



Example trust deed for Excepted Group Life Policy

EXAMPLE TRUST DEED FOR EXCEPTED GROUP LIFE POLICY

This example deed is intended for use with Excepted Group Life policies, to set up a standalone unregistered scheme.

Important notice

This document is provided by Unum Limited purely as an example of the type of trust wording generally thought suitable for the above purpose. It is designed for execution in the UK in accordance with English Law.

Neither Unum Limited nor its officers or employees warrant that the deed will be suitable for the individual circumstances of any client, nor that the wording of the deed will be legally effective.

Provision of this deed shall not constitute advice of any sort, whether legal or otherwise. We strongly recommend that this wording be referred to your legal advisers for vetting, tailoring to your circumstances and execution. You are responsible for any legal fees you incur.

Neither Unum Limited nor any of its affiliates or their respective directors, officers and employees shall be liable for any loss or damage arising out of or in any way connected with the use of the deed whether in its original form or as amended under any law or on any basis whatsoever whether contractual or otherwise, including, without limitation, any direct, indirect, incidental, special or consequential damages (such as loss of business or profits or any other financial loss). Unum Limited does not make any attempt to restrict its liability for death or personal injury caused by Unum Limited's negligence or for fraud or fraudulent misrepresentation.

The law and tax rules in relation to trust deeds are subject to change and as a result the deed may become outdated. However, Unum Limited is under no obligation to notify you of any such changes.

There are other draft Trust wordings and notes to explain about Registration available to help you on our website at: <http://unum.co.uk/advisers/group-life-insurance/group-life-trust-choices/>

RegTD/CD/LTD/U032017

unum.co.uk

Unum Limited is authorised by the Prudential Regulation Authority and regulated by the

Financial Conduct Authority and the Prudential Regulation Authority Registered Office:

Milton Court, Dorking, Surrey RH4 3LZ
Registered in England 983768

Unum Limited is a member of the Unum Group of Companies



Unum. Milton Court,
Dorking, Surrey RH4 3LZ
01306 887 766 TEL
01306 881 394 FAX

DATE:

DEFINITIVE DEED

THE

.....

[EXCEPTED/NON-REGISTERED] GROUP LIFE SCHEME

THIS DEED is made on (date)

[Option A: Principal Employer is the trustee of the Scheme. Please select the appropriate option for the employer structure.]

[Principal Employer is a company or LLP]

BY:

..... (registered company name)
(company number:) (the “Principal Employer”), whose registered office is at
.....

[Principal Employer is a partnership – please specify all partners in the partnership. Please add additional entries with relevant details as required.]

BY:

..... (name of partnership), acting
by its partners (full name) of
..... (address) and
..... (full name) of
..... (address) (the “Principal Employer”).

[Option B: Separate trustee(s) is/are being appointed.]

[Principal Employer: Please select the appropriate option for the employer structure.]

[Principal Employer is a company or LLP]

BETWEEN:

..... (registered company name)
(company number:) (the “Principal Employer”), whose registered office is at
.....; and

[Principal Employer is a partnership – please specify all partners in the partnership. Please add additional entries with relevant details as required.]

BETWEEN:

..... (name of partnership), acting
by its partners (full name) of
..... (address) and
..... (full name) of
..... (address) (the “Principal Employer”); and

[Trustees: select the appropriate option. Please specify all appointed trustees. Please add or remove the number of entries as required.]

[Trustee is a sole corporate trustee]

..... (registered company name)
(company number:), whose registered office is at
..... (the “Trustees”).

[Trustees are a number of individuals – please note that you need at least two individual trustees]

..... (full name) of
..... (address), and

..... (full name) of
..... (address) (the “Trustees”).

[Trustees are a combination of a corporate and individual trustees]

..... (registered company name)
(company number:), whose registered office is at
..... and
..... (full name) of
..... (address) (the “Trustees”).

INTRODUCTION:

- (A) The Principal Employer wishes to establish a scheme to provide benefits on the death in service of its employees and the employees of any other employers it wishes to admit to participate in the Scheme from time to time.
- (B) The Principal Employer intends the benefits in the Scheme to be provided through one or more policies satisfying the conditions of Sections 480 to 482 of the Income Tax (Trading and Other Income) Act 2005.
- (C) The scheme is to be called the [Excepted/Non-Registered] Group Life Scheme (the “Scheme”).
- (D) This deed is the definitive trust deed and rules of the Scheme.
- (E) **[Option A:** The Principal Employer has agreed to be the first trustee of the Scheme. The Principal Employer enters into this deed in its capacity as Principal Employer and the Trustees of the Scheme.] **[Option B:** The Trustees have agreed to be the first trustees of the Scheme.]

OPERATIVE PROVISIONS

- 1. The Principal Employer establishes the Scheme under irrevocable trusts with effect from the date of this deed.
- 2. The Trustees are hereby appointed and accept appointment as the first trustees of the Scheme.
- 3. The trust established by this deed shall be administered by the Trustees in accordance with the provisions of this deed and the rules contained in the schedule to this deed, as amended from time to time.
- 4. The Scheme shall be interpreted so as to meet the requirements of a relevant life policy defined in Section 393B of ITEPA and an excepted group life policy as defined in Section 480 of ITTOIA and the requirements of any other relevant legislation and the Principal Employer and the Trustees undertake to make any alteration to the Scheme which may be required in order to meet those requirements.

SCHEDULE

RULES OF THE NON-REGISTERED GROUP LIFE SCHEME

1. CONSTRUCTION AND DEFINITIONS

1.1 In these Rules, unless the contrary intention appears:

- 1.1.1 words importing the masculine shall include the feminine;
- 1.1.2 words in the singular shall include the plural and vice versa;
- 1.1.3 references to persons shall include corporations; and
- 1.1.4 references to any legislative provision shall include any amendment or enactment of it in force for the time being and any regulations made under it.

1.2 In these Rules the following words shall, unless the context requires otherwise, have the following meanings. Where these words are used in these Rules, the first letter is capitalised to show the word is a defined term.

“**Beneficiaries**” in relation to a Member means any individual who is treated as a beneficiary for the purpose of the relevant Policy or Policies, and subject to the terms of the relevant Policy or Policies, may include:

- (a) the Member’s spouse;
- (b) any of the Member’s financial dependants;
- (c) the Member’s children and their spouses;
- (d) the Member’s parents;
- (e) the personal representatives of the Member; and/or
- (f) the trustees of a trust established for the benefit of persons that fall within one or more of paragraphs (a) to (d) above;

but shall not include any person who is prohibited from benefiting from the Scheme by virtue of Sections 482(2) or 482(3) of ITTOIA.

Spouse includes a person’s civil partner and any individual he has gone through a lawful ceremony of marriage with or who, in the Trustees’ opinion, he had lived with as his partner.

“**Employee**” means an employee or director of an Employer.

“**Employer**” means the person by whom a Member is employed (or in the case of a Member who is an Equity Partner, the partnership in which they are a member), being either the Principal Employer or a Participating Employer.

“**Equity Partner**” means any individual who is or was an equity partner or fixed profit share partner in any Employer or is remunerated as if they were such a partner.

“**Insurance Company**” has the meaning given by Section 275 of the Finance Act 2004 and in relation to benefits under the Scheme means, where applicable, the insurance company which provides the Policy in relation to those benefits.

“**ITEPA**” means the Income Tax (Earnings and Pensions) Act 2003.

“**ITTOIA**” means the Income Tax (Trading and Other Income) Act 2005.

“**Member**” means any Employee or Equity Partner in respect of whom any benefit is payable under a Policy.

“**Participating Employers**” means any Employer other than the Principal Employer which is admitted to the Scheme in accordance with Rule 8 (Employers).

“**Policy**” means a policy on a Member’s life, including an assurance under a group policy, issued by an Insurance Company and satisfying the conditions of Sections 480 to 482 of ITTOIA and “**Policies**” shall be construed accordingly.

“**Principal Employer**” means or any replacement Principal Employer in accordance with Rule 8 (Employers).

“**Rules**” means the rules contained in this Schedule as amended from time to time.

“**Scheme**” means the scheme governed by these Rules and known as the Non-Registered Group Life Scheme.

“**Trustees**” means the trustee or trustees for the time being of the Scheme.

2. CESSATION OF ELIGIBILITY

2.1 An individual shall cease to be a Member the day before his 75th birthday.

3. SCHEME ASSETS

3.1 Scheme assets shall consist of:

3.1.1 the Policy or Policies;

3.1.2 monies held by the Trustees representing the payment of benefits under any Policy or Policies; and

3.1.3 interest paid on the sums referred to in Rule 3.1.2 above.

4. LUMP SUM BENEFITS

4.1 Subject to the following provisions of this Rule 4, and subject to the provisions of Rule 5 (*Insurance policy*) where a lump sum is stated to be payable in accordance with this Rule 4, the Trustees shall hold it on trust to pay part or all of it to, or for the benefit of, such one or more of the deceased Member’s Beneficiaries as the Trustees in their discretion may decide.

4.2 If a person has paid or incurred all or part of the costs and expenses relating to the deceased Member’s funeral, the Trustees may, subject to any legislative requirements, deduct from the lump sum all or part of the amount of those expenses and pay that amount to that person or make a payment in settlement of the cost or expense. The Trustees may make a payment under this Rule 4.2 in advance of exercising their discretion as to the payment of the remainder of the lump sum.

4.3 The Trustees may establish separate trusts for the benefit of one or more of the deceased’s Beneficiaries. The Trustees shall decide the terms of such trusts.

- 4.4 If the Trustees have not paid all of the lump sum payable in respect of a Member under this Rule within two years of being notified of the death of the Member or (if earlier) the date on which the Scheme is terminated, the Trustees shall automatically be deemed to hold the sum as a separate fund, outside the Scheme, on trust for the personal representatives (or executors) of the deceased Member or, if there are none, for his statutory next of kin. However, if the Trustees are unable to identify or trace the Member's statutory next of kin the Trustees shall, subject to the requirements of Sections 480 to 482 of ITTOIA, make a payment of that sum as the Principal Employer may direct.
- 4.5 The Trustees may have regard to, but shall not be bound to follow, any document signed by the Member expressing his wishes for the disposal of any sum payable under this Rule.
- 4.6 Where any sum held under this Rule would otherwise be payable to the Crown, the Duchy of Lancaster or the Duke of Cornwall as bona vacantia, or would vest in a creditor of the Member, the Trustees shall retain that sum in the Scheme in accordance with Rule 6.3 and may use it to meet any future costs or expenses relating to the Scheme or, subject to the requirements of Sections 480 to 482 of ITTOIA or any other legislative requirements, pay it as the Principal Employer may direct.
- 4.7 In exercising their power under this Rule 4, the Trustees shall not be obliged to enquire about, or take into consideration, any potential beneficiary other than ones whose existence and claim to be considered has been expressly notified to the Trustees by the Member.

5. INSURANCE POLICY

- 5.1 Subject to Rule 7.4, the benefits payable under Rule 4 (*Lump sum benefits*) shall be secured by a Policy or Policies. The Policy or Policies shall, unless the Trustees and the Principal Employer otherwise agree, comprise a relevant life policy, namely:
- 5.1.1 a relevant life policy, which satisfies the conditions set out in Section 481 of ITTOIA as amended from time to time;
- 5.1.2 a policy of life insurance the terms of which provide for the payment of benefits on the death of a single individual, which satisfies the conditions set out in Section 481 of ITTOIA as amended from time to time; or
- 5.1.3 a policy of life assurance which would qualify as a relevant life policy under Rule 5.1.1 or 5.1.2 above except that it provides for a benefit which is an excluded benefit within the meaning of Section 393B(3)(a), (b) or (d) of ITEPA.
- 5.2 Notwithstanding anything in the other provisions of the Rules, the Trustees shall be liable to pay the benefits under Rule 4 (*Lump sum benefits*) only to the extent that the benefits will be met under the terms of the Policy by which the benefit is insured and subject to any restrictions imposed under Rule 7.4.
- 5.3 Where a benefit in this deed is specified as being subject to the terms of a Policy and the Policy is silent on the matter, the Trustees shall decide the amount of that element of the benefit to be provided.

6. EXPENSES OF THE SCHEME

- 6.1 Subject to Rule 7.4.2, the Principal Employer shall pay the premiums required for the Policy under Rule 5 (*Insurance policy*).

6.2 The Principal Employer shall meet all costs, charges and expenses of, or incidental to, the administration and management of the Scheme, other than any costs, charges or expenses which, under the terms of the Policy or the Rules, are to be met from the premiums payable under Rule 6.1 or from the proceeds of the Policy.

6.3 Where the money recovered under the Policy is retained within the Scheme under Rule 4 (*Lump sum benefits*), it shall be used to meet the amounts otherwise payable by the Principal Employer under this Rule.

7. ADMINISTRATIVE PROVISIONS

7.1 These Rules shall not in any way restrict the rights of an Employer to terminate the employment of an Employee. No claim for wrongful termination of the employment of an Employee shall be made against an Employer for damages, or for any increase in damages, for loss of any benefit under the Scheme.

7.2 Subject to the provisions of any court order under matrimonial proceedings which is made under legislation relating to divorce, nullity or judicial separation, the benefits under the Scheme shall not be assignable or chargeable in any way. If a person entitled, or prospectively entitled, to benefits under the Scheme assigns or charges them, or purports to do so, it shall not be binding on the Trustees.

7.3 The Trustees may deduct from any payment under the Scheme any tax for which they are accountable in respect of that payment. They may also deduct any costs and expenses which they incur in identifying and locating any Beneficiary and in making payment to a Beneficiary.

7.4 A Member shall provide to the Trustees such information or evidence as the Trustees, or the Insurance Company which provides the Policy, may from time to time require, including information relating to the Member's health. Subject to compliance with the disability discrimination provisions of the Equality Act 2010, the following shall apply in relation to that information:

7.4.1 If the information results in the Insurance Company restricting the benefits provided under the Policy in respect of that Member, the benefits due under the Scheme in respect of that Member shall be restricted accordingly.

7.4.2 If the information results in the Insurance Company requesting an increase in the premium required in order to cover that Member under the Policy and the Principal Employer refuses to pay that additional premium, the Trustees shall reduce or terminate the Member's rights under the Scheme in line with the cover, if any, provided under the Policy in relation to that Member.

7.4.3 If a Member fails to provide the requested information or evidence, or the information or evidence provided is inaccurate, the Trustees may reduce, suspend or terminate the Member's rights under the Scheme.

7.5 Before making any payment from the Scheme, the Trustees may require the production of such evidence or information as they think fit and payment of any benefit may be withheld until that information is provided.

7.6 Subject to the requirements of any legislation or to any order of a court, the Trustees shall be entitled to refuse to disclose to any Member or actual or potential Beneficiary the whole or

any part of any documents, minutes, records or other data in their possession and shall not be obliged to give reasons for any decision they make.

8. EMPLOYERS

8.1 Subject to Rule 8.2, an employer which is invited by the Principal Employer to participate in the Scheme shall participate in the Scheme with effect from the date specified by the Principal Employer in writing to the Trustees.

8.2 Unless the Trustees agree otherwise, an employer shall only participate in the Scheme if it is associated with the Principal Employer. For these purposes, associated means where it is controlled by the Principal Employer or it and the Principal Employer are controlled by a third person (control being determined in accordance with Section 450 of the Corporation Tax Act 2010) or where there are sufficient links between the employer and the Principal Employer for the Trustees to regard them as associated.

8.3 A Participating Employer:

8.3.1 may, by notice in writing to the Principal Employer and to the Trustees, cease to participate in the Scheme;

8.3.2 shall cease to participate in the Scheme if required to do so by notice in writing from the Principal Employer;

8.3.3 shall, unless the Trustees agree otherwise, cease to participate in the Scheme if it is no longer associated with the Principal Employer (association being determined in accordance with Rule 8.2);

8.3.4 shall cease to participate in the Scheme on the date its cover under a Policy is terminated; and

8.3.5 shall, unless the Trustees agree otherwise, cease to participate if it enters liquidation, provisional liquidation, administration, receivership, administrative receivership or a voluntary arrangement.

8.4 Subject to the consent of the Trustees and the Principal Employer, any company, firm or person may become and assume the rights and obligations of the Principal Employer under the Scheme by executing a deed of substitution under which it undertakes to observe and comply with the provisions of these Rules. Upon appointment of a new Principal Employer in accordance with this Rule the previous Principal Employer shall be discharged from all future obligations as Principal Employer of the Scheme and all powers or consents of the Principal Employer under the Scheme shall be exercisable by the new Principal Employer.

8.5 In the event that the Principal Employer enters liquidation, provisional liquidation, administration, receivership or administrative receivership or otherwise ceases to carry on business, the rights and powers of the Principal Employer under these Rules shall instead be exercisable by the Trustees unless and until a new Principal Employer is appointed in accordance with Rule 8.4.

9. TRUSTEES

9.1 The Principal Employer may by deed remove any Trustee from office or appoint new or additional Trustees (without limit in number) or appoint a corporate body as the sole, new or an additional Trustee (whether or not it is a trust corporation).

9.2 A Trustee may resign from office as a Trustee by giving at least one month's written notice to the Principal Employer (or such shorter period as the Principal Employer may permit).

9.3 The Trustees may delegate any of their powers (discretionary or otherwise) to any person whom they consider competent on such terms as the Trustees may decide. The power to delegate includes the power to sub-delegate.

10. TRUSTEES' LIABILITY

10.1 No Trustee (or director or officer of a corporate Trustee) shall be liable in any way for his actions as a trustee of the Scheme except for:

10.1.1 his dishonest, intentional or reckless breach of trust; and

10.1.2 in the case of a professional trustee, his own negligence.

10.2 Each Trustee (or director or officer of a corporate Trustee) shall be indemnified by the Principal Employer and, as a separate and secondary indemnity, out of the assets of the Scheme against all liabilities (including costs) incurred by him in the management and administration of the Scheme except where such liability arises from:

10.2.1 his dishonest, intentional or reckless breach of trust; and

10.2.2 in the case of a professional trustee, his own negligence.

10.3 The Trustees shall be entitled to purchase insurance against liability for any act or omission in relation to the Scheme to the extent permitted by legislation. The Principal Employer shall meet the cost of that insurance unless the Trustees agree otherwise.

10.4 No indemnity shall be provided under this Rule from the assets of the Scheme to the extent prohibited by legislation.

10.5 Any director of a corporate Trustee and any Trustee who is also a director of the Principal Employer or an associated company shall not be entitled to an indemnity from the Principal Employer under this Rule to the extent that such an indemnity is prohibited by legislation.

10.6 Any reference in this Rule 10 to a Trustee, director or officer includes any former Trustee or former director or officer of a corporate Trustee.

11. AMENDMENT AND TERMINATION

11.1 The Principal Employer may amend the Rules and the deed governing the Scheme. Any amendment shall be made by deed executed by the Principal Employer and may have retrospective effect.

11.2 The Principal Employer may terminate the Scheme by notice in writing to the Trustees. Termination shall have effect from the date specified in that notice or, if no date is specified, the date that notice is received by the Trustee.

11.3 On termination of the Scheme:

11.3.1 any benefits due in relation to the death of a Member which occurred prior to the date of termination shall remain payable; and

11.3.2 any assets thereafter remaining in the Scheme shall, subject to any legislative requirements, be returned to the Principal Employer or as the Principal Employer may direct.

[Option A: Principal Employer is the trustee of the Scheme.] The Principal Employer has executed this document as a deed in its capacity as the Principal Employer and the Trustee of the Scheme on the date set out above.

[Option B: Separate trustee(s) is/are being appointed.] The parties have executed this document as a deed on the date set out above.

[Please include an execution block for each party signing. Please bear in mind the following principles and contact Unum if you have any questions:

- The Principal Employer and all trustees must sign – i.e. if there is more than one trustee, each will need to sign.
- Where signing as a company or LLP, either two directors will need to sign for the company/LLP, or one director before a witness. Here are the two options:

Executed as a deed by)
 **LIMITED**)
 acting by:)
) Director (signature)
 (full name))
 and)
 (full name))
 two directors / a director and its secretary) Director/Secretary (signature)

Executed as a deed by)
 **LIMITED**)
 acting by a director:)
) Director
 (full name))
 in the presence of:)

Name of witness:
 (in BLOCK CAPITALS)

Signature of witness:

Address:

Occupation:

- Where signing as an individual, each individual’s signature must be witnessed as follows:

Signed as a deed by)
)
)
(full name)) (signature)
in the presence of:

Name of witness:

Signature of witness:

Address:

.....

Occupation:

- Where signing as a partnership, all partners will need to sign as individuals using the form of execution block set out above.]