

Establish a Bare discounted gift trust for the Nucleus Onshore Bond

Nucleus platform user guide

Edition 04

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Introduction

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

- Formation of bare discounted gift trust – for the Nucleus Onshore Bond
- Trust account new business and gifting
- Trust account servicing events
- Fees

Guide

What is the bare discounted gift trust?

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

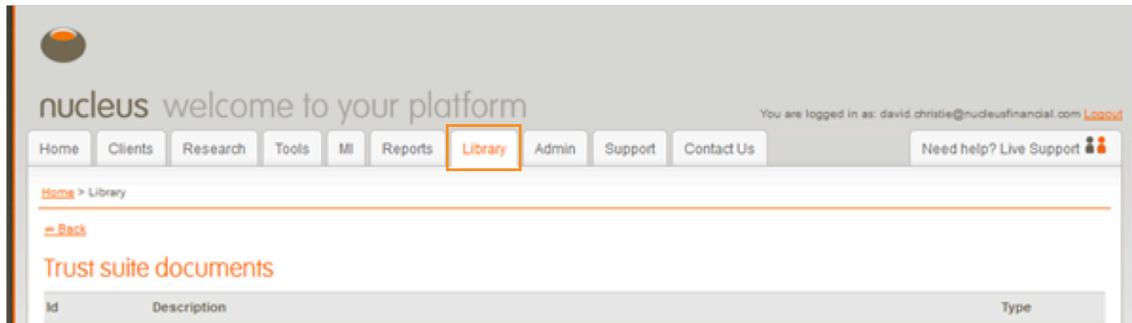
Which Nucleus accounts can be used with this trust?

The following account can be used in conjunction with this trust deed:

- Nucleus Onshore Bond

Formation of the bare discounted gift trust

You'll find all the documents you need for your client's trust case in the document library. Simply go to www.nucleusfinancial.net, click on 'library' and then 'trust suite'.



Estimated discount illustration

Sanlam can provide you with an estimated discount illustration prior to forming the trust and bond account. For this you need to complete a pro forma and send it to client.relations@nucleusfinancial.com along with the following attachments:

- Client name
- Date of birth
- General health information
- Investment amount
- Detail of any withdrawals

Underwritten discount illustration

To proceed to a fully underwritten illustration, you need to send the estimate discounting illustration details with a completed Sanlam health questionnaire to Nucleus at the address below.

The underwriting and discounting charge is £150 per case including any medical reports required.

We'll communicate the exact terms to you through Jira. We might need further medical information from clients in more involved cases.

Completing the trust deed

Select and complete the required bare discounted gift trust deed. Legal guidance should be considered before you complete this deed. The trust deed should be dated one day after the application.

There is also an addendum that needs to be completed for this trust. This should have the same date as the application.

A minimum of two trustees are required for the trust deed. Further to the trust deed being ready, we also need a trust bank account to be established for linkage to the Nucleus platform prior to a trust application.

Trust account new business

The application should be completed on the platform. The application should be made on an individual basis, not as a trustee application. Lump sum investments can be keyed at this time.

For younger clients in good health, you may wish to apply for the bond at the same time as the discounting and underwriting process.

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

- Nucleus Offshore Bond

Trust account gifting

Bonds	<p>Bonds can be gifted from the investor’s existing individual account to trust via a whole policy assignment.</p> <p>The assignment is defined legally within the trust deed itself so there’s no need to complete a Nucleus assignment form.</p> <p>The bond being assigned must be a whole policy i.e. all 100 segments.</p> <p>It’s important to note that if the donor and/or the donor’s spouse is a life assured on the gifted bond as this could be seen as a gift with reservation (which may defeat the tax planning). Legal opinion should be sought in such cases.</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

Onshore Bond trust applications require a supplementary application form. This can be found in the ‘account specific’ section of the document library.

Submission

You should send application pack to:

Nucleus client relations
PO Box 26968
Glasgow
G2 9DY

This application pack must contain:

- Trust deed or certified copy
- Trust addendum
- Individual declaration
- Individual AML
- Copy of online application
- Supplementary application form
- Adviser fees client authority form (for trustees other than settlor)
- Cheque/bank payment (for any new business)

Please note: If the trust bank account is not setup correctly then this will prevent a withdrawal payment being processed in the future.

Any original or certified documentation will be returned to trust.

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

Trust account servicing events: Top-ups and regulars

No top-ups or regular payments can be made to this bare discounted gift trust.

Trust account servicing events: Withdrawals

Standard processes apply for bond accounts, as defined by the discount.

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 a General Account to another individual account on the platform
Bonds	Trustees can assign 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 (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 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. Initial fees must not be taken from the bond policy. Advisers should be paid by the investor from an adequately funded general account or by direct payment to adviser firm.
Ongoing fees	Ongoing fees are the responsibility of the trustees. 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. Ongoing fees should therefore be a fixed amount not a % such that tax deferred withdrawals are not exceeded. The fees will necessarily reduce the entitlement to income and subsequently the discount amount. The adviser charge should be considered at outset in the discount illustration and associated withdrawal level being requested. In some cases it may be preferable to contract separately with the trustees for the ongoing adviser charge so that the full 5% withdrawal level can be utilised.

Checklist

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

- Satisfactory discount illustration
- Trust deed is complete and signed – and dated one day after application
- Addendum to trust is completed – and dated same day as application
- Trust bank account is in place
- Documents are certified where required
- Supplementary application is included
- Initial adviser charge is being arranged outside the bond account
- Ongoing adviser charge is set on a fixed amount basis

Application pack reminder

- Trust deed or certified copy
- Trust addendum
- Individual declaration
- Individual AML
- Copy of online application
- Supplementary application form
- Adviser fees client authority form (for trustees other than settlor)
- Cheque/bank payment (for any new business)

Further support

Hopefully you're now comfortable with how to set up a bare discounted gift trust with the Nucleus Onshore Bond. If you need further help please contact your client relations manager.



client.relations@nucleusfinancial.com



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www.nucleusfinancial.com