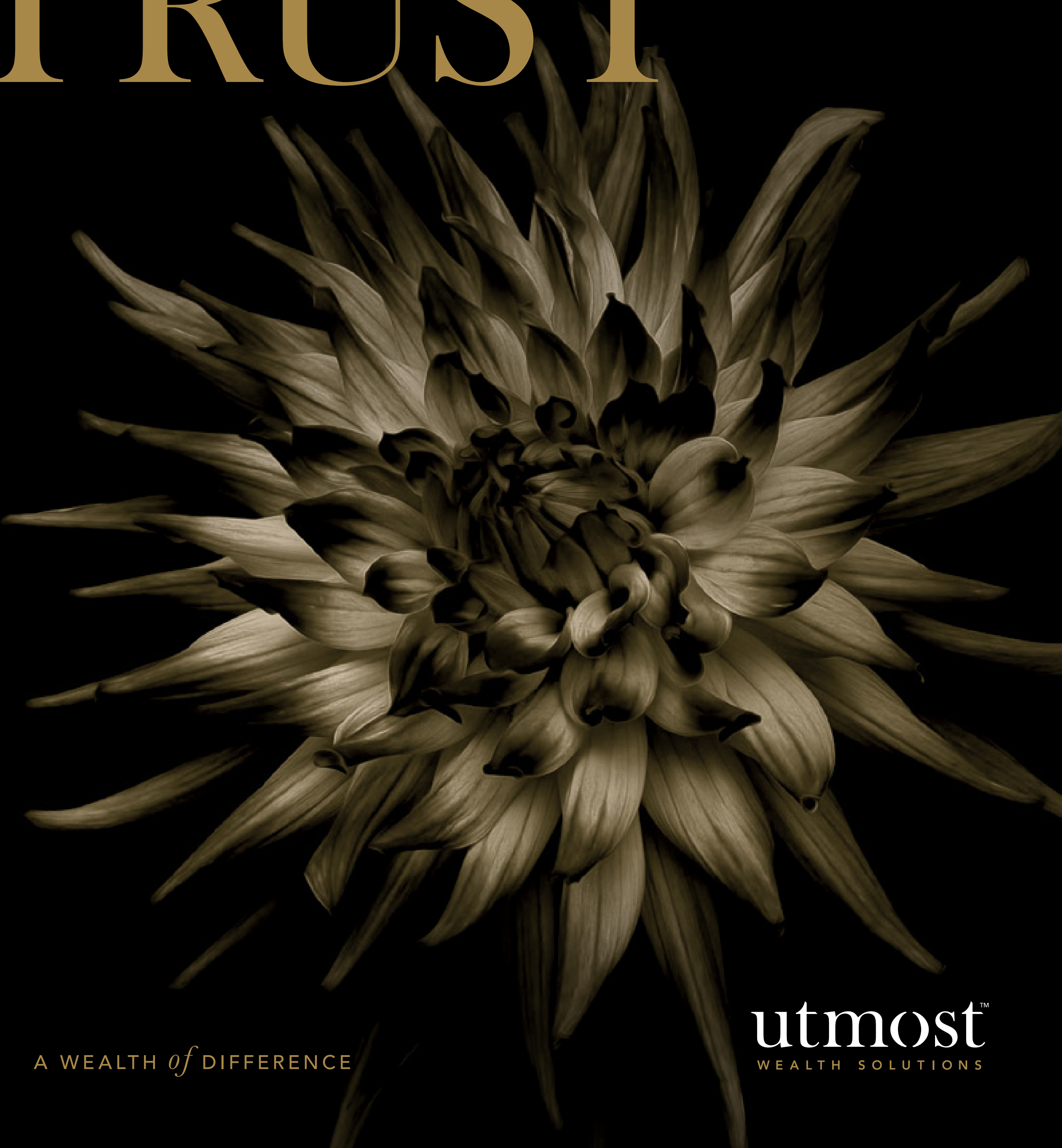
DISCOUNTED GIFT TRUST

CONVERSION GUIDE FOR SELECTION BONDS



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WEALTH SOLUTIONS

Utmost Wealth Solutions is the brand name used by a number of Utmost companies.

This item has been issued by Utmost PanEurope dac.

This guide is for individuals, married couples or registered civil partners looking to establish an Utmost PanEurope Discounted Gift Trust (DGT) using an existing Utmost PanEurope Selection bond. If you are looking to make a new investment into an Utmost PanEurope DGT please see our **Generation Planning Bond Product Guide** and speak to your financial adviser.

We accept no responsibility for the consequences of placing your bond into this DGT scheme, including any personal taxation consequences.

This guide should be read with the supporting literature for your existing bond. We have also referenced other documents that can give you further information on aspects such as trusts and underwriting. These are available from our website www.utmostinternational.com or your financial adviser on request.

BEFORE YOU BEGIN

TO HELP YOUR UNDERSTANDING

The information in this guide is limited to the Utmost PanEurope Discounted Gift Trust, hereafter referred to as 'the DGT', which is designed to place an existing Selection bond into trust.

Throughout this guide we refer to 'you', 'your', 'we', 'us', 'our', 'trustees' and 'your lifetime':

› 'You' and 'your' refers to you personally as the person creating the trust

› 'We', 'us' and 'our' mean Utmost PanEurope dac as the provider of a product or trust

› 'Trustees' refers to the individuals (or a company) whom you appoint as the trustees of your trust. This will include you if you also appoint yourself as a trustee.

› 'Your lifetime' means the lifetime of you and your surviving spouse/civil partner if you are making a joint application.

Throughout this guide words in the singular shall include the plural and vice versa.

IMPORTANT NOTES

The DGT is not generally suitable for people who have no other form of savings or income as it cannot be surrendered during your lifetime.

Once you have transferred your bond into the DGT this cannot be reversed. Once transferred the bond cannot be assigned during your lifetime.

The DGT is designed to assist in the mitigation of UK Inheritance Tax (IHT). It is unlikely that it will be effective in mitigating similar taxes in other countries.

The information in this guide assumes that you are UK resident and domiciled and your trustees are UK resident.

If you are UK domiciled, your worldwide estate will be subject to UK IHT on your death. If you are unsure of your status you should discuss this with your financial adviser.

To settle your Selection bond into the DGT you must be under 90 years of age and your bond must:

› have been established on a capital redemption basis

› be worth over £50,000 at the time of settlement

› have been in force for over 12 months

› be denominated in Pounds sterling (GBP).

Taking into account market fluctuations and charges, the trustees may not get back as much as you invested. In addition, inflation will reduce the value of what can be bought in the future with the proceeds of the bond.

The information in this guide is based on our interpretation of current law and taxation practice in the UK and Ireland as at **1 January 2021**, which could change in the future and depends on individual circumstances.

TRUST REGISTRATION

It is important to note that most UK express trusts, and trusts with a UK tax charge payable by the Trustees, will need to be registered under the UK trust registration service and may need to be registered in an EU Member State.

This information is based on our understanding of current legislation and HM Revenue and Customs practice. It does not constitute legal or taxation advice. Speak to your financial adviser for further information on trust registration requirements.

INTRODUCTION

One of the dilemmas you may face when carrying out UK Inheritance Tax (IHT) planning is deciding how to gift money to your beneficiaries, but still retain enough 'income' to maintain a comfortable lifestyle.

IHT PLANNING

IHT may reduce the amount you can leave to your loved ones upon your death. In the UK you will currently be liable to IHT if your estate is valued over the current allowance of £325,000[1] and tax is currently payable at 40%[2] on the amount over this threshold. After you die any unused IHT allowance can be passed on to your husband, wife or civil partner.

Just owning a home and having sufficient capital to provide a reasonable income during retirement may leave your estate with a sizeable IHT liability.

MAKING A GIFT DURING YOUR LIFETIME

An effective way of reducing your potential IHT liability is giving your wealth away during your lifetime, either by making a gift to somebody, or into a trust from which you cannot benefit.

However, one of the drawbacks of this type of gift is that, for it to be effective under UK IHT rules, you must ordinarily have no access to it in future. This is a complex IHT rule known as the gift with reservation of benefit rule.

Furthermore, making lifetime gifts does not cause an **immediate** reduction in the value of your estate. If you do not survive for seven years from the time you make a gift, the gifted amount will be included in your estate for the purposes of calculating any IHT liability[3].

HOW A DISCOUNTED GIFT TRUST (DGT) CAN HELP

The DGT enables you to choose a level of 'income' (regular withdrawals of capital) to take from your bond for the rest of your life (or until the value of your bond is exhausted). You cannot stop, reduce or increase your regular withdrawals from the bond during your lifetime. The remaining value of the trust is then distributed to your beneficiaries after your death.

This arrangement still involves making a gift and therefore the whole investment will be outside of your estate after seven years. But, in addition, your right to fixed, regular withdrawals from the DGT:

› provides you with a degree of access to your 'gifted' capital

› causes an **immediate** reduction (known as the 'discount') in the value of your estate for IHT purposes. When paid to you, the value of any 'income' will still be within your estate for the purposes of IHT if not spent or gifted

› does not cause a gift with reservation of benefit, because, under the DGT scheme, you only have rights to regular withdrawals and cannot benefit from the trust itself.

[1] The 2013 budget announced that the Nil Rate Band would be frozen at £325,000 until at least 2020/21. The 2015 budget introduced a residence Nil Rate Band that was phased in from 6 April 2017. This provided an additional Nil Rate Band to be used against certain qualifying residential property. If you think this could apply to you, then you should speak to your financial adviser for more information.

[2] A reduced rate of 36% applies if a person gives away at least 10% of their net estate to charity (i.e. after deductions such as the available Nil Rate Band and other reliefs and exemptions). The 40% IHT rate will apply for any other estate.

[3] In some cases this IHT charge applied to a gift can be reduced by taper relief. Speak to your adviser for further information.

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HOW THE DGT WORKS

At the point that you gift your bond into the DGT, the value of your bond is split into two notional parts. These parts are treated differently for IHT purposes:

	THE DISCOUNT	THE GIFT
WHAT IT IS	The discount, also referred to as the **Grantee's* Fund**, is an estimate of the total amount that will be paid to you in regular withdrawals from the trust throughout your lifetime (or until the value of the bond falls to zero). The amount you actually receive could be more or less than this estimation.	The gift, also known as the **Residuary Fund**, is your gift into trust. This is the value of the transfer into trust minus the estimate of the total amount that will be paid to you in regular withdrawals (the discount).
HOW IT IS ESTIMATED	The estimated discount is based on a number of factors including: › The chosen amount and frequency of your withdrawals › Your life expectancy (your age and state of health as ascertained through the underwriting process) › Any withdrawals taken from your bond prior to setting up the trust.	The gift is the value of your bond when it is transferred into the DGT, minus the estimated discount.
HOW IT IS TREATED FOR IHT PURPOSES	The discount value is immediately removed from your estate for IHT purposes when the DGT is set up. Here any withdrawals taken that are not spent or otherwise gifted will still remain in your estate for IHT purposes.	The gift is outside your estate after seven years. If you die within seven years of making the gift it will be a failed transfer for IHT purposes and be taxed accordingly.

CERTIFICATE OF VALUATION

When the DGT is set up we issue a Certificate of Valuation. This certificate provides the value of the Residuary Fund (the gift) or, in the case of joint applications each applicant's Residuary Fund, in the opinion of the Actuary signing that certificate. Your personal representatives may use this if they need to provide valuation evidence to HMRC if your gift becomes chargeable to IHT. Whilst we follow current HM Revenue & Customs (HMRC) practice on the valuation of discounts, HMRC reserve the right to examine any individual value. This may lead to a difference in the IHT assessment of your trust.

AFTER THE TRUST HAS BEEN SET UP

Once the trust has been set up your pre-determined withdrawals are paid for the rest of your life, or until the value of the bond is exhausted. Following your death the regular withdrawals will stop and your trustees can:

› keep the bond in force and start new regular withdrawals and/or take one-off withdrawals for the beneficiaries

› make additional investments into the bond

› assign individual policy segments to beneficiaries, for them to surrender

› surrender the bond, either wholly or partially, and distribute the proceeds in accordance with the terms of the trust.

* 'Grantee' is a term used to describe the recipient of any kind of property, in this instance the property will be the overseas single premium capital redemption bond held in trust.

SETTING UP YOUR DGT

1

CHOOSING THE TYPE OF TRUST THAT SUITS YOUR NEEDS

Our DGT is available as either a discretionary or an absolute trust:

ABSOLUTE TRUST

With the absolute trust, you will name who is to benefit from the trust after your death and in what proportion. This cannot be changed by you or your trustees at a later time.

DISCRETIONARY TRUST

Under the discretionary trust you set out the beneficiaries who may be able to benefit from the trust at your trustees' discretion. These are referred to as the potential beneficiaries. Your trustees will then have discretion over who eventually benefits from the trust after your death.

You can provide your trustees with a letter of wishes to guide them, but a letter of wishes is not legally binding and your trustees are not obliged to follow your instructions.

Both trusts are treated differently for tax purposes. For further information see the inheritance tax and income tax sections of this guide and speak to your adviser.

For an explanation of trusts and the role of trustees see our **Guide to Trusts**.

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APPOINTING YOUR TRUSTEES

Your chosen trustees will be responsible for administering the trust and, if you use a discretionary trust, they will also have the power to determine who is to benefit from the classes of potential beneficiaries after your death. In all cases, appointment of your trustees is a very important decision, as you are giving them responsibility for part of your financial affairs. We recommend that you discuss this decision with your financial or legal adviser.

In situations where a trust is administered by a single individual trustee and that individual dies unexpectedly, it can be very difficult to appoint a new trustee. Therefore it is strongly recommended that you appoint at least two trustees, unless you are appointing a corporate trustee.

APPOINTING UTMOST TRUSTEE SOLUTIONS LIMITED AS YOUR TRUSTEE

Utmost Trustee Solutions Limited is a corporate trustee, offering professional trustee services and can be appointed to act on your DGT. For more information can be found in our **Utmost Trustee Solutions - A Guide to our Services**.

If you are appointing Utmost Trustee Solutions Limited, you will need to leave the appropriate, marked sections of the trust deed blank for the company to sign. You will also need to complete DGT appropriate appointment forms for Utmost Trustee Solutions Limited and pay the Trustee's Appointment fee.

The company details for Utmost Trustee Solutions Limited can be found in the footer at the end of this document.

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SETTING YOUR REGULAR WITHDRAWALS

As explained earlier in this guide, the level of withdrawals you choose will affect the immediate discount to your estate and the value of your gift when setting up the trust. Your chosen level of withdrawals will also impact the amount that is left for your beneficiaries after your death.

Each time you receive a withdrawal from the trust, the amount is transferred back into your ownership. If these withdrawals are left to accumulate as savings they will form part of your estate for IHT purposes. Therefore if you simply save your withdrawals you could counteract some of the IHT mitigation achieved by the trust.

Your withdrawals are expressed as a percentage of the total premium(s) paid into your bond, not as a percentage of the bond value on the date you set up your DGT. The reason for this is that your 5% annual tax-deferred entitlement (explained on page 10) is based on the total premiums paid into your bond, not the value of your bond at the time of transfer.

When choosing your level of withdrawals, you are able to set them to increase annually at a specified rate. For example, if the total premium paid into your bond was £100,000 and you decide to take withdrawals of 4% increasing by 5% per year, you would receive £4,000 in year one, £4,200 in year two, £4,410 in year three and so on.

The table below shows the level of withdrawals and the rates of increase available:

RATE OF WITHDRAWAL AS A % OF TOTAL PREMIUMS	RATE OF INCREASE
up to and including 5% per year	not exceeding 7.5% per year
5.1% up to and including 7.5% per year	not exceeding 5% per year
7.6% up to and including 10% per year	no increase permitted

Choosing an appropriate level at which to set your withdrawals is a very important decision and you should discuss this with your financial adviser. See page 10 for details of how the withdrawals will be taxed.

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UNDERWRITING YOUR HEALTH

An important part of setting up the DGT is the underwriting process, as it allows us to more accurately estimate your life expectancy and therefore the value of the discount. We always underwrite DGT cases at the outset in order to meet HMRC requirements for this type of arrangement.

The health-related questionnaire in your application form is reviewed by our underwriters along with a General Practitioner's Report (GPR), which we request from your doctor. Our underwriters then assess this information and reflect any relevant health factors by 'adding' years to your age to provide an 'adjusted age'. In some cases our underwriters may require a medical examination or additional information from your doctor before reaching a decision.

If your 'adjusted age' after underwriting is between 90 and 94, we may be able to offer you the option to proceed on a 'Nil Discount' basis. Otherwise, if we are unable to offer a discount, we must decline to offer you terms. If this happens you will be unable to set up a DGT and your existing bond will continue unaffected. Ask your financial adviser for further information on our underwriting process.

INHERITANCE TAX

THE DISCOUNT

As explained on page 5, when the trust is established it is split into two notional parts. The Grantee's Fund (or discount) represents the estimated present value of the withdrawals that will be paid to you from the trust. This value is immediately removed from your estate. Note the value of any 'income' actually paid to you will still be in your estate if not spent or gifted.

THE GIFT

The remaining amount after deducting the discount value is known as the Residuary Fund. This is your gift into trust for IHT purposes. If you survive for seven years after making the gift, it will no longer be accountable in your estate for IHT.

In the unfortunate event that you do not survive for seven years, then, depending on when death occurs, the size of the gift, and what other gifts you have made, the IHT payable on the gift may be reduced by:

› any available IHT annual exemptions

› taper relief

› any transferable Nil Rate Band (NRB) allowance available from your spouse or civil partner (if they have predeceased you).

The gift value is not affected by future withdrawals or investment performance. This means that any growth on the trust is outside of your estate. However, it also means that a combination of your withdrawals and poor investment performance could lead to a situation where the actual value of the trust is lower than the value of your gift.

If the DGT is set up on a joint basis and one of you dies within the first seven years, IHT will become payable on that individual's share of the joint gift (if it is not covered by any available NRB). As the bond cannot be surrendered until the second death, it is important to ensure that there are some other assets available to pay any IHT in this event.

DGT ABSOLUTE TRUST

Under the absolute trust, the gift is a Potentially Exempt Transfer (PET). Provided you survive for at least seven years after setting up the trust, this PET is totally free of IHT. If you were to die within seven years, the PET will be included in the value of your estate for IHT purposes.

Beneficiaries of the absolute trust cannot be changed, and may be subject to the laws of intestacy which means that if they die having not made a will, their share of the trust fund could go back into your estate. This will affect your IHT planning and you should therefore discuss this with your financial adviser before appointing any absolute beneficiaries.

DGT DISCRETIONARY TRUST

Under the discretionary trust, the gift is a Chargeable Lifetime Transfer (CLT). Provided you survive for at least seven years from the start of the bond, this CLT will no longer be accountable in your personal estate for IHT.

The discretionary trust is subject to the following tax charges:

Entry charge

An immediate entry tax charge at the grossed up lifetime rate of 25% (assuming settlor pays the tax) is payable on the amount of the CLT if, when added to any other CLTs you have made in the previous seven years, it exceeds the NRB (£325,000 for the 2019/20 tax year). Generally, CLTs will include any transfers you have made to discretionary trusts.

Please note that capital cannot be withdrawn from the bond after setting up the trust if you want your trustees to pay the entry tax charge. Therefore, there is no option for the trustees to pay any tax on the entry charge. If your bond is written on a joint life basis, you will each have your own CLT and NRB.

Periodic charge

A periodic charge of up to 6% is payable every 10 years from the date you set the trust up, but only if at that time the value of the trust fund is over the NRB applicable at this date. As capital cannot be withdrawn from the bond during your lifetime to pay the periodic tax charge, you will be liable for any applicable IHT.

Exit charge

An exit charge may be payable when capital is withdrawn from the trust to pay to beneficiaries following your death. This is based on a proportion of the periodic tax charge paid at the previous 10 yearly anniversary date and is applied to the amount of capital withdrawn from the trust.

The charges outlined above are payable by your trustees from the trust if they are resident in the UK.

The calculation of the tax charges outlined on this page is a complex matter and you should speak to your financial adviser for further information.

Your personal representatives cannot insist that the trustees meet any IHT payable on your estate from the proceeds of the bond.

INCOME TAX

TAX ON THE WITHDRAWALS

Once you have set up the trust, the level of withdrawals cannot be changed during your lifetime.

For each investment made, UK tax residents are currently entitled to withdraw 5% of the original investment amount each policy year for 20 years (i.e. up to 100% of their original investment amount) and defer any income tax payable. If the full 5% entitlement is not taken in any policy year, the unused amount is carried forward for use in future years.

If, at the end of any policy year, withdrawals from the bond exceed the cumulative 5% entitlement, the excess will be a chargeable gain and may be liable to income tax.

TAX ON SURRENDERS

Our bonds are comprised of a number of identical policies (or segments). When one or more of these segments are surrendered, or the bond is surrendered in full, an income tax liability may arise on any gain (or growth). This is referred to as a chargeable gain.

Once the trust has been established, the bond (or any individual segments) cannot be surrendered during your lifetime.

TOP SLICING RELIEF

Top slicing relief can be used to reduce any potential higher or additional rate tax liability. This type of relief may be available to individuals in respect of chargeable gains arising from withdrawals and/or surrenders. However, top slicing relief is not available if the trustees are liable to the tax on any chargeable gains. Please speak to your financial adviser for further details.

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Who will be liable to the tax on any chargeable event gains arising from surrender?

DISCRETIONARY TRUST		
WHEN THE BOND IS SURRENDERED	WHO IS LIABLE TO PAY THE TAX?	INCOME TAX RATE*
During the UK tax year of your death	Your personal representatives	Your highest marginal rate of income tax
In any later UK tax year, by your UK resident trustees	The trustees	The trust rate of tax, currently 45%** (for the 2019/20 tax year)
In any later UK tax year, by Utmost Trustee Solutions Limited (where appointed)	Any UK resident beneficiary in receipt of benefits from the bond	Each beneficiary will be taxed at their highest marginal rate of income tax
After the bond has been assigned to your UK resident beneficiaries by the trustees	The UK resident beneficiaries based on their share of the trust fund	Each beneficiary will be taxed at their highest marginal rate of income tax, although top slicing relief may apply

ABSOLUTE TRUST		
WHEN THE BOND IS SURRENDERED	WHO IS LIABLE TO PAY THE TAX?	AT WHAT TAX RATE?
At any point after your death whilst still in trust, or if it has subsequently been assigned to your UK resident beneficiaries	The UK resident beneficiaries based on their share of the trust fund	Each beneficiary will be taxed at their highest marginal rate of income tax although top slicing relief may apply

Once the trust has been established, the bond (or any individual policy segments) cannot be surrendered during your lifetime.

This area of taxation is complex and subject to change and therefore the exact position can only be determined by reference to the situation at the time the chargeable gain arises. We would strongly recommend that the trustees discuss this with a financial adviser.

For further details on how the bond is treated for tax purposes, see our **Tax Information Client Guide** brochure and speak to your financial adviser.

* Where there is a joint settlement the gain is considered against each person's settlement. In other words, this can result in tax being paid at different rates depending on when the surrender takes place.

** The first £1,000 of tax would be subject only to basic rate tax due to the starting rate band for trusts. Note this only applies where UK resident trustees are liable.

PAYING FOR PROFESSIONAL ADVICE

WHO CAN PAY FOR THE PROFESSIONAL ADVICE?

Before you set up the trust you are able to pay for financial advice from your bond if you wish. However, once the trust is established, ownership of the bond is transferred to your chosen trustees. Your trustees will then be responsible for arranging any one-off or ongoing adviser charges that are to be paid from the bond.

If, once the trust is established, you personally pay the adviser directly for advice relating to the trust, the payment would be a transfer of value. If the amount you pay for that advice exceeds any annual IHT exemption available to you, the payment could be treated as an additional gift (PET or CLT) on your death.

It is therefore likely that any advice charge in relation to the trust will have to be paid from the bond itself, so it is important that you and your chosen trustees understand the effects this will have.

It is important to note that, once the trust is established, your trustees cannot pay for any advice provided to you personally, as this would create a 'gift with reservation of benefit' and undermine any IHT benefits of the DGT.

There are two types of charges that can be paid from your bond to cover advice given:

Investment Adviser Charges

- Investment adviser charges can be paid from the bond for advice relating only to the bond's linked investments
- Our **Nomination of Investment Adviser Form** or **Nomination of External Manager and/or Custodian Form**, and our **Adviser Charges Pack** will need to be completed by your trustees if they would like to set up payment of investment adviser charges
- These charges will not affect the 5% annual tax-deferred entitlement (described on page 10).

Adviser Charges

- Adviser charges for non investment advice can be paid from the bond
- Our **Adviser Charges Pack** will need to be completed by your trustees if they would like to set up payment of adviser charges
- These charges are treated as a withdrawal of capital from the bond and will affect the 5% annual tax-deferred entitlement.

Investment adviser charges and adviser charges can only be taken on an ad-hoc or ongoing basis (they cannot be taken at the initial point of assignment).

If a combination of your chosen level of regular withdrawals and the adviser charges exceed the 5% annual tax-deferred entitlement, the excess will be a chargeable gain and may be liable to income tax.

Setting your regular withdrawals at a lower rate in order to accommodate adviser charges within the tax-deferred entitlement will result in a lower discount value. Lower withdrawals will also increase the value of the fund which could be potentially subject to ten yearly charges and/or exit charges as explained on page 9.

In addition, if, for example, you set your withdrawals at 4% (of the premium value) per year and adviser charges at 1% (of the bond value) per year, the tax-deferred entitlement may be exceeded if the bond value increases.

For more information see our **Tax Information Client Guide** or speak to your financial adviser.

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DISCOUNTED GIFT TRUST RISK WARNINGS

Before settling your bond into a Discounted Gift Trust you should read this section carefully as it explains some of the risks we consider to be the most important:

- Once your bond is put into the Discounted Gift Trust, you cannot unwind the trust if you change your mind
- The Discounted Gift Trust is not a new product and therefore cancellation rules do not apply
- The funds available through the bond are linked to stock markets and other investments. Their value will fall and rise in line with these markets and is not guaranteed. This means that your trustees may get back less than originally invested
- The tax treatment of the bond cannot be guaranteed as tax law and practice may change in future or differ from our interpretation. There is therefore a risk that the value of the tax benefits provided by this bond may change, which may result in a higher amount of UK IHT being paid by your estate than you expected. The tax treatment of the bond also depends on your individual circumstances
- HMRC reserve the right to examine and challenge any IHT benefits from the bond. This may result in a higher amount of IHT being paid by your estate than you expected
- Inflation will reduce the value of what can be bought in the future with the proceeds of the bond
- The Discounted Gift Trust requires that you take an 'income' in the form of capital withdrawals. Withdrawals, including any adviser charges (agreed by the trustees with your adviser and paid through the bond) may reduce the value of the bond below its value at conversion. This may be especially true at times when investment growth is low or when the level of withdrawals is higher than growth of your chosen funds after charges. In addition the potential for growth may be reduced
- If the bond invests in a fund denominated in a different currency from the bond, a currency conversion charge will apply. All costs and exchange risks associated with currency conversion will be charged to the bond. You should bear in mind that currency fluctuations may affect the value of the bond
- If the trustees agree to pay any ongoing or ad hoc adviser charges through the bond, any tax liability created may fall on the Settlor/Donor or the beneficiaries. The tax position will depend on the type of trust created and the circumstances of the trust at the time
- The bond's charges may increase in the future beyond those shown in the personal illustration you received when you took out your bond
- Any withdrawals previously taken before conversion may impact both the taxation of future payments and the potential discount. You should discuss this point with your financial adviser.

FURTHER INFORMATION

AUTHORISED AND REGULATED

We are authorised by the Central Bank of Ireland (as our home state regulator).

As well as holding enough assets to meet our liabilities to our investors, we also hold an additional amount of capital to satisfy the requirements of the Central Bank of Ireland. This additional capital is called solvency margin. We report our solvency position to the Central Bank of Ireland on a regular basis.

As the assets to which the value of the bond is linked are held in our name, the policyholder does not have any automatic rights to compensation should the underlying fund manager or deposit taker fail. In these circumstances our liability to the policyholder will be limited to such amounts, if any, that we can recover from any third party.

LAW AND LANGUAGE

The Discounted Gift Trust consists of a series of policies and a Trust:

› The bond is governed by the laws of England and Wales and accordingly the High Courts of England and Wales shall have exclusive jurisdiction to decide any disputes that may arise

› The Trust is governed by the laws of England and Wales.

Your contract documents will be in English and any communication we send to you will be in English.

FINANCIAL ADVISERS

Your financial adviser will provide you with information regarding their identity, the capacity in which they are acting and their address for future communications.

If you have any questions regarding the Discounted Gift Trust, please contact your financial adviser.

CONVERSION GUIDE INFORMATION

This document was produced in January 2021. If you are not sure if you have the most up to date version, please ask your financial adviser.

TERMS AND CONDITIONS

The information in this guide gives a summary of the Discounted Gift Trust and the risks involved. It does not include all the definitions, exclusions, and terms and conditions. These are shown in the existing Policy Conditions, Policy Schedule and the Endorsement that will be issued when you settle your bond into Trust.

If you would like a copy you can ask your financial adviser or contact us.

WHAT TO DO NEXT

You should speak to your financial adviser and review your investment needs and attitude to risk.

HOW TO APPLY?

To put your existing Selection bond into our DGT you will need to complete the **Discounted Gift Trust Application** and choose either the **Discounted Gift Trust Absolute Trust** or the **Discounted Gift Trust Discretionary Trust**. These documents can be obtained from your financial adviser.

Under anti-money laundering regulations, we are required to verify the identity of all trustees, and obtain details of their name, address and date of birth and those of all named beneficiaries. The above mentioned documents have been designed to assist with the collection of this information and are available from your financial adviser.

WHAT WE WILL DO

Once we receive your completed application form, we will then:

› Conduct the underwriting

› Provide your adviser with your estimated discount and gift values and any age adjustment which has been applied, to be passed on to you. Please note that the final gift value will be issued on the date your bond is transferred into trust and will be based on the value of your bond on that date. The value of the bond may fluctuate between the start of the assignment process and the point of conversion (transferred into trust)

› Process the conversion and enter the relevant date on your trust deed once we have received all outstanding documentation

› Issue a policy endorsement and completed trust deed to your adviser to forward to your trustees. This should be kept with the original policy schedule for the bond. These documents are important and should be kept safe as they are proof of ownership.

ENDORSING YOUR POLICY CONDITIONS

In order for your DGT to be effective and robust, the original policy conditions for your bond must be amended to ensure the following:

› Neither you, nor your trustees, will be permitted to surrender the bond, or any individual policy segments, during your lifetime

› The bond cannot be assigned out of the trust during your lifetime

› The fixed withdrawals you select will be payable until your death or until the bond no longer has sufficient value to support the next withdrawal payment

› The level of withdrawals taken cannot be changed during your lifetime

› Ad hoc withdrawals will not be permitted during your lifetime other than to accommodate agreed adviser charges from within the bond if required

› There is no minimum value that must be kept in the bond during your lifetime. After your death, for the bond to remain in force it must have the minimum value as set by us at that time

› The address for correspondence of the trust will be updated to the address specified on page two of the relevant DGT trust deed.

CONTACT US

If you have any questions about this guide your adviser can help or you can contact us.

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Please note that emails are not secure as they can be intercepted, so think carefully before sharing personal or confidential information in this way.

Telephone calls may be recorded.

utmost™
WEALTH SOLUTIONS

We do not give investment, legal or tax advice. We only deal through regulated financial advisers and recommend that you seek your own professional advice to make informed investment choices at all times.

A WEALTH *of* DIFFERENCE

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