

Establish a discretionary gift trust

Nucleus platform user guide

Edition 05

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Introduction

This document covers the practical steps to establishing the discretionary gift trust and processing the trust case appropriately on the platform, including:

- Formation of discretionary gift trust
- Trust account new business and gifting
- Trust account servicing events
- Fees

Guide

What is the discretionary gift trust?

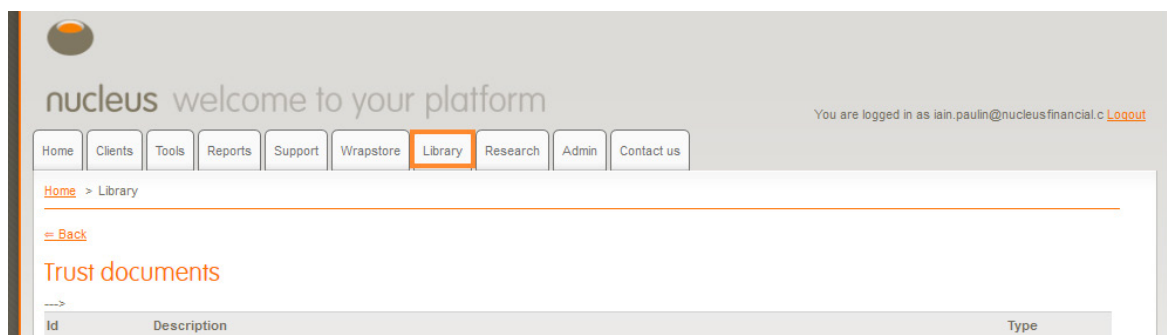
The discretionary gift trust is one of the draft deeds provided in the Nucleus platform trust suite. It has been settled by Counsel as, in general, suitable to achieve the purposes of the trust. Potential users must however seek their own legal advice in relation to the suitability of the draft for their specific purpose.

This document should be read after you've selected the trust and reviewed the relevant trust adviser guide found within the trust suite.

The discretionary gift trust adviser guide explains all the key technical points that should be considered in the use of this discretionary gift trust.

Formation of discretionary gift trust

You'll find all the documents you need for your client's trust case in the document library. Simply click on the library tab on the platform and then 'trust suite'.



Select and complete the required discretionary gift trust deed. Legal guidance should be considered before you complete this deed.

A minimum of two trustees are required for the trust deed. There's no need to record a beneficiary at outset as Nucleus doesn't need this for the application.

A trust bank account should be established for linkage to the Nucleus platform. Alternatively, it is possible to align an account belonging to a trustee, a beneficiary, a solicitor or a settlor. As payment to a third party is a deviation from the Nucleus terms and conditions, the trustees accept there may be implications of trust monies being paid to a non-trust bank account and accept full responsibility for the tax consequences of this.

Trust account new business

The discretionary gift trust account application should be completed on the platform. Lump sum investments should be keyed at this time.

The following platform wrapper accounts can be placed within this trust:

- Nucleus General Account
- Nucleus Offshore Bond
- Nucleus Onshore Bond
- Nucleus Onshore Bond (SFA)

Trust account gifting

General Accounts	<p>Any General Account asset from the investor's individual account can be gifted by reregistration.</p> <p>It's important to note that the assets being re-registered must already be held on the Nucleus platform i.e. have the same nominee.</p> <p>It's not possible to re-register assets directly from another nominee into a Nucleus trust account.</p> <p>Tip: For non-Nucleus assets, re-register these to a Nucleus individual account first.</p>
Bonds	<p>Bonds can be gifted from the investor's existing individual account to the trust via a whole policy assignment.</p> <p>The assignment is defined legally within the trust deed itself, so completion of the Nucleus assignment form is not required.</p> <p>The bond being assigned must be a whole policy i.e. all 100 segments.</p>
Longer term	<p>Please note that in future years the trust can still be preserved where the assets are moved off platform or to another platform as best serves the needs of the trustees.</p>

Supplementary application forms

General Account, Onshore Bond and Offshore Bond trust applications all require a supplementary application form. These can be found in the 'account specific' section of the document library.

Submission

You should send the application pack to:

Nucleus Client Relations
PO Box 26968
Glasgow
G2 9DY

This application pack must contain:

- Discretionary gift trust deed or certified copy
- Corporate/trustee declaration
- Trustee AML
- Authorised list of signatories (certified)
- Copy of online application
- Supplementary application form
- Cheque/bank payment (for any new business)

Any original or certified documentation will be returned to the trustees.

Note that certification of documentation may be made by a solicitor, notary or the Nucleus adviser.

Trust account servicing events: Top-ups and regulars

The standard top-up process applies. Note that top-ups can only be made by the original settlor. Top-ups are only permitted from the trust bank account.

Regular payments into the General Account must also be made from the trust bank account.

Trust account servicing events: Withdrawals

Standard processes apply for General Account and Bond Accounts.

Please note: Bond tax deferred withdrawals will be impacted by any adviser charges being incurred on that bond i.e. bonds operating on a post-RDR adviser charging basis.

Trust account servicing events: Assignments to a beneficiary

General Accounts	Trustees can assign from the general account to another individual account on the platform.
Bonds	Trustees can assign a whole bond policy to another individual account on the platform using an assignment form. Trustees cannot make partial assignments to another individual account on the platform e.g. 25 segments. Trustees can make partial encashments to the trust bank account as required (please refer to withdrawals process).

Trust account servicing events: Cancellations, cooling-off, account closure and death

The standard processes apply.

Fees

VAT – where advice is only being given in respect of a discretionary gift trust selection and creation, and it's clear there will not be some associated investment being established as part of that advice, then that advice would be subject to VAT.

As mentioned, careful consideration should be given to bonds operating on an adviser charging basis.

Initial fees	Initial fees are the responsibility of the investor. For new investments, it is not permitted for an initial fee to be charged. Instead an ad hoc fee from the investor's account or an off-platform payment should be made. Acting otherwise would give rise to gift with reservation consequences. For existing investments, any initial fees should be taken from the investment before it is transferred to the trust account. An ad hoc fee from the investor's account (or an off-platform payment) should be made.
Ongoing fees	Ongoing fees are the responsibility of the trustees. Ongoing adviser fees can be met from cash from the General Account. If met from unit/share sale then consideration should be given to CGT on any realised gain, as is the case for individual accounts. For bonds, it's very important that 5% capital withdrawal entitlement is not exceeded such that a chargeable event arises; if the settlor does not reclaim the tax then this will constitute a further gift.

Checklist

The following checklist will help ensure swift processing on your trust account:

- Discretionary gift trust deed is complete and signed
- Trust bank account is in place
- Documents are certified where required
- Any re-registrations to the trust are in the same (Nucleus) nominee
- Supplementary application is included as needed
- Consideration has been given to fees in respect of adviser charging rules and the nature of the chosen trust

Application pack reminder

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- Corporate/trustee declaration
- Trustee AML
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- Supplementary application form
- Cheque/bank payment (for any new business)

Further support

Hopefully you're now comfortable with how to set up a discretionary gift trust. If you need further help please contact your client relations manager.



client.relations@nucleusfinancial.com



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www.nucleusfinancial.com