financial planning

a guide to trusts and personal life protection

Scottish Equitable Protect

The information in this guide is based on our understanding of current taxation law and Revenue practice which may change. All details are correct at the time of publication, November 2005. The trust form described in this guide is presented as a draft. If you intend to put a policy under trust we strongly advise you to consult your own legal advisers to ensure that the draft trust meets your requirements.

contents

save time, tax and trouble

We see the use of trusts as an important part of financial planning. In many cases trusts will ensure that the right people receive the policy benefits as quickly and tax efficiently as possible. In other words, putting a life protection policy under trust will normally save time, tax and trouble.

This guide explains the nature and uses of trusts in personal financial planning arrangements. It covers the following topics:

- what trusts are and how they can help meet an individual's financial planning needs
- the key features of our Flexible Trust
- the tax implications of the use of this trust

At the end of this guide we give an example of the trust together with detailed notes explaining the specific provisions.

The trust described in this guide is based on the law of England and Wales. We also have a draft that can be used in Scotland. You can download copies of this document from the literature section of our website at:

www.scottishequitable.co.uk/protect

basic facts about trusts

What is a trust?

A trust is the legal means by which one person (the 'settlor') gives property to another person (the 'trustee') to look after on behalf of a third person (the 'beneficiary'). In other words, a trust is a means of giving property to others without giving them full, immediate control over it.

Who is involved?

Three sets of people are involved in setting up and running a trust:

- The **settlor** is the person who sets up the trust by transferring property (for example a life protection policy) into that trust.

  In the case of a life protection policy, the owner of the policy will be referred to as the settlor.

- The **trustees** become the legal owners of the **trust fund** (for example a life protection policy). They must hold or use it for the beneficiaries and cannot use it for their own benefit.

  A trustee can be anyone over 18 who is of sound mind. It would not be usual for a bankrupt to be a trustee. The settlor and/or a beneficiary may be a trustee. However, if a beneficiary is also a trustee, a conflict of interest could arise, especially when trustees have the power to decide by how much a beneficiary can benefit.

- The **beneficiaries** receive the benefits from the trust fund in accordance with the trust deed and the decisions of the trustees. As long as the trust fund is owned legally by the trustees, the beneficiaries have a '**beneficial interest**' in the trust fund. This means they can benefit from the trust fund at the discretion of the trustees but have no control over the administration of the trust.

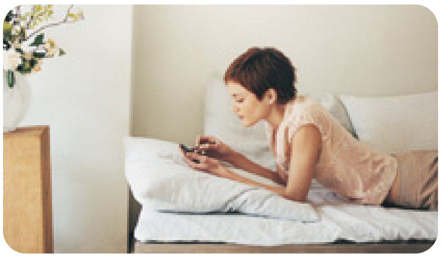
What is the effect of a trust on a life protection policy?

Putting a life protection policy under trust will have the following effects:

- The trustees will legally own the policy.
- The policy (and the benefits it provides when paid) are referred to as the '**trust fund**' and must be used by the trustees for the benefit of the beneficiaries.

  There will therefore be no value in the trust fund until the critical illness or death of the life assured. Please bear this in mind when reading the rest of the document.

  The trust deed lists the beneficiaries and the circumstances in which they can benefit.



why use a trust?

If the policyholder is the protected person who dies, and the policy is not in trust, we would need to see a grant of probate (if the protected person made a will) or letters of administration (if the protected person did not leave a will) before paying the claim. If a life protection policy is written with someone other than the protected person as policyholder, and the protected person dies, probate or another grant will not be required. We will pay the benefit on receiving a death certificate. If a life protection policy is in trust, we can pay benefits to the trustees on production of the death certificate without having to wait for a grant of probate or letters of administration. This avoids a delay in paying the claim.

Policy benefits are not normally subject to inheritance tax on the settlor's estate.

If the settlor is also a trustee, they can exercise control during their lifetime over who should receive the policy benefits.

We recognise that an individual's protection needs include not only protection for dependants in the event of death, but also protection in the event of critical illness or total and permanent disability. Our policies can provide protection for all these circumstances, and the owner of the policy can choose which are relevant to them.

If a number of benefits are included on one policy, it may be better for different benefits to be payable to different people. For example, while benefits on terminal illness or death are payable to the family or dependants of the protected person, benefits in the event of illness are likely to be needed by the protected person.

The trust we provide for personal arrangements has been written for maximum flexibility and tax efficiency and should cater for the vast majority of your needs and circumstances.

the Flexible Trust

Key provisions of the trust

1. The Flexible Trust effectively combines two separate trusts in one:

- First, the terminal illness or death benefits are held by the trustees for beneficiaries other than the settlor. These benefits are known as the '**gifted benefits**'.
- Second, any benefits paid in the event of critical illness or total and permanent disability are held for the absolute benefit of the settlor. These benefits are known as the '**retained benefits**'.

2. The trust deed gives several categories of 'possible beneficiaries', including the spouse, children and grandchildren of the settlor. The settlor can add to these in the future but cannot add their own name. The trustees decide who takes the benefits from the trust fund and in what proportion. They do this using a '**power of appointment**'. If the trustees do not use their power of appointment, the '**default beneficiaries**' will get the benefits. These default beneficiaries are named by the settlor when the trust is created.

3. The trustees can use their discretion in exercising their power of appointment but they cannot otherwise change the trust once it has been established.

4. You cannot place only part of a policy in trust. The whole policy is placed in trust and the terms of the trust 'direct' the benefits of the various parts of the trust to the required individuals. Therefore, for example, the trustees can hold critical illness benefits for the benefit of the settlor.

what are the tax implications?

Income tax
If the only asset in the trust is a life protection policy with no investment content, income tax should not be payable by the settlor, the trustees or the beneficiaries.

Capital gains tax (CGT)
No CGT liability will arise when gifting a life protection policy into trust. CGT applies only when the life protection policy has been assigned ('transferred') for 'money or money's worth'.

Inheritance tax (IHT)
There may be IHT implications on the following occasions:

The transfer of a policy into trust
By making a declaration of trust the settlor makes a 'transfer of value'. The amount transferred is equal to the market value of the gifted benefits under the policy at the time of the transfer, if this is greater than the premiums paid to date. In most cases the amount of the value transferred will fall within the settlor's 'yearly exemption' or will be a 'potentially exempt transfer'. The yearly exemption is currently £3,000, but this can change.

Under current rules, a potentially exempt transfer is a transfer which, if the settlor survives for seven years after the transfer, will not be liable to IHT. If, however, the settlor dies within that seven-year period, IHT may be payable and the amount will depend on how long the settlor survived after the transfer and what other gifts were made in that period.

Paying continuing premiums
The normal expenditure out of income exemption may apply to premiums that are made regularly from post-tax income and do not affect the settlor's usual standard of living. When the normal expenditure from income exemption is unavailable the yearly exemption may be. If these exemptions do not apply, premiums will normally be 'potentially exempt transfers'.

Payment of policy benefits
Any benefits retained by the settlor from the start of the trust can be paid to them without any tax implications. If the settlor is also the protected person and they die, the protection benefits are outside the settlor's estate and no IHT will be payable. However, the named default beneficiaries under the trust will have an 'interest in possession'.

This means that they are entitled to the income arising from the trust, if any. Of course, no income arises if the only asset of the trust fund is a life protection policy because life protection policies are non-income-producing assets. For IHT purposes the default (or 'interest in possession') beneficiaries are considered to own the trust fund (or a proportionate share of it if there is more than one default beneficiary). This means that the value of the policy will be treated as part of the default beneficiary's estate for IHT purposes. Of course, in most cases the value of the policy will be negligible.

Changes of trust beneficiaries
As the default, beneficiaries are considered to own the trust fund. Changes in those beneficiaries, or their proportionate shares, are transfers of value for IHT purposes. These changes could arise as a result of voluntary actions (such as the exercise of the trustees' power of appointment) or involuntary actions (such as the death of a default beneficiary). Specialist tax advice should be taken if these circumstances occur.

appendix 1: Flexible Trust Deed

Pensions
Protection
Investments

financial planning

flexible trust deed

This draft trust has been drawn up based on our understanding of current law and HM Revenue and Customs practice. The Trust is presented as a draft only and anyone intending to make a policy subject to a trust is strongly advised to consult their own legal advisers to ensure that the draft trust meets their requirements. This is of particular importance if benefits other than life protection benefits have been selected. Accordingly Scottish Equitable Protect cannot accept any responsibility for the consequences arising from the use of this draft.

See note 1

1. Declaration

Complete (i) New Policy below if the trust relates to a new application for a policy not yet issued.

(i) New Policy

I/We
of

('**the Settlor**', which expression, where the context requires, shall include either or both of us)

have applied to the Company for a life protection Policy or Policies ('**the Policy**') in terms of an Application dated

(dd/mm/yyyy) ____________

The Settlor **irrevocably declares** that the said Application with this trust deed (which forms an integral part of, and is treated as, incorporated therein for all purposes) is made with the intention that the Policy should, from its inception, be held in trust for the Beneficiaries named in section 3 overleaf.

The Settlor **directs** that in the Policy the Settlor shall be expressed to be the Policyholder of the Company and that the Policy shall be issued to the Settlor and the Additional Trustee or Trustees named in section 2 below to hold the Policy upon the terms and powers set out in this trust deed.

Complete (ii) Existing Policy below if the trust relates to (an) existing in force policy(ies) already issued.

(ii) Existing Policy

I/We
of

('**the Settlor**', which expression, where the context requires, shall include either or both of us)

effected with the Company, the following life protection Policy or Policies ('**the Policy**')

Policy number(s)

____

Policy start date (dd/mm/yyyy) ____________

The Settlor **now intends** that the Policy shall constitute a trust for the Beneficiaries named in section 3 below. The Settlor **hereby assigns** the Policy to the Settlor and the Additional Trustee or Trustees named in section 2 below to hold the Policy upon the terms and powers set out in this trust deed.

2. Appointment of Additional Trustees

See note 2

The Settlor appoints
of
and
of

as Trustee(s) to act jointly with the Settlor as Trustees of this Trust.

Scottish Equitable
Protect

See note 3

3. Definitions

(i) '**Beneficiary(ies)**' means any person who is a 'Possible' or 'Default' Beneficiary.

(ii) '**Possible Beneficiaries**' means the following persons:

(a) any person to whom the Settlor shall be or shall have been married and any widow or widower of the Settlor. However, it is not possible for a person who is also a Settlor to be a Beneficiary in this class;

(b) any children of the Settlor (or either of them) whenever born;

(c) any grandchildren or remoter issue of the Settlor (or either of them) whenever born;

(d) any person to whom any Beneficiary in classes (b) or (c) above shall be or shall have been married;

(e) any person(s) (other than the Settlor), including Trustees, nominated by the Settlor and whose name(s) has/have been notified to the Trustees in writing by the Settlor as being a possible recipient of the Trust Fund;

(f) any person other than the Settlor (or either of them) beneficially entitled under his Will/the Will of either of them or in accordance with the rules relating to intestacy to any interest in his/their estate;

(g) any Default Beneficiary;

(h) ____________

(iii) '**Default Beneficiary(ies)**' is/are the person(s) named below:

Name	Share (%)

(iv) '**Trust Fund**' means the Policy, the full benefit of the Policy and all property at any time held by the Trustees upon the trusts created by this Deed whether by way of further settlement, accumulation of income, capital accretion or otherwise and all property from time to time representing the foregoing respectively but excluding any rights to the Retained Benefits (as defined below) and any property from time to time representing the Retained Benefits.

(v) '**Retained Benefits**' means such one or more of the following benefits (if any) which are provided under the Policy in accordance with its terms and conditions: critical illness protection, critical illness family income benefit, total and permanent disability benefit, reducing critical illness protection, children's critical illness protection and income protection.

(vi) '**Gifted Benefits**' means any benefits arising under the Policy other than any Retained Benefits.

(vii) '**Trustees**' means the Settlor and the Additional Trustee(s) appointed in section 2 on the previous page and such other Trustees (if any) as are appointed in writing and in accordance with the terms of this Trust.

(viii) '**Additional Trustees**' means the persons named in section 2 on previous page.

(ix) '**Trust Period**' means the period of seventy-nine years from the date of this Deed (which period shall be the perpetuity period for the purpose of this Trust).

(x) '**Company**' means Scottish Equitable plc.

(xi) Children and grandchildren shall include adopted children whether adopted before or after the date of this Deed and illegitimate children.

(xii) Where the context of the Trust permits, words importing the singular shall include the plural and the masculine shall include the feminine and vice versa.

4. Principal Trusts

See note 4

A. Retained Benefits

The Retained Benefits and the income from them shall be held upon trust for the absolute and indefeasible benefit of the Settlor (or, if there are two Settlors, for the benefit of the Settlor in respect of whose illness or disability or incapacity the benefit is payable. Any children's critical illness protection will be held for both Settlors equally).

B. Gifted Benefits

(i) The Trustees shall hold the Trust Fund, and the income from it, on such trusts and subject to such powers and provisions in favour of such one or more of the Possible Beneficiaries as the Trustees may appoint during the Trust Period. The trusts, powers and provisions may include protective and discretionary trusts and powers operative or exercisable at the discretion of the Trustees or any other person(s). The appointment of benefits from the Trust Fund by the Trustees must be by deed (or deeds) and may be revocable (whether by the person(s) making the Deed or some other person(s)) or irrevocable.

(ii) Until and subject to and in default of any appointment made under paragraph (i) of this section 4B or so far as any such appointment shall not extend or fail for any reason, the Trustees shall hold the Trust Fund and the income thereof absolutely for the Default Beneficiaries and if more than one in the shares specified in paragraph (iii) of section 3 and if no shares are specified in equal shares absolutely.

(iii) The Settlor (or either of them) shall not be capable of benefiting from the Trust Fund in any circumstances whatsoever.

C. Trust Income

It is hereby further declared that:

(i) Section 31 of the Trustee Act 1925 shall not apply to the trusts declared in section 4B of this Trust;

(ii) The trusts of the Gifted Benefits set out in section 4B shall carry any intermediate income;

(iii) Whilst any Beneficiary who is entitled to income under this Trust (including under any appointment) is a minor, the Trustees shall receive and take such Beneficiary's income to pay or apply the whole or such part (if any) as they think fit for or towards the maintenance, education or benefit of such Beneficiary until that Beneficiary attains the age of majority. The Trustees shall accumulate the surplus (if any) of such income and the resulting income and shall hold such income for the sole benefit of the Beneficiary absolutely.

5. Appointment, removal and resignation of Trustees

See note 5

(i) The Settlor shall, during his lifetime, have the power to appoint new or Additional Trustees. If there are two Settlors, they must exercise this power of appointment jointly and the survivor of them shall continue to have the power if one of them dies. After the Settlor's death (or the death of the surviving Settlor if there are two), the Trustees shall have the power to appoint new or Additional Trustees.

(ii) The Settlor shall also have the power to remove a Trustee, as long as there are at least two remaining Trustees after such removal, one of whom not being a Settlor. Any such removal must be carried out by deed. If there are two Settlors, they must exercise this power of removal jointly. The survivor may exercise the power alone after the death of one of the Settlors.

(iii) Any Trustee may resign office at any time notwithstanding any benefit under the trusts provided that no such resignation shall take effect unless immediately after it (whether by virtue of a new appointment by the same or simultaneous instrument or otherwise) there will be either a Trust Corporation or at least two individuals to act as Trustees hereof.

Any such appointment of new or Additional Trustees, or removal of a Trustee or resignation of a Trustee must be in writing. The Company shall not be bound by any change, addition, appointment or resignation of a Trustee until notice in writing of such change, addition, appointment or resignation is received at its Head Office.

6. Trustees' powers

See note 6

The Trustees shall have the following powers and any money received by the Trustees as a result of the exercise of their powers must be held by them subject to the terms of this Trust.

(i) The Trustees shall have the power to exclude any person or persons from being a Possible Beneficiary under this Trust. Once excluded, such persons shall cease to be and shall not be able to become a Possible Beneficiary either by nomination by the Settlor, or under the Will or under the intestacy of the Settlor, or by being the spouse of the Settlor. Any such exclusion of a Possible Beneficiary must be carried out by deed (or deeds) revocable during the Trust Period or irrevocable. Any such deed or revocation of it can only be made by the Trustees if at least one Possible Beneficiary will remain after it has taken effect. No such deed or revocation of it shall affect the entitlement of any person so excluded from being a Possible Beneficiary to any benefit previously conferred on him.

(ii) The Trustees may exercise full powers of:

(a) borrowing upon the security of;

(b) cashing in or converting into a paid-up Policy (if the Policy has a cash in or paid-up value);

(c) otherwise dealing with the Policy or other assets including the exercise of any options under the Policy held on trust, in all respects as if they were the absolute beneficial owners of the Policy.

(iii) The receipt by the Trustees of any money payable under (or deriving from) any dealing with the Policy shall be a full and sufficient discharge to the Company who shall not be concerned to see to the application of any such money.

(iv) Any money for the time being representing the Trust Fund may be invested or applied in the purchase of or at interest upon the security of such stocks, funds, shares, securities or other investments or property of whatsoever nature and wheresoever situate and whether producing income or not, including investment in life assurance policies and the purchase or improvement of real property, and whether involving liability or not or upon such personal credit with or without security as the Trustees may in their absolute discretion think fit to the intent that the Trustees shall have the same full and unrestricted powers of investing and varying investments in all respects as if they were absolutely and beneficially entitled in the Trust Fund.

(v) The Trustees may at any time or times advance or apply, freed from the trusts in this Deed, any part or parts or the whole of the Trust Fund or property otherwise held on these trusts to any Beneficiary who is entitled absolutely or contingently to such part or parts or the whole and section 32 of the Trustees Act 1925 shall have effect as if:

(a) the words 'one half of' were omitted from proviso (a) to subsection (1) of that Act; and

(b) the whole of proviso (c) was omitted from subsection (1).

(vi) The Trustees shall at their discretion have power to pay the parents (or either parent) or any guardian of any minor Beneficiary any sum of income intended to be applied for the maintenance or education or benefit of that minor or any sum of capital to be applied for the advancement or benefit of that minor, so that the receipt of such parent or parents or guardian shall be a complete discharge to the Trustees.

(vii) The Trustees shall have power to lend any monies comprising part of the Trust Fund to any one or more of the Beneficiaries under section 3 (ii) or (iii) hereof either interest-free or at such rate of interest as they determine and upon such terms and conditions as to security (if any) repayment and otherwise as they think fit. For the avoidance of doubt it is hereby declared that no loan may be made to or for the benefit of the Settlor.

(viii) The Trustees shall have power, revocably or irrevocably, to delegate any power or powers in making, managing, realising or

7. Trustees' remuneration and liability

See note 7

(i) Any Trustee, other than the Settlor (or either of them), who shall be a solicitor or an accountant or engaged in any profession or business shall be entitled to and be paid all usual and proper professional and other reasonable charges for any business or work done by him or his firm in relation to the trusts in this Deed.

(ii) No Trustee shall be liable for any loss to the Trust Fund arising by reason of any investment made in good faith or by reason of any mistake or omission made in good faith by any Trustee or by reason of any other matter or thing except wilful and individual fraud or wrongdoing on the part of the Trustee who is sought to be made liable.

This Trust shall be irrevocable and shall be governed by and construed in accordance with the law of England and Wales.

In witness whereof the parties have executed this Deed on

(dd/mm/yyyy) ____________

and hereby certify that this Deed falls within Category L/N of the Schedule to the Stamp Duty (Exempt Instruments) Regulations 1987.

Signed as a Deed by the Settlor
in the presence of: Signature of Witness
Name and address of Witness

Signed as a Deed by the Settlor
in the presence of: Signature of Witness
Name and address of Witness

Signed as a Deed by the Additional Trustee
in the presence of: Signature of Witness
Name and address of Witness

Signed as a Deed by the Additional Trustee
in the presence of: Signature of Witness
Name and address of Witness

Scottish Equitable Protect

GD/9152 IP/00070/05/05

Note 1: Declaration

Under English law, for a trust to be valid, the settlor must clearly state their intention to create a trust.

Note 2: Appointment of additional trustees

We always recommend that at least one trustee, in addition to the settlor, is appointed. If the settlor is the sole trustee of a trust, then we will require a grant of probate or letters of administration if they die to establish who should act as trustee. This then means that one of the main reasons for using a trust (avoiding the delay and expense of probate) would be lost. For this reason, our trust allows the appointment of additional trustees(s) in the deed itself. For a trust to be valid, the settlor must also say exactly what is put into trust. This is why details of the policy or the application have to be inserted in the trust deed.

Note 3: Definitions

Here we define terms that are used more than once to avoid unnecessary repetition.

Possible beneficiaries

The categories of people to whom the trustees can appoint the trust benefits at a future date.

Default beneficiaries

The people who will benefit if the trustees do not appoint the trust benefits to any of the possible beneficiaries.

Trust fund

The life protection policy is originally the subject of the trust. However, it is necessary to define the property under trust to ensure that the definition covers situations where the proceeds of the policy are not immediately paid out but are reinvested. This could be particularly important if the beneficiaries are children and the proceeds are not immediately paid out of the trust. Here the proceeds continue to be invested subject to the trust terms even after the claim has been paid.

Retained benefits

Benefits held for the absolute benefit of the settlor.

Gifted benefits

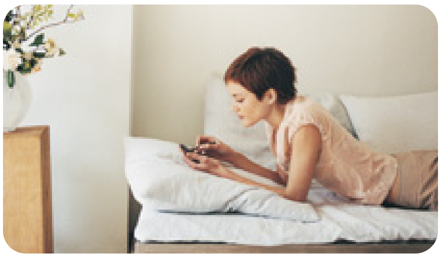
Benefits held for the possible and default beneficiaries.

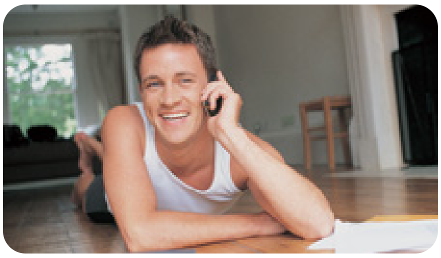
Trustees

The legal owners of the policy who are entitled to deal with us in all matters related to the policy.

Trust period

Under English law, trusts must come to an end after 80 years. We have selected a 79-year trust period to allow some flexibility.





Note 4: Principal trusts

Retained benefits
This part of the trust states that all the retained benefits are held for the absolute benefit of the settlor.

Gifted benefits
This part of the trust gives the trustees power to assign benefits among the possible beneficiaries and states that if no such assignment is made, the default beneficiaries will benefit.

Trust income
This part of the trust states that the default beneficiaries of the trust are entitled to trust income. Even though no income is produced from a life protection policy, it is necessary to establish this right to income under the trust to ensure the most favourable tax implications for the settlor and the beneficiaries.

Note 5: Appointment, removal and resignation of trustees

During their lifetime (or for joint settlors during their joint lifetime) the settlor has the power of appointment. After that, it passes to the trustees themselves. The settlor also has the power to remove a trustee if, for example, a trustee is unwilling to act.

Note 6: Trustees' powers

(i) The trustees have the power to exclude any of the possible beneficiaries (other than the settlor) from the trust.

(ii) The trustees are the legal owners of the policy. They have a right to borrow against the security of the policy, and the power to surrender, convert to paid-up or otherwise deal with the policy.

(iii) This confirms that we will pay the policy benefits to the trustees without asking how they will use the benefits.

(iv) This gives the trustees wide investment powers. This will be relevant if the policy proceeds are paid out and the trustees do not intend to distribute them immediately to the beneficiaries. This may be the case if the beneficiaries are children.

(v) This power expands the normal rules set out by statute to allow the trustees to apply the whole of the trust fund for the benefit of the beneficiaries.

(vi) This gives trustees the power to pay sums to the parents or guardians of beneficiaries under the age of 18.

(vii) This gives the trustees the power to make loans to beneficiaries from the trust fund.

(viii) This gives trustees the power to delegate their investment rights to professional investment advisers. As with (iv) above, this will be particularly relevant if, following payment of the claim, the funds need to be invested for the beneficiaries.

(ix) This gives trustees the power to export the trust outside the UK, which may be suitable in some circumstances, for example for tax reasons.

Note 7: Trustees' remuneration and liability

(i) This allows trustees who are professionals to charge fees for their services.

(ii) This describes the extent of trustees' liabilities for any loss to the trust fund.

Signature clause

As this declaration is a deed, a special form of words needs to be used and the parties to the deed (the settlor and the additional trustees) must sign and have their signatures witnessed.

appendix 2: glossary

Beneficiary
A person who can potentially benefit from any property held by the trustee.

Default beneficiary
A person who has an 'interest in possession' in the trust, in other words they have the right to any income that may arise under the trust.

Gifted benefits
The benefits held by the trustees for beneficiaries other than the settlor.

Normal expenditure from income exemption
An exemption that will allow regular gifts to be exempt from inheritance tax, if it can be shown that they were made from income rather than capital. It also has to be shown that making the gift would not affect that person's standard of living.

Policyholder
The person or persons who own the policy.

Possible beneficiary
A person who may, at some point in the future, be appointed by the trustees as a beneficiary, with an interest in possession.

Potentially exempt transfer
A gift that will be exempt from inheritance tax if the donor survives a period of seven years from the date that the gift is made.

Power of appointment
The power given to the trustees to appoint a possible beneficiary as a default beneficiary with an interest in possession. The power can also be used to remove an interest in possession from a beneficiary or to change the proportion of default beneficiaries.

Reservation of benefit
A gift in which the settlor retains an interest (perhaps as a possible trust beneficiary). The property comprising the gift forms part of the donor's or settlor's estate for inheritance tax purposes.

Retained benefits
Benefits paid if the settlor experiences critical illness or total and permanent disability, which are held for the absolute benefit of the settlor.

Settlor
The person (or persons) who creates the trust by transferring property (for example a life protection policy) into the trust.

Split trust
A trust where the benefits are split between those retained by the settlor (the retained benefits) and those gifted to the beneficiaries (the gifted benefits).

Trust fund
The assets of the trust.

Trustees
The persons who have legal ownership of the trust fund and who administer the trust in accordance with the provisions of the trust deed.

Yearly exemption
An exemption that allows each person to make inheritance tax-free gifts up to the value of £3,000 each tax year.

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