Quilter

The discounted gift trust

Bare version

We regularly update our literature; your financial adviser can confirm that this May 2023 version is the latest by checking the literature library on our website ***quilter.com***

Contents

Introduction

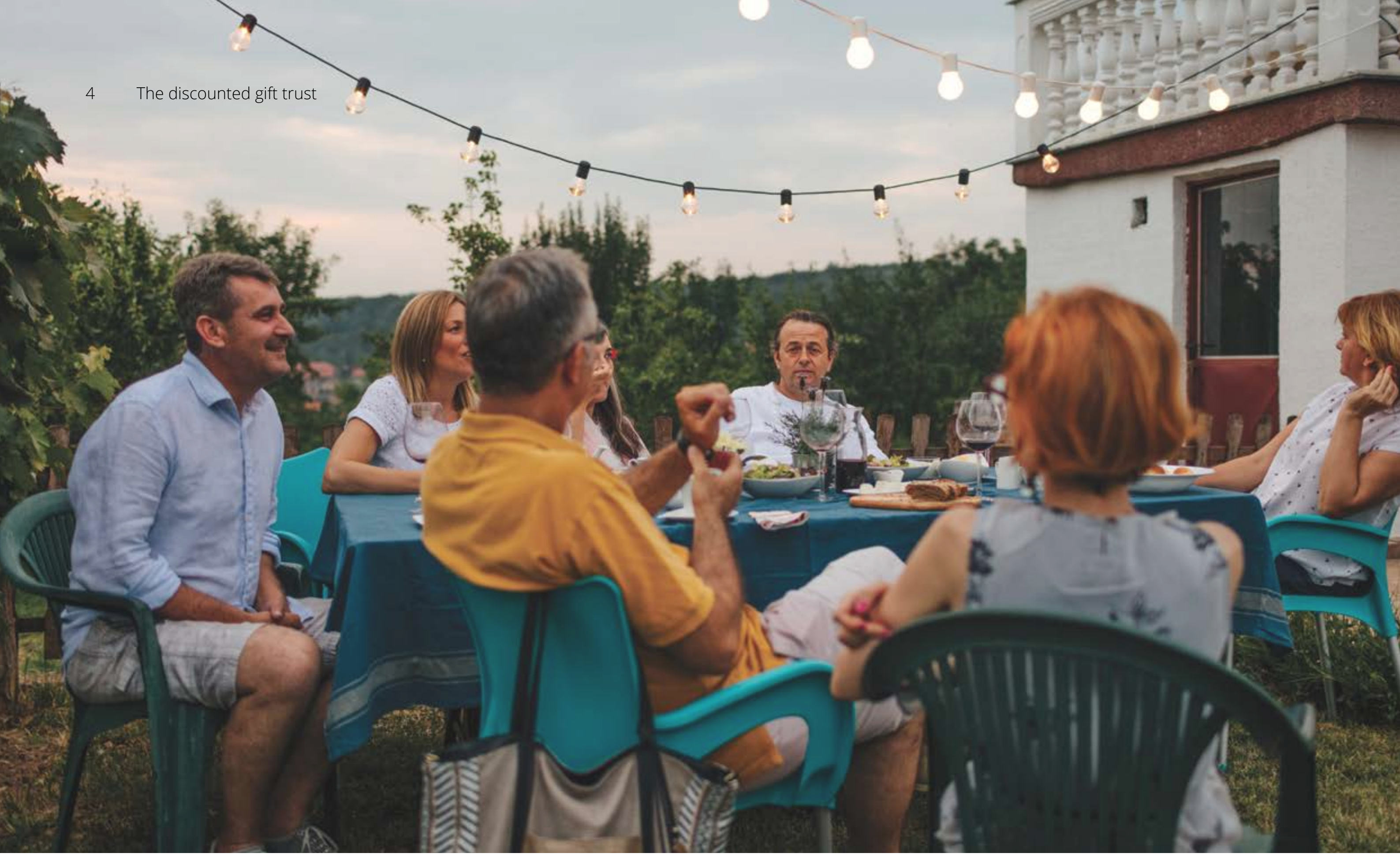
The purpose of this guide is to give you the information you need to help you to decide whether the discounted gift trust is a suitable tax-planning arrangement for you. It explains what the trust is, who is involved, how it works and how those you wish to provide for when you die can benefit from it. Please discuss this with your financial adviser before making any decisions.

The decision to place some of your assets into trust is such an important step, for you and others involved, that you should always take professional advice before making this decision.

Discounted gift trusts are specifically designed to help reduce your inheritance tax (IHT) liability whilst still allowing you the benefit of receiving regular withdrawals. You will not be surprised to learn that they are somewhat complex in structure. However, this is necessary to ensure they continue to provide the benefits they are used for.

Because of this complexity, it is particularly important that you consider all key aspects before making a commitment that cannot be changed. This guide aims to explain in plain English the way the discounted gift trust works. Inevitably in describing a legal document, it is sometimes necessary to use technical phrases. Where this is unavoidable, we have included explanations. Your financial adviser will also be able to provide further clarification.

As the trust arrangement may last many years, we have aimed in this guide to provide you with all the information you, and those who may deal with your estate after your death, may require over this period. As a result, some of the information may not appear applicable at the moment. However, if you do decide to set up a discounted gift trust, this guide can also act as a useful reference when questions arise.



About us

When we refer to Quilter, we, us or our in this document we mean Quilter Life & Pensions Limited.

We are part of Quilter plc, a leading wealth management business, helping to create prosperity for the generations of today and tomorrow. Quilter plc oversees £99.6 billion in customer investments (as at 31 December 2022). It has an adviser and customer offering spanning financial advice, investment platforms, multi-asset investment solutions and discretionary fund management.

We enable financial advisers to deliver the very best service to customers and their families, to help them achieve their financial goals. We offer a comprehensive range of products and investments through our award-winning online investment platform, which is known for its intuitive user experience that makes online processes quick and easy.

The value of advice

We don't sell or promote our products directly to customers. Instead we deal only through regulated financial advisers. We believe that decisions about your financial future are so important that you should always seek professional financial advice.

We do all we can to make sure that the people who are advising about our products fully understand them and the benefits and risks that need to be considered. We also try to make our product information as clear as possible in order to ensure you have all the information you need to make an informed investment choice.

What is a trust?

It allows you (the settlor) to gift your assets (which then become the trust fund) to a group of people (the trustees) for the benefit of those you want to provide for (your beneficiaries). With some careful planning, a trust can be a means of reducing or even eliminating a potential inheritance tax (IHT) bill.

It is the responsibility of the trustees to take control of, manage and ultimately distribute the trust fund to your beneficiaries in accordance with the trust's rules.

A 'bare' or 'absolute' trust is one where the beneficiary/ies has/have an absolute interest in the trust fund. This means that the sole duty of the trustee is to hold the trust fund in line with the trust deed and transfer it to the beneficiary when required.

Throughout this brochure, wherever we want to explain a particular term we highlight it in boxes like this on the page where the term is first used. We also use this method to draw your attention to any potential risks.

Estate – This means all the assets that a person owns (or, in some cases, is treated as owning) at the time of their death, less their liabilities (debts). Your estate will also include the value of any property or assets you have given away if either the gift you have made is subject to conditions or restrictions, or you keep back some benefit yourself. If you die within seven years of making a gift, then these may also be included in your estate.

Why use a trust for IHT planning?

Set up correctly, a bare trust offers one way to move money out of your estate and possibly reduce your potential liability to IHT. A gift of your assets into a bare trust is called a 'potentially exempt transfer' (PET) as it has the potential to be exempt from IHT after a seven-year period.

A trust can also avoid the prospect of lengthy delays often associated with administration of estates so that, in the event of your death, the people you want to benefit from your estate do so as quickly as possible.

Who is involved with a discounted gift trust – bare version?

There are normally three parties involved in setting up a discounted gift trust:

- You, the settlor, either on your own (as a single settlor) or with someone else, such as a spouse or civil partner (as joint settlors). The settlor invests a cash sum in a bond (the trust fund) and then transfers the legal ownership of this investment to their chosen trustees.
- The trustees are the legal owners of the assets, and they manage the assets for the benefit of the beneficiaries. They are also responsible for dealing with and distributing the trust fund on the settlor's death. Trustees can be friends, family, trusted individuals, or you can use the services of a professional trustee provider. You can also appoint yourself as one of the trustees.
- The beneficiaries of a bare version of a discounted gift trust are the individuals who you want to benefit from the trust fund. You name these individuals when the trust starts. You cannot under any circumstances change the beneficiaries in the future.

  With discounted gift trusts, settlor(s) (including your spouse or civil partner if they are a settlor) are only able to benefit from the right to receive withdrawals.

There may also be a fourth party involved, known as the protector.

- The protector monitors the trustees and ensures that their actions are in the best interest of the beneficiaries. You may appoint yourself as the protector.

Why use a discounted gift trust?

Normally for a trust to be effective in reducing an IHT liability, the settlor is not able to access or benefit from the trust fund. A discounted gift trust is different in that it enables the settlor(s) to benefit from regular withdrawals. This right to receive the withdrawals takes precedence over the other beneficiaries' right to the trust fund. The remainder of the trust fund is held for the benefit of the beneficiaries.

How a bare version of a discounted gift trust works

To set up a discounted gift trust (bare version) using a bond, you will first need to invest a cash sum in your bond (see page 9 for more details).

Once this has been set up, it is transferred into the discounted gift trust and legal ownership moves to the trustees. The investment then forms the trust fund. You will no longer have any access to the investment other than the right to receive the regular withdrawals from it. Details of the withdrawal options are shown on page 11.

Based upon factors such as your age, health (see page 10) and the level of withdrawals requested, we will calculate the estimated value of your right to receive the withdrawals. This value is known as 'the discount'. This is the amount that will fall immediately outside your estate on your death and is therefore not liable for IHT, even if you were to die within the first seven years. Whilst we use our experience and understanding of current legislation to assess the discount, the actual discount that applies will only be determined by HM Revenue & Customs (HMRC) after your death.

The value of your investment, less the discount, is what is referred to as the 'discounted gift'. For IHT purposes, this is a potentially exempt transfer (PET) and after seven years, the PET will fall outside your estate for IHT purposes. Should you die within seven years, the PET will be subject to IHT at 40% after deduction of any available nil-rate band.

Nil-rate band

The nil-rate band is not fixed and has, historically, increased year-on-year. Currently, the first £325,000 (frozen until April 2028) in an individual's estate is taxed at 0% for IHT purposes. This is known as the nil-rate band.

Any assets above the nil-rate band may be liable to IHT at 40%.

The following fictional example is for illustrative purposes only and is based on an investment of £250,000 in a bond subject to a discounted gift trust.

The settlor sets up a bond with £250,000.

The bond is transferred into a discounted gift trust.

The value of the settlor's right to regular withdrawals (the 'discount') is calculated based upon factors such as age and health of the settlor, plus the level of withdrawals. We estimate the discount to be £100,000.

The discounted gift is a potentially exempt transfer (PET). This is your investment less the discount. This value falls outside the settlor's estate after seven years. £250,000 minus £100,000 = £150,000.

Immediately outside the settlor's estate

Settlor's fund – the discount
Based on the value of the right to withdrawals from the trust fund during the settlor's lifetime (£100,000).

Potentially exempt transfer

Residual fund – the discounted gift
The remaining investment and all other rights (£150,000).

Any growth within the bond will be free from IHT.

Where is my money invested?

Your cash sum is invested in a Collective Investment Bond (CIB). This provides a flexible method of investing your money and offers the potential for growth, over the medium to long term. The bond is designed to allow your investment to grow whilst you take regular withdrawals.

Our bond offers a wide choice of investment options (funds), many linked to the performance of stock markets, enabling your trustees to choose funds to meet the investment needs of the trust. Because of the way the bond is structured, it also offers the opportunity to take advantage of certain tax benefits, depending on your personal circumstances and requirements.

Please be aware that the trust restricts some of the flexibility the bond offers in order that the discounted gift trust continues to be effective for IHT planning. This generally relates to the level of access you can have to the investment and your control over it.

For example:

- You will only be entitled to the amount of withdrawals which you specify at outset and you cannot change the level of your withdrawals in the future should your personal circumstances change.

- You will not be able to make additional investments into the bond, although you can set up a new bond subject to a new trust, if required.

Risk warning – If the bond comes to an end during the settlor's lifetime then the withdrawals will stop and the settlor will have no further right to receive withdrawals. This will also happen if all the individuals appointed as 'lives assured' die before the settlor. We therefore recommend that several lives assured are chosen to minimise this possibility. Although we have made every effort to ensure the discount provided is accurate, there is a chance that the value of your estate may not be reduced by the amount of 'discount' we calculate. At worst this could mean that you only receive a nominal discount. This could happen if HM Revenue & Customs – the department of the UK Government that deals with inheritance tax – interprets the existing legislation differently or they change their practices.

Life assurance/lives assured – The Collective Investment Bond is set up as a life assurance bond so it can provide you with tax-planning benefits. This type of bond has one or more 'lives assured', which means the bond will come to an end when the person who is assured dies. You have a choice of having multiple lives assured (up to a maximum of 10), to ensure the continuity of your bond. Where there is more than one life assured, the bond will end when the last person whose life is assured dies. For discounted gift trusts to be effective for IHT planning, the settlor and their spouse or civil partner must not be lives assured. The beneficiaries, for example children/grandchildren may be appropriate as lives assured in order to ensure that the bond continues beyond your death.

Establishing your discount

In order to satisfy HM Revenue & Customs (HMRC) requirements and provide you with an estimate of your discount (immediate reduction in your IHT liability), we need to be able to calculate the part of your investment which is likely to be required to provide you with the regular withdrawals.

So that we can do this as precisely as possible, we need to establish how long your withdrawals are likely to last. Basically, this involves estimating your life expectancy and that of any other settlor entitled to the withdrawals.

This is why we ask you to complete some health questions in the application form. We will also request a General Practitioner's (GP) report, as this can then be used to confirm your (and any other settlor's) state of health at the time you placed the bond into trust. This is known as underwriting. The estimated discounts initially quoted by us may then be amended to reflect your actual state of health once the GP's report has been received and reviewed.

The trust will not come into effect until the medical evidence has been assessed by us. However, the bond can start before we receive the medical evidence, unless you instruct us otherwise, and when we have completed the health assessment we will start the trust by dating it. This is called the 'declaration date'.

Alternatively, if you do not want us to start the trust automatically, you can ask us to inform you of the calculated discount before the bond is placed in trust, but you must tell us this when you apply.

Can we guarantee the discount?

No, whilst we use our experience and understanding of current legislation to assess the discount, the actual discount that you receive will only be determined by HMRC following your death. We cannot therefore guarantee that HMRC will agree with our calculations. It will be for your executors to negotiate with HMRC and agree the amount of any discount, if necessary.

What if I'm not in good health for my age?

If your life expectancy is less than average, the amount of discount we calculate will be lower than the example discounts we produce as these are based upon someone in good health. This means that although you will still be able to take withdrawals from the bond and there may be an IHT saving, the saving will be less than if you were in good health for your age.

In some circumstances, where your life expectancy is very low, you may only receive a nominal discount.

Executors

The persons appointed in the deceased's will to supervise the administration and distribution of the deceased's estate in accordance with their last will and testament.

Taking withdrawals

You have a choice of withdrawal options to suit you. As the settlor, you can select at outset to take withdrawals of up to 15% of the initial investment each year, but bear in mind that the larger the level of withdrawals, the greater the chance of your investment decreasing, even taking into account investment growth.

Potentially this could leave you with no investment from which to take withdrawals, or to pass onto your beneficiaries.

You can receive up to 5% of the investment each policy year, for at least 20 years, without having to pay any income tax. Withdrawals over 5% each policy year may also be subject to UK income tax at your highest rate.

Withdrawals are paid in arrears, either monthly, quarterly, half-yearly or yearly. The first withdrawal will be paid by reference to the declaration date of the trust, not the start date of the investment. So, where you ask for withdrawals yearly in arrears and your declaration date is 1 October 2023, the first payment will fall due on 1 October 2024. For trusts with more than one settlor, the payment must be made to both settlors jointly.

The amount of each withdrawal is determined at outset and will not increase.

Waiving withdrawals

You may not want to receive withdrawals every year, in which case you can waive the withdrawals (ie not take them) and instead turn these withdrawals into a further 'gift' to the beneficiaries. You can do this by deed in advance of a payment.

However, you should be aware that this amount will be treated as a further PET for UK IHT purposes. Once a withdrawal has been waived, you will not be able to access this money again.

It is essential that before you waive any withdrawals, you discuss this with your financial adviser.

Deferring the start date of withdrawals

You may want to begin your IHT planning, but instead of having withdrawals starting when the trust starts, have the withdrawals starting from a future date of your choice. Deferring the start date of your withdrawals would enable the seven-year UK IHT 'clock' to start. Your regular withdrawals will start at a later date. Once you state when you want your withdrawals to start, you cannot change or defer this date.

Fictional example

Mrs West, aged 60, invests a cash sum of £100,000. Withdrawals are set at 5% each year, but deferred for the first three years.

Age	Withdrawals as a % of the investment	Withdrawal amount £
61	0	0
62	0	0
63	0	0
64	5	5,000
65	5	5,000

Deferring the start date of withdrawals will reduce the value of the discount you receive. Deferment must be for at least one month and up to 60 months (five years) from the date the trust is set up.

Risk warning:

If you do not spend the money you have withdrawn, it will form part of your estate and could be liable to UK IHT when you die. If market returns are poor for a sustained period, then taking withdrawals could use up all the investment together with any growth. The withdrawals would therefore stop once the trust fund has no value. During your lifetime, and that of any other settlor, no withdrawals can be paid to the beneficiaries. The level and frequency of the withdrawals are set at outset and cannot under any circumstances be changed in the future.

How the trust works in practice

Case study 1

This shows how the bare version of the discounted gift trust works for a single settlor case. It also assumes the settlor has already utilised the available nil-rate band and exemptions.

Mrs Roberts is aged 60, retired and in good health. She has an estate valued at £450,000 and she wishes to reduce her potential IHT liability. She has £100,000 available to invest, but also wants to take regular monthly withdrawals to supplement her pension, although she requires no further access to the investment. Upon her death she would like her children, Sally and Jill, to benefit from the trust fund. Her financial adviser recommends that she invests into a Collective Investment Bond subject to a discounted gift trust – bare version.

Mrs Roberts invests £100,000 into the bond.

The bond is transferred into a discounted gift trust – bare version.

Mrs Roberts requests that she receives 5% of the investment (£5,000) each year, paid monthly.

Settlor's fund – the 'discount'

The value of Mrs Roberts' right to the requested regular monthly withdrawals is calculated taking account of her age and health plus her levels of withdrawals. We estimate the discount to be £58,240.

This part of Mrs Roberts' investment is immediately outside her estate for IHT purposes.

Residual fund – the discounted gift

This is Mrs Roberts' investment less the discount. £100,000 – £58,240 = £41,760.

This is a potentially exempt transfer ('PET') and falls outside her estate after seven years.

Any growth within the bond will be free from IHT.

Death within seven years

If Mrs Roberts dies within seven years of making the gift:

- The discounted gift of £41,760 will become chargeable to IHT at 40% as this is a potentially exempt transfer. It may be possible to reduce this if at least three years have passed, due to taper relief (see page 17).
- Withdrawals to pay Mrs Roberts cease and the entire value of the trust fund can be distributed to Sally and Jill.
- The growth on the bond will not be subject to IHT.
- Mrs Roberts' executors may need to negotiate with HMRC to determine the actual discount to be applied to the trust fund. If HMRC agrees with our calculations, then in Mrs Roberts' case the full discount of £58,240 will be free from IHT.

If Mrs Roberts had not applied for a discounted gift trust to reduce her IHT liability, her tax bill could have been £40,000 (40% tax on the investment of £100,000). By planning ahead, even if she dies within the first seven years, Mrs Roberts, subject to HMRC's agreement on the discount amount, will have reduced her beneficiaries' IHT bill from £40,000 to £16,704 saving them £23,296 (40% tax on the discount of £58,240). There may be a further IHT saving as a result of taper relief on the discounted gift of £41,760. In addition, any growth on this investment will also be free from IHT.

Death after seven years

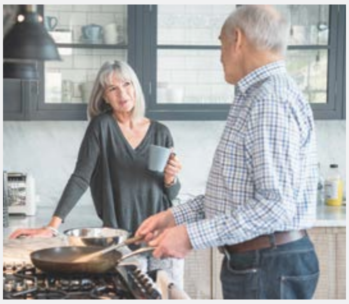
If Mrs Roberts dies more than seven years after making the gift:

- The discounted gift of £41,760, although originally a potentially exempt transfer, will now be completely free from IHT.
- Withdrawals to pay Mrs Roberts cease and the entire value of the trust fund can be distributed to Sally and Jill.

Through proactive planning, and assuming Mrs Roberts lives for at least a further seven years, she will have saved her beneficiaries £40,000 (40% tax on the investment of £100,000). In addition, any growth on this investment will also be free from IHT.

Through proactive planning, and assuming Mrs Roberts lives for at least a further seven years, she will have saved her beneficiaries £40,000...

How the trust works in practice



Case study 2

This shows how the bare version of the discounted gift trust works for a joint settlor case. It assumes that the available nil-rate band and exemptions have already been used.

Mr and Mrs Owen are aged 65 and 62 respectively. They are both in good health for their age. They have a joint estate of around £1,100,000. They wish to reduce their potential IHT liability and have £100,000 available to invest. However, they do need to take regular monthly withdrawals to supplement their pensions but can afford not to have any further access to the investment. They would like their children, Michelle and Gary, to benefit from the trust fund upon their death. Their financial adviser recommends that they invest in a Collective Investment Bond subject to a discounted gift trust – bare version.

Mr and Mrs Owen jointly invest £100,000 in a Collective Investment Bond.

The bond is transferred into a discounted gift trust – bare version.

Mr and Mrs Owen request that they receive 5% of the investment each year, which equates to £5,000, paid monthly.

Settlor's fund – the 'discount'
The value of Mr Owen's right to his half of the £5,000 withdrawals each year is calculated taking account of his age and health.
We estimate Mr Owen's discount to be £30,065.

Mrs Owen's half is valued at £31,338.

The total discount is £61,403.

This part of Mr and Mrs Owen's investment is immediately outside their estates for IHT purposes.

Residual fund – the discounted gift
This is Mr and Mrs Owen's halves of the investment less their discounts.

For Mr Owen it is £50,000 - £30,065 = £19,935.

For Mrs Owen it is £50,000 - £31,338 = £18,662.

The total discounted gift is £38,597.

These are potentially exempt transfers ('PETs') and fall outside their estates after seven years.

Any growth in the bond will be free from IHT.

Death within seven years

If Mr Owen dies within seven years of making the gift:

- his discounted gift of £19,935 will become chargeable to IHT at 40% as this is a potentially exempt transfer. It may be possible to reduce this if at least three years have passed, due to taper relief (see page 17).
- the withdrawals of £5,000 each year, payable monthly, will continue to be paid in full to Mrs Owen.
- his executors will negotiate with HMRC to determine the actual discount to be applied to the trust fund. If HMRC agrees with our calculations, then the full discount of £30,065 will all be free from IHT.

If Mrs Owen dies within seven years of making the gift:

- her discounted gift of £18,662 will become chargeable to IHT at 40% as this is a potentially exempt transfer. It may be possible to reduce this if at least three years have passed, due to taper relief (see page 17).
- the withdrawals of £5,000 each year, payable monthly, will continue to be paid in full to Mr Owen.
- her executors will negotiate with HMRC to determine the actual discount to be applied to the trust fund. If HMRC agrees with our calculations, then the full discount of £31,338 will be free from IHT.

If Mr and Mrs Owen had not applied for a discounted gift trust to reduce their IHT liability, their tax bills on the £100,000 invested could have been £20,000 (40% tax on their respective halves). By planning ahead, even if one of them dies within the first seven years, subject to HMRC's agreement, Mr Owen will have saved his beneficiaries £12,026 (40% tax on the discount of £30,065) and Mrs Owen's beneficiaries £12,535 (40% tax on the discount of £31,338). In addition there may be a further IHT saving as a result of taper relief on their respective discounted gifts.

Death after seven years

If either of Mr or Mrs Owen survives more than seven years after making the gift:

- the discounted gift of £19,935 (if only Mr Owen survives) or £18,662 (if only Mrs Owen survives), although originally a potentially exempt transfer, will now be completely free from IHT.

If Mr and Mrs Owen both die more than seven years after making the gift:

- the total of the discounted gifts (£19,935 + £18,662 = £38,597), although originally potentially exempt transfers, will now be completely free from IHT.
- withdrawals will continue to be paid until the surviving spouse dies. Then the entire value of the trust fund can be distributed to their beneficiaries, ie their children.

Through proactive planning, and assuming Mr and Mrs Owen both live for at least a further seven years, they will have saved their beneficiaries £40,000 (40% tax on the discounted gift of £100,000). In addition, any growth on this investment will also be free from IHT.

The 'discount letter' explained

When you receive your 'discount letter' from your financial adviser, it will contain the following information. Your financial adviser will be able to guide you through this and explain the illustrative discount before your discounted gift trust is underwritten.

Premium

This shows the investment you have made into the Collective Investment Bond.

Terms of the settlor's income

This shows the percentage of the premium paid to the Collective Investment Bond you have requested as withdrawals each year. This amount will be paid in instalments throughout the year at your chosen frequency.

Value of interest retained

This is the estimated 'discount', based on the number of withdrawals we estimate will be needed during your lifetime taking into account your life expectancy.

For joint settlors, this shows the combined discount. For UK IHT purposes this value will be proportioned and based upon individual life expectancy.

Discounted value of gift

This is the value of your investment less the discount.

It is the value of the potentially exempt transfer (PET).

Other considerations

On my death, is any part of the trust fund subject to IHT?

Assuming you have lived for seven years since making the gift into the discounted gift trust, then no part of the trust fund will be subject to IHT. Any growth on your investment will be outside of your estate from day one.

However, if you were to die within seven years, then the value of the discounted gift will be subject to IHT. Your IHT liability may still be reduced using what is known as taper relief where the gift, along with previous gifts, is larger than your available nil-rate band. Taper relief only applies to the amount of the gift that is above your available nil-rate band. Its effect is shown in the table below.

Taper relief

Years between making a gift and dying	Proportion of 40% inheritance tax payable
0-3	**100%**
3-4	**80%**
4-5	**60%**
5-6	**40%**
6-7	**20%**

Do I need to report my gift to HM Revenue & Customs?

As the gift is a potentially exempt transfer there is no requirement to report the gift at the time the trust is declared.

However, it is important that you keep a copy of the discount letter you will receive from us and any supporting evidence. This is because, if you die within seven years, HM Revenue & Customs (HMRC) may request information from your executors or legal representatives to verify the discount value, ie the amount of the gift which was deemed to be immediately outside your estate for IHT purposes.

Trust registration

A trust must register with HMRC's Trust Registration Service (TRS) if it is considered UK resident or has a UK tax liability, unless an exemption applies. A trust must register within 90 days of the date of the trust deed. The trustees must submit evidence of registration (available from the TRS) or confirm exemption from registration to Quilter within 90 days of the trust date.

Further details regarding trust registration can be found here: ***platform.quilter.com/TrustRegister***

As the gift is a potentially exempt transfer there is no requirement to report the gift at the time the trust is declared.

How do I set up the discounted gift trust – bare version?

1 *Complete the discounted gift trust application form for the Collective Investment Bond.*

We recommend that at least two people are named as lives assured so that the bond has an increased chance of remaining in force for the length of the trust. However, neither you nor your spouse/civil partner should be a life assured to ensure that the trust is effective in reducing your IHT liability.

You will also need to complete the necessary form in order for us to obtain a **general practitioner's report**.

2 *Complete the trust deed 'discounted gift trust – bare version'*

- As the settlor, you decide who you want to appoint as trustee – you are not automatically included as a trustee.
- You need to complete the Third Schedule of the trust deed to choose which type of withdrawals you require.
- You need to choose who you wish to benefit from the trust fund after you and any other settlors die.

3 *The trustees will need to complete the discounted gift withdrawal authority which is included with the trust deed.*

4 *We require the following:*

- Application form, which includes some medical questions.
- General Practitioner's request authority, also included in the application.
- Trust deed.
- Withdrawal form.
- Payment of a cash sum into your bond (your premium).
- Tax Declaration and Confirmation of Verification of Identity.

How to set up the withdrawals

Below are notes on how to complete the third schedule of the trust deed.

The Third Schedule: The Settlor's Fund

The payments to be made in accordance with this schedule are indicated by completion of boxes A, B and C.

Level Payments

A [ ] % per annum of the single premium for the Trust Property shown in the First Schedule, the first payment arising B [ ] months after the Declaration Date ('**the Start Date**'), and subsequently payable C [ ] thereafter and ceasing with the last payment to arise before the death of:

(a) the Settlor if this is a Single Settlor Trust; or

(b) the later to die of the two persons comprising the Settlor if this is a Dual Settlor Trust.

Box A

State the amount of the settlor's income as a percentage of the premium paid to the Collective Investment Bond. For example, if the settlor wants 5% of the premium, '5' should be inserted here.

Box B

State how long after the declaration date the settlor wishes the payment to start. For example, if you want payments to start three months after the declaration date insert '3' in here. It should always be expressed in number of months, not years.

Box C

Frequency of payment must be entered here. The options available will be dependent on what has been entered in Box B as payments are made in arrears. See table below.

How long after the declaration date would you like payments to start?	What should be written in Box B? (the deferred period)	What could be written in Box C? (frequency options)
1 month	1	M
3 months	3	M, Q
6 months	6	M, Q, 1/2Y
1 year	12	M, Q, 1/2Y, Y
2 years	24	M, Q, 1/2Y, Y
3 years	36	M, Q, 1/2Y, Y
4 years	48	M, Q, 1/2Y, Y
5 years	60	M, Q, 1/2Y, Y

Please note, as payments can only be made in arrears, the minimum deferral period for each type of withdrawal is:

- **Monthly –** one month
- **Quarterly –** three months
- **Half yearly –** six months
- **Yearly –** twelve months

This document is based on our interpretation of UK law and HM Revenue & Customs practice as at May 2023. While we believe this interpretation is correct we cannot guarantee it. Tax relief and the tax treatment of investment funds may change. The value of any tax relief will depend on the investor's financial circumstances.

We cannot accept any responsibility for any losses or liabilities arising from action taken as a result of the information contained in this document.

Investors should be aware that the value of our investment products cannot be guaranteed as investments may fall as well as rise. Further details are available in the relevant product brochures available from your financial adviser.

All case studies are purely hypothetical.

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QIP 6288/60/3510/May 2023