Quilter

The discounted gift trust

We regularly update our literature; your financial adviser can confirm that this **June 2025** version is the latest by checking the literature library on our website ***quilter.com.***

In this guide, when we refer to 'you' we mean the settlor of the trust, or both settlors where there are two.

Us, We, and Quilter refers to Quilter Life & Pensions Ltd, the provider of the Collective Investment Bond (CIB) which will be used as the trust fund.

Contents

Introduction

The purpose of this guide is to help you decide whether the discounted gift trust is a suitable trust for you. It explains what the trust is, how it works and how it may be used to reduce your inheritance tax bill whilst still benefiting you and your loved ones.

What is a discounted gift trust?

A discounted gift trust is a trust arrangement which allows you to make a gift to your chosen beneficiaries, but retain access to that gift by way of a regular withdrawal from the trust. The amount and frequency of those withdrawals is up to you. Once the trust is declared, the withdrawals will continue at the same amount and frequency until your death (or if the trust fund runs out, if sooner).

Using a discounted gift trust may also help you reduce your inheritance tax (IHT) bill. The value of your gift will be considered outside your estate if you survive for a period of at least seven years after setting up the trust. This is a common feature of gift trusts, but the discounted gift trust goes a step further. You may be entitled to an immediate discount to your estate's IHT liability – depending on your age, health, and your chosen payment amount. We'll cover this in more detail on page 7.

Is a discounted gift trust suitable for me?

Your financial adviser will help you to answer this question. However, they're likely to consider the following:

A discounted gift trust may be suitable if:

- ✓ You have an inheritance tax liability.
- ✓ You'd like to make a gift to family or friends.
- ✓ You still require access to your gift.

A discounted gift trust may not be suitable if:

- ✗ You do not require access to your gift.
- ✗ You require flexible access to the trust fund – such as ad hoc lump sums.

What is inheritance tax?

Inheritance tax (IHT) is a tax charged on your estate when you die.

Your estate is essentially everything you own. This includes your main residence, cars, jewellery and every item on your mantlepiece. It also includes any cash or investments you hold, though some may be exempt.

On your death, your legal personal representatives ('LPRs' – the people appointed to manage your affairs on death) submit a report on the total value of your estate to HM Revenue & Customs (HMRC). The rate of IHT is 40%. However, you won't pay this on the whole estate. Every individual has access to a nil-rate band where no IHT is payable. Some may also benefit from an additional nil-rate band, known as the 'residence nil-rate band'. Only the excess over your nil-rate bands will be taxable.

The nil-rate band (NRB)

- Up to £325,000* where no IHT applies.
- Unused NRB is transferred to your spouse or civil partner.

The residence nil-rate band (RNRB)

- Up to £175,000* in addition to the NRB.
- Available where your main residence is left to your direct descendants (children, grandchildren).
- RNRB is reduced if your estate value exceeds £2m.
- Unused RNRB is transferred to your spouse or civil partner.

*Both the NRB and RNRB have been frozen at these values until April 2030.

✓ How can the discounted gift trust help reduce your IHT bill?

By making a gift, you're reducing the value of your estate and therefore your IHT bill, if you survive seven years after setting up the trust.

Usually, you're required to give up access to your gift in order to save IHT. However, a discounted gift trust allows you to benefit from regular withdrawals.

It may also provide an immediate IHT saving, depending on your age, health, and chosen amount of your regular withdrawals.

What is a trust?

Simply put, a trust allows you (the settlor) to entrust your gift to a group of people (the trustees). The trustees hold and manage your gift (known as the 'trust fund') for the benefit of the trust's beneficiaries.

The settlor (you)

The settlor makes a gift and establishes the trust

Trust

The rules for how the trust will operate are defined in a 'trust deed'

Beneficiaries

The settlor nominates their beneficiaries in the trust deed. They might be named individually or as 'classes' – such as 'grandchildren'

The trustees

Your trust is managed by your chosen trustees, which may include you

By making a gift via a trust you're choosing to retain control

Choose your trustees

Trustees can be family, friends or a professional trustee service provider (usually at an additional cost). You can also be a trustee, enabling you to make key decisions about the management of the trust fund.

Choose your beneficiaries

As the settlor, you can define the beneficiaries when you set up the trust. Depending on the type of trust used, you can give your trustees wide discretionary powers over how and when the trust fund is distributed.

This is known as a discretionary trust. Alternatively, you can exercise additional control by giving a fixed list of beneficiaries and their share of the trust fund. This is known as a bare trust.

✓ Choose the trust which suits your needs

Quilter's discounted gift trust is available as both a discretionary trust or bare trust. These trusts offer you different amounts of control and flexibility when deciding who will ultimately benefit from the trust. More details about this are given on page 12.

Want to know more about inheritance tax and trusts? See our Guide to Inheritance Tax and Trusts.
www.quilter.com/inheritance-tax-and-trusts

How does Quilter’s discounted gift trust work?

The example below demonstrates how the trust works using a gift of £250,000. The figures provided are for illustrative purposes only.

You invest a cash sum into Quilter’s Collective Investment Bond.

Example: £250,000.

There can be up to two settlors to the trust.

See page 8 for more details about the Collective Investment Bond.

The bond is placed into a Quilter discounted gift trust. By doing this, you are making a gift.

You have a choice of bare and discretionary versions of the trust depending how you wish to define your beneficiaries. See page 12.

You choose the amount of your regular withdrawals, when they start, and frequency of payment.

Example: 5% of the investment each year, paid in monthly instalments, to begin one year after the trust begins.

Your financial adviser will help you decide the right amount of withdrawals for you.

Quilter will estimate the value of your inheritance tax discount, which is made up of two key elements.

This is based on your age, health and chosen amount of withdrawals. We’ll contact your General Practitioner (GP) for a medical report to help our calculations.

The value of interest retained

- ✓ **Immediately outside your estate.**

Example: Based on their age and health, the settlor’s fund is estimated as £100,000.

The discounted gift

- ✓ **This is your gift to the trust minus the value of interest retained.**
- ✓ **This amount leaves your settlor’s estate if they survive seven years.**

Example: £250,000 (gift) – £100,000 (interest retained = £150,000 discounted gift.

There may be inheritance tax to pay on the discounted gift if you die within seven years of starting the trust.

Please note. There is no guarantee that the discount values will be accepted by HMRC. See page 7.

Any investment growth within the Collective Investment Bond will be immediately outside your estate.

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 inheritance tax 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 - known as the 'value of interest retained'.

Underwriting your discount

To calculate your discount, we need to establish how long your withdrawals are likely to last by estimating your life expectancy. To do this, we'll ask you to complete a short health questionnaire in the application form and to grant us authority to contact your general practitioner (GP) for a medical report. The answers you provide to us and the GP's report are used to confirm your state of health at the time you placed the bond into trust. This process is known as underwriting.

Once we have all the information we need, we'll issue you with a quote, outlining the discounted value of your gift and the value of interest retained. These figures are calculated in accordance with guidance issued by HMRC.

The trust cannot come into effect until the medical evidence has been assessed by us.

Can Quilter guarantee the discount?

No, whilst we use our experience and understanding of current HMRC guidance and relevant 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 may be necessary for your legal personal representative to provide evidence of your health at the time the trust was declared.

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

If your life expectancy is less than average, there may be a lower or no immediate IHT saving when the trust is started. However, the trust may still be beneficial:

- You'll receive regular withdrawals from the trust.
- Inheritance tax saving still applies if you survive seven years from the trust start date.
- Any investment growth is immediately outside your estate.

Your financial adviser will discuss your discount with you and help you understand what it means for your circumstances.

Where is my money invested?

Your cash sum is invested in a Collective Investment Bond which is a single premium life assurance policy (made up of 1,000 policy segments). Whereby the money you invest is linked to the performance of a range of investments. It is designed to allow the trust fund to grow whilst facilitating your right to regular, tax-efficient withdrawals from the trust.

A single premium product

You only need to invest one lump sum (which must be a minimum of £10,000) to open your bond.

Unit linked

The value of the Collective Investment Bond (CIB) is linked to the performance of investment funds initially chosen by you with the help of your financial adviser. As they rise or fall so does the value of your bond. You and your adviser can choose from over 2,100 investments funds.

A life assurance policy

When setting up the bond, you will nominate one or more lives assured. The bond can continue until the death of the last nominated life assured. At this point the bond pays out a death benefit of 100.1% of the value of the bond less any accrued charges. You have a choice of having multiple lives assured (up to a maximum of 10). This helps to ensure the bond will continue long enough to pay withdrawals for your lifetime and enable efficient distribution of the bond after your death to the trust's beneficiaries.

Please note, neither you or your spouse / civil partner can be named as a life assured.

Tax efficient

The Collective Investment Bond's structure helps ensure tax efficiency for you and the trust. As the chosen funds are linked to the bond, rather than directly owned, then no personal or trustee tax is payable - removing the need for the trustees to submit an annual tax return.

Easy distribution to the beneficiaries

The Collective Investment Bond is made up of 1,000 identical `policy segments'. Each of these segments contains an equal share of the bond's overall value. When the time comes to close the trust, segments can be assigned individually or as a group to any adult beneficiary of the trust without triggering a chargeable event. The beneficiary can then surrender their segments, and any chargeable gain will be taxable at their personal rate of income tax. The beneficiary can also choose to keep their segments and manage the investment themselves.

How is the Collective Investment Bond taxed?

Gains made on the bond are potentially liable to income tax, rather than capital gains tax. Gains become assessable for income tax if any of the following occur (known as `chargeable events').

- If the withdrawals from your bond are more than the withdrawal allowance - which is 5% of the investment into the bond each year for 20 years. Any unused allowance can be carried forward and used in future years.
- When the Collective Investment Bond is closed.
- If one or more of the individual policy segments are closed (there are 1,000 at the start).
- On the death of the last-named life assured.

The person or entity liable for the income tax charge depends on whether a discretionary or bare discounted gift trust is used the reason for the gain and the timing of the event.

Person liable to income tax	*Discretionary Trust*	*Bare trust*
You	- Where chargeable events arise during your lifetime or during the tax year of your death. Or - Chargeable events triggered by your entitlement to withdrawals under the trust.	- Chargeable events triggered by your entitlement to withdrawals from the trust.
The trust (paid by the trustees, from the trust fund)	- Where chargeable events arise in any tax year following the death of a settlor.	Not applicable.
The beneficiary(ies)	- Chargeable events which arise after the ownership of the bond has been assigned to a beneficiary.	- Any chargeable event, other than those triggered by the payment of your entitlement to withdrawals from the trust.

Some tax is treated as if it's already been paid.

When a chargeable event occurs, we'll provide your trustees with a chargeable event certificate confirming the amount of the gain along with the amount of tax treated as paid.

Why is some tax treated as if it's already been paid?

Quilter Life & Pensions Limited (the provider of the bond) is liable to corporation tax on the income and capital gains arising on the investments you choose to link the performance of your Collective Investment Bond to. We make a charge to bond to pay for this. To reflect this, when a gain is made on the Collective Investment Bond, it carries a credit equivalent to 20% of the amount of the gain. The person or entity liable to the income tax charge will use this tax credit to cover or reduce their income tax liability.

Find out more

Your financial adviser will provide you with a key features document which explains the Collective Investment Bond's features and taxation in greater detail.

Please note using a discounted gift trust will restrict certain options described in the key features document. For example:

- Neither you or your spouse/civil partner can be named as a life assured.
- The capital protected death benefit option is not available.
- You cannot add more money to the bond after the trust is established.
- During your lifetime, the trustees cannot increase the amount, or alter the frequency, of the regular withdrawals paid from the bond.

Taking withdrawals from the trust

Unlike most other trusts, the discounted gift trust allows you to make an IHT efficient gift and still retain access to your gift by giving you a right to a regular withdrawal from the Collective Investment Bond.

How can this help me?

Despite having an inheritance tax liability, you may still require access to your savings. For example, if you are currently using your savings to supplement your retirement income. Or, perhaps, you simply have concerns about making a gift which you will no longer have access to.

How much can I take?

You can choose up to 15% per annum of the investment you make into the Collective Investment Bond. However, if you take more than 5% per annum of your investment, then there may be an income tax charge. Your financial adviser will help you identify an amount which balances your needs and tax.

Things to keep in mind

- Once the trust has started, the amount of the settlor's withdrawals cannot be increased. The frequency of payment and initial deferral period cannot be changed. Your financial adviser will help you decide the level and frequency of withdrawals to suit your needs.
- The withdrawal will stop during your lifetime if the trust fund runs out. For example, if the withdrawals exceed the performance of your chosen investment funds.
- The withdrawals will stop during your lifetime if the life assured (or last life assured where there is more than one) linked to the Collective Investment Bond dies. For this reason we recommend nominating multiple lives assured when setting up the Collective Investment Bond.
- If you do not spend the money you withdraw, it will form part of your estate and could be liable to inheritance tax.
- An income tax liability may arise if you choose to take withdrawals higher than 5% per annum of the premium invested into the Collective Investment Bond.

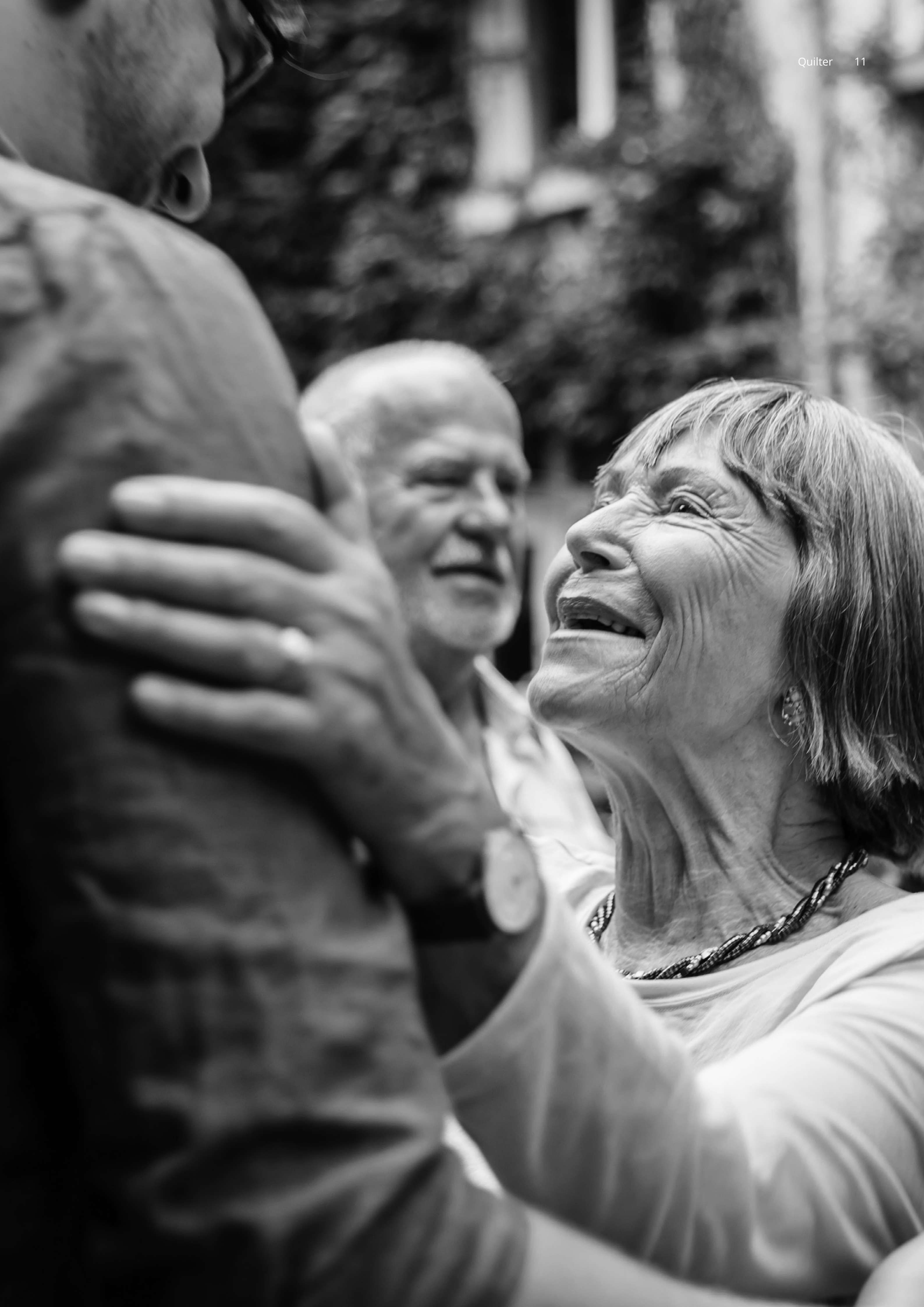
When will I receive my withdrawals?

Your chosen annual withdrawal can be paid in monthly, quarterly, half yearly or yearly instalments.

The withdrawals are made in arrears, so the first payment will be a minimum of one month after the declaration date of the trust for monthly instalments, three months for quarterly, six months for half yearly, and 12 months for yearly (see page 20). However, you can choose to defer the first payment for up to five years from the start date of the trust. Deferring the first payment will reduce the value of the immediate discount calculated when the trust starts.

Can the withdrawals be stopped?

You can waive your right to future withdrawals in full or in part. The waiver is a further gift to the trust and may have inheritance tax consequences. Once a withdrawal has been waived, you will not be able to access this money again. It is essential for you to discuss any waiver of withdrawals with your financial adviser.



Choosing between a discretionary and bare trust

When you die, any remaining trust fund can be distributed to the trust's beneficiaries. Quilter offers a choice between a discretionary and bare version of the discounted gift trust.

This choice determines how you define your beneficiaries and how much flexibility your trustees have over the distribution of the trust fund. Your choice may also have inheritance tax implications.

Bare trust	*Pros*	*Cons*
▸ When the trust starts, you name your beneficiaries and their percentage share of the trust fund. ▸ Neither you nor the trustees can alter the beneficiaries or their share once the trust has started.	▸ The residual fund is treated as a 'potentially exempt transfer' PET. There's no limit to the value of PETs you can make and no immediate inheritance tax (IHT) charge when the trust is created. ▸ You have certainty over who your beneficiaries are and their share of the trust fund. ▸ There are no periodic IHT charge or exit charges - see page 13. ▸ Withdrawals can be made to the beneficiary during the settlor's lifetime. However, the trustees must ensure there is sufficient money to pay the settlor's right to withdrawals for their lifetime.	▸ There is no flexibility to add / change beneficiaries in the future. ▸ The beneficiary's share in the trust fund may be considered in divorce and bankruptcy proceedings.

Discretionary trust	*Pros*	*Cons*
▸ 'Classes' of beneficiary are defined in the trust deed. Anyone who meets these classes is automatically a beneficiary of the trust. – For example, 'Descendants of the Settlor' includes all your current and future children, grandchildren and great grandchildren. ▸ After your death, the trustees have discretion over how and when to distribute the trust fund to the potential beneficiaries.	▸ Your trust has flexibility to adapt to changing circumstances. Any person who meets the classes of beneficiary defined in the deed is automatically added as a beneficiary. During your lifetime, you can also nominate other people, not already covered within the classes, to become beneficiaries. After your death, two existing beneficiaries can nominate new beneficiaries. ▸ You can provide a letter of wishes to your trustees as a guide to how and when the trust fund should be distributed. ▸ As no beneficiary has a fixed share of the trust fund, neither they nor their creditors can demand a share of the trust fund - offering protection against the divorce or bankruptcy of the beneficiary.	▸ The trust fund may be subject to an IHT entry, periodic, and exit charges - see page 13. ▸ The trust fund cannot be paid to the beneficiaries during your lifetime.

Inheritance tax charges applicable to discretionary trusts

Discretionary trusts have specific IHT charges which might apply when the trust starts (the entry charge), every 10 years (the periodic charge), and when the trust fund is distributed to a beneficiary (the exit charge).

Entry charge

- A gift to a discretionary trust is a chargeable lifetime transfer (CLT).
- An entry charge applies if total CLTs exceed the nil-rate band (£325,000 per settlor) in seven years.
- No entry charge if cumulative CLTs are below the nil-rate band.

How can the discounted gift trust help?

- Depending on the settlor's age and health there may be a reduction to the value of the CLT you make.
- This may allow you to keep the value of your CLT below the nil rate band and therefore pay no entry charge.
- This can allow you to make a larger gift than you could using another type of discretionary trust.

Periodic charge

- A periodic charge may apply every 10 years.
- Charge applies if trust fund value exceeds the available nil-rate band which currently starts at £325,000 per settlor.
- The charge is 6% on the excess over the nil-rate band. The maximum is 6% of the overall trust fund.
- If the trust fund is below the available nil-rate band, then no charge applies.

How can the discounted gift trust help?

- A discount may be applied to the value of the trust fund when calculating the charge.
- The trustees can request Quilter to provide a discounted value at each 10 year anniversary.

Exit charge

- An exit charge may apply when giving trust funds to a beneficiary.
- The maximum charge is 6% of the amount given.
- The charge depends on whether there was an entry charge (first 10 years) or a periodic charge (after 10 years).
- No entry or periodic charge means no exit charge.

Choosing the right trust for you

A discretionary trust provides your trustees with the flexibility to adapt to changing circumstances and the needs of your beneficiaries. Which is why, in our experience, it is the most popular choice. Whilst there is a potential for additional IHT charges, this depends on the amount of your gift, your discount, and previous history of making gifts - the charges will not apply to all trusts.

A bare trust gives you control over who your beneficiaries are and the share of the trust fund they'll receive. There are no ongoing IHT charges and no restrictions to the size of the gift you can make to this type of trust. However, a bare trust lacks the flexibility to adapt to your changing circumstances.

You should discuss the pros and cons of each trust with your financial adviser before making a choice.

How the trust works in practice

Meet Linda...

Age: 60

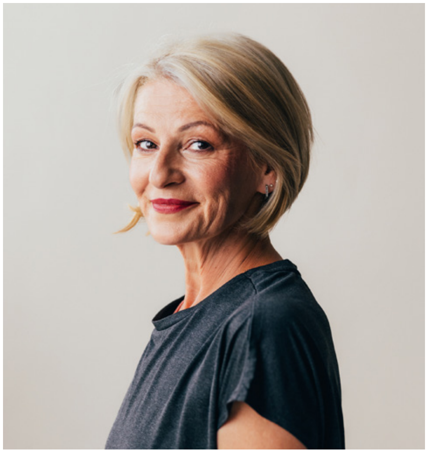
Marital Status: Divorced

Employment: Semi-retired

Children: Three adult children, five grandchildren and a sixth on the way!

Estate value: £850,000 - made up of her home, worth £500,000, and £350,000 in savings

Current inheritance tax (IHT) liability: £140,000*



Linda has asked her financial adviser for a review ahead of retirement. She's unhappy with the rate of return from her savings account and would like her money work harder. Linda also wants to reduce her IHT liability and ensure that her grandchildren are financially supported when she's gone.

Linda has heard that investing money through a trust could be a good way to achieve these goals. However, she's concerned about losing access to her savings as she will need these to supplement her pension income. Whilst she would like to invest the money right away, she's not sure if she's ready to commit to giving up full access until her adviser explains about the discounted gift trust.

Linda's financial adviser recommends investing £200,000 into a Quilter Collective Investment Bond (CIB) held within a discretionary discounted gift trust.

- The CIB offers a wide range of investment options to suit Linda's needs.
- The CIB can be started immediately, with no commitment to place it in trust.
- A discretionary trust automatically includes all current and future grandchildren as beneficiaries.
- Linda retains control by choosing who her trustees will be.
- If she survives seven years, there will be an IHT saving of £80,000 (40% of £200,000).
- Depending on her health, Linda may be entitled to an immediate IHT saving.
- Linda will receive a regular withdrawal from the trust fund, which can be used to supplement her pension.

**£850,000 total estate, less £325,000 NRB and £175,000 RNRB (£350,000) taxed at 40%.*

Linda invests £200,000 into a Collective Investment Bond and decides to immediately proceed with the trust.

She places the bond into a Discounted Gift Trust – Discretionary version.

Linda decides to take 5% of the amount invested (£10,000) each year. This will be split into 12 monthly payments.

Quilter's underwriters review a report from Linda's GP and confirm her health is average for her age. Quilter then calculates the value of her right to withdrawals from the trust.

Value of interest retained (the 'discount')	Discounted value of the gift
£117,482	**£82,518**
This part is outside of Linda's estate immediately	This part leaves Linda's estate if she survives at least seven years
Immediate IHT saving:	IHT saving after seven years:
£117,482 x 40% = £ 46,993	**£82,518 x 40% = £33,007**

Total potential IHT saving: £80,000

Please note, the figures used in this example are for illustrative purposes only. Value of interest retained and discounted value of the gift figures are subject to HMRC approval.

How the trust works in practice

Regular payments from the trust

- Linda chooses to take £10,000 per year, split into 12 monthly payments.
- Payments come from the Collective Investment Bond (CIB) using the 5% tax-deferred allowance. No immediate income tax liability on these payments.
- After 20 years, the tax-deferred allowance will be exhausted, and further payments may be subject to income tax.
- Payments continue at the same level until Linda's death, unless withdrawals exceed CIB's growth and deplete the trust fund.
- There's no inheritance tax liability on the withdrawals if Linda spends the money she receives.

Will Linda pay any inheritance tax when the trust is created?

As Linda has used a discretionary trust, the discounted value of the gift (£82,518) will be treated as a chargeable lifetime transfer (CLT). An entry charge applies if the cumulative total of her CLTs in a seven year period exceed the nil-rate band. The excess is taxed at 20%.

Will there be inheritance tax on the gift when Linda dies?

Death within seven years

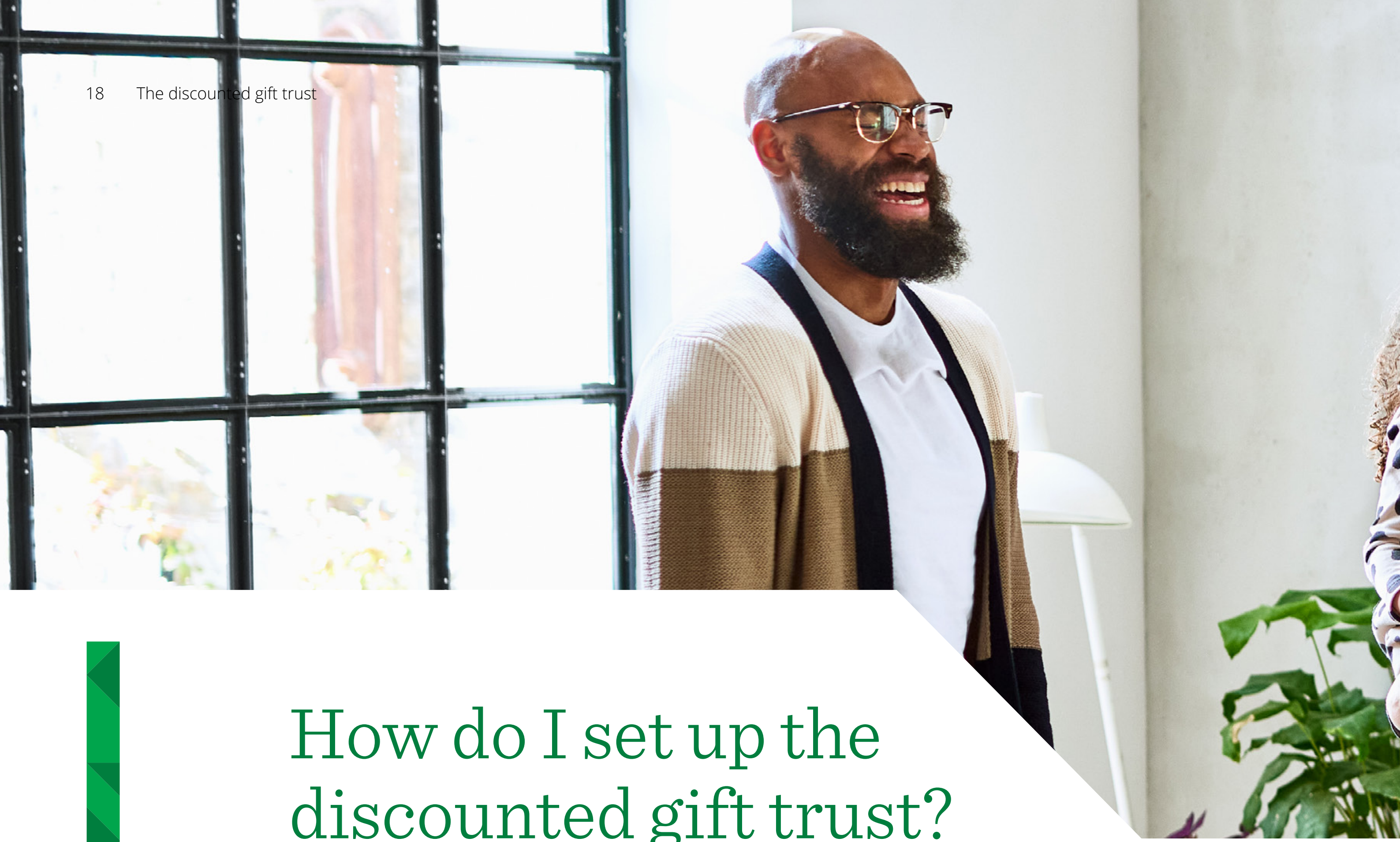
- Linda's Chargeable Lifetime Transfer (CLT) fails, making £82,518 liable to IHT.
- No tax on the CLT if the gift is within Linda's nil-rate band, but less nil-rate band is available for the rest of her estate.
- If the CLT did exceed Linda's nil-rate band (NRB) on death, then tax is paid on the excess. The rate is 40%. However taper relief reduces the tax if Linda survives at least three years.
- Even if Linda dies within seven years, there is still an IHT saving of £46,993 (the discount of £117,482 x 40%, subject to HMRC agreement).
- Investment growth in the Collective Investment Bond is outside Linda's estate.

Death after seven years

- If Linda survives at least seven years after establishing the trust, then the whole of her gift is outside of her estate for inheritance tax.
- This provides a potential saving of £200,000 x 40% = £80,000.
- Any investment growth achieved by the Collective Investment Bond is also outside of her estate.

Distribution to the beneficiaries

- After Linda's death, the trust fund is held in its entirety for the beneficiaries.
- The trustees can keep the trust going or distribute the trust fund, in full or in part, to any of the trust's potential beneficiaries. This includes the sixth grandchild, even though they were born after the trust started.
- The trustees can distribute the trust fund by surrendering the Collective Investment Bond (CIB) in full or by taking a partial withdrawal.
- The trustees also have the option to assign one or more of the individual policy segments which make up the bond to adult beneficiaries, who can then keep or surrender them.



How do I set up the discounted gift trust?

1 *Complete and send the discounted gift trust application form*

www.quilter.com/apply-for-cib-with-dgt

- Your financial adviser will help you select the investment funds or assets which will be held within your bond.
- We recommend adding at least two lives assured so the bond has an increased chance of remaining in force for the length of the trust. Neither you or your spouse/civil partner may be a life assured.
- Complete the medical questionnaire.
- Complete the authority to access your medical records.

2 *We will contact your GP for a medical report*

- We need this information to enable us to calculate any discount which may apply.
- Depending on you GP's reply. We may ask you for further information.
- We will send a letter to your financial adviser confirming the estimate of your discount.

3 *Complete and send your trust deed*

- You and your chosen trustees will complete and sign the trust deed.
- Leave the trust declaration date blank. We will date the deed once everything is in place.
- Review the default classes of beneficiary and add your own if required.
- State the level of withdrawals you will be taking from the trust.
- You and your trustees will sign the trust deed and authority to begin withdrawals.
- Your trustees also complete a tax declaration. This is a regulatory requirement which confirms the countries in which your trustees and beneficiaries are resident for tax purposes.

4

Your discounted gift trust is complete

- Once we have all the required paperwork the trust deed can be dated (known as the declaration date). This brings the trust into effect and assigns your Collective Investment Bond into the trust.
- Your withdrawals will start in accordance with your instructions given in the trust deed.

6

Register your trust with HMRC and send us your proof of registration document

- By law, your trust must be registered with HMRC's trust registration service within 90 days of the declaration date.
- You are also required to send your proof of registration document to us.
- Failure to register the trust, or provide the proof of registration, may result in a fine from HMRC of £5,000 and delay to transactions on the bond.
- Our guide to registration can be found here: ***www.quilter.com/registering-your-trust***

How to set up the withdrawals

Below are notes on how to define the Settlor's Fund within the trust deed.

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.

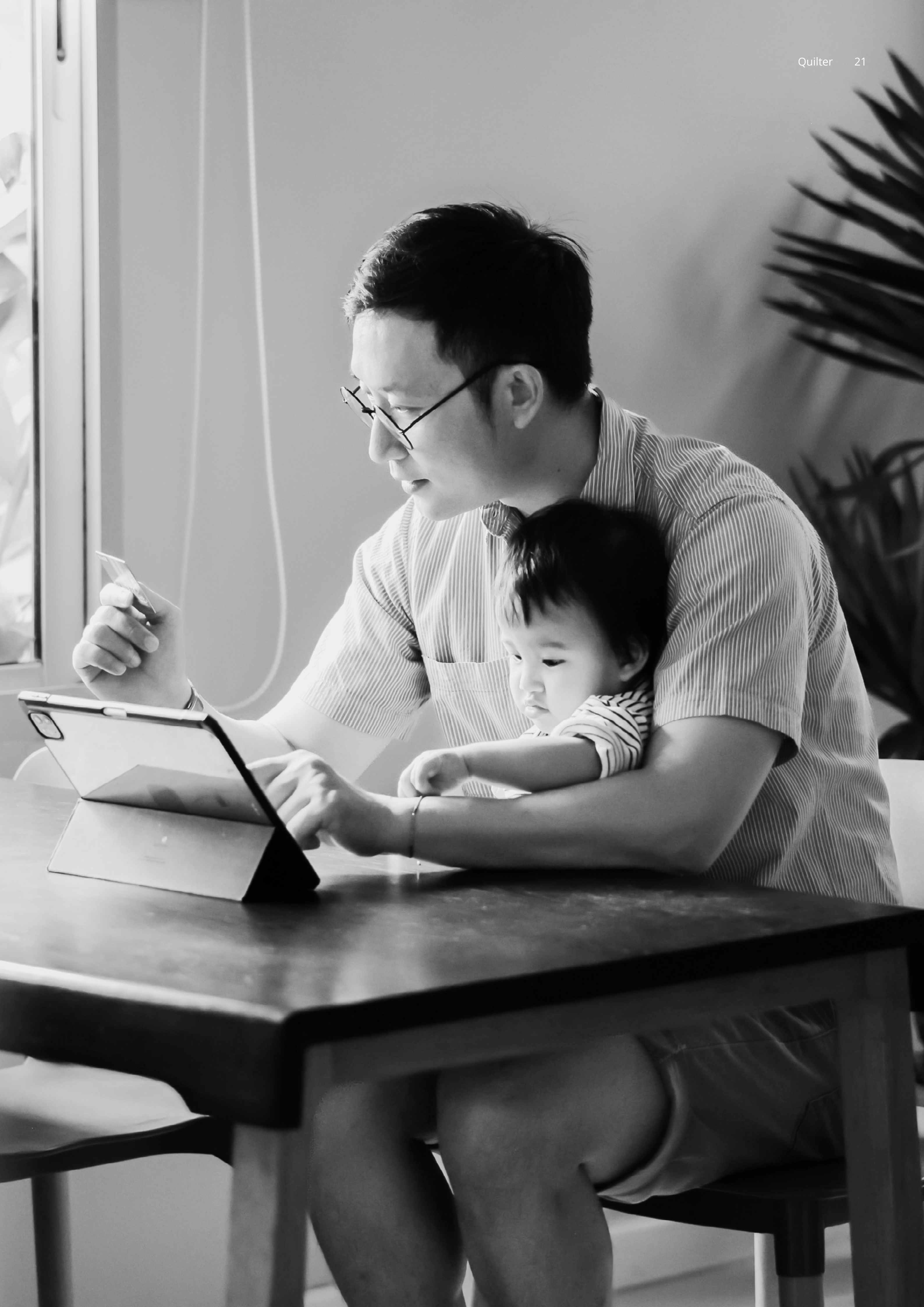
Box C

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



About Quilter

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 £116.2 billion in customer investments (as at 30 September 2024). 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.

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.

This document is based on our interpretation of UK law and HM Revenue & Customs practice as at June 2025. 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.

Trusts, inheritance tax planning, estate planning and will writing are not regulated by the Financial Conduct Authority.

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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 is the trading name of Quilter Investment Platform Limited which provides an Individual Savings Account (ISA), Junior ISA (JISA) and Collective Investment Account (CIA) and Quilter Life & Pensions Limited which provides a Collective Retirement Account (CRA) and Collective Investment bond (CIB).

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