

Loan Trust - Bare version (Scots Law)

Assistance with completing the trust deed



This guide is designed to assist with the completion of a loan trust deed, bare version (Scots law). This guide covers both the limited and unlimited liability versions of this trust. This trust deed allows a settlor to create a new bare trust and make an interest free loan to that trust, repayable on demand. Once this trust is established, the trustees can apply for a Collective Investment Bond.

Please note, neither Quilter Life & Pensions or its staff are authorised to provide legal advice and cannot be held responsible for any actions taken or refrained from being taken as a result of the guidance given in this document.

Tips for getting started

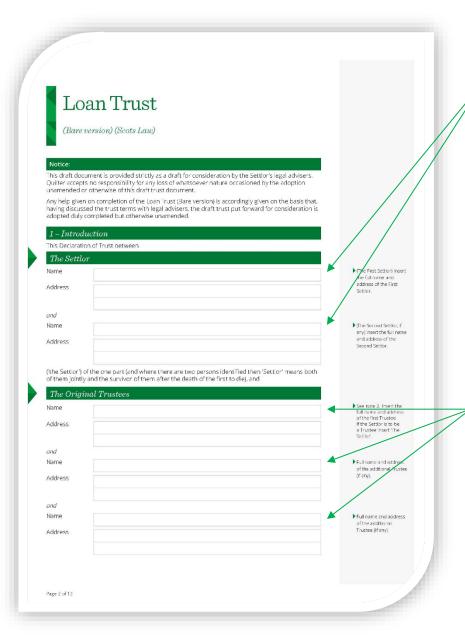
- ✓ Ensure you have the <u>latest version of the deed</u>
- ✓ An application for a Collective Investment Bond must be made using the loan trust application form. Ensure you follow the instructions for dating the application, provided on page 1 of the form. Note, the declaration date for this trust is the date on which the last person signs it.

When you've completed the deed

- Remember to include the tax declaration and confirmation of identity forms which are attached to the loan trust application form.
- ✓ The settlor's financial adviser can deliver the deed to Quilter electronically via <u>PROMPT</u>.

 Else, post the deed to Quilter, Sunderland, SR43 4JP
- ✓ The trust will need to be registered within 90 days of the settlement date or risk a £5,000 fine. The trustees must send Quilter the proof of registration document. Our step-by-step guide will assist with the process





Enter the name and address of each settlor

The settlor is the person setting up the trust..

If there are two settlors, then any reference to 'the settlor' in this deed and guide means both of them.

Does it matter which settlor is listed first / second?

No, the order in which you write the settlors does not have any impact.

Enter the name and address of each trustee

- → There is space for three trustees on this page, and a further space on the next page.
- → If the settlor is a trustee, you can write 'the settlor' in name box. You do not need to repeat their address.

Does the settlor have to be a trustee?

No, though keep in mind that only the trustees are entitled to access details about the bond and will receive all correspondence.

How many trustees should there be?

We recommend at least at least one trustee who is not also the settlor and a minimum of two trustees in total.

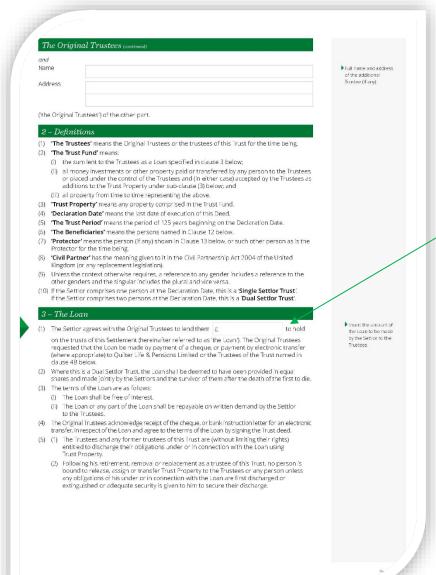
T_i	he C	riginal Trustees (continued)		
ana				
Nan	ne			Full name and address of the additional
Ado	ress			Trustee (if any).
('fh	e Ori	zinal Trustees') of the other part.		
		efinitions		
			haine.	
		e Trustees' means the Original Trustees or the trustees of this Trust for the time e Trust Fund' means:	being.	
(2)				
		the sum lent to the Trustees as a Loan specified in clause 3 below; all money investments or other property paid or transferred by any person to the	o Tuesta os	
	(1)	anninely investments of other property plate of transferred by any person to in or placed under the control of the Trustees and (in either case) accepted by the additions to the Trust Property under sub-clause (3) below; and		
	(ii)	all property from time to time representing the above.		
(3)	Tru	st Property' means any property comprised in the Trust Fund.		
(4)	'De	claration Date' means the last date of execution of this Deed.		
(5)	The	e Trust Period' means the period of 125 years beginning on the Declaration Date	2.	
(6)	The	Beneficiaries' means the persons named in Clause 12 below.		
(7)		stector' means the person (if any) shown in Clause 13 below, or such other person sector for the time being.	n as is the	
(8)		il Partner' has the meaning given to it in the Civil Partnership Act 2004 of the Un gdom (or any replacement legislation).	ited	
(9)		ass the context otherwise requires, a reference to any gender includes a reference regenders and the singular includes the plural and vice versa.	te to the	
(10)		e Settlor comprises one person at the Declaration Date, this is a 'Single Settlor' e Settlor comprises two persons at the Declaration Date, this is a 'Dual Settlor T		
3	_ <i>Tl</i>	ue Loan		
(1)	The	Settlor agrees with the Original Trustees to lend them	to hold	Insert the amounthe Loan to be ma
	requ (wh	he trusts of this Settlement (hereinafter referred to as 'the Loan'). The Original Tr uested that the Loan be made by payment of a cheque, or payment by electronic ere appropriate) to Quilter Life & Pensions Limited or the Trustees of the Trust na- se 48 below.	transfer	by the Settlor to t Trustees
(2)		ere this is a Dual Settlor Trust, the Loan shall be deemed to have been provided in a res and made jointly by the Settlors and the survivor of them after the death of the		
(3)	The	terms of the Loan are as follows:		
		The Loan shall be free of interest.		
	(ii)	The Loan or any part of the Loan shall be repayable on written demand by the S to the Trustees.	ettlor	
	tran	Original Trustees acknowledge receipt of the cheque, or bank instruction letter for an electronsfer, in respect of the Loan and agree to the terms of the Loan by signing the Trust deed.		
(5)		The Trustees and any former trustees of this Trust are (without limiting their righ entitled to discharge their obligations under or in connection with the Loan usin Trust Property.	8	
	(2)	Following his retirement, removal or replacement as a trustee of this Trust, no probound to release, assign or transfer Trust Property to the Trustees or any person any obligations of his under or in connection with the Loan are first discharged of extinguished or adequate security is given to him to secure their discharge.	n unless	



Enter the name and address of each trustee (continued)

→ There is space for one more trustees on this page

Page 3 continued





Enter the amount of the settlor's loan

This is the amount which the settlor is lending to the trust and repayable on demand.

Important - if there will be an initial advice fee facilitated by Quilter you must refer to part 5 of the Collective Investment Bond application form when completing this box.

An initial fee may impact the value of the loan and amount repayable, depending on the reason for the fee. The application form provides two options.

Option A - An advice fee has been agreed by the settlor of the trust in relation to the advice given prior to making the loan to the trustees.

Example: John has received IHT planning advice which has led to his adviser recommending a Quilter loan trust. John will use £100,000 to fund the trust and has agreed a fee for the IHT planning advice of £1,000, which he would like Quilter to facilitate.

John writes a cheque to Quilter for £100,000 and completes the loan trust deed specifying a £99,000 loan. The amount repayable to John on demand is £99,000. £1,000 is paid by Quilter to his adviser. John must sign part 5 of the Collective Investment Bond application form to authorise the fee.

Option B - An advice fee has been agreed between the trustees in relation to the advice given to the trust.

Example: Anna has chosen to create a loan trust by lending her chosen trustees £100,000 who will invest the sum via a Collective Investment Bond. Her appointed trustees have been advised over how best to investment money, they have agreed an initial advice fee of £1,000 which they would like Quilter to facilitate.

Anna writes a cheque to Quilter for £100,000 and completes the loan trust deed specifying a loan of £100,000. The amount repayable to Anna is £100,000. £1,000 is paid by Quilter to the trustee's adviser. The trustees invest the remaining £99,000

3 - The Loan (continued

- 3. In this clause 3:
 - (i) 'obligations' includes (without limitation) existing, contingent and future obligations; and
 - $\label{eq:connection} \mbox{(ii)} \ \ \mbox{an obligation is (without limitation) in connection with the Loan if it is in connection with:$
 - The Loan; or
 - a loan, agreement or obligation entered into by trustees of this Trust to secure the discharge or extinguishment of the obligations of a person who ceases, or has ceased, to be a trustee of this Trust, such obligations arising under or in connection with (ag) the Loan or (bo) any successor loan, agreement or obligation entered into by any trustee or former trustee of this Trust that u trimately replaces libidity of the Original Trustees under the Loan or secures the discharge or extinguishment of the liability of another trustee or former trustee of this Trust under the Loan or such a successor loan, agreement or obligation.

4 – The Trust

Now this Deed witnesses as follows:

- A. The Settlor has made a Loan as set out in clause 3 above to the Original Trustees. The Trustees shall hold the Trust Fund on the following terms.
- B. This Trust shall be known as

Give the name of the trust eg 'The A N Other family trust'.

5 – $Power\ to\ receive\ additional\ property$

The Trustees may, during the Trust Period, accept additional money, investments or other property, of whatever nature and wherever situate, paid or transferred to them by any person. Such additional money, investments or other property shall, subject to any contrary direction, be held upon the trusts and with and subject to the powers and provisions of this Deed.

6 - Trust income and capital

The Trust Fund shall be held on trust for the Beneficiaries in the shares shown in the First Schedule absolutely.

7 - Successor Protectors and tacit consent

- There shall be no duty to appoint a Protector, whether or not the Settlor has appointed a Protector by this Deed.
- (2) The Protector shall cease to be the Protector:
- (i) if an individual, on death; or
- (ii) if a corporation, on dissolution; or
- (iii) in either case, on;
 - becoming unable or unfit to act; or
 - making a valid appointment under (3) below.
- (3) If the Protector wishes to retire he may appoint in writing another person to be Protector of this Trust and
 - (i) when the Trustees have been given written notice of the appointment; and
- (ii) the person appointed has consented in writing then:
- such person shall immediately become the Protector in place of the retiring Protector and any nomination under (4) below shall be revoked.
- (4) The Protector may in writing nominate a person to succeed him should he cease to be the Protector and, upon such cessation,
 - (i) if the nomination remains unrevoked;
- (ii) the Trustees have been given written notice of the nomination; and
- (iii) the person nominated consents in writing, then:
- such person shall immediately become the Protector.
- (5) Where there is a Protector but he fails to respond to a written request from the Trustees within 30 days (or such longer period as may be specified under a notice given to the Trustees under sub-clause 8 (3) below), then the Trustees may take silence to indicate written consent by the Protector and act accordingly.
- (6) If, despite the provisions of this clause, there ceases to be at any time a Protector of this Trust, then the Settlor, or if there is no Settlor in existence and capable of making an appointment, the Trustees may in writing appoint any person (other than a Trustee) to be the Protector.

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Enter the trust's name

You can give the trust any name you like but keep in mind that this name will be used by Quilter as the addressee for all correspondence – so it should be a name which you don't mind the postal service seeing.

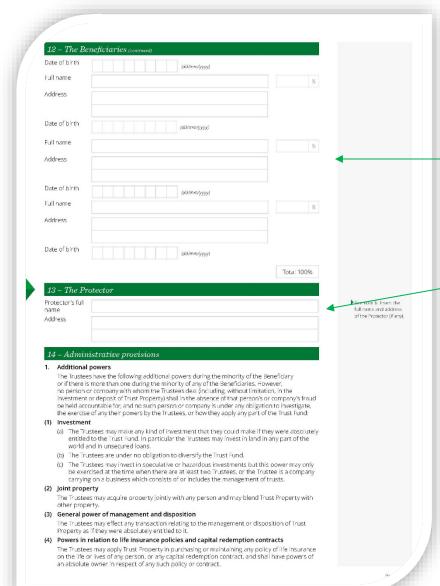
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					iciary in nature					
					or interfere wit rcumstances w			uct of		
	shall, if need	be, inform to the circum	ne Trustees	that the 30	ss of any act be 0-day period m em of such spe	entioned in su	b-clause 7(5)	is		
9 -	Appoint	nent of T	ustees							
		y be appoint	ed Trustee o	of this Trus	t even though	he has no con	nection with	the		
2)	British Isles. The power of (i) the Prote			s is exercis	sable by the fo	lowing:				
	(ii) if there is (iii) if there is meaning	no Protecto no Protecto of Part 1	or, or if there or able or wi	ling to act	ector able and and the Settlo	r is incapable	within the	r.		
(3)	(iv) if there is For the purpo	no Protecto sses of (2)(ii) pond to a wi	or able or wi above, the P itten reques	ling to act	and the Settlo nall be deemed Trustees within	r is deceased, to be unable o	the Trustees. or unwilling to	act if		
10	– Retirem	ent and r	emoval o	f Truste	es					
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	currently has	the power t	appoint n							
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Enter the details of each beneficiary

Provide full name, address and date of birth for each beneficiary. You must also specify their share of the trust fund as a %.

- → Stated share for each beneficiary must add up to 100%
- → Neither the beneficiaries or their share of the trust fund can be changed after the trust deed is dated.
- → There is space for six beneficiaries in this deed spread over pages 5 and 6.
- → If you can insert additional copies of pages 5 & 6 if you need additional space.





Enter the details of each beneficiary (continued)

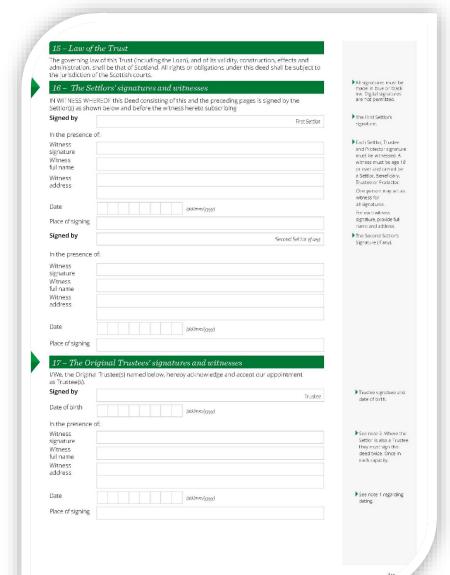
Enter the name and address of the protector (if any)

The protector is an optional role which can provide additional oversight of the action of the trustees. For example:

- → The protector has the power to dismiss a trustee with 30 days' notice.
- → The trustees must obtain the consent of the protector to exercise certain powers, such as power of appointment in section 6.

Who can be the protector?

Any person aged 18+, including anyone who is already a settlor or trustee. However, we recommend using a person who is not otherwise party to the trust to ensure independence.





Signatures and witnesses - General guidance

The deed must be signed by the settlor, protector (if any) and all trustees. Each signature requires an independent witness.

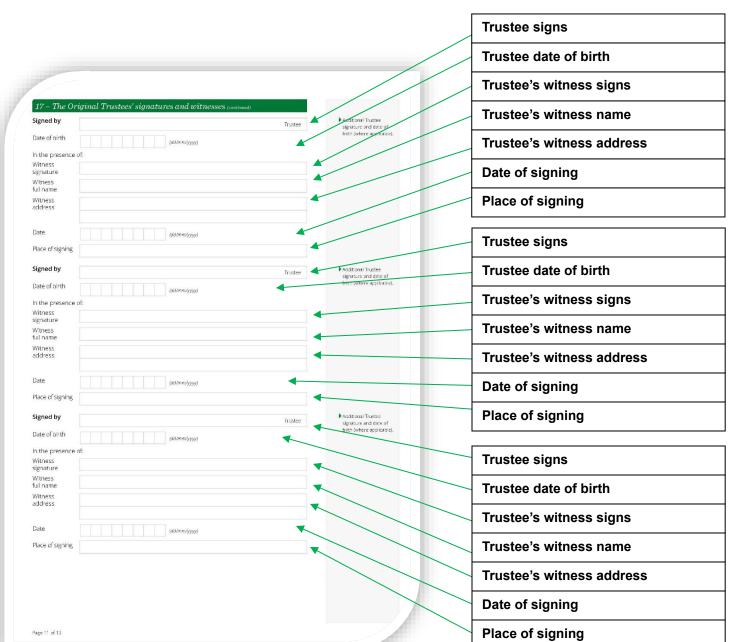
- → All signatures must be made in ink. Digital signatures are not permitted.
- → Where the settlor is also a trustee they must sign the deed twice. If they're also the protector, then they must sign in this capacity as well.
- → An independent witness is any adult who is not otherwise a settlor, protector, trustee or potential beneficiary of the trust.
- → The same witness may be used for multiple signatures.
- → You must include the place of signing. This is the town or city where the signature was made.
- → The date of signing is the day which the signature was made. The date of this trust will be the date of the last signature made.

The last date should be on or after the date of the payment in respect of the loan.

Page 10 continued

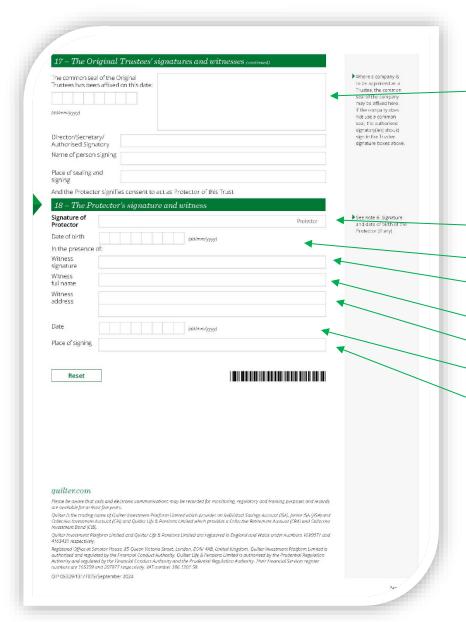


	Settlor signs
15 - Law of the Trust	Settlor's witness signs
The governing law of this Trust (including the Loan), and of its validity, construction, effects and administration, shall be that of scotland. All rights or obligations under this deed shall be subject to the jurisdiction of the Scotlish courts.	Settlor's witness name
16 — The Settlors' signatures and witnesses IN WITNESS WHEREOF this Deed consisting of this and the preceding pages is signed by the Settlor(s) as shown below and before the witness hereto subscribing	Settlor's witness address
Signed by First Settlor In the presence of:	Date of signature
Witness signature and Protection Springer and Protecti	Place of signing
Turiname ### down and carryston ### Section, Spank Casy, Trusten Fronctor. The person may as yet.	0 0
Date (xid/mm/yyyy) whress for all slepsorates. Place of signing signature, provide full	Settlor signs
Signed by Second Settler of any Second Settler of any Signature of any Sig	Settlor's witness signs
In the presence of: Witness signature	Settlor's witness name
Witness ful name Witness address	Settlor's witness address
Date (skinnelygyy)	Date of signature
Place of signing	Place of signing
17 – The Original Trustees' signatures and witnesses I/We, the Original Trustee(s) named below, hereby acknowledge and accept our appointment as Trustee(s).	
Signed by Trustee Signature and date of birth Date of birth (old Inmulyyyy)	Trustee signs
In the presence of: Witness signature Settlor is also a Trustee	Trustee date of birth
Witness ful name Witness ded twice Once in exh capacity.	Trustee's witness signs
Date (sidhmu/yyy) See note 1 regarding daths.	Trustee's witness name
Place of signing	Trustee's witness address
	Date of signing
330	Place of signing











Corporate trustee's seal

A corporate trustee may sign the deed by placing the company's seal here. You must include:

- → Date on which the seal was applied
- → Signature of a director / secretary or other authorised signatory
- → Address where the seal was applied (usually the company's address)

If the corporate trustee does not use a seal, the signatory(ies) may sign in the trustee signature boxes above.

Protector signs
Protector's date of birth
Protector's witness signs
Protector's witness name
Protector's witness address
Date of signing
Place of signing