

Nucleus Discretionary Loan Trust

Trust deed

Nucleus client relations, PO BOX 26968, Glasgow G2 9DY.

This document is presented as a draft for the consideration of the Settlor's legal advisers. Every effort has been taken in the preparation of the document to ensure that it is capable of achieving the objectives stated above and explained in more detail in the guides referred to earlier. However, as the circumstances of each individual are different, Nucleus cannot guarantee that the objectives of any particular Settlor will be achieved using this draft. Accordingly, Nucleus can accept no responsibility for any loss occasioned from the use of this draft trust.

Important Notes on using the Nucleus Discretionary Loan Trust

- This draft Discretionary Loan Trust deed and draft Loan Agreement are suitable for use only when Nucleus investor wishes to establish a trust by making a loan to the Trustees with the intention that those Trustees then make an investment in the Nucleus Wrap. The Trustees will hold the investments for the benefit of any one or more Beneficiaries excluding the Settlor (the person declaring the trust). The Settlor (as lender) and the Trustees also execute a Loan Agreement (a draft of which is also provided) under which the Settlor can request repayment of their loan at any time.
- The Discretionary Loan Trust is a settlement and so has important legal and tax consequences. For a full explanation of the features, benefits and the legal and tax implications of this trust, investors should refer to The Client Guide to the Nucleus Discretionary Loan Trust. A more comprehensive guide for advisers can be found in The Adviser Guide to the Nucleus Discretionary Loan Trust.
- The main purpose of the Discretionary Loan Trust arrangement is to allow the Settlor access to the amount of the initial investment at any time whilst allowing for the growth on the investment to accumulate outside of the Settlor's estate, and therefore not be subject to inheritance tax (IHT) as part of the Settlor's estate.
- There is an option to include the spouse or registered civil partner of the Settlor among the Beneficiaries – this should only be done after taking advice as, while it will have no adverse inheritance tax consequences, it can have income tax implications. It is therefore important to note that if the Settlor wishes to include their spouse or registered civil partner as a Beneficiary, positive action needs to be taken by the Settlor at outset by initialling the appropriate box.
- The trust is only appropriate for an individual settlor i.e. not for joint settlors.
- If, having obtained legal advice, the investor wishes to execute the draft as a deed, the Settlor and the Trustees should follow the instruction in the completion guide at the end of the document.
- A copy of the executed deed must be sent to Nucleus for registration by the financial adviser who has access to the Nucleus online system.

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The Trust Deed

This Trust Deed is made the _____ day of _____ in the year _____

Between

of

and

of

("the Settlor") of the first part and the

Settlor and

of

and

of

and

of

(hereinafter together called "the Original Trustees") of the second part

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Part 1: Declaration

- A. The Settlor hereby declares his intention (without making any legally binding promise in this regard) to make an interest-free loan of the amount stated in the Schedule to the Original Trustees so that the moneys lent shall be held by the Trustees (subject only to the right of the Settlor to be repaid the principal amount of the loan on demand) on the trusts and subject to the powers and provisions contained in this Trust Deed.

The Original Trustees hereby agree to receive the loan from the Settlor and to hold the moneys received from the Settlor on the terms stated above.

It is intended that the Original Trustees invest the said money lend by the Settlor by purchasing investments in a Nucleus Wrap.

- B. From time to time further moneys investments or other property may be paid or transferred to or otherwise placed under the control of the Trustees (as hereinafter defined) by way of addition.

C. Name of the Trust

This trust will be known as:

Part 2: Definitions

In this Trust the following expressions shall have the following meanings and unless the context does not permit the singular shall include the plural and vice versa and words denoting any gender shall include all genders

- i. "Accumulation Period" means:
 - a) where this Trust is subject to the law of England the Trust Period as defined in this Deed; and
 - b) where this Trust is subject to the law of Scotland the period of 21 years from the date of this Deed.
- ii. "Appointor" means the Settlor while he is alive and of full Capacity and the appointment is not in favour of the Settlor's spouse or registered civil partner, and subject thereto the Trustees.
- iii. "Beneficiaries" means the Default Beneficiaries and the Discretionary Beneficiaries
- iv. "Capacity" means mental capacity within the provisions of the Mental Capacity Act 2005 where this Trust is governed by the law of England; and within the provisions of the Adults with Incapacity (Scotland) Act 2000 where this Trust is governed by the law of Scotland; or any Act which supersedes either Act as appropriate.
- v. "Discretionary Beneficiaries" means:
 - a) any widow or widower of the Settlor
 - b) the children and remoter issue of the Settlor whenever born
 - c) every spouse or registered civil partner, former spouse or registered civil partner, widow or widower of any such child or remoter issue
 - d) the brothers and sisters of the Settlor and their issue
 - e) any one or more persons beneficially entitled under the will (or any codicil thereto) of the Settlor or who would be entitled to an interest in the Settlor's estate if the Settlor had died intestate
 - f) any person (other than the Settlor) and, where paragraph (h) below has not been initialled, the spouse or registered civil partner of the Settlor for the time being) nominated in writing to the Trustees by the Settlor as a Discretionary Beneficiary
 - g) the Default Beneficiaries (as hereinafter defined) Initial
 - h) the Settlor's spouse
(but only Initial if the Settlor has initialled this box)
 - i)
 - j) any charity

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- vi. "Default Beneficiaries" means the one or more persons named in the boxes below

Name	% share if more than one

- vii. "Nucleus Wrap" has the meaning ascribed to it in the Nucleus Terms and Conditions

- viii. "Trustees" means the trustee or trustees as appropriate for the time being of this Trust and at the commencement of this Trust the Trustees are the Original Trustees

- ix. "Trust Fund" means all money investments or other property paid or transferred by any person or persons to or so as to be under the control of and (in either case) accepted by the Trustees as being held on the trusts and subject to the powers and provisions contained in this Trust Deed, any assets at any time added thereto by way of further settlement capital accretion accumulation of income or otherwise and all assets from time to time representing the same

- x. "Trust Period" means the period of one hundred and twenty five years commencing with the date of this Trust Deed

- xi. In this Trust "child" "children" and "issue" includes any illegitimate step adopted or legitimated (whether adopted or legitimated before or after the date hereof) child, children or issue

- xii. "Spouse" includes any civil partner registered under the Civil Partnership Act 2004 and widow(er) includes any surviving civil partner so registered. Any references to marriage include registered civil partnership.

Part 3: Main trust terms

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- i. The Appointor shall have power by deed revocable (whether by the person making the deed or some other person) during the Trust Period or irrevocable to appoint that they shall hold the Trust Fund or any part thereof for the benefit of any Beneficiary or Beneficiaries on such terms as the Appointor in their absolute discretion think(s) fit and any such appointment may create any provisions and in particular discretionary trusts, protective trusts and dispositive or administrative powers exercisable by any person.

- ii. The Appointor shall have power by deed to declare that the Trustees hold the Trust Fund or any part thereof on trust to transfer it to the trustees of another settlement wherever established to hold on the terms of that settlement freed and released from the terms of this Trust provided that nobody who is not a Beneficiary under this Trust can benefit under such a transferee settlement.

Provided that

a) no appointment shall infringe the rule against perpetuities (where relevant) or affect the entitlement of any person to any payment made or asset transferred to him previously; and

b) where the Appointor is the Trustees, no appointment shall be made in favour of a Beneficiary who is also a Trustee, or a spouse of a Trustee, unless the appointment is also made by at least one other Trustee who does not, and whose spouse does not, benefit directly or indirectly from the appointment.

- 2 Subject to any exercise of the power of appointment conferred by paragraph 1 of this Part 3:

- i. The Trustees may accumulate the whole or part of the income of the Trust Fund during the Accumulation Period. Such income shall be added to the Trust Fund.

- ii. The Trustees shall pay or apply the remainder of the income to or for the benefit of such one or more of the Discretionary Beneficiaries as the Trustees in their absolute discretion think fit during the Trust Period.

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- 3 Subject to any exercise of the power of appointment conferred by paragraph 1 of this Part 3, during the Trust Period:
 - i. the Trustees shall have power to pay transfer or apply the whole or any part or parts of the capital of the Trust Fund as they in their absolute discretion think fit to or for the benefit of any Beneficiary entitled to such part or whole.
 - ii. the Trustees shall have power to lend with or without security and with or without interest to any Beneficiary the whole or any part of the Trust Fund upon such conditions as to interest (if any) and repayment and generally upon such terms as the Trustees in their absolute discretion think fit Provided Always that any such loan must be repayable before the end of the Trust Period and provided that where the Beneficiary to whom a loan is being made is also a Trustee, there must be at least one other Trustee exercising the power to lend.
- 4 Where the Trustees wish to pay transfer or apply any capital or income to or for the benefit of a Beneficiary who is under a legal disability they may do so by paying the income or capital to any parent or guardian of that Beneficiary or to such other person on behalf of such Beneficiary as the Trustees shall think fit and the receipt of such person shall be a complete discharge to the Trustees who shall be under no obligation to see to the proper application thereof.
- 5 Subject to the preceding trusts and to any exercise of the powers conferred above the Trustees shall at the end of the Trust Period hold the Trust Fund and its income so far as not otherwise disposed in trust for the Default Beneficiaries absolutely and if more than one in the shares set out in paragraph (vi) of Part 2 and if no shares are specified in equal shares absolutely.
 - iii. With regard to any policy of assurance or capital redemption policy held subject to the trust, the power:
 - a) to pay premiums on any such policy and to borrow from any person (including any of themselves) the moneys required for any such premium upon such terms as to repayment interest and otherwise as they may think fit.
 - b) to exercise any of the elections powers options and privileges conferred by any such policy and to alter the amount of any periodic premiums payable thereunder or the period during which such premiums are payable and to alter the terms of any such policy in any manner by agreement with the insurers and to do any of the foregoing notwithstanding that the sum assured may thereby be reduced or increased.
 - c) to convert any such policy into a fully paid up policy free from payment of future premiums.
 - d) to surrender wholly or partially any such policy.
 - e) to appoint in writing such person or persons as the Trustees think fit to act as agent of the Trustees for the purpose of receiving moneys from any person and to apply the said moneys as premiums under any such policy already in force or under any such policy which is about to come into force and to become comprised in the Trust Fund.
 - f) to recover receive or give valid receipts for all moneys due or to become due under any such policy so that the receipt by the Trustees of any moneys payable under or deriving from any dealing with any such policy shall be a full and sufficient discharge to the insurance company making the payment who shall not be concerned to see to the application of any such moneys.

Part 4: Trustees' Administrative Powers

The Trustees shall in the management and administration of the Trust Fund have the widest possible powers (which they may exercise or omit to exercise from time to time at their absolute discretion) of managing and dealing with the Trust Fund in all respects as if the Trustees were the absolute beneficial owners thereof and without prejudice to the generality of the foregoing the Trustees shall have the following powers:

- i. Power to retain the Trust Fund in its present state.
- ii. Power to sell or otherwise liquidate and deal with any asset whatsoever comprised in the Trust Fund and to invest in any property of whatsoever nature and wheresoever situate and whether producing income or not, including land, heritable property and investment in any policies of assurance as the Trustees may in their absolute discretion think fit and to hold any such in certificated or uncertificated form.
- iv. Power to borrow money on such terms as to interest repayment and otherwise as they may think fit and whether upon the security of the whole or any part or parts of the Trust Fund or upon personal security only and to use such money in purchasing or subscribing for investments or property to be held as part of the Trust Fund or otherwise for any purpose for which capital moneys forming part of the Trust Fund may be used.
- v. 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 (including nominees) 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. The Trustees shall also have power to pay any fees or other charges made by any such person acting for the Trustees in any of the specified capacities.

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- vi. Power to delegate any administrative functions in connection with the investment of the Trust Fund to any two of their number.
- vii. Power at any time or times by deed or deeds to confer on themselves any administrative power not conferred on them by this Deed or the general law which the trustees may consider necessary or expedient.

Part 5: Appointment, Dismissal, Retirement and Remuneration of Trustees

- 1 The Appointor shall have power to appoint by deed new or additional Trustees and where necessary the Trustees will grant any necessary documentation to complete such appointment.
- 2 The Settlor while he is alive and of full Capacity, shall have power to dismiss by deed any Trustee and the said power shall be exercisable notwithstanding that as a result of its exercise the sole Trustee is a corporation which is not a Trust Corporation for the purpose of section 37 of the Trustee Act 1925, where relevant, or a single individual but not so as to result in the Settlor and/or his spouse for the time being becoming the only Trustee(s).
- 3 Any Trustee may retire at any time on giving 30 days written notice to the Appointor and the Trustees if different Provided Always that no retirement of any Trustee shall take effect so as to result in the Settlor or the Settlor's spouse for the time being becoming the only Trustee(s).
- 4 Any corporate body which is empowered to act as a trustee may at any time be appointed as a Trustee and may act by its proper officers in the discharge of its duties as such Trustee and in the exercise of the powers and discretions conferred hereby or by law.
- 5 Every corporate Trustee shall be entitled to remuneration upon such terms as may be agreed by the Appointor at the time of its appointment and in the absence of such agreement every corporate Trustee shall be entitled to remuneration in accordance with its normal scale of charges (if applicable) at the time of its appointment Provided Always that the Settlor and the spouse for the time being of the Settlor shall not in any capacity or in any way be entitled to remuneration as a Trustee.

- 6 Any Trustee other than the Settlor and any spouse for the time being of the Settlor
 - a) who, not being a body corporate, is engaged in any profession business or trade may be employed by the Trustees and any Trustee so engaged and employed may charge and be paid all reasonable professional business or trade costs and charges for business transactions and time expended and acts done by him (or any partner or employee of his) in connection with this Trust including acts which a Trustee not being engaged in any profession business or trade could have done personally and whether or not in the usual scope of his profession business or trade.
 - b) may exercise or concur in exercising all powers and discretions given to him by this Trust or by law notwithstanding that he has a direct or other personal interest in the mode or result of any such exercise but any of the Trustees may nevertheless abstain from acting except as a merely formal party in any matter in which he may be so directly or personally interested and may allow his co-trustees to act alone in relation thereto.

Part 6: Further Trust Provisions

- 1 No Trustee who is an individual shall be liable for any loss to the Trust Fund or the income arising from it by reason either of
 - i. any investment made in good faith by him or any other Trustee or
 - ii. any mistake or omission made in good faith by him or any other Trustee except in the case of negligence by a paid Trustee or
 - iii. the negligence or fraud of any delegate or agent employed in good faith by him or any other Trustee although the delegation to or employment of such agent was not strictly necessary or expedient or
 - iv. any other matter or thing except individual fraud on the part of the Trustee whom it is sought to make liable or, in the case of a paid Trustee, negligence.
- 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 whether dispositive or administrative and so as to bind their successors.

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- 3 Notwithstanding any of the foregoing provisions the Settlor and, where paragraph (h) in Part 2(v) above has not been initialled by the Settlor, the spouse of the Settlor (in this clause together called "Excluded Persons") shall not be capable of taking any direct or indirect benefit of any kind by virtue or in consequences of this Trust Deed other than by way of repayment of any loan made by the Settlor to the Trustees, and in particular but without prejudice to the generality of this paragraph:
- a) the Trust Fund and its income shall be held and enjoyed to the entire exclusion of any Excluded Person and to the entire exclusion of any direct or indirect benefit to any Excluded Person by contract or otherwise;
 - b) no part of the capital or income of the Trust Fund shall be paid to or held by any Excluded Person (except in a fiduciary or parental capacity) or lent to or applied for the direct or indirect benefit of any Excluded Person; and
 - c) no power or discretion conferred on the Trustees shall be capable of being exercised or operating in any manner so as to confer any benefit whether directly or indirectly on any Excluded Person in any manner or circumstances whatsoever.

Part 7: Proper Law

The proper law of this Trust shall be that of England and all rights under this Trust and its construction and effect shall be subject to the jurisdiction of the courts and construed according to the law of England unless the Settlor has initialled the box below in which case references in this Part 7 to England shall be read as if they referred to the proper law and jurisdiction of Scotland.

Initials

Schedule – The Intended Loan

The sum of £ to be satisfied by the cheque or BACS transfer for the said sum made payable to Nucleus Financial Services.

Part 8: Signatures

IN WITNESS whereof the Parties hereto executed this deed the day and year first before written at the location stated below

In the presence of:

Witness name

Signed as a deed and delivered

By the said (the Settlor)

Occupation

At (place of signing) [Scots law only]

Address

On (date of signing) [Scots law only]

Witness' signature (must be a 'wet' signature)

Settlor's signature (must be a 'wet' signature)

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Trust deed

Signed as a deed and delivered

By the said (1st Original Trustee)

At (place of signing) [Scots law only]

On (date of signing) [Scots law only]

1st Original Trustee's signature (must be a 'wet' signature)

In the presence of:

Witness name

Occupation

Address

Witness' signature (must be a 'wet' signature)

Signed as a deed and delivered

By the said (2nd Original Trustee)

At (place of signing) [Scots law only]

On (date of signing) [Scots law only]

2nd Original Trustee's signature (must be a 'wet' signature)

In the presence of:

Witness name

Occupation

Address

Witness' signature (must be a 'wet' signature)

Nucleus Discretionary Loan Trust

Trust deed

Signed as a deed and delivered

By the said (3rd Original Trustee)

At (place of signing) [Scots law only]

On (date of signing) [Scots law only]

3rd Original Trustee's signature (must be a 'wet' signature)

In the presence of:

Witness name

Occupation

Address

Witness' signature (must be a 'wet' signature)

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Nucleus Discretionary Loan Trust Completion Guide

If, after seeking legal advice, the Nucleus Discretionary Loan Trust is to be completed unamended the following parts of the document need to be completed as follows.

Personal Details

- The date the deed is executed must be inserted. If the parties sign the deed on different days, this should be the date of the last signature.
- The names and addresses of the Settlor and the additional trustees who will act with the Settlor as Original Trustees must be inserted. A maximum of 4 Original Trustees (including the Settlor) should be inserted.

Part 1: Declaration

- In paragraph C. Name of the Trust: the name of the Trust should be inserted, e.g. 'The 2019 Allan Jones Discretionary Loan Trust'. This will help to distinguish it from any other trusts the Settlor may have created, which will help when corresponding with HM Revenue & Customs. It is also the name which will be used to refer to the Trust in the Nucleus Wrap and that will feature on all correspondence relating to the investment account from Nucleus.

Part 2: Definitions

In definition (v) "Discretionary Beneficiaries" the Settlor should initial the box next to paragraph (h) if he/she wishes his or her spouse or registered civil partner to be included as a Beneficiary. If this box is not initialled at outset, the spouse or registered civil partner will not be able to benefit from the trust during the lifetime of the Settlor.

In paragraph (i) the Settlor should insert the name(s) or class of any other beneficiary(ies) they wish to include and not already covered under categories (a) – (h).

In definition (vi) "Default Beneficiaries" the names of the beneficiary or beneficiaries who will benefit in default of other appointment (for example, if there is any capital left in the trust at the end of the Trust Period which has not by that time been distributed to one or more of the Discretionary Beneficiaries) should be inserted. If there is to be more than one such beneficiary then the percentage shares in which they should benefit should be inserted. Please ensure that the shares add up to 100%. At least one name must always be included in this Part.

Part 7: Proper Law

If the Settlor is domiciled in Scotland he/ she should initial the box if they want the law of Scotland to apply to the Trust. If the Settlor is domiciled in England, Wales or Northern Ireland he or she should leave the box blank.

If the box is not initialled, the law of England will apply.

The Schedule

In the Schedule the amount of the proposed loan should be inserted. This will be completed when the Loan Agreement is signed.

Part 8: Signatures

The Settlor and the Original Trustees should sign the document and each signature should be witnessed. It is sufficient for the Settlor to sign once. In Scotland, the location and date of each signature must also be stated.