

Discretionary Trust wording for use with a PruProtect Plan.

Notes to help you

Please use **BLOCK CAPITALS** and black ink when filling in this form.

Important notes

- This Discretionary Trust wording is for your PruProtect Plan. It allows you to keep some benefits under the Plan for yourself and to give others away if you wish.
- The wording may be used either when applying for a new Plan or with an existing Plan.
- If you want to keep some of the benefits under your Plan for yourself but want to give away benefits that include your life cover then you need to ensure that you have selected the optional Protected Life Cover benefit or the Minimum Protected Account option at a level of 100%. Failure to do so may give rise to tax charges in the event of a Serious Illness claim.
- You should discuss your requirements with your adviser. We always recommend that you seek legal or tax advice before placing any property into a Trust.
- If, after seeking legal advice, this Trust wording is to be used unaltered, you should follow the completion instructions in the margin of the document.
- For a full explanation of the features and the legal and tax implications of this Trust please refer to the PruProtect Discretionary Trust – Client Guide.
- We strongly recommend that you appoint additional Trustees to act with you. A separate draft Deed of Appointment is available from Prudential for this purpose. If the Trust is to be governed by Scots law it is absolutely essential that additional Trustees are appointed.
- You should not use this Trust in a business protection arrangement.

We accept no responsibility that this Trust is suitable for your individual requirements.

If you or your adviser are unsure about its suitability, we strongly advise that you seek specialist legal or tax advice.

Types of Trust

1. The Retained Benefits are any benefits you choose to keep for yourself. They will be held on a Bare Trust which means that they remain your property.
2. The Gifted Benefits are the benefits of the plan you choose to give away. Under this type of Trust, the Appointer is able to change your chosen beneficiaries and direct the Gifted Benefits to any other beneficiaries you refer to in the Trust.

Please sign this page as confirmation that these notes have been read and understood.

Signed

Part 1 – Request and Declaration

INSERT here the date this trust is signed and your name(s) and address(es)

This Declaration of Trust is made the day of
in the year
by
of
and
of

(hereinafter called "the Settlor" which expression shall where two persons are named above include both of them)

As follows:

(I). Where a new policy is applied for
the Settlor refers to the application to Prudential Assurance Company ("the Company") for the PruProtect policy described in Part 2 below and hereby requests and directs that the policy be issued by the Company in such manner as to constitute the Settlor as the Trustees (as hereinafter defined) thereof to hold the same on trust and subject to the powers and provisions hereof.

or

(II). Where a policy is in existence
the Settlor as the legal and beneficial owner of the PruProtect Policy described in Part 2 below and effected with the Company hereby declares that from the date hereof the Settlor holds the policy as the Trustees (as hereinafter defined) thereof on the trusts and subject to the powers and provisions hereof.

Part 2 – Policy subject to Trust

INSERT here the Policy/application details as appropriate.

(i) Date of application (if Part 1(I) above applies)

or Policy Number(s) (if Part 1 (II) above applies)

(ii) Life (Lives) assured

Part 3 – Definitions

In this Trust in addition to the terms defined above the following expressions shall have the following meanings and (unless the context does not permit) the singular shall include the plural and the masculine shall include the feminine and vice versa.

- (i) "**Appointor**" means the Settlor during his lifetime (and where two persons are the Settlor both of them during their joint lifetimes and thereafter the survivor) and subject thereto the Trustees
- (ii) "**Beneficiaries**" means:
- a) any Spouse, former Spouse, Widow or Widower of the Settlor provided such person is not also the Settlor
 - b) the Children and remoter Issue of the Settlor whenever born
 - c) any Spouse, former Spouse, Widow or Widower of any such Child or remoter Issue
 - d) any brother or sister of the Settlor and their Issue
 - e) any person (other than in the case where two persons are the Settlor and one of them dies, the survivor of them) who shall upon the death of the Settlor (or if two persons are the Settlor the death of either of them) become beneficially entitled to the whole or any part of the estate of the Settlor (or either of them) whether by virtue of any will or codicil or under the rules of intestacy or by virtue of survivorship or otherwise
 - f) any person (other than the Settlor (or either of them)) nominated to the Trustees in writing by the Settlor as a Beneficiary such power of nomination to be exercisable if the Settlor is two persons by them jointly during their joint lifetimes and thereafter by the survivor of them
 - g) the Default Beneficiaries (as defined in paragraph (iv) below)
- (iii) In this Trust "**Child**" "**Children**" and "**Issue**" includes any illegitimate step adopted or legitimated (whether adopted or legitimated before or after the date hereof) Child, Children or Issue and "**Spouse**", "**Widow**" and "**Widower**" includes any civil partner or surviving civil partner registered under the Civil Partnership Act 2004
- (iv) "**Default Beneficiaries**" means the one or more persons named in the boxes below:

Name(s) of Default Beneficiaries	Share (if more than one)
<input type="text"/>	<input type="text"/> %
<input type="text"/>	<input type="text"/> %
<input type="text"/>	<input type="text"/> %

INSERT here the name or names of the person(s) you wish to benefit at the end of the Trust period if no appointment has been made by the Trustees. If more than one person is named state the percentage shares in which they are to benefit. At least one person must be specified here. The shares must add up to 100%

- (v) "**Policy**" means the contract of life assurance the number of which or the date of application for which (as appropriate) is specified in Part 2 above

Part 3 – Definitions *continued*

These are the benefits of the Policy which you wish to give away. You should choose one of the following options:

- i Life Cover*
- ii Life Cover and Serious Illness Cover, or*
- iii All Benefits in the Plan*

These are the benefits of the Policy which you wish to keep for yourself.

If you have chosen only Life Cover and Serious Illness Cover as your Gifted Benefit you must remove 'Serious Illness Cover' from this list.

If you have chosen 'All Benefits' as your Gifted Benefit please cross through the Retained Benefits list, write 'None' and initial the box.

(vi) "**Gifted Benefits**" means all of the following benefits included in the policy:

(vii) "**Retained Benefits**" means all of the following benefits included in the Policy:

- i Serious Illness Cover
- ii Serious Illness Cover for Children
- iii Disability Cover
- iv Income Protection Cover
- v Waiver of Premium
- vi Unemployment Cover (provided by St Andrew's Insurance plc)
- vii Carer Cover

(viii) "**Trustees**" means the Trustee or Trustees for the time being hereof

(ix) "**Trust Fund**" means the Gifted Benefits any assets at any time added thereto by way of further settlement capital accretion accumulation of income or otherwise and all assets from time to time representing the same

(x) "**Trust Period**" means the period of eighty years from the date of this Declaration which period (where this trust is subject to the law of England and Wales or the law of Northern Ireland) shall be the perpetuity period hereof

(xi) "**Accumulation Period**" means the period of twenty one years from the date of death of the Settlor (or if two persons are the Settlor the death of the first of them to die).

Part 4 – Principal Trust Terms

1. The Trustees shall hold the Retained Benefits (if any) upon trust for the Settlor absolutely and shall hold the Trust Fund upon trust with and subject to the powers and provisions set out below.
2. During the Trust Period the Appointer shall have power (whether by the Appointer or some other person(s) during the Trust Period) by deed or deeds revocable or irrevocable to appoint the whole or any part or parts of Trust Fund and the income thereof for such one or more of the Beneficiaries in such one or more shares and for such interests and subject to such Trusts powers and provisions (including Protective Trusts, Discretionary trusts or powers operative or exercisable at the discretion of the Appointor or any other person(s) as the Appointor shall in his absolute discretion think fit Provided Always that no such appointment shall infringe the rule against perpetuities (where this is relevant) or affect the entitlement of any person to any payment made or asset transferred to him prior to the appointment. Provided also that where the Appointor is the Trustees no appointment shall be made in favour of a Beneficiary who is one of the Trustees unless there is at least one other Trustee who does not benefit directly or indirectly from the appointment.
3. Subject to paragraph 2 of this Part 4:
 - (i) The Trustees may accumulate the whole or part of the income of the Trust Fund during the Accumulation Period. Such income shall be added to the Trust Fund.
 - (ii) The Trustees shall pay or apply the remainder of the income to or for the benefit of such of the Beneficiaries as the Trustees think fit during the Trust Period.
 - (iii) The Trustees may apply the whole or any part of the income accumulated under paragraph 3 (i) as if it were income arising in the current year.
4. To the extent that any part of the Trust Fund and its income shall not have been appointed or otherwise disposed of by the Trustees during the Trust Period, then at the expiry of the Trust Period the Trust Fund shall be held for the absolute benefit of the Default Beneficiaries and if more than one in the shares specified and if no shares are specified in equal shares.
5. During the Trust Period
 - (i) the Trustees shall have power to pay transfer or apply the whole or any part or parts of the capital of the Trust Fund for or towards the advancement or maintenance, education or benefit of any Beneficiary as they in their discretion think fit.
 - (ii) the Trustees shall have power to lend with or without security to any Beneficiary the whole or any part of the Trust Fund upon such conditions as to interest (if any) and repayment and generally upon such terms as the Trustees in their absolute discretion think fit Provided Always that any such loan must be repayable before the end of the Trust Period.
6. None of the trusts powers or provisions hereof shall operate or be exercised so as to allow any part of the Trust Fund or the income thereof to be paid transferred or applied to or for the benefit of the Settlor.

Part 5 – Administrative Powers of the Trustees

In addition to any powers conferred upon them by law the Trustees shall have the following powers:

- (i) All the powers of an absolute owner in respect of the Policy (or any life assurance policy forming part of the Trust Fund) including the power to exercise any option or to sell or realise any such Policy or to convert the same to any other form of assurance.
- (ii) Power to borrow money on the security of the Policy (or any life assurance policy as aforesaid) in order to pay any overdue or future premium or any other sum necessary for maintaining the Policy in force.
- (iii) Power to mortgage, surrender or otherwise deal with the said Policy (or any life assurance policy as aforesaid) in such manner as the Trustees shall in their absolute discretion consider appropriate.
- (iv) Power to invest or apply the Trust Fund in the purchase or acquisition of either income or non-income producing assets including other life assurance policies or such stocks, funds, shares, securities or other investments or property, of whatever nature and wherever situated and whether involving liabilities or not with or without security as the Trustees in their absolute discretion shall think fit with the intention that the Trustees shall have the same powers as absolute owners who are beneficially entitled and shall not be required to diversify the Trust fund.
- (v) Power to pay or transfer any capital or income to be paid transferred to or applied for the benefit of a Beneficiary who is under a legal disability to any parent or guardian of that Beneficiary or to such other person on behalf of such Beneficiary as the Trustees shall think fit and the receipt of such person shall be a complete discharge to the Trustees who shall be under no obligation to see to the proper application thereof.

Part 6 – Appointment and Dismissal of Trustees

1. The power to appoint by Deed new or additional Trustees will vest in the Appointor and where necessary the Trustees will grant any necessary documentation to complete such appointment.
2. The Settlor during his lifetime will have power by deed to dismiss any Trustee (and where two persons are the Settlor this power shall be exercised by them jointly during their lifetimes and thereafter by the survivor) provided at least two Trustees remain after such dismissal at least one of whom is not the Settlor.

Part 7 – Remuneration and Liability of Trustees

1. Any Trustee (other than the Settlor or a spouse of the Settlor for the time being) being a solicitor or other person engaged in any profession or business shall be entitled to charge and to be paid all usual professional or other charges for business done by him or his firm in connection with the trust hereby created whether in the ordinary course of his profession or business or not.
2. No Trustee who is an individual shall be liable for any loss to the Trust Fund or the income arising from it by reason either of
 - (a) any investment made in good faith by him or any other Trustee or
 - (b) any mistake or omission made in good faith by him or any other Trustee except in the case of negligence by a paid Trustee or
 - (c) the negligence or fraud of any delegate or agent employed in good faith by him or any other Trustee although the delegation to or employment of such agent was not strictly necessary or expedient or
 - (d) any other matter or thing except individual fraud on the part of the Trustee whom it is sought to make liable or, in the case of a paid Trustee, negligence.

Part 8 – The Law of the Trust

This Trust shall be irrevocable and shall be governed by and construed in accordance with the law of England and Wales unless the Settlor (and where two persons are the Settlor both of them) has initialled one of the boxes below in which case the proper law of this Trust will be as indicated by the initials.

If you are domiciled (normally live in) in Scotland or Northern Ireland you (both of you in joint Settlor cases) should initial whichever of these boxes is appropriate. If you are domiciled in England or Wales you should leave both boxes blank.

Initials

Proper Law

Scotland

Initials

Northern Ireland

Part 9 – Signatures

(I) In England, Wales and Northern Ireland

IN WITNESS whereof the Settlor executed this deed the day and year stated above

SIGNED AS A DEED AND DELIVERED by the said Settlor:

Name of Settlor

In the presence of:

Name and address of Witness

Name of Second Settlor

In the presence of:

Name and address of Witness

(II) In Scotland

IN WITNESS whereof these presents are subscribed as follows:

At the location stated below on the day and year stated above by the Settlor:

Signature of Settlor

Location (only relevant in Scotland)

Signature of Witness

Date (in Scotland)

Signature of Second Settlor

Location (only relevant in Scotland)

Signature of Witness

Date (in Scotland)

The Settlor (both Settlers if two) must sign here. Each signature should be witnessed.

If the Settlor is domiciled in Scotland the location must also be stated.