

[Simplify]

Group Life Master Trust Guide

What is a Master Trust?

Group Life Assurance schemes are set up using a trust, which is registered with HM Revenue & Customs (HMRC) to take advantage of the beneficial tax treatment of premiums and benefits. Employers generally set up their own trust but Canada Life now offers another option.

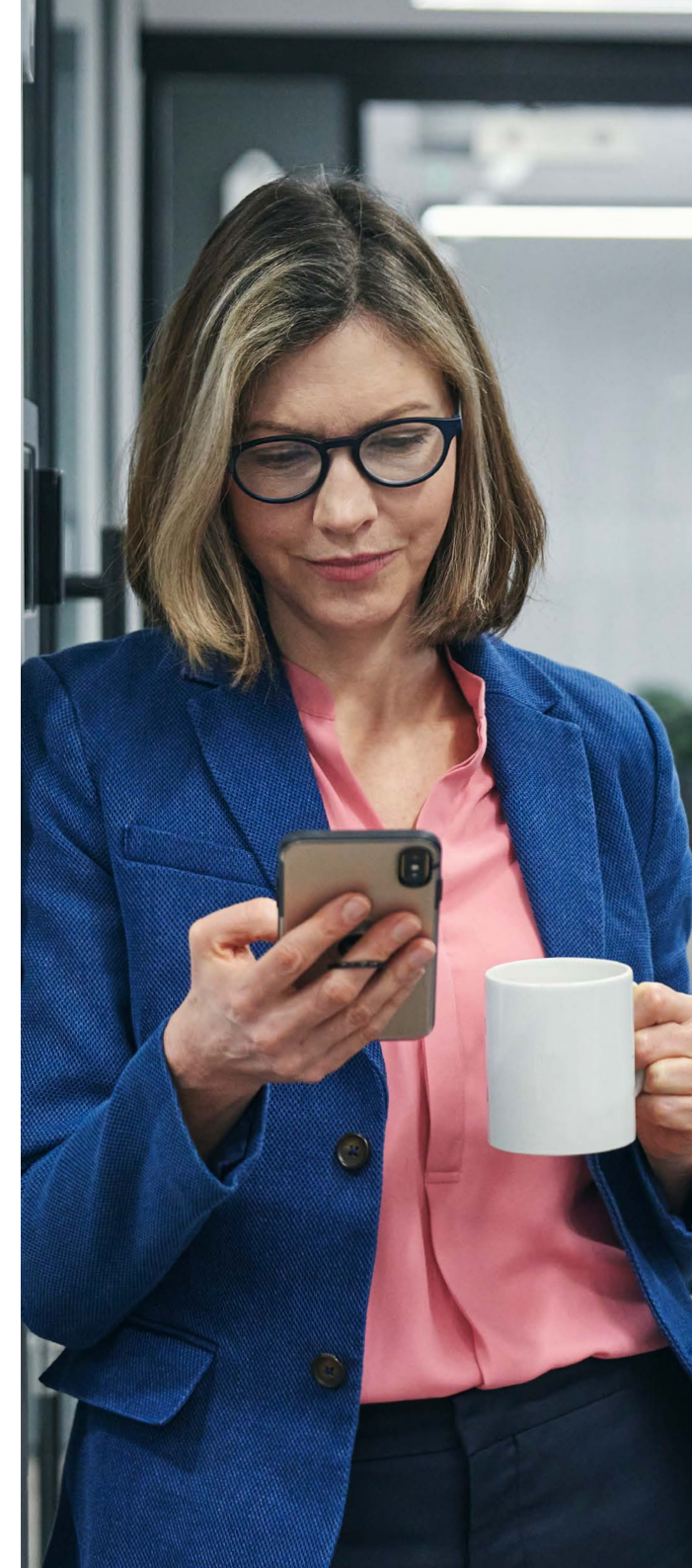
Canada Life has set up a prearranged Master Trust, which employers can choose to join. This is available through its award-winning online quotation and administration system, CLASS.



Joining the Master Trust is a quick and simple way for employers to provide highly valued life benefits to their staff, gaining all of the tax advantages of doing so without taking on the extra work of administering a scheme.

Under the Master Trust an employer still has their own Group Life Assurance policy, tailored to suit their needs in terms of benefits and price.

They will also receive Canada Life's market-leading service from day one. However, the administration of the trust, including the payment of claims and keeping up to date with changes in legislation, will be handled by the trustees of the Master Trust instead of the employer.



What should an employer consider?

Is it suitable?

The Master Trust may not be the right choice for every employer, as the deed and other documentation cannot be varied on an individual basis. If there are any doubts about suitability, employers should seek legal advice to make sure the Master Trust is the best choice for them.

If they prefer to set up a stand-alone scheme, Canada Life offers a range of specimen trust deeds and rules. These are available on our website.

What are the limitations of the Master Trust?

Canada Life's Master Trust will only provide registered lump sum benefits to those insured under the scheme. Its liabilities cannot be extended to include self-insured benefits, benefit insured elsewhere or spouse's/dependant's pension benefits.

What if an employee has enhanced or fixed protection?

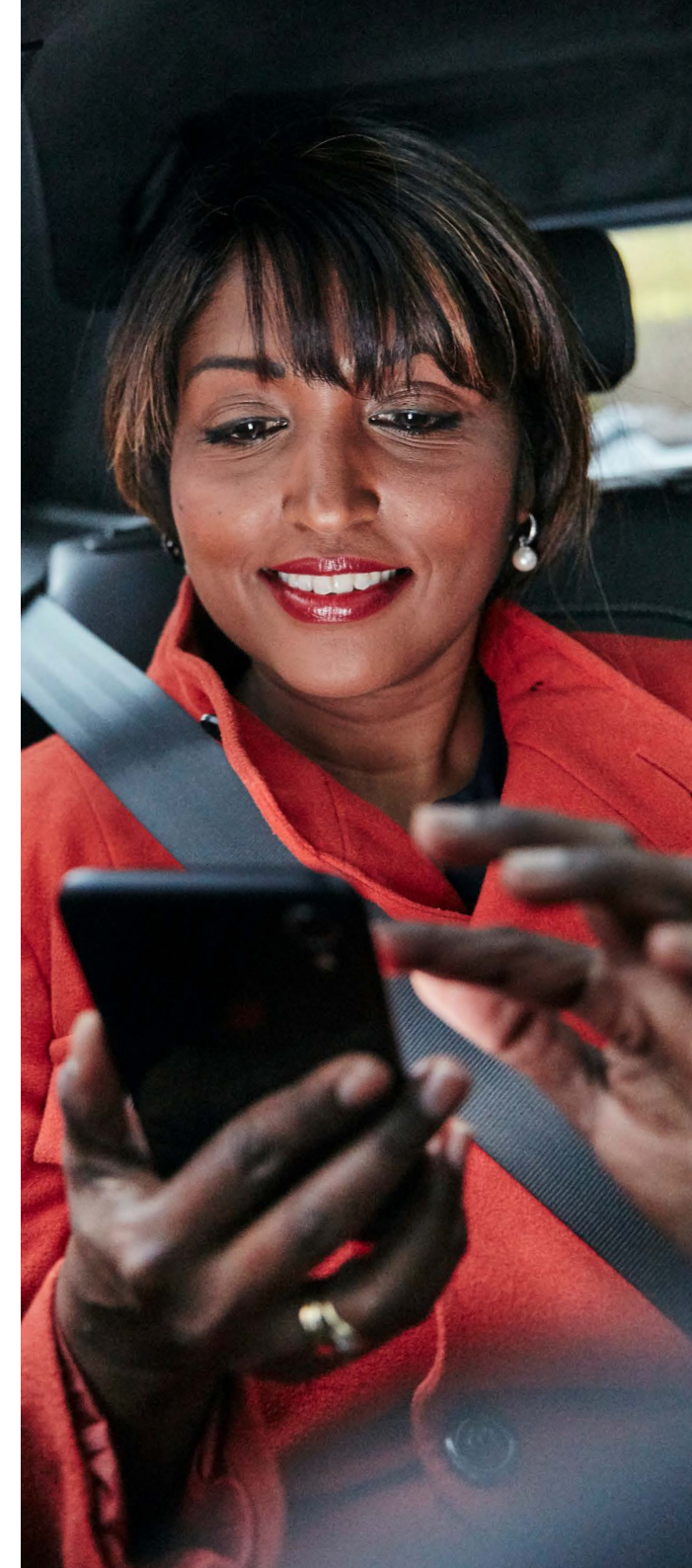
Group Life Assurance schemes registered with the government, such as the Canada Life Master Trust, are considered new arrangements for employees with enhanced or fixed protection (or any subsequent version of fixed protection).

As a result, including these employees in the scheme is very likely to result in the loss of their lifetime allowance protections.

If cover is required for any such employees, an Excepted Group Life policy may be an option for them. Please contact our Customer Services team on 0345 223 8000 for more information.

What happens if the policy ceases?

The Master Trust only covers employers insured by Canada Life, so if cover under the policy is cancelled then it will immediately be removed from the Master Trust.

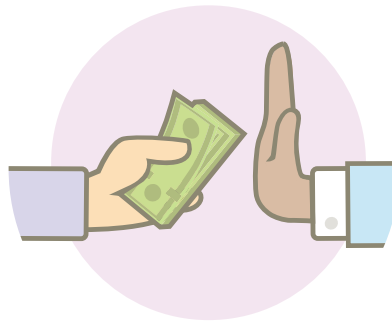


Why use Canada Life's Master Trust?



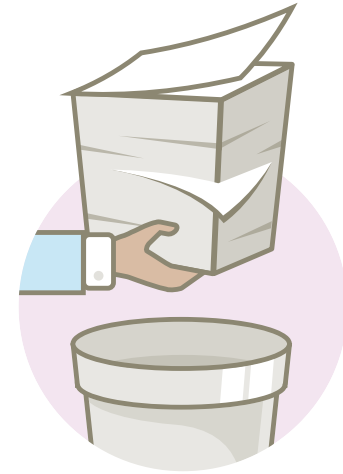
Saving time

Registering with HMRC can seem time-consuming, especially as activation tokens are now issued by post. With Canada Life's Master Trust, all employers need to do is complete a Deed of Participation and cover can be put in place immediately on acceptance of a quotation. With CLASS, it is possible to quote and go on risk in about 20 minutes, so cover can be agreed and arranged in the space of one meeting.



No extra charges

Canada Life does not charge for employers to join the Master Trust when using CLASS, or for any of the day to day administration of the trust, including the settlement of claims, providing the employer supplies all the details required to make informed decisions about the beneficiaries.



Less administration

The Master trust scheme is already in place, so there is no need for the employer to set up a trust and register their own scheme. The day-to-day administration of the trust, including any HMRC reporting, is taken care of by the scheme trustees. The scheme trustees will take full responsibility for deciding who should receive benefits if a claim becomes payable, so employers should encourage all employees included in the scheme to complete an Expression of Wish form to assist this decision. Any further information required about the employee's circumstances will be requested by Canada Life on receipt of a claim.

How does the Master Trust work?

How does an employer join?

An employer who wants to join Canada Life's Master Trust can do so very simply by completing and returning a Deed of Participation. This form is automatically provided when risk is assumed through our market-leading CLASS administration platform.

Cover can be provided for other associated companies, but this needs to be agreed with Canada Life. If cover is required for more than one company, only a single Deed of Participation is needed. This should be completed by a nominated 'lead' employer.

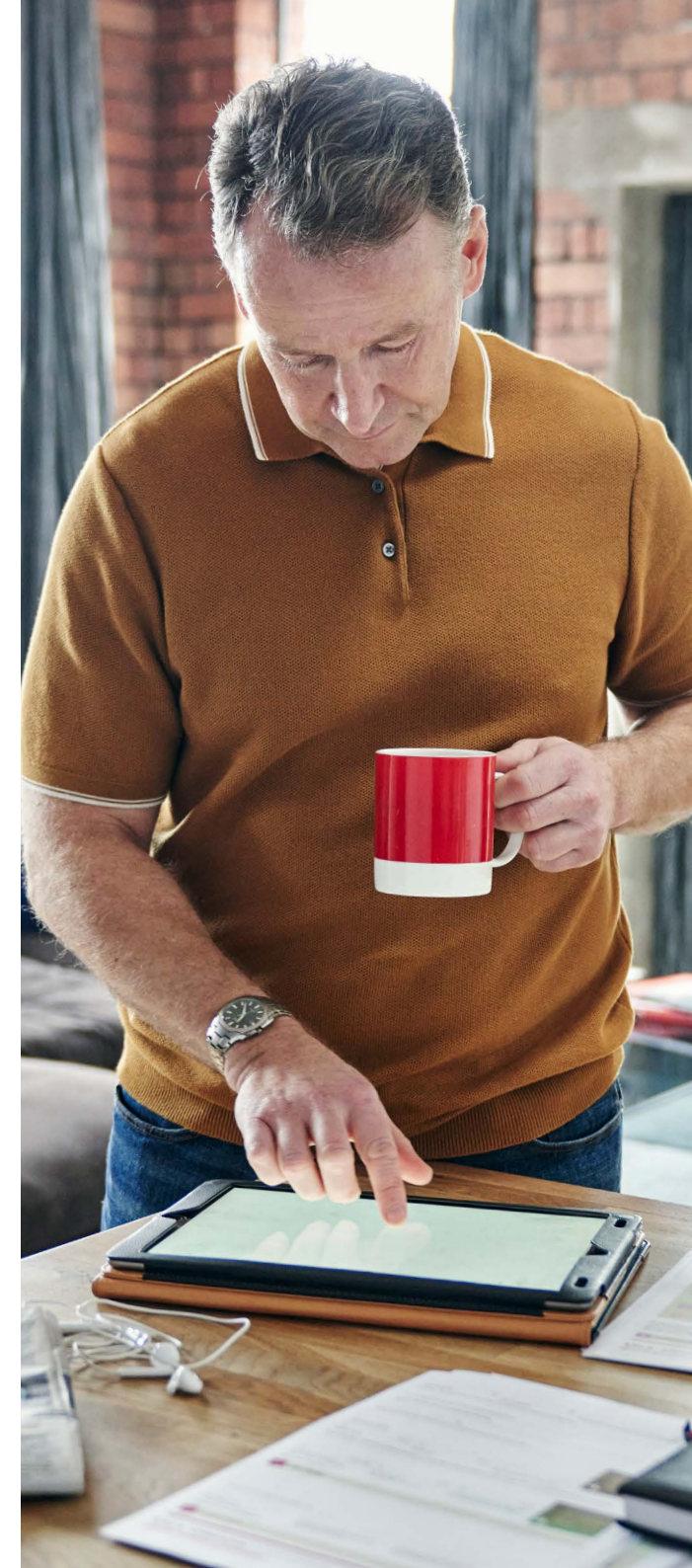
What happens if there is a claim?

The process for a claim is much the same as any other Group Life Assurance policy. The employer will need to complete and submit a claim form, along with the employee's Expression of Wish form and any necessary evidence about the employee's circumstances at the time of their death.

If a claim is payable, Canada Life will submit this information to the trustees, who are wholly responsible for deciding who should receive the benefit. They will make this decision by taking into account the information provided and any investigations into the member's circumstances. Canada Life will then pay the benefit directly to the beneficiary in accordance with the trustees' instruction.

How do the trustees know who should receive any benefits payable?

Employers should strongly encourage their insured employees to complete an Expression of Wish form to nominate their beneficiaries. Employers should keep these forms somewhere safe, and submit an individual's form along with any other necessary information in the event of a claim.



Questions & Answers

Who can use the Canada Life's Master Trust?

Any employer registered on UK Companies House as a Limited company having Group Life Assurance arranged by an adviser through our online CLASS portal can take advantage of the Master Trust option.

What if an employer already has a registered Group Life Assurance scheme set up?

Canada Life can go on risk for the existing scheme as usual or the employer can choose to join the Master Trust instead. Canada Life recommends that employers should seek legal advice before making such a decision, as there may be a variety of factors to be considered, such as employees who have enhanced or fixed protection.

Can more than one employer be covered?

Yes, we can provide cover for employees of other associated companies, provided that they would normally qualify for membership of a registered pension scheme.

Can an employer leave the Master Trust?

Yes, an employer can leave the Master Trust at any time. Canada Life should be notified as soon as possible, as we will not backdate any changes. To continue to benefit from the tax advantages of a registered life assurance scheme, the employer will need to establish a trust of their own and register it with HMRC.

If the employer leaving was the company that completed the Deed of Participation, and cover is still required for any additional employer, a new policy and a new Deed of Participation are required.

What happens if an employer switches to a new insurer?

Canada Life's Master Trust only covers employers insured by Canada Life, so if an employer switches the cover to a different insurer it will be immediately removed from the Master Trust. In order to continue gaining the tax advantages of a registered scheme, the employer will need to establish a trust of their own and register it with HMRC.

If the employer switching insurer was the company that completed the Deed of Participation, and cover is still required with Canada Life for any additional employer, a new policy and a new Deed of Participation are required.

Who are the trustees?

Trustee Solutions Ltd, an independent trustee organisation, are the trustees.

Who is responsible for reporting to the government?

Canada Life and Trustee Solutions Ltd will submit all reports to the government required by law.

This brochure does not provide the full terms and conditions of Canada Life's Master Trust. Please refer to the Master Trust deed and technical guide, available on our website.



If you have any other queries, please contact our Customer Service Centre:

Tel: 0345 223 8000

Email: groupcsc@canadalife.co.uk

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GRP1195- 720R(A)

