

# Group Life Assurance Trusts Employer's Guide



Optimal Group Life policies are designed to work in conjunction with a discretionary trust.

A discretionary trust describes all the people who may receive benefit after an employee dies. These people normally include dependents, relatives, charities and anyone else the employee may have expressed a wish for the benefit to be paid to.

The benefits will be payable to the trustees of the scheme whose responsibility it is to distribute the payment.

The trusts we provide are example documents. They have been designed to be executed in the UK in line with English Law. You do not have to use our trust documents if you wish to use your own. If you do decide to use one of our trusts, we suggest that you talk to your legal adviser to make sure it meets your needs. Optimal accepts no responsibility for any legal fees incurred.

Neither Optimal, nor its officers and employees warrant that the trusts will be suitable for the individual circumstances of any customer and no warranty is offered for the legal effectiveness of the documents.

You (the Sponsor) are responsible for establishing your own trust and the trustee(s) are responsible for keeping the document up to date.

If as a result of any amendment to the trust deed and rules, the benefits provided for members changes, you should contact Optimal to agree any amendments to the policy as changes in benefits will not automatically be applied to your policy.

You must ensure that this trust deed is kept safely. You may be required to produce it when setting up a trustee bank account to receive claim payments or if required by HM Revenue & Customs.

## Types of trusts available and their purpose

Our Registered Trust is to be used to establish a group life scheme which is suitable for registering with HM Revenue & Customs under the Finance Act 2004. As HM Revenue & Customs will only register a scheme once an employer has set it up, you need to complete the trust before you register the scheme online.

Our Excepted Trust is to be used to establish a group life scheme which is not suitable for registering with HM Revenue & Customs under the Finance Act 2004. Excepted group life policies meet the requirements of section 480 (3) of the Income Tax (Trading and Other Income) Act 2005.

Both of the trusts we provide are suitable for use by the following types of principal employer:

Limited company

PLC

LLP

Partnership

Sole proprietor.

## Completing the trust document

You, the principal employer, are the “Sponsor” for the purposes of completing the trust. Normally you will set yourself up as the first trustees of the scheme, however, you may choose a trustee company or a group of named trustees (a minimum of three individual trustees is recommended where you are not acting as trustee).

The date the trust is being established is normally the commencement date of the scheme.

The trusts are designed to include participating employers from outset. If participating employers are to be included after the trust has been established, a separate Deed of Adherence will need to be completed.

The scheme name will usually be the name of the principal employer followed by the words “Group Life Assurance Scheme”. If you have other similar arrangements, you should choose a name which avoids any confusion with other schemes.

## Signing of the Declaration of Trust

Where you, the principal employer, are to act as trustee, two directors or one director and the Company Secretary should sign the trust on behalf of the principal employer.

Where a partnership or Limited Liability Partnership, we have assumed that two partners / designated members will be authorised to sign on behalf of the firm. These should be witnessed.

Each trustee should sign the document and have their signatures witnessed.

By signing, the principal employer and trustees confirm acceptance of their roles and their agreement and understanding of the terms of the trust.

Please forward a copy of the completed Trust to Optimal for our records. It is also important that any subsequent deed amendments are copied to Optimal for us to consider agreeing any amendments that may lead to changes in benefits.

We are not authorised to give financial advice, so we suggest you contact your financial adviser for advice. Optimal is a trading name of H F Life Limited (FRN 613348) and a subsidiary and appointed representative of The Original Holloway Friendly Society Limited. Registered in England (No. 8649971) Registered Office Holloway House 71 Eastgate Street Gloucester GL1 1PW

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