

For customers

The Bare Loan 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. In this Trust, only Part 7, 4(a) on page 08 is optional, depending on how the Trust is being established.
You must fill in the boxes on pages 03, 04, 05 (Part 4, 1) 09 and 10. If you leave any of these blank the Trust could be invalid.
Where there is more than one Settlor and where the loan is not being made in equal shares you must fill in the boxes on page 04.
5. If you want the Law of Scotland to apply to this Trust you must initial the box(es) on page 08.
6. The signatures of the Settlor and all Trustees must be witnessed.

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 legal and other professional advisers. Accordingly neither Scottish Equitable plc nor AEGON Ireland plc nor any of its representatives can accept any responsibility for its use in any circumstances whatsoever.

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.

Here's where you say what loan you're using to set up 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 Clause 1 of Part 4 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.
3. **Civil Partnership** means a partnership which exists or has existed under or by virtue of the Civil Partnership Act 2004.
4. **Loan Amount** means the sum loaned by the Settlor to the Trustees in accordance with Part 3 hereof specified in the box immediately below
Loan Amount
5. **Original Trustee(s)** means the person or persons named in B of Part 1 of this Trust.
6. **Policy** means any policy(ies) of insurance or assurance.
7. **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.
8. **this Trust** means the declaration of trust the terms of which are contained in this document.
9. **the Trustees** means the Original Trustees or the Trustees for the time being hereof.
10. **the Trust Fund** means the Loan Amount, any assets (including any Policy) 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.
11. **the Trust Period** means the period beginning with the date of this Trust and ending on the Vesting Date.
12. **the Vesting Date** means the day on which shall expire the period of eighty years from the date of this Trust which period (where the Trust is subject to the Laws of England and Wales) shall be the perpetuity period.
13. 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.

Trustees must administer the Trust Fund for the Beneficiaries in the way you've specified.

The Trustees have the power to lend all or part of the Trust property to another Beneficiary.

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 amend the administrative provisions of this Trust.

2. During the Trust Period the Trustees shall have the following dispositive powers, which they may exercise without regard to any need to balance the conflicting interests of persons interested in the Trust property:
 - (a) power to pay transfer or apply the whole or any part of the Trust Fund to or for the benefit of the Beneficiary so entitled
 - (b) power to lend with or without security to any Beneficiary the whole or any part of the Trust Fund upon such conditions as to interest (if any) and repayment and generally upon such terms as the Trustees in their absolute discretion think fit Provided Always that any such loan must be repaid before the end of the Trust Period

And provided that no exercise of the foregoing powers shall affect the entitlement of any person to any payment made or asset transferred previously to him.

3. Where a Beneficiary is under the age of 18 years (and the Trust is subject to the Law of England and Wales) section 31 of the Trustee Act 1925 shall not apply.

PART 5 ADMINISTRATIVE POWERS

1. 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 (including any policies of assurance) 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

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.

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.

- (f) by deed (and so as to bind successive trustees of this Trust) 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.
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.

PART 6 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
- (d) 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 7 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 Trustee 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 unless the box incorporated in this subparagraph is initialed by the Settlor (or where there are two Settlers both Settlers) in which case the proper law of this Trust shall be the Law of Scotland

(initial)

(initial)

Initials of Settlor(s) – (If the Law of Scotland to apply)
- (b) The courts of England and Wales (or if the Settlor has indicated in subparagraph 4(a) above that the Law of Scotland shall apply to the Trust, the courts of Scotland) shall be the forum for the administration of these Trusts

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. However, if you want the Law of Scotland to apply you must initial this box/these boxes.

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

- (c) Notwithstanding the provisions of subparagraph 4(a) and 4(b) of this Part 7:
 - (i) the Trustees shall have the power (subject, where the Trust is governed by the Laws of England and Wales, to the application (if any) of the rule against perpetuities) to carry on the general administration of this Trust 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. Subject to the right of the Settlor to be repaid the Loan Amount, none of the trusts, powers or provisions hereof shall operate or be exercised so as to allow any part of the Trust Fund or the income thereof to be paid, transferred or applied 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).

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.

PART 8 ATTESTATION

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

Signed and delivered as a Deed by the Settlor

Signature

Witness signature

Name

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.