

LIFESTYLE TRUST FREQUENTLY ASKED QUESTIONS



All references to Utmost Wealth Solutions mean Utmost International Isle of Man Limited or Utmost PanEurope dac.

The Lifestyle Trust is available for use with Utmost Wealth Solutions bonds including those formerly sold by Quilter International.

1. WHO IS THE SETTLOR OF THE TRUST?

The individual who assigns (gifts) the bond into Trust.

2. CAN THE LIFESTYLE TRUST HAVE MORE THAN ONE SETTLOR?

No, the Trust can only have one Settlor.

3. CAN A MARRIED COUPLE EACH SET UP THEIR OWN TRUSTS?

Yes, it is possible to have two Trusts. However, care should be taken that the Trust is not set up for the benefit of the other spouse, see Question 4.

4. DOES THAT MEAN THE SETTLOR'S SPOUSE CANNOT BE A BENEFICIARY UNDER THE TRUST?

The Settlor's spouse can be a Beneficiary. If any advancement is made to the spouse whilst the Settlor is alive, it is crucial that the Settlor is not able to benefit directly or indirectly in any way. This is to ensure the 'gift with reservation' provisions are not triggered, see Question 7.

5. CAN THE SETTLOR BE APPOINTED AS A TRUSTEE?

No, neither the Settlor, their spouse nor their civil partner are permitted to be appointed as a Trustee on the Lifestyle Trust.

6. CAN A PROTECTOR BE APPOINTED?

Yes, but neither the Settlor, their spouse or civil partner are permitted to be appointed as a Protector on the Lifestyle Trust.

7. WHAT ARE THE 'GIFT WITH RESERVATION' PROVISIONS?

In simple terms, if the Settlor can still benefit from a gift they made, any UK inheritance tax (IHT) mitigation in relation to this Trust will not work and the Trust fund will be considered within the Settlor's estate on their death.

8. CAN THE SETTLOR TOP-UP THE TRUST FUND?

Yes, it is possible to do this, subject to Utmost Wealth Solutions' acceptance (as Bond provider). The top-up will be applied across all the separate Policies which make up the bond that are in force at the time. For example, if the bond is split into 200 Policies and the Settlor adds a further £100,000, then £500 will be added to each of the 200 Policies. This will apply to all individual Policies regardless of whether they have passed the entitlement date or not.

9. WHO ARE THE BENEFICIARIES UNDER THE TRUST?

The Trust is a discretionary trust, so it allows for a wide class of Beneficiaries. The Settlor at outset can specify certain Beneficiaries or additional classes of Beneficiaries if they are not covered by the default list. The Trustees then have discretion over which of the potential Beneficiaries receive benefits and when. Guidance can be given by the Settlor to the Trustees using a 'letter of wishes'.

10. WHICH BONDS CAN BE USED WITH THE LIFESTYLE TRUST?

A former Quilter International Isle of Man Limited or Quilter International Ireland dac life assurance Policy (written on life of another only) or capital redemption bond.

New or existing Utmost International Isle of Man Limited or Utmost PanEurope dac Policies written on capital redemption basis only.

11. DO YOU OFFER A PROFESSIONAL TRUSTEE SERVICE?

Utmost International Trustee Solutions Limited, an Isle of Man based company, offers a professional trustee service for use with the Lifestyle Trust. This is available, at an additional cost.

12. CAN THE TRUSTEES CASH IN THE BOND AND REINVEST THE PROCEEDS IN DIFFERENT INVESTMENTS?

Yes, this is possible provided the Settlor agrees to such a change. The Settlor will either need to give up all rights to the Policy funds or, if they want to retain these rights, the consent to the Trustees will be on the provision that the entitlements can be replicated.

13. IS THE SETTLOR GUARANTEED TO RECEIVE THE ENTITLEMENT THEY HAVE SPECIFIED IN THE TRUST FUND?

No, the Trustees are able to defeat the Settlor's interest at any time and allocate the entitlement to the Trust's Beneficiaries.

14. IS THE VALUE OF THE SETTLOR'S ENTITLEMENT FIXED?

No, the value of each Policy fund will fluctuate. However, the number of individual Policies that make up each Policy fund (chosen at outset) will remain the same.

15. WHAT HAPPENS TO THE SETTLOR'S ENTITLEMENT WHEN THEY DIE?

The Settlor's entitlement is dependent on them being alive on the day they become entitled to the Policy fund. Any future entitlement is therefore lost on death.

Any Policy funds which have passed their vesting date and remain invested in the bond, i.e. they were not surrendered, are considered to be within the estate of the Settlor and included when assessing whether there is an IHT liability.

16. DOES THE SETTLOR HAVE ACCESS TO THE TRUST FUND IF NEEDED?

The Settlor is only entitled to the pre-defined entitlements listed in the second schedule of the Lifestyle Trust deed. The Settlor is specifically excluded from benefiting from the Trust fund in any other way.

17. CAN AN ENTITLEMENT BE BROUGHT FORWARD?

No, there is only the ability to defer entitlement prior to the pre-defined date.

18. DOES THE SETTLOR'S ENTITLEMENT REDUCE THE SIZE OF THE GIFT BEING MADE AT OUTSET?

No, the entire bond premium is considered a gift. No discount is given for the Settlor's entitlement as it has negligible value due to the flexible nature of the entitlement, i.e. it might be defeated.

19. WHAT PART OF THE TRUST FUND IS LIABLE TO THE 10 YEAR PERIODIC IHT CHARGES?

The entire Trust fund (bond value) is liable, minus any Policy funds which have vested, i.e. they have passed the entitlement date and not been surrendered.

20. IS THE VESTING OF THE POLICY FUNDS SEEN AS AN EXIT FROM THE DISCRETIONARY TRUST AND THEREFORE LIABLE TO AN EXIT CHARGE?

The Policy fund entitlement is carved out at outset and can't be brought forward. Because of this, the entitlement to the Policy fund is not chargeable as an exit from the discretionary Trust.

21. HOW MANY POLICIES SHOULD THE BOND HAVE?

To ensure the flexibility of the Lifestyle Trust is maintained, it is suggested that the highest number of Policies possible is selected where the choice is available, subject to minimum premium values.

22. WHICH ASSETS ARE SURRENDERED WHEN THE SETTLOR BECOMES ENTITLED TO A POLICY FUND AND CHOOSES TO RECEIVE THE MONEY?

This will be dependent on which bond is chosen, see Question 9. Some products will allow the bondholder to choose the assets to be sold and some products will sell a proportion of all assets that make up the bond.

23. WILL THE BOND PROVIDER (FORMER QUILTER INTERNATIONAL OR UTMOST WEALTH SOLUTIONS) WRITE TO THE BONDHOLDERS BEFORE A POLICY FUND VESTS?

No, as the Policies continue to be invested within the bond, we will not inform the Trustees or Settlor that an entitlement date has passed. The Trustees should retain records of Policy fund entitlements.

Please note where Utmost International Trustee Solutions Limited are appointed as Trustee, they will liaise with the Settlor(s) prior to any Policy Fund reversion date(s). This will ensure Utmost International Trustee Solutions Limited fully understand the requirements of the Settlor(s) in respect of any upcoming Policy Fund reversions, i.e. whether these are requested to be deferred or taken, and will then balance any requests to take the reversion with any potential needs of the wider Beneficiary class.

24. CAN PART OF THE POLICY FUND BE DEFERRED?

No, a Policy fund can only be deferred in full. It might be prudent to have multiple Policy funds with the same vesting date to increase flexibility.

25. CAN MORE THAN ONE POLICY FUND VEST IN THE SAME YEAR?

Yes, this can increase the flexibility further. If, for example, three Policy funds are set for the same year, any number of these can be deferred before the entitlement date to reduce the entitlement if it is no longer required. If only one were selected, the choice is to defer entirely or receive as planned.

For example:

- › Policy fund A = 5 Policies with vesting date of 20/11/2028
- › Policy fund B = 5 Policies with vesting date of 20/11/2028
- › Policy fund C = 5 Policies with vesting date of 20/11/2028

All of the Policy funds vest on the same day. However, each Policy fund can be deferred independently to reduce the number of Policies the Settlor becomes entitled to. So if Policy fund C is deferred to a later date,

only 10 Policies vest on 20/11/2028.

If a single Policy fund held all 15 Policies, the choice would be to access all 15 or defer all 15.

26. CAN A FORMER QUILTER INTERNATIONAL OR EXISTING UTMOST WEALTH SOLUTIONS BOND BE PLACED INTO THE LIFESTYLE TRUST?

Yes, a former Quilter International Bond written on either a life assurance or capital redemption basis can be put in Trust. Where the Bond is written on a life assurance basis it must be held in your sole name and neither you, nor your spouse or civil partner, can be a life assured on the Bond. An existing Utmost Wealth Solutions Bond must be written on a capital redemption bond basis to be put in Trust.

27. CAN THE TRUSTEES APPOINT POLICIES TO A BENEFICIARY DURING THE SETTLOR'S LIFETIME?

Yes, the Trustees have power to appoint the Trust fund to any potential Beneficiary at any time. This may impact the Settlor's pre-determined Policy funds.

For example:

- › Policy fund A contains Policies 1-10 due to vest 20/11/2028.
- › The Trustees decide before the vesting date to advance Policies 6 -10 to a Beneficiary who wants to surrender them.
- › On the vesting date, the Settlor will only receive access to Policies 1-5.

TRUST REGISTRATION - IMPORTANT INFORMATION

Once the Trust is set up, it may need to be registered. Failure to do so could result in a fine.

Under the EU's fifth money laundering directive (5MLD), a Trust may be required to register where it is deemed to be resident in a participating EU Member State, and in this context includes the UK despite no longer being part of the EU. This is generally driven by the residency of the Trustees and the settlor, and the location of the Trust's property or other business relationships.

Each country/EU Member State has its own rules regarding residency of a Trust. For example, where the Trustees and/or settlor are UK resident, the Trust will be deemed to be resident in the UK and is required to be registered with HMRC's Trust registration service within 90 days of the declaration of Trust. Where the Policy forming the Trust property is issued by Utmost PanEurope dac then the Trust will also be required to register on the Irish register, the Central Register of Beneficial Ownership of Trusts.

Further information regarding Trust registration can be found in '[Your guide to the UK Trust Register](#)'.

Your client's investment may fall or rise in value and they may not get back what they put in.

This information is based on our interpretation of legislation as at 1 September 2023. While we believe this interpretation is correct, we cannot guarantee it. Tax relief and the tax treatment of investment funds may change in the future. The value of any tax relief will depend on your client's financial circumstances.

Neither Utmost International Isle of Man Limited nor Utmost PanEurope dac, or any other companies within the Utmost Group, accept any responsibility for any losses or liabilities arising from actions taken as a result of the information contained in this document.

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Utmost Wealth Solutions is registered in the Isle of Man as a business name of Utmost International Isle of Man Limited.

Utmost PanEurope dac is regulated by the Central Bank of Ireland. Registered No 311420. Administration Centre for correspondence: King Edward Bay House, King Edward Road, Onchan, Isle of Man, IM99 1NU, British Isles. Registered Office address: Navan Business Park, Athlumney, Navan, Co. Meath, C15 CCW8, Ireland.

Utmost Wealth Solutions is registered in Ireland as a business name of Utmost PanEurope dac.

Utmost International Trustee Solutions Limited is registered in the Isle of Man under number 137986C.

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