

A photograph of a Black couple embracing outdoors at sunset. The woman, with curly hair, is laughing joyfully with her mouth open. The man, with a beard, is smiling and looking down at her. They are both wearing brown, textured knit sweaters. The background is a soft, warm sunset sky over a body of water.

# YOUR GUIDE TO USING OUR TRUST

Use our simple guide to help you complete our trust form. It also explains the key benefits of using a trust, how it works, and how it can help make sure the money from your life cover goes to the right people, quickly and smoothly.

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If you've got any questions about your protection policy or how to set up a trust, we recommend you speak to your Financial Adviser.

## WHY USE A TRUST?

Putting life cover in trust is a great way for you to give your life cover payout to a loved one, while avoiding delays that can slow down payment of the money from your life cover. This guide explains why you should, and how you can set up a trust.

### What happens to the money from your life cover if a trust is not set up?

If your cover is not placed in trust or Payout Planner, our built-in beneficiary nomination, the money from your life cover claim may not go to the people you wanted to benefit from it. There could also be a delay before they can be paid as the personal representatives of your estate (everything you own at the time of death) may need to get what's called a 'grant of probate' (or 'certificate of confirmation' if you live in Scotland) so that they can claim the money.

This can take months to get, and once received the money will then be shared according to the wishes in your will, or if there's no will 'intestacy'. Intestacy is the ranking order of entitlement (starting with your next of kin, then close relatives and then the Crown).

### If you're not married, will your partner receive a share of the money from your life cover?

If you haven't set up a trust or Payout Planner and you haven't completed a will, then if you're not married your partner won't receive any money from your life cover claim.

### Why set up a trust?

Once you have placed your cover in trust, you'll have peace of mind that:

- **Payouts will be made to the right people** these are the people you intended the money to go to.
- **Probate delays are avoided.** The payout isn't subject to probate being granted, which means we can pay out faster.
- **It's inheritance tax efficient.** The payout falls outside of your estate (everything you own at the time of death), so it's usually completely free from inheritance tax. Tax rules may change and how they apply to you will depend on your personal circumstances.

### Who can set up a trust?

Anyone who owns a Guardian policy that includes life cover.

### When can a trust be set up?

You can set up a trust any time after your Guardian policy has started.

### How do Guardian trusts work?

To set up a trust, you need to complete the Guardian Discretionary Split Trust form which can be found in our literature library on our website, or you can ask your adviser, or us, to email you a copy. This can be printed off and completed in pen or completed digitally.

You can put more than one cover in the trust. If you're concerned about inheritance tax, and have life cover that also contains critical illness cover, then using separate trusts may be best. For example, if you have Life Essentials or Life Protection, it's best to keep it separate from Combined Life and Critical Illness Protection. This is because any potential critical illness payout impacts what's left to pay out from the trust on death. This creates a "gift with reservation of benefit" which means the life cover is taxed as if still inside your estate. But this isn't a problem for just Combined Life and Critical Illness Protection covers within the trust. If you need more support on this, or you have any questions please speak to your Financial Adviser.

Once you've successfully completed the trust, in the event of a claim, the life cover amount is legally available to the trustees who then become responsible for paying the money from your life cover claim on to your beneficiaries. Or your default beneficiary(s) can claim the life cover directly, if there are no surviving trustees left to act.

The trust keeps any terminal illness, critical illness, income protection, total permanent disability, fracture or children's critical illness benefit for you. The trust allows you to claim these for yourself without involving the trustees if you feel able to, or they can sign for you.

You can choose to keep or give away the terminal illness benefit, for example, if the policy has been set up for the sole purpose of inheritance tax mitigation and you'll never need the funds from a terminal illness claim yourself. Your Financial Adviser will help you decide what is the right for you.

If you do give away the terminal illness benefit this will allow the trustees to pay the money to your beneficiaries in line with your wishes – including settling an inheritance tax bill.

If you give away the terminal illness benefit, this decision can't be changed.

The trust provides lots of flexibility to change who can benefit. So if your circumstances change, for example if you have more children or grandchildren, the trust can be amended to include them as beneficiaries. You can also appoint new trustees or retire existing ones. Our website provides forms for making your changes.

Life cover payouts made via the trust fall outside your estate, so payments are made without the need to wait for probate and are usually free from any inheritance tax liability.

## HOW TO COMPLETE OUR TRUST FORM

This section will show you the steps to complete our trust form. Please read our important notes below before you start.

### DISCRETIONARY SPLIT TRUST DEED FORM

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#### Important notes

- This trust is for Guardian policyholders who have taken out a protection policy on their own life.
- Its purpose is to enable prompt payout of any death benefit to the intended beneficiary(ies) through the trustee(s) you appoint (who may also be the beneficiary(ies)).
- The trust keeps any terminal illness, critical illness, income protection, total permanent disability, fracture or children's critical illness benefit for you.
- You can choose to give away the terminal illness benefit in this form. If you choose to give your terminal illness benefit away, this decision can't be changed. This choice may have tax consequences so you should discuss your requirements with your Financial Adviser.
- We'll accept just your signature to claim these benefits if your trust says these benefits are for you. Or your trustee(s) can sign for you if you're no longer able to.
- Guardian policies are arranged and administered by Guardian Financial Services Limited, and underwritten and issued by Scottish Friendly Assurance Society Limited.
- We've taken every care over the content and notes to this deed based on our understanding of current law and HMRC practice as at December 2023, which can change.
- We accept no responsibility for making sure it meets your needs, for the results of its use or how you complete it.
- You'll need to check with your Financial Adviser or a solicitor if you're unsure about its effect or suitability for you.

#### Information icons and boxes



Please refer to the information icons for useful information and instructions on how to complete the form.

#### Use capital letters

If you're completing the form with a pen, please use capital letters throughout.



- Please complete using **CAPITAL LETTERS** throughout the form.

### Write the date the trust was made

In this section, please write the date you signed the trust, which **must** be on or after your cover start date.

#### SECTION 1: CLIENT DETAILS



• Please complete using **CAPITAL LETTERS** throughout the form.

The trust is made on (DD MM YYYY):



Enter the date on which the trust is signed, which must be on or after the start date of the cover.

### Provide the settlor's details

In this process, you are the settlor of the trust (i.e. the person who owns the policy and is creating the trust). You choose who benefits from your life cover payout and who looks after the money (the trustees), and you have the power to change these during the lifetime of the policy. You'll still be responsible for paying the premiums and are automatically the first trustee.

In this section, please write your full name, address and date of birth in capital letters in the relevant box.

Between the 'settlor':



The settlor is the person who owns the policy and is creating the trust.

Full name (FIRST NAMES / LAST NAME):

Address:

Postcode:

Date of birth (DD MM YYYY):

### Provide the details of any additional trustees

For this section, please think carefully about who you trust to carry out your wishes, as the trustees (additional trustees) will be responsible for claiming the money from your life cover claim and arranging for the money to be paid to the beneficiaries in-line with your wishes. Please name these people in the boxes below. You must choose at least one additional trustee in this section. (You are already automatically a trustee.) It's up to you to decide how many trustees you want. As a suggestion, it's a good idea to pick no fewer than 2 trustees, so at least one is likely to survive you and because 2 are needed to make any necessary change after your death. But it's best to pick no more than 4, because they will all need to sign for things and agree.

The trustees have discretion about which beneficiaries will get the payout, how much of the payout they'll get and when they'll get it, so it's a big responsibility.

Please complete the full name, address and date of birth in capital letters for all additional trustees.

and the additional trustee(s):

Full name (FIRST NAMES / LAST NAME):

Address:

Postcode:

Date of birth (DD MM YYYY):

Provide the cover reference number

Please log in to your MyGuardian account, and find your Cover Summary, which will show your cover reference number(s).

Please complete the first box with your cover reference, this will start with either a CB, ES or TL (not your policy number) and write the cover type in the opposite box – this is usually the cover that includes a death benefit. Repeat that for each cover that you're placing under this trust.

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- You need to give the cover reference(s) here which are shown on the Cover Summary with a prefix of CB, ES or TL (NOT the overall policy number) and state the cover type(s) the trust applies to – usually all the ones which include a death benefit.

CB or ES or TL cover reference:

(USE CAPITAL LETTERS. YOU'LL FIND YOUR COVER REFERENCE ON YOUR COVER SUMMARY)

Cover type:

(USE CAPITAL LETTERS)

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### Choose to keep or give away your terminal illness benefit

The trust automatically keeps the terminal illness benefit for you, so you'll automatically get the payout from a terminal illness claim.

You have the option to give the terminal illness benefit away to the beneficiaries of the trust, and you may choose to do this if, for example, you've set the policy up for the sole purpose of inheritance tax mitigation and you'd never require the terminal illness payment for yourself if you became terminally ill.

This would allow the trustees to hold the benefit for beneficiaries ready to pay any inheritance tax bill following your death.

If you decide to give away the terminal illness benefit, this decision cannot be changed in the future.

To give the terminal illness benefit away, you must sign the box in Section 2.1 of the form.

## SECTION 2: DECLARATION OF TRUST

**2.1** The trustees will hold the retained benefit for the benefit of the settlor absolutely.

'The trustees' are the current trustees and any other trustees for the time being of this trust.

The '**retained benefit**' is any benefit payable under the policy as a result of terminal illness, critical illness, income protection, total permanent disability, fracture and any children's critical illness, except for any terminal illness benefit the settlor has given away by signing here:



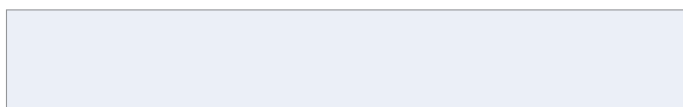
- Sign here **ONLY** if you wish to give the payout made on diagnosis of terminal illness to your beneficiary(ies).

I, the settlor, declare I do not wish to receive any terminal illness benefit payable under the policy and therefore do not include it in the retained benefit. Instead it will be held by the trustees for my beneficiary(ies).

Settlor's signature to give away terminal illness benefit:



Money from the death benefit is for your beneficiary(ies).



Otherwise, the trustees will hold the trust fund for the beneficiary(ies) on the trusts stated in 2.2.

The '**trust fund**' means their rights under the policy and the benefits paid in accordance with those rights, together with any assets added by way of further gift, capital accretion, accumulation of income, or otherwise, and all assets from time to time representing the same.



Provide the beneficiaries details

Default beneficiaries

To complete the setup of the trust you need to provide details of the default beneficiaries and the percentage share you'd like each beneficiary to receive. Default beneficiaries are the people you currently want to benefit from your life cover payout, and you should make sure these always reflect your current wishes, so your trustees know who to pay.

You can change your beneficiaries by completing a Deed of Appointment, that can be found in our literature library, or you can ask us or your adviser to email you a copy. If you do complete a Deed of Appointment, keep the original with the trust and send us a copy.

Alternatively, you could write a letter of wishes providing new instructions to the trustees of who you want to benefit from the payout, the original letter to be kept with the trust, and a copy sent to us.

You can nominate anyone you'd like to be a default beneficiary (apart from yourself).

Please complete each beneficiary's full name in capital letters, date of birth and the percentage share (totalling 100%) of the payout they are to receive.

Beneficiary's full name: <small>(USE CAPITAL LETTERS)</small>	Date of birth: <small>(DD MM YYYY)</small>	% share: <small>(SHARES SHOULD TOTAL 100%)</small>
<input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/>	<input type="text"/>

Potential beneficiaries

The trust provides flexibility to allow trustees to change the beneficiaries to anyone named or falling under one of the categories of potential beneficiaries shown in 3.3.

This flexibility is important as it allows, for example, a default beneficiary that has died before you or has said they don't need the money, to have their share of the money to bypass them in favour of their children.

You can also write letters of wishes to the trustees setting out who you'd like to have a beneficiary's share in certain circumstances, e.g. "pay my daughter 50% of the payout, and if she has died before me, pay her children in equal shares" or you could even nominate a charity in that situation.

You can name a person who you may want to have considered as a beneficiary in future under box (g) for example a loyal friend or partner.

You may also have reason to exclude a person from potentially benefiting in the future by naming them in box (h) so the trustees know that person shouldn't get a share of any payout.

**3.3** The 'potential beneficiaries' means the following:



- In case circumstances change, for example, a default beneficiary asks for their share to bypass them in favour of their children, the trust allows the flexibility for the trustees to change the beneficiaries.
- If you can no longer act for yourself, or after your death, other trustees can select anyone from here to benefit if not excluded.
- You can exclude any potential beneficiaries from the trust by naming them in (h).

- (a) Any spouse, civil partner, widow, former spouse or civil partner of the settlor
- (b) Any child of the settlor, including illegitimate, legitimate, adopted and step-children
- (c) Anyone descended, including illegitimate, step and adopted children, from the father and mother of the settlor or from anyone included in (a)
- (d) The default beneficiary(ies) and anyone descended from them including illegitimate, step and adopted children
- (e) Anyone whom the settlor nominates in writing to the trustees
- (f) Anyone who may benefit from the estate of the settlor or the estate of a default beneficiary, and anyone named in (g)

**ANYONE YOU WANT TO BE CHOSEN:**  
USE CAPITAL LETTERS

- (g)

but excludes anyone nominated as such in writing to the trustees or named in (h)

**ANYONE YOU DO NOT WANT TO BE CHOSEN:**  
USE CAPITAL LETTERS

- (h)

and always excludes the settlor and the settlor's estate.

## Sign the trust

You must sign the trust in the presence of an independent witness.

An independent witness is someone over the age of 18 who's independent of the trust and knows who you are. No one who could benefit from the trust or is named as a trustee can be a witness.

Please complete settlor's full name, and witness's full name in capital letters, sign the form in the presence of a witness, and have the witness sign the form to confirm they saw you creating the trust.

### SECTION 12: DEED STATUS



- Signature must be witnessed by someone over 18 who is independent of the trust, but who knows that the person signing is who they say they are.
- No one who could benefit is independent, nor are the policyholder or additional trustees.

This deed can't be changed or cancelled and is governed by the law of England and Wales.

#### Signatures

Signed as a deed by the  
settlor named (Policyholder name:  
USE CAPITAL LETTERS):

Signature:

In the presence of a witness who is  
(Witness name: USE CAPITAL LETTERS):

Signature:

Once you've completed the form, please email us a completed copy and we'll update your protection policy. You don't need to send us the original. However, we recommend you keep the original saved or in a safe place with your policy documents and if relevant, a letter of wishes.



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