

# Probate Bare 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 purpose of the trust deed is to transfer the policy into a trust where the donor is the absolute beneficiary.

As absolute beneficiary the donor is entitled to receive all future benefits from the policy including withdrawals or partial surrenders. So, at all times, the full value of the policy will be inside the donor's estate and subject to inheritance tax.

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.

Once the trustees have received the policy proceeds, they have to decide on their next course of action as the beneficiaries of the trust are now the people who are the beneficiaries of the donor's estate.

The trustees may decide to reinvest the proceeds until a grant of representation has been issued.

They could distribute the proceeds to the beneficiaries of the estate, or make a loan to them, but that may be inadvisable (before a grant of representation is issued) unless they are also the proven beneficiaries of the estate.

### The basis of the Probate Bare Trust

The trust is for the absolute benefit of the donor. This means that once the trust has been established, the trustees cannot change the beneficiary.

The donor (in their capacity as beneficiary of the trust) can demand their share of the trust fund at any time. This includes being able to ask the trustees to transfer the policy to them.

### What are the practical effects of putting a policy into a Probate Bare 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.

**The information regarding taxation is based on our understanding of UK legislation as at September 2021, 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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