

Director's Share Protection Trust

(To be used with an application for a new policy only.)

Checklist

Before sending the Trust to Legal & General, have you...

1. Dated the Trust? (page 3)
2. Completed the Settlor's details? (page 3)
3. Completed the Additional Trustees' details? (page 3)
4. Inserted the name of the Company? (page 4)
5. Completed the details of the application? (page 6)
6. Signed the Trust and had those signatures witnessed? (page 7)
7. Crossed through mistakes (rather than using correction fluid) and have all parties initialled any changes?





IMPORTANT NOTES – before completing the Director’s Share Protection Trust, please read the following notes.

1. This documentation has been produced for consideration by you and your legal advisers. The legal and tax effects of the Trust will depend on your individual circumstances and Legal & General (as defined in clause 11.3 of Part B of the Trust) and its advisers accept no responsibility for ensuring that the Trust meets your requirements.
2. Ensure that you fully understand the terms of the Trust and how it works. See the Director’s Share Protection Technical Guide for further details. If you are in any doubt about the terms, it is your responsibility to seek legal or tax advice as appropriate. Failure to understand the terms of the Trust may affect its suitability and effectiveness.
3. You should also ensure you have read and understood all the literature relating to your chosen policy for this Trust.
4. This Trust is designed for use with Legal & General’s protection life insurance policies for director’s share protection arrangements. It is not designed to be used for partnership protection, key person protection, relevant life plans or family protection. Please contact Legal & General for other trust templates we offer.
5. This Trust can be used only with applications for new single life Legal & General protection policies. It cannot be used with an existing policy.
6. The Settlor is the person who is creating the Trust. The Trustees will be the legal owners of the policy and their authority is required for any dealings with the policy. It is the Trustees who would make a claim for any policy proceeds.
7. It is generally a good idea to have at least two Trustees at any time. Care should be taken when choosing Trustees. The people appointed must be over 18 years of age and of sound mind. The Trustees should be people who the Settlor believes will act in the best interests of the Beneficiaries. The Trustees have wide powers to determine the shares in which the Policy proceeds are distributed to the Beneficiaries. Although in practice the Trustees would normally distribute proceeds to enable the members to exercise their options or comply with obligations under a cross option agreement or alternative agreement, note that the Trustees are not compelled to distribute proceeds for this purpose. It is also a good idea for them to be resident in the United Kingdom for tax reasons. Solicitors and accountants can act as Trustees but they will charge for their services.
8. For the other members to benefit from this Trust they must also effect and maintain similar policies on similar trusts. We also suggest all the relevant members enter into a suitable cross option agreement or other arrangement. Legal & General offer a draft Cross Option Agreement for consideration by the members and their legal advisers.
9. For information on tax implications relating to this Trust see the Director’s Share Protection Technical Guide.
10. By signing this Deed, and if required by Legal & General, the Trustees agree to take all reasonable steps to obtain for Legal & General evidence of identification for any of the Beneficiaries of the Trust.
11. This document reflects Legal & General’s understanding of the law as of 1 January 2020. Legal & General and its advisers cannot accept any responsibility for loss, damage or other claim that may arise from the use of this Trust or the way in which you complete it. We therefore strongly recommend that you consult your own legal or tax adviser before proceeding.
12. Use CAPITALS and black or blue ink throughout. If you make a mistake while completing the Trust, please correct the error by crossing out (do not use correction fluid) and the Settlor and the Trustees should initial the change.
13. Completed Trust Deeds should be given to your financial adviser at the same time as applying for the policy. If the policy is not placed in Trust at outset, you should seek your own legal and tax advice as our Trust document cannot be used in these circumstances.
14. If the trust, trustees or settlor/donors are resident for tax purposes anywhere other than the UK you must also complete the Trust/Entity Self-Certification Declaration Form and send this to us together with your completed Deed.
15. You may wish to refer to HMRC in order to decide whether you are required to register on the online Trusts Registration Service.

Please insert here
the name of the
Company

5. The 'Company'

and its successors in business

Please insert name of
Trust in this box

6. Name of Trust

This Trust shall be called

Share Protection Trust

7. Governing Law

English law governs the validity of this Settlement, and its construction, effects and administration.

8. Excluded Persons

- 8.1 The Trustees may at any time or times during the Trust Period, declare by deed or deeds that the objects or persons or classes of objects or persons named or specified (whether or not ascertained) in such deed who are, would or might, but for this clause, be or become Beneficiaries or otherwise able to benefit, as the case may be, shall, in relation to the whole or any part of the Trust Fund, be excluded from benefit (both direct and indirect) and shall be known as 'Excluded Persons'.
- 8.2 The power conferred by sub clause 8.1 shall not be capable of being exercised so as to take away any interest to which any of the Beneficiaries has previously become indefeasibly entitled.
- 8.3 Any declaration made pursuant to sub clause 8.1 may be revocable, during the Trust Period, or irrevocable to take effect before the end of the Trust Period and shall have effect from the date (not being a date earlier than the date of such instrument) specified in the instrument.
- 8.4 Subject to sub clause 3.5 of Part C the Settlor shall be an Excluded Person and this exclusion shall not be revocable.

9. The 'Trust Fund'

- 9.1 The Trust Fund means the Policy set out in the Schedule to this Deed together with any and all other property at any time added to this Trust by way of a settlement, capital accretion, accumulation of income or otherwise and all assets from time to time representing the same.
- 9.2 The Trust Fund shall include any accidental death benefit cover that Legal & General may give pursuant to the application to Legal & General for the new policy as set out in the Schedule to this Deed.
- 9.3 The Settlor declares the intention to pay the premiums under the Policy for the sole benefit of the persons beneficially interested from time to time under this Trust and irrevocably disclaims any lien or charge on the Policy for the repayment of any premium.

10. The 'Trust Period'

The Trust Period means the period ending on the last day of the period of 125 years from the date of this Deed (which is the applicable perpetuity period) or such earlier date as the Trustees shall at any time specify by deed not being a date earlier than the date of execution of such deed or later than a date previously specified.

11. Construction

- 11.1 In this Deed words importing the singular shall include the plural and vice versa. Words importing a gender include every gender.
- 11.2 The notes in the margin are for the purposes of information only and shall not be used in the construction of the Trust or any part of it.
- 11.3 Legal & General shall mean Legal & General Assurance Society Limited.
- 11.4 'Policy' shall mean the policy or policies effected pursuant to the application to Legal & General, as set out in the Schedule to this Deed, and shall include any variation or amendment to the same.

1. Appointing the Trustees

In signing this Declaration of Trust the Settlor appoints the Trustees to act as the trustees of this Trust and the Trustees agree to act as the trustees of the Trust (as evidenced by them signing this Deed) in accordance with the trust's powers and provisions set out below.

2. Trust Request

The Settlor hereby requests and declares that the Policy be issued by Legal & General to the Settlor to hold on trust with the Additional Trustees subject to the powers and provisions of the Trust as set out in this Deed.

3. Trust Provisions

- 3.1 Subject to sub clause 3.5 the Trustees shall hold the Trust Fund and the income thereof for the benefit of any one or more of the Beneficiaries upon such trusts (including discretionary and protective trusts) in such shares and with and subject to such trusts powers and provisions (exercisable by any person) as the Trustees shall at any time or times appoint by deed or deeds executed during the Trust Period which may be revocable during the Trust Period or irrevocable.
- 3.2 Subject to and in default of any such appointment and subject to sub clauses 3.4 and 3.5 the Trust Fund shall be held on trust for the person or persons (other than the Settlor) who is or are for the time being the shareholder(s) in the Company and if more than one in the same proportions as each such shareholder's shareholdings in the Company bears for the time being to the aggregate of all such shareholders' shareholdings in the Company excluding the shareholding of the Settlor and of any shareholder(s) precluded from benefiting by sub clause 3.4.
- 3.3 The statutory provisions for accumulation and maintenance shall not apply.
- 3.4 Notwithstanding the foregoing, no person shall be capable of benefiting under sub clauses 3.1 and 3.2 unless he has settled and maintained a similar contract of life insurance, critical illness and/or terminal illness on his own life on trusts similar to those contained herein for the Beneficiaries not excluded from benefiting by this sub clause 3.4 and the benefit to which any such person would but for this sub clause 3.4 be entitled shall accrue to and form part of the entitlement of the person or persons not so excluded by this sub clause 3.4 from benefiting and if more than one in proportion to the entitlement inter se that they have in the absence of this sub clause 3.4.
- 3.5 Notwithstanding the provisions in sub clauses 3.1 and 3.2 if
 - (a) the Settlor should resign or retire from the Company or otherwise cease to be a shareholder; or
 - (b) the Company should be dissolved other than as a result of the death of the Settlor before the occurrence of the event upon which the Policy proceeds become payable then the Trust Fund shall revert to the Settlor absolutely.

4. Trustees' Powers

In addition to the powers given to them by law, the Trustees shall have the following powers.

- 4.1 The Trustees may invest any money requiring to be invested (subject to obtaining advice, if required by law) in such manner as if they were absolutely beneficially entitled to the investments.
- 4.2 The Trustees are under no obligation to diversify the Trust Fund.
- 4.3 The Trustees shall have power to effect any life insurance policy on the life of any person or persons, accept assignments of a policy to the Trust and exercise any option under any policy held by the Trustees and to sell, charge, assign or surrender the whole or any part of such policy. For the avoidance of doubt any new policy or increase or decrease of benefits secured by any policy or by any new policy which is effected under any options which are contained in any policy shall be subject to the same Trust as set out in this Deed.
- 4.4 The Trustees shall have power to borrow money on such terms and security as they think fit.
- 4.5 The Trustees shall have power to lend money to any of the Beneficiaries on such terms and security as they think fit.
- 4.6 The Trustees shall have power revocably or irrevocably to delegate any power or powers in making, managing, realising or otherwise dealing with any property comprised in the Trust Fund to any person or persons upon such terms as to remuneration or otherwise as the Trustees may think fit and no Trustee shall be responsible for the default of any such agent if the Trustee in question employed or incurred expense in employing him in good faith.

5. Administrative Provisions

5.1 Payments to Trustees

Any Trustee for the time being (other than the Settlor) shall:

- (i) be entitled to recover all reasonable expenses; and
- (ii) being a solicitor or other person or corporate body engaged in any profession or business be entitled to be paid all usual professional or other charges for business done in relation to the Trust.

5.2 Appointment of Trustees

There shall be vested in the Settlor the power of appointment of a new Trustee and/or additional Trustee(s). Subject thereto the power to appoint new or additional Trustees shall be vested in the Trustees.

5.3 Removal of Trustees

As long as there are at least two other Trustees, if a Trustee cannot be found, after reasonable efforts have been made to find him, the remaining Trustees can discharge the missing Trustee. It is up to the remaining Trustees to decide whether reasonable efforts have been made to find the missing Trustee and no other person shall be under any duty to ensure that it was proper for the Trustees to have exercised their power to discharge the missing Trustee.

5.4 Power to vary administrative provisions

When in the management or administration of the Trust Fund, any transaction is, in the opinion of the Trustees, expedient but cannot be effected by reason of the absence of any power for that purpose, the Trustees may by deed confer on themselves either generally, or in the particular instance, the necessary power for the purpose and on the execution of such a deed the Trustees will have such power as if it had been expressly conferred on them by this Deed.

6. Exercise of Powers

- 6.1 Subject to sub clause 3.5, none of the Trust powers or provisions shall operate or be exercised so as to allow any part of the Trust Fund or the income arising from it to be paid, transferred, or applied directly or indirectly to or for the benefit of the Settlor in any circumstances whatsoever.
- 6.2 The Trustees shall have power by deed or deeds revocable (whether by the person making such deed or some other person) during the Trust Period or irrevocable wholly or partially to release or restrict the future exercise of any power hereby conferred on them (including this power) whether or not of a fiduciary nature and so as to bind their successors.

7. Protection of the Trustees

No Trustee (other than a professional Trustee) will be liable for any loss to the Trust Fund or part of the Trust Fund at any time unless that loss resulted from personal dishonesty or knowing breach of trust.

Schedule

This Deed is designed for use with applications for new policies only

Name of Company:

Description of Policy

Date of Application (DD/MM/YYYY)

Life Insured

The Policy

Legal & General

 legalandgeneral.com

Legal & General Assurance Society Limited
Registered in England and Wales No. 00166055
Registered office: One Coleman Street, London EC2R 5AA

Legal & General Assurance Society Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

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