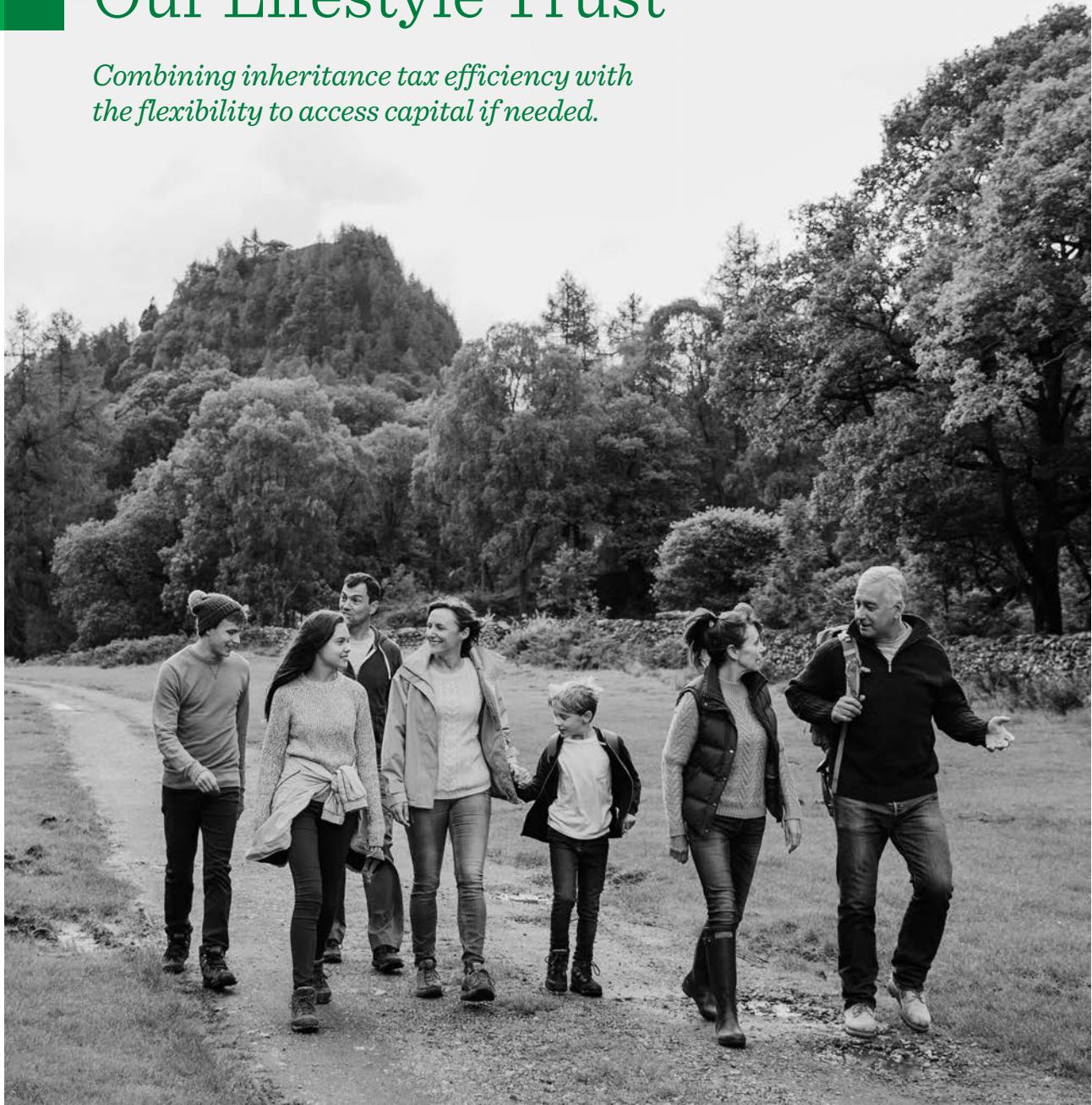


Quilter

Our Lifestyle Trust

Combining inheritance tax efficiency with the flexibility to access capital if needed.



Suitable for retail clients

Celebrating 10 years

For over a decade, Quilter's Lifestyle Trust has been helping families like yours plan for the future with confidence.

As our most popular trust, it gives you the peace of mind of knowing your capital remains accessible at fixed points in the future if needed, whilst allowing you to pass on your wealth tax efficiently.

Read this brochure to find out more about the trust and how it could benefit you.



Contents

<i>Introducing the Lifestyle Trust</i>	3
<i>Planning for inheritance tax</i>	4
<i>Planning your access to capital</i>	6
<i>Your entitlements – the structure</i>	7
<i>Your entitlements – decision points and action required</i>	8
<i>Your trustees</i>	10
<i>The Lifestyle Trust in action</i>	12
<i>Setting up the Lifestyle Trust</i>	14
<i>Tax considerations if you access or assign policy funds</i>	15
<i>Inheritance tax charges</i>	16
<i>Talk to your financial adviser</i>	18

Introducing the Lifestyle Trust

The Lifestyle Trust is our most popular trust, and for good reason. Its flexibility means you can access capital if you need it at fixed points in the future, or defer it if you don't, while helping you to move wealth outside your estate to reduce inheritance tax (IHT) and control your future legacy.

Access

Unlike most other trusts, the Lifestyle Trust allows you to access capital at fixed points in the future if you need it.

You decide at the outset how much access you require - known as your 'entitlements'. You can request that the trustees defer or waive an entitlement if you decide you don't need it. Perfect if you are uncertain about your future financial needs.



Flexibility

You have the flexibility to request who you would like to benefit from the trust – known as your beneficiaries.

Your beneficiaries can be named individuals or groups of people (like 'my grandchildren'), helping you achieve control and flexibility over the future distribution of your legacy.

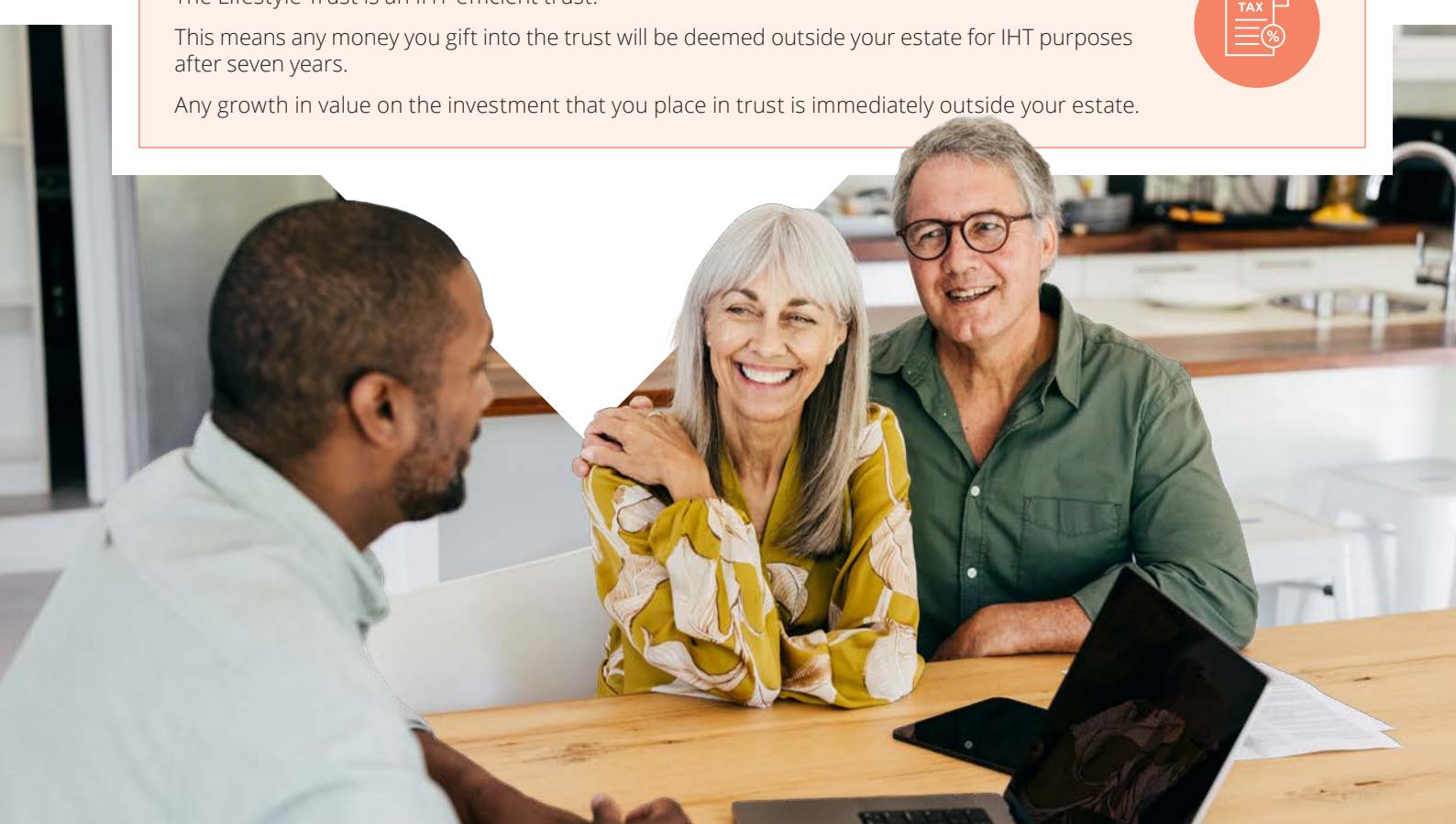


IHT efficiency

The Lifestyle Trust is an IHT-efficient trust.

This means any money you gift into the trust will be deemed outside your estate for IHT purposes after seven years.

Any growth in value on the investment that you place in trust is immediately outside your estate.



Planning for inheritance tax

Inheritance tax (IHT) is no longer just a concern for the wealthy – many more families could now be impacted.

Factors that could impact the likelihood of your estate being subject to IHT



Rising house prices mean many homeowners now hold substantial wealth.



With most unused pension funds and death benefits set to fall within the scope of IHT from 6 April 2027 – more wealth could be subject to IHT.



IHT allowances* have been frozen and haven't kept pace with inflation.

* The amount you can own which isn't subject to IHT.

How gifting can help

If you have a potential IHT exposure, 'gifting' money away to loved ones, or into trust, can help to remove wealth from your estate.

Some gifts are covered by an IHT exemption which means they are considered outside your estate immediately.

All other gifts, including gifts into the Lifestyle Trust, are covered by a 'seven-year clock'.



Seven-year clock

As long as you survive seven years, the gift will be deemed outside your estate when you die – and therefore not subject to inheritance tax.

Benefits of gifting onto trust

Giving money away to loved ones immediately may not always be the right choice. For example, your loved one may be too young to receive a large amount of wealth, or you may not yet know who you would like to benefit, and how much you can really afford to give away.

By gifting it into the Lifestyle Trust, you can request who, how, and when you would like your chosen beneficiaries to benefit in the future.

A further advantage of the Lifestyle Trust is the ability to access capital if you need it – something which you can't do if you've made an outright gift to a loved one.

IHT efficiency of the Lifestyle Trust

Gifting money into the Lifestyle Trust will help you start your IHT planning. The gift will be considered outside your estate for IHT purposes if you survive seven years.

Any growth on the money placed in trust is considered immediately outside your estate. However, any capital (including any growth) you access will come back into your estate. Your gift into trust may be subject to IHT charges. See **page 16** for more information.

Gifting money into the Lifestyle Trust will help you start your IHT planning.



Trust structure

A trust is a legal arrangement, and any money you gift into trust **will no longer belong to you**; it will belong to the trust. The trustees you appoint to look after your trust **will have discretion** over your access to the entitlements and the distribution of the trust fund to your beneficiaries. The structure of the trust is important as it protects the IHT-efficient status of the trust.

The decision to gift your wealth into the Lifestyle Trust cannot be reversed.



The people involved in the trust and their roles

Settlor

The settlor is the person or persons who set up the initial investment. The settlor transfers the ownership of the assets to their chosen trustees.

Trustees

The trustees are the legal owners of the assets, and manage these assets for the benefit of the beneficiaries. They are also responsible for dealing with the trust fund on the settlor's death.

Beneficiaries

The beneficiaries are the individuals or groups of people named under the trust deed, who will or may benefit from the trust fund. These are often children or other family members. Depending upon the nature of the trust, it may also be possible to include future generations such as grandchildren as yet unborn.

Estate

Estate 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. Your estate will also include the value of any property you have given away if either the gift you have made is subject to conditions or restrictions, or you keep back some benefit for yourself.

Tax treatment varies according to individual circumstances and is subject to change.

Trust and inheritance tax planning is not regulated by the Financial Conduct Authority.

Planning your access to capital

What makes the Lifestyle Trust different to other trusts is the flexibility to access capital in the future if you need it. This can give you the confidence to start your IHT planning today, even if you are unsure how much money you'll need in the future.

Planning is key

You plan your access to capital with your financial adviser when you set up the trust. Think about how much capital you might need and which year(s) you might need it. This will form your 'entitlements'.

The date you can access the entitlement is called the 'vesting date'. This is a fixed date within each calendar year (see [page 7](#)). You can have a vesting date every year over a set period – or just now and again in the future.

For example, you may be planning something special in the future, or you may want the safety net of yearly access to capital just in case you need it.

Whatever you decide, your financial adviser can help you structure your entitlements in the right way.

Together you will agree a schedule of entitlements when you apply for the trust. Take care when planning this schedule as you can't alter the size* of your entitlements – they can only be waived, deferred, or assigned to loved ones if you don't need them.

* *The value of your entitlements will rise and fall in line with the performance of the investments held in the trust.*



Key terms

Entitlement: your pre-defined access to capital.

Vesting date: the date you can access your entitlement.

Flexibility prior to reaching the vesting date

As each vesting date approaches, you will need to decide whether you want to access your entitlement. If you don't need access, you can simply ask the trustees to waive or defer some or all of your entitlement.

If you would like to defer access, you can ask to defer this by one year, or several years, depending on when you think you might need it.

Deferring your entitlement means the capital remains within the trust for IHT purposes whilst providing you with the flexibility to access it in the future.

Benefit of assigning to loved ones

Alternatively, as the vesting date approaches, you can decide to ask the trustees to assign the entitlement directly to your loved ones. For example, you may choose to help a grandchild buy their first property.

In this scenario, your trustees will 'defeat' your entitlement before the vesting date and assign it to your grandchild at their discretion.

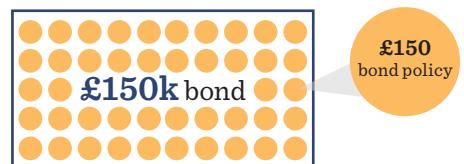
Assigning your entitlement in this way is a very tax-efficient way of passing on wealth to your loved ones during your lifetime. See [page 15](#) for more information on the tax treatment of assignments.

Your entitlements – the structure

Before you can create a Lifestyle Trust, you first need to invest in **Quilter's Collective Investment Bond (CIB)***. When setting up the bond, neither you nor your spouse or civil partner should be included as lives assured. Your CIB will be issued as 1,000 identical policies.

For example, if you invest £150,000 into the bond, your bond will be created with 1,000 policies worth £150 each at outset.

Your bond is divided into 1,000 policies



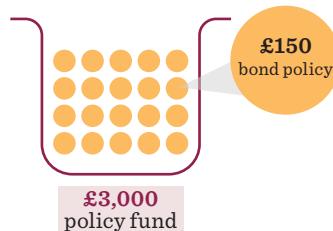
When setting up the Lifestyle Trust, you group the bond policies together to create several 'pots'. These are known as your **policy funds**.

You can decide how many bond policies you would like in each policy fund – the aim is to make the administration of the trust as simple as possible, while still giving you the flexibility you need.

For example, you could decide one policy fund should contain 20 bond policies – making each policy fund worth £3,000 at outset.

This creates a total of 50 policy funds.

You decide how many bond policies go into each policy fund



You then decide how many policy funds you would like to access and when – this becomes your **entitlement**.

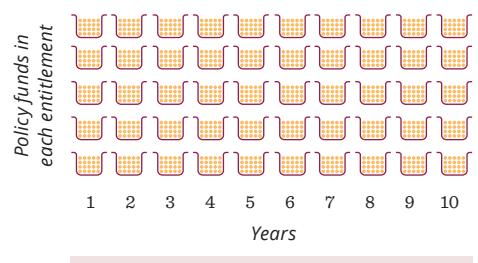
The date you access the entitlement is called the **vesting date**. You get one access point a year – which is the anniversary date of the bond. You decide when setting up the trust which years you would like to have access.

For example, you could decide you want access to five policy funds each year for the next 10 years.

This will create 10 entitlements in total.

Each entitlement will be worth £15,000 at outset (£3,000 per policy fund x 5 policy funds = £15,000).

You choose how many policy funds you have in each entitlement



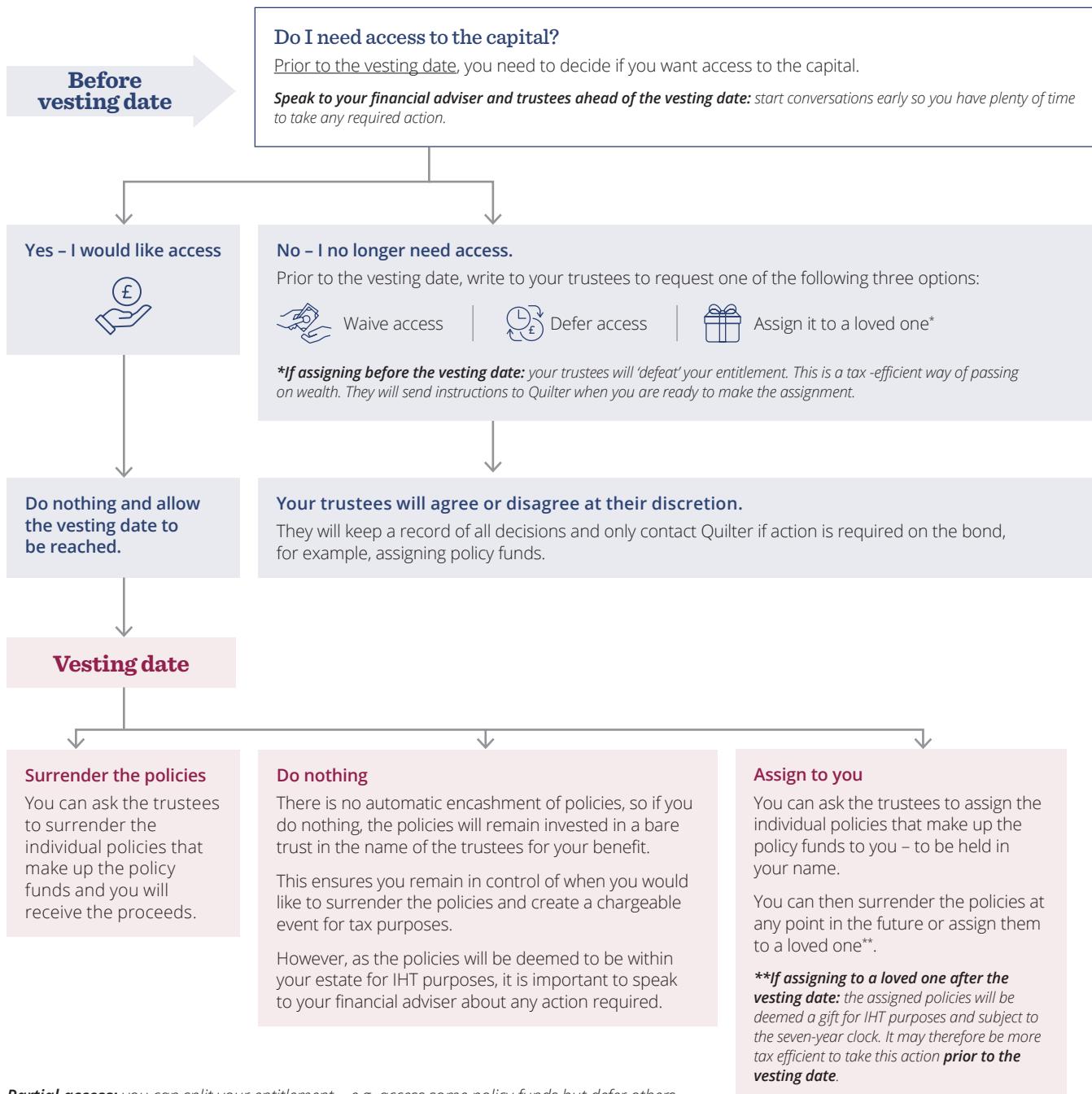
* A CIB is a single premium life assurance bond. You and your adviser will select from a range of investments to hold within the bond. The value of these investments can go down as well as up. This will impact the future value of the trust fund and the value of the entitlements.



It's important you keep track of your entitlements

You and your chosen trustees will need to keep track of your entitlement schedule to ensure you take action prior to the vesting date.

Your entitlements – decision points and action required



Partial access: you can split your entitlement – e.g. access some policy funds but defer others. However, policy funds themselves cannot be split – and can only be accessed, waived, deferred, or assigned in full.

At the vesting date: your trustees will hold the policy funds in a 'bare trust' awaiting your instruction. You will be the sole beneficiary of the bare trust. Policy funds held in the bare trust are deemed to be within your estate for IHT purposes.

See page 15 to understand the tax implications if you decide to access or assign policy funds.



Your trustees



Your trustees have discretion over the entitlements

The trustees you appoint will be responsible for managing and distributing the trust fund to the beneficiaries. You can complete an **expression of wish form** letting the trustees know who you would like to benefit and when.

However, **your trustees will have discretion over the distribution of the trust fund, including over your entitlements.** This means they can 'defeat' your request to access, or defer access, to your entitlements before the vesting date. For example, they may appoint the policy funds to one of the beneficiaries instead.

Letting the trustees know what action you would like to take ahead of the vesting date is an important part of the process. Your trustees will consider your request and will use their discretion to decide who should benefit from the trust. Whilst you can make your wishes known to them, they will ultimately decide.

Who to appoint as your trustees

An important consideration when setting up the Lifestyle Trust is who to appoint as your trustees.

You can appoint family or friends to act as a trustee. You can also decide to be a trustee yourself, but we'd recommend at least one independent trustee is appointed.

An independent trustee is someone other than you or your potential beneficiaries. The role of trustee can be complex, and you may not want to burden your family and friends with the responsibility. An alternative option is to use an independent trustee service provider – referred to as a professional trustee.

The Lifestyle Trust can involve slightly more work for your trustees compared to other trusts as they'll need to manage your entitlements.

The benefits of appointing a professional trustee

A professional trustee is usually a corporate entity with the knowledge and expertise required to carry out the trustee duties. Professional trustees normally charge a fee for their services.

Benefits include:

- ▶ **Impartiality** – removes the emotional element which can cloud decision making.
- ▶ **Expertise** – navigates the responsibilities imposed on trustees by statute.
- ▶ **Ease of administration** – handles trust registration, reporting, and tax charges.
- ▶ **Continuity** – ensures the trust is unaffected by incapacity or death of a trustee.
- ▶ **Confidentiality** – trustees are required to act discreetly and professionally.
- ▶ **Peace of mind** – operates within a regulated environment with controls in place to protect all parties.

Trustee role and responsibilities

The trustees you appoint are responsible for controlling and managing the trust, and for distributing the trust fund to beneficiaries.

The Lifestyle Trust is extremely flexible, but this flexibility does mean some extra responsibilities for your trustees.

In addition to the normal trustee duties, such as registering the trust with HMRC's Trust Registration Service, and calculating and reporting any periodic and exit charges on the trust, your trustees will also need to keep track of the policy fund entitlements, including any deferrals.

Trust registration

Your trustee(s) will be responsible for registering the Lifestyle Trust with HMRC's Trust Registration Service (TRS) unless an exemption applies.

- ▶ The trustees will need to register the trust 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 at quilter.com/TrustRegister

Your financial adviser will be able to help your trustees with the ongoing management of the trust by providing them with access to our **Lifestyle Trust policy fund management tool**.

You can appoint family or friends to act as a trustee. **You can also decide to be a trustee yourself, but we'd recommend at least one independent trustee is appointed.**

The Lifestyle Trust in action

Below is a fictional case study to demonstrate how policy funds can be accessed, deferred, and assigned.

Meet Jason

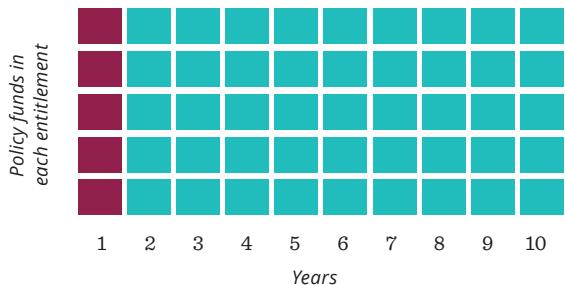
He wants to reduce the value of his estate so he can pass his wealth onto his children tax efficiently, but he also wants to retain some access to his capital should he need it.

He invests £150,000 into a Collective Investment Bond which he places into the Lifestyle Trust.



Jason and his adviser structure the entitlements as follows:

- ▶ He creates 50 policy funds in total.
- ▶ Each policy fund holds 20 bond policies and is worth £3,000 at outset.
- ▶ He decides he would like access to five policy funds each year for 10 years.



Year 1: Jason decides to defer access

Prior to reaching his first vesting date (the first bond anniversary date), Jason needs to decide if he wants access to the five policy funds or whether he would like to defer some or all of them for the future.

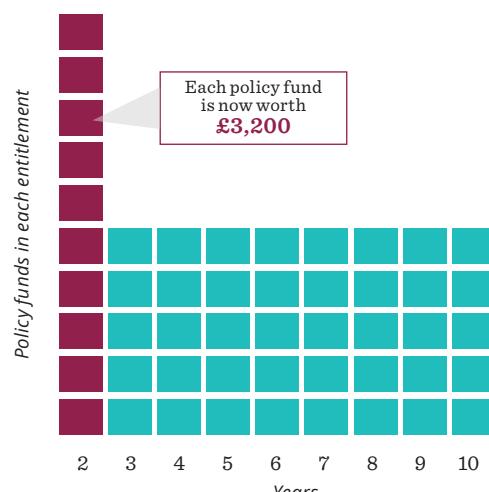
Jason decides he doesn't need access to any of the policy funds so he asks the trustees to consider deferring them until the next year when he thinks he might need them.

Year 2: Jason decides to access some policy funds and defer the rest

As Jason approaches the second vesting date, he needs to decide if he wants to access 10 policy funds.

This time Jason decides he'd like to withdraw some capital for a family holiday. He asks the trustees for access to four policy funds and to defer the remaining six policy funds. Jason would like to defer two of the policy funds to year three, and four of the policy funds to the end, creating an entitlement in year 11.

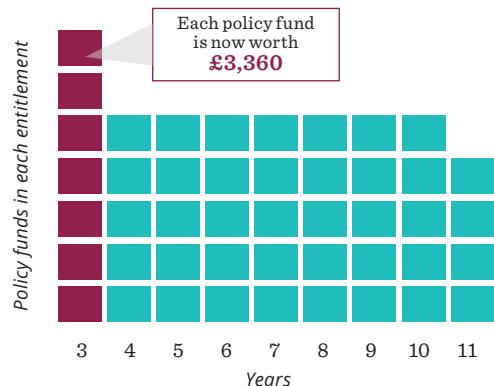
The trustees let four policy funds 'vest' so that they can be surrendered – as each policy fund holds 20 policies, that's 80 policies in total. If we assume the bond is worth £160,000, each policy fund will be worth £3,200, so that's £12,800 paid to Jason. Jason may need to pay income tax at his marginal rate on the growth made on the policy funds.



Year 3: Jason decides to assign the policy funds

As Jason approaches the third vesting date, he needs to decide if he wants to access seven policy funds. Jason's daughter is moving to a larger home with her growing family and he'd like to help them out, so he asks the trustees prior to the vesting date to consider assigning all seven policies to his daughter.

When the vesting date is reached, the trustees assign seven policies to his daughter. His daughter can then decide to surrender them all in one go, or as and when needed. If we assume each policy fund is now worth £3,360, that's £23,520 passed tax efficiently to his daughter. As she is a basic rate taxpayer, she has no further tax to pay on the gain.



As the years go on

Jason continues to either take or defer taking policy funds during his lifetime.

When Jason dies eight years later, any remaining entitlements cease, and the trust fund is paid to his chosen beneficiaries.

By using the Lifestyle Trust, Jason has benefited from:



Flexibility to access capital during his lifetime.



The ability to defer access to capital to a later date.



The option to pass wealth to a loved one tax efficiently during his lifetime.



Inheritance tax efficiency after his death.



Control over his legacy, ensuring money is passed to his loved ones.

Remember – the value of policy funds at the vesting date is not fixed and will depend on the performance of the underlying investments held within the bond. The value of these investments can fall as well as rise. This example is fictional and for illustrative purposes only.

Setting up the Lifestyle Trust

1. Invest in our Collective Investment Bond

To set up the trust, you first invest into our Collective Investment Bond, a single premium life assurance bond. A bond is a tax-efficient product, ideal for placing within a trust.

You can choose from a wide range of investment funds to hold within your bond. The performance of the bond is directly linked to the performance of the investments you choose.

To ensure the trust remains effective for inheritance tax purposes, neither you (as the person setting up the trust) nor your spouse or civil partner should be included as lives assured.

2. Transfer the bond to the trust

To set up the trust, the trustees complete the trust deed, and once the bond is live the trust deed can be dated and the bond is assigned into trust.

The value of the bond becomes the 'trust fund' and the trustees you appoint will take full responsibility for managing and distributing it to your chosen beneficiaries.

3. Specify your entitlement schedule

At the same time as you transfer the bond to the trust (step 2), you specify a schedule of dates when you want to receive entitlements from the trust fund.

Although you can't alter the size of these, the Lifestyle Trust gives you the flexibility to defer accessing them if you decide that you don't need an entitlement on a scheduled date. (See 'Your entitlements – the structure' and 'Your entitlements – decision points and action required' on **pages 7 and 8**.)

4. Write a letter of wishes

You may decide to write a 'letter of wishes' to the trustees to give them an indication of your intentions and wishes for the way the trust fund is to be used.

Although it's not legally binding, its purpose is to give the trustees guidance that you would like them to take into account when they make future trustee decisions.

Tax considerations if you access or assign policy funds

If you access the capital

The surrender of policies which make up a policy fund is considered a chargeable event for tax purposes in the UK. Any gain made on the policies surrendered is potentially liable to income tax depending on your other income in the year of surrender.

Once the gain is added to your other income, if it is below the higher rate band, then you will have no further tax to pay. This is because some tax on your investment bond is treated as if it's already been paid.

If policies are assigned to loved ones

- ▶ If you are thinking of asking the trustees to consider assigning policy funds to a loved one, it is more tax efficient to do so prior to the vesting date, and to ask your trustees to defeat your entitlement. That way, the assignment will not be deemed a gift for IHT purposes, and the seven-year clock will not need to start all over again.
- ▶ Assigning policy segments is not considered a chargeable event for you (the person setting up the trust) and you will not have to pay income tax on any gain.

- ▶ When your beneficiaries decide to encash the policies, they may need to pay income tax at their marginal rate on any gain made on the policies assigned.
- ▶ There may be no further tax for your beneficiaries to pay if the amount of the gain (once added to their other income) is below the higher rate band.

Speak to your financial adviser

Your financial adviser will be able to explain how the Lifestyle Trust is taxed in more detail. You should speak to your adviser prior to surrending any policies to ensure you understand the tax consequences.



Inheritance tax charges

Discretionary trust taxation

The Lifestyle Trust is a **discretionary trust**. This means the trustees have discretion to decide who benefits from the trust and when.

Discretionary trusts are subject to certain IHT charges. The tax calculations for a discretionary trust can be complex, but in summary:

- ▶ a **chargeable lifetime transfer** charge may apply on entry
- ▶ a 10-year **periodic charge** may arise every 10 years; and
- ▶ an **exit charge** may apply when benefits leave the trust.

Lump sum payments into the Lifestyle Trust

By transferring the bond into the trust, you are making a gift for IHT purposes.

This gift is regarded as a 'chargeable lifetime transfer' (CLT). This means it may be liable to an inheritance tax charge immediately if the amount (plus any CLTs in the previous seven years) exceed the nil-rate band.

The '**nil-rate band**' is set by the Government and is currently £325,000, which is frozen until April 2031. So, provided your gifts do not exceed £325,000 in any seven-year period, you will not need to pay an entry charge – **see Chargeable Lifetime Transfer definition on p17.**

When you receive the 'entitlement'

There should be no IHT exit charge applicable when you receive your entitlement to the policy funds. This is because of the special design of the Lifestyle Trust.

However, once you receive your entitlement to each policy fund, its value will form part of your estate for IHT purposes.

The entitlement comes into your estate for IHT purposes as soon as the vesting date has been reached and policy funds are deemed to be held in a bare trust.

If you assign policy funds to a loved one

An IHT exit charge may apply when the trust fund is distributed to a beneficiary – for example if you ask the trustee to assign policy funds to a beneficiary. The maximum charge is 6% of the amount distributed. However, if there is no entry or periodic charge, there will be no exit charge.

When you die

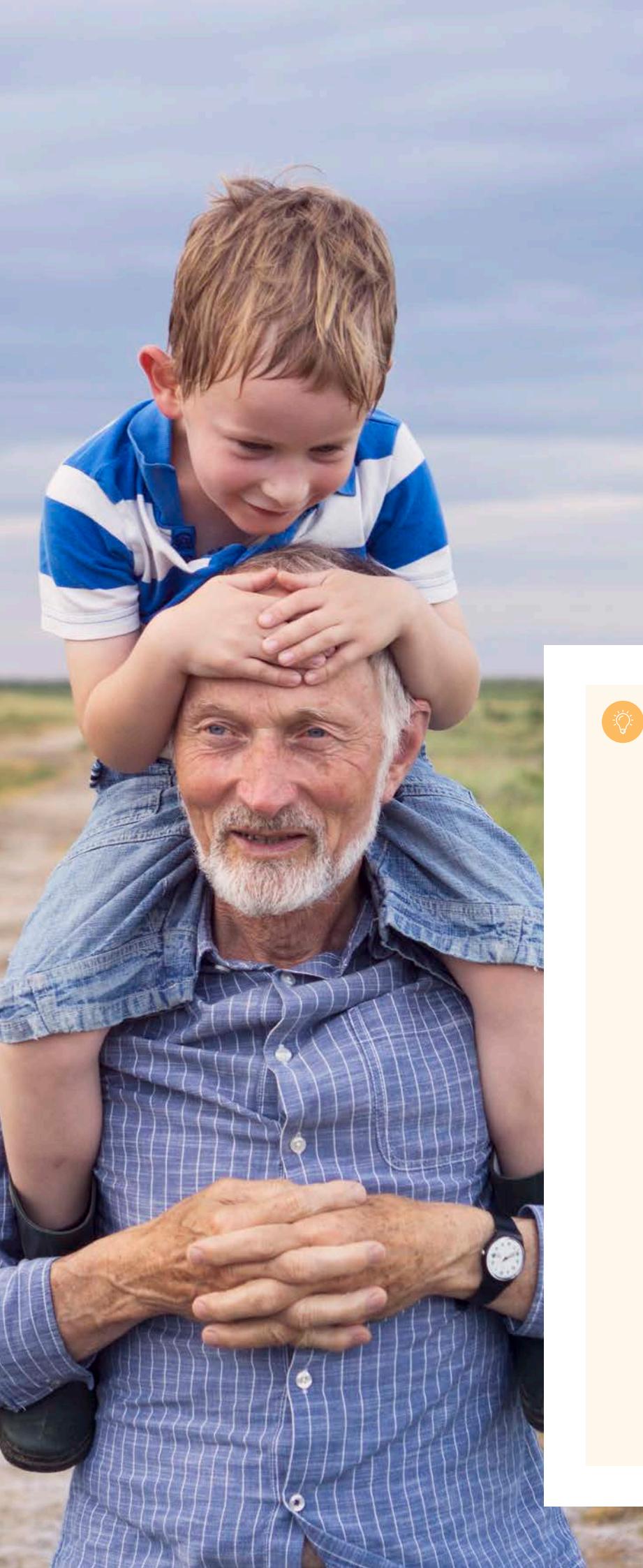
The original gift – You must survive seven years after transferring the bond into trust for the gift to be considered outside of your estate for IHT purposes. If you do not survive seven years then there may be further IHT to pay on death.

For any additional contributions you choose to make to the bond, a new seven-year clock will apply for each contribution.

The future 'entitlements' – One of the conditions for receiving an entitlement to the policy funds is that you are alive on the date you become entitled. Therefore, if you are deceased, the value of the policy funds that you are yet to become entitled to will be outside your estate for IHT purposes and will remain within the trust.

Previous 'entitlements' – Any policy funds you receive which have not been encashed and spent by the time you die will be within your estate for IHT purposes.

The Lifestyle Trust is a **discretionary trust**. This means **the trustees have discretion to decide who benefits** from the trust and when.



Discretionary trust

A trust where the trustees use their discretion to decide who may benefit from the trust and when. The beneficiaries cannot demand their rights from the trustees.

Chargeable Lifetime Transfer (CLT)

A CLT is a transfer of value which is made by an individual and which is not an exempt or potentially exempt transfer. If the transfer exceeds the available nil-rate band of the transferor then a charge of 20% on the excess is payable. A transfer into a discretionary trust is a CLT.

Exit charge

If a CLT charge or 10-yearly periodic charge has given rise to a tax charge, an exit charge will be paid on any distributions made by the trustees out of the trust fund. The rate charged is dependent on the entry and 10-yearly periodic calculations but can never be greater than 6%.

Periodic charge

Every 10 years, the value of the trust less the available nil-rate band will be assessed for inheritance tax at a maximum rate of 6%.

Nil-rate band

The nil-rate band (NRB) is the value of an individual's estate that is not chargeable to UK inheritance tax. The amount is set by the Government and is currently £325,000, which is frozen until April 2031.

Talk to your financial adviser about the Lifestyle Trust

The Lifestyle Trust is one of a number of trust solutions that can be used for tax planning.

It can help ensure that your wealth can be passed on to those you choose, in line with your wishes, during your lifetime and after.

Your financial adviser will be able to explain whether the Lifestyle Trust is appropriate for your needs and if it is the most suitable.

The Lifestyle Trust could be right for you if you want to:

reduce your inheritance tax liabilities

leave your wealth, tax efficiently, to future generations

have access to trust fund entitlements at pre-determined dates

have the flexibility to defer accessing entitlements if circumstances change.



The value of your investments may fall as well as rise and you may not get back what you put in.

This document is based on Quilter's interpretation of the law and HM Revenue and Customs practice as at December 2025. We believe this interpretation is correct, but cannot guarantee it. Tax relief and the tax treatment of investment funds may change.

Trusts and inheritance tax planning are not regulated by the Financial Conduct Authority.

Full details of the range of trusts and products available from Quilter can be obtained from your financial adviser.

quilter.com

Please be aware that calls and electronic communications may be recorded for monitoring, regulatory and training purposes and records are available for at least five years.

Quilter Investment Platform is the trading name of Quilter Life & Pensions Limited which provides a Collective Retirement Account (CRA) and Collective Investment Bond (CIB). Quilter Life & Pensions Limited is registered in England and Wales under number 4163431.

Registered Office at Senator House, 85 Queen Victoria Street, London, EC4V 4AB, United Kingdom. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Financial Services register number 207977. VAT number 386 1301 59.