

For customers

The Bare Discounted Gift Trust

Completion notes

1. Please complete all relevant sections of the Trust document in pen.
2. If you make a mistake, just draw a line through it. Don't use correction fluid. You and all the Trustees must initial the change.
3. The margin notes throughout the document will help you fill it in.
The notes in standard text tell you what to put and where, while the notes in italics explain a bit more about the Trust and how it works.
4. Please make sure you fill in all relevant boxes.
You must fill in the boxes on pages 3, 6, 10, 11 and 12. If you leave any of these blank the Trust could be invalid.
5. The signatures of the Settlor(s) and all Trustees must be witnessed.
6. The Trust **must not** be signed and dated before completion of the underwriting process.

Trusts establish legal entitlements and have material financial and taxation implications.

This draft document is supplied merely as a specimen for consideration by the Settlor together with his/her/their legal and other professional advisers. Accordingly Scottish Equitable plc, AEGON Ireland plc or any of their representatives cannot accept any responsibility for its use in any circumstances whatsoever.

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Notes for users

These notes are for guidance only. They don't form part of the Trust.

Write the date this Trust is set up. This **must** be the date the Trust is signed on.

You are the Settlor(s). Write your name(s) and address(es) in 'A'.

Write the names and addresses of the Trustees in 'B'. If you want to be Trustee(s), you must put your name(s) here too.

Part 1 Declaration

This trust is made on the

(date) Day of (month) Two thousand and

Between

A. (name)

of (address)

and (name)

of (address)

of the first part and

B. (name)

of (address)

and (name)

of (address)

and (name)

of (address)

and (name)

of (address)

of the second part.

This part defines the terms used in the Trust.

Part 2 Definitions

In this Trust the following expressions shall have the following meanings and, unless the context does not permit, the singular shall include the plural and vice versa and words denoting any gender (including the neuter) shall include all genders.

1. *'Beneficiary(ies)'* means the one or more persons named in paragraph 1 of Part 6 below. Provided that no person who is a Settlor shall be a beneficiary in any capacity whatsoever under this Trust.
2. *'Civil Partner'* means an individual who has at any time been in a Civil Partnership with the Settlor except in Part 8 where it shall mean an individual who is currently in a Civil Partnership with the Settlor.
3. *'Civil Partnership'* means a partnership which exists or has existed under or by virtue of the Civil Partnership Act 2004.
4. *'First Payment Day'* has the meaning given in the Schedule.
5. *'Original Sum'* means the sum specified in the Schedule.
6. *'Original Trustee(s)'* means the person or persons named in B of Part 1 of this Trust.
7. *'Payment Day'* has the meaning given in the Schedule.
8. *'Release Day'* means the day after the date on which the Settlor dies and where the Settlor is two persons, it means the day after the date on which the survivor of them dies.
9. *'Reserved Amount'* has the meaning given in the Schedule.
10. *'Settlor'* means the person named in A of Part 1 of this Trust and where the Settlor is more than one person means both such persons and the survivor of them.
11. *'Specified Amount'* has the meaning given in the Schedule.
12. *'Specified Policy'* means a policy (or policies) of life assurance issued by either Scottish Equitable plc or Aegon Ireland plc other than a policy (or policies) of assurance on the life of the Settlor (or where the Settlor is two persons either or both of them) or the Settlor's spouse or Civil Partner at the time such policy (or policies) is effected.
13. *'this Trust'* means the declaration of trust the terms of which are contained in this document.
14. *'the Trustees'* means the Original Trustees or the Trustees for the time being hereof.
15. *'the Trust Fund'* means the Original Sum, any assets at any time added thereto by way of further settlement, capital accretion, accumulation of income or otherwise and all assets from time to time representing the same and includes where the context so admits any part or parts thereof.
16. *'the Trust Period'* means the period beginning with the date of this Trust and ending on the Vesting Date.
17. *'the Vesting Date'* means the day on which shall expire the period of 80 years from the date of this Trust which period shall be the perpetuity period.
18. in this Trust *'child'*, *'children'* and *'descendant'* includes any step, adopted or legitimated (whether adopted or legitimated before or after the date hereof) child, children or descendant and an adopted or legitimated child shall be treated as the child of his adoptive parents and no other persons.

This states that you're transferring the assets making up the Trust Fund to the Trustees.

This section explains that the Trustees must use the assets transferred to them to purchase an appropriate life assurance policy. They are obliged to make partial surrenders of this policy to make payments to you.

This provides that you will receive the appropriate payments when due. If there are two Settlers the payment will be made to you jointly and after the death of one, to the survivor.

Part 3 Transfer of Funds

The Settlor is the beneficial owner of the Original Sum and the Settlor hereby transfers the Original Sum to the Trustees upon trust to hold the Original Sum from the date hereof as Trustees subject to the terms of this Trust.

Part 4 Purchase of Specified Policy

1. The Trustees shall use the Original Sum to purchase a Specified Policy within a reasonable period of time from the date of receipt of the Original Sum.
2. If the Trustees do not purchase a Specified Policy or if they exercise any right to cancel the Specified Policy the Original Sum (or as the case may be any property representing the same) shall be returned to the Settlor. Where there is more than one Settlor the Original Sum and any assets representing the same shall be returned to the Settlers in the same proportions as their contributions to the Original Sum.
3. If the Specified Policy ends during the Settlor's lifetime the Trustees shall hold the net policy proceeds upon trust to take out another Specified Policy. Paragraph 2 of this Part 4 shall not apply to any replacement Specified Policy.
4. Until the Release Day (or if earlier the Vesting Date) the Trustees shall make periodic partial surrenders of the Specified Policy to satisfy the Settlor's entitlement to the Reserved Amount under paragraph 1 of Part 5.
5. Subject to paragraph 4 of this Part 4 the Trustees shall retain the Specified Policy and shall only make such surrenders as are necessary:
 - (a) to pay any remuneration, costs or charges properly payable to a trustee under paragraphs 4 and 5 of Part 8
 - (b) to pay any other liability properly payable out of the Trust Fund or
 - (c) where, by reason of the death of a Settlor, a potentially exempt transfer relating to the creation of this Trust becomes a chargeable transfer, to pay inheritance tax attributable to the said transfer.

Part 5 The Settlor's Retained Rights

1. Notwithstanding any other provision of this Trust the Trustees shall until the Release Day (or if earlier the Vesting Date) pay to the Settlor the Reserved Amount on each Payment Day.
2. Where the Settlor is two persons:
 - (a) whilst they are both living, the Reserved Amount shall be paid to them jointly on each Payment Day; and
 - (b) after the death of one of them, the Reserved Amount shall be paid to the survivor on each Payment Day.

This section explains the Trustees wide powers to manage and deal with the Trust's investments.

This makes sure that the Trustees can set aside particular assets for a Beneficiary.

The Trustees have the power to change the administrative provisions of this Trust.

The Trustees can release the powers conferred on them.

When a Beneficiary is a minor the benefits are paid to the parents or guardians. Benefits must be used or held for the Beneficiary's benefit.

Part 7 Administrative Powers

1. Subject always to the Trustees' obligations under Part 4 and to the Settlor's entitlement to the Reserved Amount under paragraph 1 of Part 5 the Trustees may administer this Trust for the benefit of the Beneficiaries in whatever manner they may determine and to that end shall have the widest possible administrative powers (which they may exercise or omit to exercise from time to time at their absolute discretion) for managing and dealing with the Trust Fund and of carrying out any transaction in connection therewith in all respects as if the Trustees were the absolute beneficial owners thereof and without prejudice to the generality of the foregoing the Trustees shall during the Trust Period have the following powers:
 - (a) to invest any money requiring to be invested in any investment or property of whatsoever nature (other than policies of assurance on the life of the Settlor (or where the Settlor is two persons either or both of them) or the Settlor's spouse or Civil Partner at the time such policy is effected) and wheresoever situated whether producing income or not and upon such security (if any) as the Trustees shall in their absolute discretion think fit;
 - (b) to borrow money on such terms (including terms as to security) as the Trustees shall in their absolute discretion think fit and to use the monies so borrowed for any purpose for which capital monies forming part of the Trust Fund may from time to time be used;
 - (c) to deal with any policy of insurance or assurance or annuity comprised in the Trust Fund in all respects as if they were the absolute owners of it and in particular may surrender, convert or exchange the same in whole or in part and exercise any power election or option under a policy and borrow on its security and the receipt by the Trustees for any money payable under the said policy shall be a full and sufficient discharge;
 - (d) to appropriate any asset, or any part of any asset, comprised in the Trust Fund in or towards satisfaction of any interest or share in the Trust Fund as may in all the circumstances be reasonable, and for this purpose, the Trustees may from time to time place such value on any or all investments or property as they think fit;
 - (e) to create by deed or deeds revocable or irrevocable such additional administrative powers exercisable by the Trustees as the Trustees may from time to time determine to be in the interests of the Beneficiaries or any of them;
 - (f) by deed or deeds revocable during the Trust Period or irrevocable to release or restrict the future exercise of all or any of the powers conferred on them (whether by this deed or by law) either wholly or to the extent specified in the relevant deed, notwithstanding the fiduciary nature of any such power (and so as to bind successive trustees of this Trust).
2. The Trustees shall not be required to diversify the investment of the Trust Fund, nor be liable for the consequences of investing, or keeping the Trust Fund invested, in the shares or obligations of, a single business, company or firm, or in one asset or one type of asset.
3. The Trustees may pay or transfer any assets comprised in, or any income of, the Trust Fund to which any minor Beneficiary is beneficially entitled, to any parent or guardian of that minor and the receipt of that parent or guardian shall be a full discharge to the Trustees.

You, as the Settlor, have the power to appoint new Trustees. After you die, this power passes to the Trustees.

You also have the power to dismiss any Trustee.

Trustees can resign.

Trustees other than you, as the Settlor, and your spouse or Civil Partner can make reasonable charges for their work on behalf of the Trust, if you agree.

Part 8 Retirement, Removal, Appointment and Remuneration of Trustees

1. The Settlor shall have power:
 - (a) to appoint by deed new or additional Trustees
and
 - (b) to dismiss by deed any Trustee Provided Always that the said power of dismissal shall be exercisable only if the Trustees remaining as Trustees after the dismissal include a Trust Corporation (which term has in this Trust the meaning which it has for purpose of section 68(1), paragraph 18 of the Trustee Act 1925 and any statutory re-enactment or modification thereof) or two individuals at least one of whom is not the Settlorand after the Settlor's death the power of appointing new or additional trustees by deed shall vest in the Trustees.
2. Any Trustee may retire at any time provided he gives 30 days' written notice to the person who for the time being has the power to appoint new trustees Provided Always that no retirement of any Trustee shall take effect unless and until there are at least two individual Trustees or a Trust Corporation to act as the continuing Trustees or the continuing Trustee as the case may be.
3. Any corporate body which is empowered to act as a trustee may at any time be appointed either as a general trustee or as a custodian trustee hereof and may act by its proper officers in the discharge of its duties as such Trustee and in the exercise of the powers and discretions conferred hereby or by law.
4. Every Trustee (including for the avoidance of doubt any body corporate for the time being a Trustee) shall be entitled to remuneration upon such terms as may be agreed by the person or persons who for the time being has or have power to appoint a new trustee and in the absence of such agreement every Trustee shall be entitled to remuneration in accordance with its normal scale of charges (if applicable) at that time Provided Always that the Settlor and the spouse or current Civil Partner of the Settlor shall not be entitled to remuneration as a Trustee in any way.
5. Any Trustee (including for the avoidance of doubt any body corporate for the time being a Trustee) other than the Settlor and any spouse or current Civil Partner of the Settlor:
 - (a) who is engaged in any profession, business or trade may be employed by the Trustees and any Trustee so engaged and employed may charge and be paid all reasonable professional business or trade costs and charges for business transactions and time expended and acts done by him (or any partner or employee of his) in connection with this Trust including acts which a Trustee not being engaged in any profession, business or trade could have done personally and whether or not in the usual scope of his profession, business or trade
 - (b) may be employed and reasonably remunerated as a director or other officer or employee or an agent or adviser of any company body or firm in any way connected with the Trust Fund and to keep as his property (and without being liable to account therefore) any reasonable remuneration fees or profits received by him in any such capacity notwithstanding that his situation or office may have been obtained or may be held or retained by means or by reason of his position as one of the Trustees or of any shares, stock, property, rights or powers whatever belonging to or connected with the Trust Fund
 - (c) may transact on behalf of or with this Trust or any Beneficiary any business which he or it is authorised to undertake upon the same terms as would for the time being be made with an ordinary customer, and without accounting for any profit thereby made, and in particular and without prejudice to the generality of the foregoing, such Trustee may retain on current account or deposit account or advance at interest all monies necessary or convenient to be retained or advanced in connection with this Trust and may retain any commission or remuneration paid or allowed by stockbrokers, insurance companies, banks or other institutions without being liable to account for any profit thereby made.

The statutory duty of care doesn't apply to the Trustees.

Trustees will only be liable for loss if it's due to their wilful fraud or wrongdoing.

The Law of England and Wales governs this Trust.

The law of the Trust and the location of the administration can be changed in the future.

6. Any Trustee may exercise or concur in exercising all powers and discretions given to him by this Trust or by law notwithstanding that he has a direct or other personal interest in the mode or result of any such exercise but any of the Trustees may nevertheless abstain from acting except as a merely formal party in any matter in which he may be so directly or personally interested and may allow his co-trustees to act alone in relation thereto.

Part 9 General Trust Provisions

1. This Trust shall be irrevocable.
2. Section 1 of the Trustee Act 2000 shall not apply to the Trustees.
3. No Trustee shall be liable for any loss to the Trust Fund arising by reason of any investment made in good faith or by reason of any mistake or omission made in good faith by any Trustee hereof or by reason of any other matter or thing except wilful and individual fraud or wrongdoing on the part of the Trustees who is sought to be made liable.
4. (a) The proper law of this Trust shall be that of England and Wales and all rights under this Trust and its construction and effect shall be subject to the jurisdiction of and construed according to the Law of England and Wales.
(b) The courts of England and Wales shall be the forum for the administration of this Trust.
(c) Notwithstanding the provisions of subparagraph 4(a) and 4(b) of this Part 9
 - (i) the Trustees shall have the power (subject to the application (if any) of the rule against perpetuities) to carry on the general administration of these Trusts in any jurisdiction in the world whether or not such jurisdiction is for the time being the proper law of this Trust or the courts of such jurisdiction the forum for the administration of this Trust and whether or not the Trustees or any of them are for the time being resident or domiciled in, or otherwise connected with such jurisdiction.
 - (ii) the Trustees may at any time declare by instrument that from the date of such declaration the proper law of this Trust shall be that of any specified jurisdiction (not being a jurisdiction under the law of which this Trust would be capable of revocation) and that all rights under this Trust and its construction and effect shall be subject to and construed according to the laws of that jurisdiction
 - (iii) the Trustees may at any time declare by instrument that from the date of such declaration the forum for the administration of this Trust shall be the courts of any specified jurisdiction.
5. The statutory and equitable rules of apportionment shall not apply to this Trust and (without prejudice to the generality of the foregoing) references herein to the income of the Trust Fund shall (without any allocation or apportionment in favour of the Settlor or where the Settlor is two persons either of them) extend to any income now accrued or accruing but not yet actually payable in respect of any property transferred by the Settlor to the Trustees.
6. Notwithstanding any of the foregoing provisions hereof no power conferred by this Trust or by law shall be exercisable and no provision other than paragraph 1 of Part 5 hereof shall operate so as to cause or allow the Trust Fund or any part thereof or its income to be or become lent or payable to or applicable in any circumstances whatsoever for the benefit of the Settlor and where two persons are the Settlor this paragraph shall operate with like effect in relation to each of those persons.
7. Where the Settlor is two persons any power conferred on the Settlor by this Trust must be exercised by them jointly or by the survivor of them.

Write in 1 how much money you are transferring to the Trustees.

Write in 2 the date on which you wish to receive the first payment.

Indicate in 3 whether payments are to be made monthly, quarterly or six monthly. If no option is selected payments will be made annually.

Write in 4 the total annual amount you wish to receive unless it is 5% of a sum equal to the Original Sum in which case (a), (b) and (c) should be left blank.

If either 4(b) or (c) have been selected the Trustees will have to tell us in writing of the new payment amount shortly before the Payment Day from which payment is to change.

The Schedule

1. 'Original Sum' means £
2. 'First Payment Day' means the day of 20
3. 'Payment Day' means the First Payment Day and each anniversary thereof unless either (a), (b) or (c) below is selected in which case it will mean either (a), (b), or (c) below:
 - (a) 'Payment Day' means the First Payment Day and thereafter the same day of the month at intervals of one month
 - (b) 'Payment Day' means the First Payment Day and thereafter the same day of the month at intervals of three months
 - (c) 'Payment Day' means the First Payment Day and thereafter the same day of the month at intervals of six months
4. 'Specified Amount' means 5% of a sum equal to the Original Sum unless either (a), (b) or (c) below is selected in which case it will mean either (a), (b) or (c) below:
 - (a) % of a sum equal to the Original Sum
 - (b) % of a sum equal to the Original Sum before the Payment Day and on that Payment Day and thereafter % of a sum equal to the Original Sum
 - (c) % of a sum equal to the Original Sum before the Payment Day and on that Payment Day and thereafter but before the Payment Day ('the Second Relevant Payment Day') % of a sum equal to the Original Sum; and on the Second Relevant Payment Day and thereafter % of a sum equal to the Original Sum

5. 'Reserved Amount' in relation to a Payment Day means the lesser of
- (a) (i) where Payment Days are at monthly intervals, a sum equal to one twelfth of the Specified Amount
 - (ii) where Payment Days are at three monthly intervals, a sum equal to one quarter of the Specified Amount
 - (iii) where Payment Days are at six monthly intervals, a sum equal to one half of the Specified Amount or
 - (iv) where Payment Days are at annual intervals, a sum equal to the Specified Amount and
 - (b) the value of the Trust Fund on the Payment Day in question

Part 10 Attestation

In witness whereof the parties hereto have hereunto executed this deed the day and year first before written

Signed as a deed and delivered by the Settlor

Name

Witness

Name

Address

Postcode

Occupation

Signed as a deed and delivered by the Settlor

Name

Witness

Name

Address

Postcode

Occupation

You must sign here.
Without your signature(s)
the Trust is invalid.

Your signature(s) must
be witnessed. A witness
should be someone
over 18.

Signed as a deed and delivered by the Trustee

Name

Witness

Name

Address

Postcode

Occupation

Signed and delivered as a deed by the Trustee

Name

Witness

Name

Address

Postcode

Occupation

This Trust is provided on the strict understanding that it is presented as a draft to be considered by you together with your legal advisers. Accordingly Scottish Equitable plc, AEGON Ireland plc or any of its representatives cannot accept any responsibility for the result of its use in any circumstances whatsoever.

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