to comply with section 482(2) of the Act.
- (c) The Trustee's powers shall not be exercisable, exercised or capable of operating in such a way
  - (i) as to benefit an Excluded Person; or
  - (ii) in such a way as would prevent any Excepted Group Life Policy from being an excepted group life policy as defined in section 480(3) of the Act or any Relevant Life Policy from being an excepted life policy as defined in section 393B(4)(b) of ITEPA.

## **2 Constitution**

### **2.1 Establishment of the Scheme**

The Scheme is established on the basis set out in the Deed.

### **2.2 Amendments**

Canada Life may, without prior notice to the Members, add to, delete or alter the terms of the Deed and Excepted Solution Rules at any time (whether before or after the commencement of the winding up of the Scheme) with future or retrospective effect. Any amendment will be effected by Canada Life giving notice of such amendment to the Trustee. Any amendment effected by Canada Life shall be notified in writing to the Principal Employer. No amendment, modification, addition or replacement shall have effect if it would either:

- (a) result in an Excluded Person benefiting under the Scheme, or
- (b) prevent any Policy from being an Excepted Group Life Policy or Relevant Life Policy.

### **2.3 Governing Law**

The Deed, these Excepted Solution Rules and any non-contractual obligations arising out of or in connection with them are governed by the law of England and Wales.

## **3 Application of the Scheme Assets**

### **3.1 Scheme assets**

Scheme assets shall consist of all Policies and the proceeds arising therefrom.

### **3.2 Use of Employer contributions**

The Employers shall determine the level of cover required under the Policies and shall pay premiums directly to Canada Life on one or more Excepted Group Life Policies with the Trustee as the named Policyholder for the purpose of securing the lump sums on the death of Members of the amounts required to provide the benefits payable under Rule 9.

### **3.3 Use of the proceeds of a Policy**

The Trustee shall invest or apply the proceeds of any Policy referred to in Rule 3.1 in such a manner as it sees fit having due regard for the provisions of the Deed and these Excepted Solution Rules and so as not to prejudice the status of the Policy as an Excepted Group Life Policy or Relevant Life Policy.

## **4 Trustee**

### **4.1 Appointment and removal of Trustee**

Canada Life may appoint and remove the Trustee of the Scheme and shall do so in writing. There shall not be more than one Trustee [unless Canada Life decides otherwise]. Any Trustee may resign by written notice to Canada Life. Any Trustee appointed must be a body corporate.

### **4.2 Proceedings of the Trustee**

The proceedings of the Trustee shall be in accordance with its governing documentation.

### **4.3 Protection of Trustee**

- (a) No Trustee (or any officer or representative of a Trustee or any delegate or nominee of the Trustee) will be liable for any breach of trust except to the extent attributable to his act or omission knowingly and wilfully committed in bad faith.
- (b) The Principal Employer shall indemnify all Trustees including any former trustee (or any officer or representative of a Trustee or any delegate or nominee of the Trustee) against any loss caused by the Trustee (or any officer or representative of a Trustee or any delegate or nominee of the Trustee) and against liability for breach of trust (including for the avoidance of doubt maladministration) except to the extent that the loss or breach is attributable to the Trustee's (or officer's, representative's, delegate's or nominee's) act or omission knowingly and wilfully committed in bad faith.
- (c) The Trustee may insure the Scheme against any loss caused by the Trustee (or any officer or representative of a Trustee or any delegate or nominee of the Trustee) and against liability for breach of trust (including for the avoidance of doubt maladministration) except to the extent that the loss or breach is attributable to the Trustee's (or officer's, representative's, delegate's or nominee's) act or omission knowingly and wilfully committed in bad faith. The Trustee may also insure any assets of the Scheme against damage or depreciation or any other insurable risk.  

To the extent to which the Trustee obtains insurance, and is indemnified under the insurance policy concerned, it will waive the protection of Excepted Solution Rules 4.3(a) and 4.3(b).
- (d) Any Trustee (or any officer or representative of a Trustee or any delegate or nominee of the Trustee) may be a Member or Beneficiary (and may retain any benefit).
- (e) No Trustee's decision will be invalidated or questioned because any of the Trustees (or any officer or representative of a Trustee or any delegate or nominee of the Trustee) had any interest (or was an officer or trustee of, or otherwise connected with, any third party interested) in it.

## **5 Administration**

### **5.1 Delegation, advisers etc.**

- (a) The Trustee may make such arrangements as it considers necessary or desirable for the administration of the Scheme.
- (b) The Trustee may delegate any of the rights, powers, duties, trusts and discretions vested in it by virtue of the Deed and these Excepted Solution Rules to any person on such terms and conditions (including terms as to sub-delegation), for such periods and at such remuneration (if any) as the Trustee with the prior written consent of Canada Life.
- (c) The Trustee may authorise such person as it deems fit to draw cheques or to give receipts and discharges and every receipt and discharge shall be valid and effectual as if it were given by the Trustee.
- (d) The Trustee may obtain and act on the advice or opinion of any accountant, actuary, investment adviser, benefit consultant, broker, lawyer, medical practitioner, surveyor or other professional person.
- (e) The Trustee shall not be liable for the default of any delegate or adviser appointed or employed in good faith or for any loss arising from the appointment or acting in accordance with the advice of any adviser.

### **5.2 Expenses**

The Trustee may charge Canada Life for services rendered at the level agreed from time to time between Canada Life and the Trustee.

### **5.3 Accounts**

The Trustee may (and will if the law so requires) annually prepare accounts of the Scheme and have them audited. The Scheme will be operated in conformity with all requirements of the law as to disclosure of information.

### **5.4 Claims**

The Trustee may, at the direction of Canada Life, pursue, defend, settle or submit for arbitration any claims relating to the Scheme.

### **5.5 Presumption of death**

Where no formal evidence of the death of a Member is produced the Trustee may, at the direction of Canada Life, presume his death. Where the Trustee is satisfied that a Member has died but the date of death is uncertain, it may, at the direction of Canada Life, presume a date of death.

## **6 Structure of the Scheme**

### **6.1 Employers**

- (a) The Principal Employer may admit to the Scheme any employer which agrees to comply with the obligations of an Employer under the Deed and these Excepted Solution Rules provided that the employer is covered by the Policies and provided also that all employers covered by the relevant Policies also participate in the Scheme. The Principal Employer must notify Canada Life of any employers admitted under this Rule in such form as Canada Life may reasonably require from time to time.
- (b) The participation of any Employer (other than the Principal Employer) in the Scheme will cease if it or the Principal Employer so notifies Canada Life or if an order is made or a resolution is passed for the Employer's winding up. Following the cessation of the Employer's participation, Members who are its employees, or are Members by virtue of their relationship with one or more of its employees, will (unless eligible through another employment) cease to be Members.

### **6.2 Status of the Principal Employer**

The Principal Employer may not be substituted under the Scheme.

## **7 Termination of the Scheme**

### **7.1 Events leading to termination**

- (a) The Principal Employer may terminate the Scheme at any time and surrender any Policy in accordance with the terms of such Policy.
- (b) The Trustee must, on the instruction of Canada Life, terminate the Scheme as soon as Canada Life determines that:
  - (i) an order has been made or a resolution has been passed for the winding up of the Principal Employer; or
  - (ii) there is no Policy in place.

### **7.2 Application of assets on termination of the Scheme**

If the Scheme terminates in accordance with Rule 7.1 any assets held by the Trustee to settle benefits payable shall continue to be subject to the provisions of the Deed and these Excepted Solution Rules until such a time as the Trustee can distribute those assets in accordance with the terms thereof and determine the trusts of the Scheme.

## **8 Membership**

**8.1 Canada Life will have complete discretion in determining whether an individual meets the definition of Member under these Excepted Solution Rules.**

**8.2 Each Employer shall provide Canada Life with such information as they may require about individuals who may fall within the definition of Member under these Excepted Solution Rules and Canada Life and the Trustee shall be entitled to rely on that information.**

**8.3 An individual shall cease to be a Member if –**

- (a) he ceases to be covered for benefits under the Policies; or
- (b) the Principal Employer so decides by giving a notice of cessation of membership to both the Trustee and the relevant individual.

## **9 Benefits**

### **9.1 Lump sum death benefits**

- (a) On the death of a Member a lump sum will be paid by the Trustee, or by Canada Life at the Trustee's direction, equal to the amount that becomes payable to the Trustee under any Policy held in accordance with Rule 3 in respect of that Member and including any interest accrued by the Trustee in respect of that amount. The lump sum will not be payable until Canada Life has confirmed that the said amount is due and payable.
- (b) The lump sum may be paid or applied by the Trustee to or for the benefit of such one or more of the Beneficiaries in such amounts, at such times and generally in such manner as the Trustee in its discretion thinks fit. The Trustee may pay, or direct payment of, the sum or any part of it to the personal representatives of the Member or to a trustee to hold upon such trusts and subject to such powers and provisions as the Trustee may direct. In exercising its discretion under this Rule 9.1(b) the Trustee shall take account of, but shall not be bound by, any wishes the Member may have expressed in a statement of wishes form received by the Trustee before the death of the Member. The Trustee may recover from the lump sum any legal costs incurred by it in exercising its power under this Rule 9.1(b).
- (c) The Trustee may apply part of the lump sum in paying, reimbursing or offsetting the cost of the Member's funeral expenses.
- (d) Any balance of the lump sum remaining unpaid or unapplied which the Trustee has been unable to pay to a Beneficiary despite using all reasonable efforts shall be paid to a Charity chosen by the Principal Employer.

## **10 Benefits – Supplementary Provisions**

### **10.1 Tax**

The Trustee may deduct from any payment any tax for which it or any Beneficiaries are accountable. To the extent such deduction cannot be made or does not cover the amount of tax due, the Principal Employer indemnifies the Trustee for any tax for which it becomes accountable.

### **10.2 Premiums**

The Employers shall pay any and all premiums payable in respect of the Policies from time to time in force under Rule 3.1 directly to Canada Life.

### **10.3 Benefits are not assignable**

Benefits under the Scheme are not assignable. If any act or event (not provided for in the Deed or these Excepted Solution Rules) occurs by which the benefit of any person would wholly or partly become payable to a third party, that person's entitlement to benefit will cease. The Trustee may nevertheless pay or apply benefits of no greater value to or for that person his spouse, his civil partner, any of his relatives or any person wholly or partially dependent on him as they think fit provided that no payment is made to an Excluded Person.

### **10.4 Information**

Notices and payments may be sent by post (to the address last known to the Trustee) at the Beneficiary's risk and will be deemed received two days after posting.

Beneficiaries and Employers must provide all information (and supporting evidence) required to establish benefit or entitlement or to make any underlying actuarial or other calculation and the Trustee, in consultation with Canada Life, may withhold benefit pending receipt of information and may adjust any benefits following discovery of any relevant false or inaccurate information.

## GLOSSARY

### “Act”

means the Income Tax (Trading and Other Income) Act 2005

### “Beneficiary”

means, in relation to each Member or deceased Member, the following persons:

- (i) any widow or widower of that deceased Member;
- (ii) any surviving civil partner of that deceased Member, provided that such civil partnership had not been dissolved before the Member’s death;
- (iii) any lineal descendant (other than that deceased Member) of that deceased Member’s grandparents;
- (iv) any individual who at the date of death of that Member was financially dependent either wholly or partly by that Member;
- (v) any other individual or class of individuals nominated as a Beneficiary by that Member by notice in writing to the Trustee or the Principal Employer, or which has been notified to any other body associated with the Principal Employer and provided to the Trustee;
- (vi) any personal representatives of the Member;
- (vii) the trustees of any trust nominated by that Member by notice in writing to the Trustee;
- (viii) where no beneficiaries are identified in respect of (i) to (vi) above any other individual or class of individuals nominated as a beneficiary by that Member in their will; and
- (ix) any Charity provided always that no person who is an Excluded Person shall be or be capable of becoming a Beneficiary and any Beneficiary who shall become an Excluded Person shall thereupon cease to be a Beneficiary

### “Canada Life”

means Canada Life Limited (company number 00973271) whose registered office is at Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA

### “Charity”

means any body of persons or trust established for exclusively charitable purposes under English law

### “Employer”

means the Principal Employer and any Participating Employers from time to time

### “Excepted Group Life Policy”

means an excepted group life policy as defined in section 480(3) of the Act

### “Excluded Person”

means in relation to a deceased Member any person precluded by condition B in section 482(3) of the Act from receiving any benefit payable as a result of the death of that Member

### “Member”

means any individual whose life is insured under the Policies

### “Policies”

means all Excepted Group Life Policies or Relevant Life Policies that are paid for by one or more of the Employers provided exclusively by Canada Life and held by the Trustee from time to time subject to the terms of the Deed and these Excepted Solution Rules

### “Participating Employer”

means any employer admitted to participation of the Scheme under Rule 6

### “Principal Employer”

means the Principal Employer named in the Deed

### “Relevant Life Policy”

means a relevant life policy or relevant life policies satisfying the conditions specified in section 393B(4)(b) ITEPA (as substituted by section 249, Finance Act 2004)

### “Trustee”

means Trustee Solutions Limited (company number 02698755) whose registered office is at 1 Park Row, Leeds LS1 5AB, or such other trustee as Canada Life may from time to time appoint in accordance with Rule 4.1



Our forms are available to download from our website: [www.canadalife.co.uk/group](http://www.canadalife.co.uk/group)  
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