

# A guide to our trust range

**For adviser use only.**  
**Not for use with customers.**

[www.fpinternational.com](http://www.fpinternational.com)

	Flexible Future Benefit Trust	Discounted Gift Trust	Loan Trust	Capital Access Trust	Gift Trust
<b>Variations available</b>	Discretionary Single settlor	Absolute & Discretionary Single & joint settlor	Absolute & Discretionary Single & joint lender	Absolute & Discretionary Single settlor	Absolute & Discretionary Single & joint settlor
<b>Compatible Friends Provident International products</b>	Reserve, Reserve II & Global Portfolio	All single premium products	All single premium products	All single premium products	All single & regular premium products
<b>Available to existing policies?</b>	No	Yes – provided policyholder and policyholder’s spouse are not lives assured, or if a capital redemption bond	No	No	Yes
<b>Value of gift for Inheritance Tax (IHT) purposes</b>	Premium amount	Premium amount discounted by the present value of settlor’s retained rights i.e. the policy withdrawals	Nil – premium is a loan to the trustees and not a gift	Premium less the monetary amount the settlor has carved out for their absolute benefit	Bond value at time of gift
<b>What is outside estate for IHT purposes?</b>	Value of gift after 7 years* and growth immediately. Re-enters settlor’s estate on chosen entitlement dates	Total value of gift after 7 years. Discount and growth immediately	Growth only. Amount of outstanding loan remains an asset of the settlor’s estate.	Value of gifted portion after 7 years and all trust growth immediately. Value of settlor’s carved out entitlement remains in estate.	Value of gift after 7 years and growth immediately
<b>Immediate IHT liability (Discretionary version only)</b>	Lifetime rate on value of gift in excess of nil rate band*	Lifetime rate on value of gift in excess of nil rate band*	Nil – it is a loan, not a gift	Lifetime rate on gifted amount in excess of nil rate band	Lifetime rate on gift value in excess of nil rate band
<b>Does deferral of the settlor’s entitlement have any consequences for IHT purposes?</b>	No. Entitlement dates can be deferred on request without any IHT implications	N/A	N/A	N/A	N/A

\*Unless the Normal Expenditure out of Income IHT exemption is being claimed for the gifts

	Flexible Future Benefit Trust	Discounted Gift Trust	Loan Trust	Capital Access Trust	Gift Trust
<b>How the Periodic charge is calculated (Discretionary version only)</b>	Based on trust value at 10 year anniversary	Based on trust value at 10 year anniversary less value of settlor's retained rights (determined actuarially at 10 year anniversary)	Based on trust value at 10 year anniversary less outstanding loan amount	Based on trust value at 10 year anniversary less settlor's remaining capital entitlement	Based on trust value at 10 year anniversary
<b>Discount available</b>	No	Yes	No	No	No
<b>Underwriting required</b>	No	Yes	No	No	No
<b>Lives assured (on whole of life version)</b>	Up to 10 individuals, age limits may apply. We recommend that neither the settlor nor the settlor's spouse should be lives assured	Up to 10 individuals, age limits may apply. We recommend that neither the settlor nor the settlor's spouse should be lives assured	Up to 10 individuals, upper age limits may apply	Up to 10 individuals, upper age limits may apply	Up to 10 individuals, upper age limits may apply
<b>Top ups permitted</b>	Yes	No	Yes – additional loans permitted	No	Yes
<b>Settlor's entitlement</b>	Value of policy funds on the entitlement dates selected at outset	Fixed withdrawal amounts determined at outset for life	Loan amount	Fixed monetary amount carved out at outset	None
<b>Withdrawals permitted</b>	Trustees can only take withdrawals for adviser charges and any IHT periodic charges if any are due	Settlor's fixed withdrawals for life. No further withdrawals during the settlor's lifetime	Trustees may take withdrawals to repay the Lender. Trustees may take withdrawals for beneficiaries' benefit	Trustees may take withdrawals for settlor's benefit up to the value of carved out entitlement and also for the beneficiaries' benefit from beneficiaries' fund	Trustees may take withdrawals for beneficiaries' benefit
<b>Surrenders permitted</b>	On request of trustees	We do not recommend it, as the trustees have a liability to pay the withdrawals to the settlor	On request of trustees	On request of trustees	On request of trustees

## Important information

The information given in this document is based on Friends Provident International Limited's understanding of UK and Isle of Man tax law and HM Revenue & Customs practice as at September 2015, which may change in the future. Individuals are advised to seek professional advice and no liability can be accepted for the personal tax consequences of this Trust or for the effect of future tax and legislative changes.

Each policy/contract is governed by and shall be construed in accordance with the law of the Isle of Man. If your client effects a policy whilst resident in the United Arab Emirates, all disputes regarding the policy shall be subject to the non-exclusive jurisdiction of the courts of the United Arab Emirates. The value of the bond cannot be guaranteed, your clients could get back less than they paid in.

All policyholders will receive the protection of the Life Assurance (Compensation of Policyholders) Regulations 1991 of the Isle of Man, wherever their place of residence.

**This factsheet is intended for general information purposes only and does not constitute legal advice. It is based upon our understanding of current UK legislation as at September 2015 and may be subject to change in future. Whilst every care has been taken to ensure the accuracy of this factsheet, Friends Provident International Limited cannot accept any liability to any party for loss or damage caused by errors or omissions. No part of this factsheet may be reproduced without prior approval from Friends Provident International Limited.**

Copyright© 2018 Friends Provident International Limited. All rights reserved.

Release date: September 2015

**Friends Provident International Limited:** Registered and Head Office: Royal Court, Castletown, Isle of Man, British Isles, IM9 1RA. Telephone: +44 (0)1624 821212 | Fax: +44 (0)1624 824405 | Website: [www.fpinternational.com](http://www.fpinternational.com). Isle of Man incorporated company number 11494C. Authorised and regulated by the Isle of Man Financial Services Authority. Provider of life assurance and investment products. Authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request. **Singapore branch:** 4 Shenton Way, #11-04/06 SGX Centre 2, Singapore 068807. Telephone: +65 6320 1088 | Fax: +65 6327 4020 | Website: [www.fpinternational.sg](http://www.fpinternational.sg). Registered in Singapore No. T06FC6835J. Licensed by the Monetary Authority of Singapore to conduct life insurance business in Singapore. Member of the Life Insurance Association of Singapore. Member of the Singapore Financial Dispute Resolution Scheme. **Hong Kong branch:** 803, 8/F., One Kowloon, No.1 Wang Yuen Street, Kowloon Bay, Hong Kong. Telephone: +852 2524 2027 | Fax: +852 2868 4983 | Website: [www.fpinternational.com.hk](http://www.fpinternational.com.hk). Authorised by the Insurance Authority of Hong Kong to conduct long-term insurance business in Hong Kong. **Dubai branch:** PO Box 215113, Emaar Square, Building 6, Floor 5, Dubai, United Arab Emirates. Telephone: +9714 436 2800 | Fax: +9714 438 0144 | Website: [www.fpinternational.ae](http://www.fpinternational.ae). Registered in the United Arab Emirates with the UAE Insurance Authority as an insurance company. Registration date, 18 April 2007 (Registration No. 76). Registered with the Ministry of Economy as a foreign company to conduct life assurance and funds accumulation operations (Registration No. 2013). Friends Provident International is a registered trademark and trading name of Friends Provident International Limited.