

Quilter



Our Best Start in Life Trust

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

*Suitable for
customers and investors*

The Best Start in Life Trust is unique to Quilter

A flexible solution, the Best Start in Life Trust gives you a tax-efficient way of passing on wealth during your lifetime or on death and can provide tax-efficient payments.

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



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Introducing the Best Start in Life Trust

You want the best for your loved ones, whether this means ensuring they receive the best education by paying for their school or university fees, helping them with the cost of their wedding or to getting on the property ladder.

Setting money aside for your loved ones is great— doing it with a flexible, tax efficient plan is even better. The Best Start in Life trust combines our **Collective Investment Bond, discretionary trust (Settlor Excluded version)**, and **deed of appointment** to help you do just that.

You'll be investing via the Collective Investment Bond (CIB)

Potential for growth

The CIB gives you a flexible way to invest, with access to a wide range of funds – many linked to stock market performance – offering the potential for growth over the medium to long term.



Tax deferral

Because the Collective Investment Bond is an onshore life assurance bond, neither you nor the trust pays income or capital gains tax on the underlying funds. Tax is only assessed when a 'chargeable event' occurs, such as a surrender, at which point any gain is calculated and subject to income tax. As an onshore bond, any gain comes with a tax credit (20% currently, moving to 22% from 6 April 2027) that counts towards this liability.

Your trustees can withdraw up to 5% of the amount invested each year without creating a chargeable event – ideal for making smaller, regular withdrawals.



Divide and distribute

The Collective Investment Bond is split into 1,000 identical policy segments, each holding the same proportion of the bond's value. This makes it easy to apportion your gift between beneficiaries in a flexible and tailored way.



Placing your bond into a Discretionary Trust (Settlor Excluded version)

Inheritance tax (IHT) efficiency

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



Flexibility to adapt

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.



Distribute to your beneficiaries using a Deed of Appointment

Tax-efficient distributions

If your trustees withdraw money from the bond to distribute to the beneficiaries, then a chargeable gain may arise, and income tax applied to the gain. Usually, the liability to tax falls on either you (the settlor) if the gain arises during your lifetime, or the trust.

The deed of appointment enables your trustees to distribute the trust fund more efficiently, by placing the liability to income tax on the beneficiaries themselves.

This works by ring-fence any number of the bond's policy segments in favour of the beneficiary. The trustees can then surrender the segments and pass the proceeds to the beneficiary or their parent/guardian.



Important notes:

- ▶ Investing can help you grow your money over time, although keep in mind the value of investments can go down as well as up. Tax treatment varies according to individual circumstances and is subject to change.
- ▶ The Best Start in Life Trust may not be suitable if you're putting money aside for your own minor children. This is because the 'parental settlement' rules place the tax liability for surrenders back onto the parents.
A discretionary trust may still be suitable for you, but the benefits of the deed of appointment will not apply to you whilst your children are under age 18.
- ▶ The beneficiary (or their parent/guardian) may need to notify HMRC of the chargeable gain, even if there is no tax to pay.
- ▶ As the trust's settlor, you are excluded from the list of beneficiaries and cannot benefit from your gift.
- ▶ Further details of the Collective Investment Bond can be found in our brochures, key features documents, and policy terms. Ask your financial adviser for more information.

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 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 into 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.

Choosing to make your gift using the Best Start in Life Trust means, you can request who, how, and when you would like your chosen beneficiaries to benefit in the future.

IHT efficiency of the Best Start in Life Trust

Gifting money into the 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. Your gift into trust may be subject to IHT charges. See **page 9** for more information.

Giftng money into the Best Start in Life 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 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.

Your trustees

Your trustees have discretion over distributing the trust fund

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.

Who to appoint as your trustees

An important consideration when setting up the 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 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.

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 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

The Best Start in Life Trust in action

Below is a fictional case study for illustrative purposes only, which demonstrates which demonstrates how the trust allows you to distribute your wealth flexibly and efficiently.

Meet Ben and Michelle

Their financial adviser has calculated that they have an inheritance tax liability, which can be reduced by making a gift.

They've recently welcomed their first grandchild, Harry. They want to use their gift to ensure Harry and any other grandchildren they have benefit from a private education.



Their adviser recommends a gift of £300,000 via the Best Start in Life Trust.

- ✓ The discretionary trust (settlor excluded version) automatically includes Harry and any future grandchildren.
- ✓ They can write a letter of wishes asking the trustees to consider using the trust fund to pay school fees.
- ✓ Their inheritance tax liability is reduced if they survive seven years after making the gift – saving £120,000 (£300,000 x 40%).
- ✓ Any growth on the trust fund is immediately outside their estate.
- ✓ Their gift is invested through the Quilter Collective Investment Bond, aiming to achieve investment growth and help their gift go further.

Paying for school fees

When Harry starts school, the trustees decide to pay the fees. With their financial adviser, they work out how many of the bond's policy segments are needed. They then use the deed of appointment to irrevocably 'ring fence' those segments for Harry before surrendering them.

- ✓ The chargeable gain on the surrender falls on Harry, rather than Ben and Michelle.
- ✓ As Harry has no other income, the gain falls within his income tax allowances.
- ✓ The gain comes with a basic rate of savings income tax credit, covering the liability if the gain falls within the basic rate band.

Flexibility to adapt

As time goes on, Ben and Michelle welcome more grandchildren who are automatically included as beneficiaries to the trust. They choose to add a further gift to the trust as part of further IHT planning with their adviser.

Not all their grandchildren enter private education, so the trustees opt instead to help with a house deposit later in life.

Inheritance tax charges

Discretionary trust taxation

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 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 per person, 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.

When the deed of appointment is used

An IHT exit charge may apply when the trust fund is distributed to a beneficiary – for example when the trustees use the deed of appointment to 'ring-fence' policy segments for 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.



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 Best Start in Life Trust

The Best Start in Life 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 Best Start in Life Trust is appropriate for your needs and if it is the most suitable.

The Best Start in Life Trust could be right for you if:

you want to reduce your inheritance tax liability

you want to pass on your wealth tax-efficiently to future generations

you want your trustees to have the flexibility to adapt to the changing circumstances and needs of your beneficiaries

you do not need access to the gift once it has been made.



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, Estate planning, Tax planning & Inheritance Tax planning is 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

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