

DATED _____ **20** .

DECLARATION OF TRUST

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INTRODUCTION

(A) (1) The Settlor has applied to the Company for the Policy in terms of the application form dated:

It is the intention that this Policy should from its inception be held in trust for the Beneficiaries as defined below on the terms and powers of this Declaration of Trust.

The Settlor directs that in the Policy the Trustees should be expressed to be the policyholder of the Company and that the Policy shall be issued to the Settlor and the Additional Trustees named in the Second Schedule to hold the Policy in trust for the Beneficiaries on the terms and powers in this Declaration of Trust.

OR

(2) The Settlor has a Policy with the Company which has policy number:

and a policy start date of

The Settlor now intends that the Policy shall constitute a trust for the Beneficiaries as defined below. The Settlor hereby assigns the Policy to the Settlor and the Additional Trustees named in the Second Schedule to hold the Policy in trust for the Beneficiaries upon the terms and powers set out in this Declaration of Trust.

(B) The Settlor appoints the Additional Trustees to act jointly with the Settlor as Trustees of this trust.

IT IS HEREBY DECLARED as follows:

1. INTERPRETATION AND DEFINITIONS

1.1 In this Declaration of Trust, unless inconsistent with the context or otherwise specified the following expressions shall have the following meanings:

"Additional Trustees" means the Trustees named in the Second Schedule;

"Beneficiary" means in relation to the Settlor:

- (i) any Relative
- (ii) any individual who is a legatee of the Settlor's will or would have been if the Settlor died intestate
- (iii) any person who is nominated in writing to the Additional Trustees as a Beneficiary by the Settlor

- (iv) the trustee of a trust which may provide payments to a Beneficiary
- (v) any Default Beneficiary.

This definition does not include the Settlor or the Crown;

"Benefit" means any Benefit payable from the Policy on the death of the Settlor;

"Civil Partner" means, if the Settlor has died, the person who was the Settlor's civil partner, for the purposes of section 1 of the Civil Partnership Act 2004, immediately prior to his death;

"Company" means the Metropolitan Police Friendly Society Limited;

"Default Beneficiary" means any person named in the Third Schedule;

"Gifted Benefit" means the life cover (excluding any terminal illness benefit) provided under the Policy);

"Policy" means the Policy detailed above;

"Relative" means:

- (i) any ancestor or descendant (however remote) of the Settlor or of his Spouse
- (ii) any child (natural or adopted), stepchild, brother or sister of the Settlor (whether of the whole or of the half-blood) and any descendant of any such child, stepchild, brother or sister
- (iii) any Spouse of the Settlor or of any person within (i) or (ii) above
- (iv) any stepbrother or stepsister of the Settlor
- (v) any individual who, in the Additional Trustees' opinion, was financially dependent on or financially interdependent with the Settlor at the date of the Settlor's death or dependent on the Settlor because of physical or mental impairment.

and:-

- a) 'descendant' includes adopted persons and those who, in the Additional Trustees' opinion, have been treated as children of the family
- b) the class of Relatives shall be closed at the Settlor's date of death except that it shall include persons then en ventre sa mere who if they had then been born would have been Relatives.

This definition may include any Trustee provided that person meets any of the conditions set out in (i) to (v) above;

"Retained Benefit"	means the terminal illness benefit or any critical illness benefit if this has been selected under the Policy;
"Spouse"	means the Settlor's wife or husband or Civil Partner or, where appropriate, widow or widower or surviving Civil Partner. A person shall only be regarded as a Spouse or Civil Partner if details of such person and of such person's marriage or civil partnership to the Settlor are supplied to the Additional Trustees and the Company at such time and in such form as the Additional Trustees and the Company may require;
"Trustees"	means the Settlor, the Additional Trustee and any such other Trustees appointed in accordance with the terms of this Declaration of Trust;
"Trust Fund"	means any Benefit payable from the Policy including any accumulations of income thereon;
"Trust Period"	means the period of eighty years less one day from the date of this trust or the expiration of any other fixed perpetuity period as defined by statute.

1.2 Where the context does not require otherwise:-

1.2.1 references to any gender shall include any other gender;

1.2.2 references to the singular shall include the plural and vice versa.

1.3 Reference to any enactment or regulations shall include reference to any statutory amendment or re-enactment for the time being in force and where appropriate any subsequent related regulations or other legislation.

1.4 Indices and headings are included for convenience only and shall not affect the interpretation of the Trust.

1.5 The Schedules form part of this Declaration of Trust and shall have the same force and effect as if expressly set out in the body of this Declaration of Trust, and any reference to this Declaration of Trust shall include the Schedules, but, save to the extent otherwise set out, in the event of a conflict between anything in this Declaration of Trust and anything in any Schedule, this Declaration of Trust shall prevail.

2. **DECLARATION**

2.1 The Settlor hereby establishes a Trust and declares that the Benefit paid from the Policy on the Settlor's death will be held by the Additional Trustees as the Trust Fund on irrevocable trusts as detailed in this Declaration of Trust.

3. TRUST

3.1 Retained Benefit

The Additional Trustees shall hold the Retained Benefit for the absolute benefit of the Settlor.

3.2 Gifted Benefit

3.2.1 The Additional Trustees shall hold the capital and income of the Trust Fund upon trust for such of the Beneficiaries as the Additional Trustees may appoint during the Trust Period.

3.2.2 Until and subject to and in default of any appointment made under Clause 3.1 above or so far as any such appointment shall not extend or fail for any reason, the Additional Trustees will hold the Trust Fund and the income thereof for the Default Beneficiaries and if more than one than in the shares specified in the Third Schedule.

3.2.3 The Additional Trustees may accumulate the whole or part of the income of the Trust Fund during the period of twenty one years from the date of death of the Settlor. Any accumulated income will then be added to the Trust Fund and dealt with in accordance with Clause 3.1 above.

3.2.4 The Settlor shall not be capable of benefitting from Gifted Benefit.

3.3 The Policy shall be the only asset of the Trust Fund.

4. STATUTORY POWERS OF MAINTENANCE AND ADVANCEMENT

4.1 Unless it is provided to the contrary expressly or by necessary implication, sections 31 and 32 of the Trustee Act 1925 will apply but with the variations in sub-paragraphs (2) and (3).

4.2 Section 31 of the Trustee Act 1925 will have effect as if:

4.2.1 the words "the Additional Trustees think fit" were substituted in sub-section (1)(i) for the words "may in all the circumstances be reasonable"; and

4.2.2 the proviso at the end of sub-section (1) were omitted.

4.3 Section 32 of the Trustee Act 1925 will have effect as if:

4.3.1 the words "advancement, maintenance, education or benefit" were substituted for the words "advancement or benefit" wherever they appear; and

4.3.2 the words "one half of" were omitted from proviso (a) to sub-section (1).

5. DEFAULT TRUST

5.1 Subject to all the powers and provisions set out in this Declaration of Trust, the Trust Fund shall be held upon trust for the Beneficiaries.

6. **POWER OF APPOINTMENT**

6.1 The Additional Trustees may appoint that they shall hold the Trust Fund for the benefit of any Beneficiaries, on such terms as the Additional Trustees think fit.

6.2 An appointment may create any provisions and in particular:

6.2.1 discretionary trusts;

6.2.2 dispositive or administrative powers

exercisable by any person including the Additional Trustees.

6.3 No exercise of this power of appointment shall invalidate any prior payment of Benefit or application of all or part of the Trust Fund.

6.4 An appointment shall be made by deed and may be revocable or irrevocable.

7. **TRANSFER OF TRUST**

7.1 The Additional Trustees may by deed declare that this Trust Fund may be transferred to the trustees of another settlement (the "other settlement"), wherever established, to hold on the terms of that settlement, freed and released from the terms of this Declaration of Trust.

7.2 The Additional Trustees may only exercise this power if the range of beneficiaries under the terms of the other settlement is limited to the Beneficiaries under this Declaration of Trust.

8. **EXERCISE OF TRUST POWERS**

8.1 The Additional Trustees may only exercise the powers in Clauses 5, 6 and 7:

8.1.1 during the Trust Period; and

8.1.2 if there are at least two Additional Trustees or the Additional Trustee is a corporate Additional Trustee.

9. **ADMINISTRATIVE PROVISIONS**

9.1 The Additional Trustees have the power to exclude any Beneficiary under this Declaration of Trust. Once excluded that individual will cease to be a Beneficiary or prevented from becoming a Beneficiary either by nomination of the Settlor, under the laws of intestacy or the Settlor's will or as the Spouse of the Settlor. This exclusion will be carried out by deed revocable or irrevocable. Any deed or revocation of it may only take place if there is another Beneficiary and will not affect any previous Benefit paid.

9.2 The Additional Trustees have full powers of investment and application of the Trust Fund including all such powers which it could exercise if it were absolutely and beneficially entitled to the Trust Fund. In particular and without prejudice to the generality of the foregoing the Additional Trustees may invest or apply all or any part of the Trust Fund in any part of the world:-

9.2.1 in deferred or immediate annuity policies, life assurance policies, retirement, endowment or sinking fund contracts or policies each of which are effected with an insurance company;

9.2.2 in any interest in land or property;

9.2.3 in units, unit trusts or mutual funds or other common investment funds or securitised issues or any other form of collective investment;

- 9.2.4 in the purchase of or subscription for or in underwriting, sub-underwriting or guaranteeing the subscription of any stocks, shares, debenture stocks, warrants or other investments;
- 9.2.5 in entering into and engaging in any obligations or contracts or dealings including dealings in currencies, traded options, financial futures, commodities or commodity futures;
- 9.2.6 in choses in action and other personal chattels and any other asset, whether wasting or depreciating or otherwise;
- 9.2.7 in the insurance of any assets of the Trust Fund against any risks and for any amounts;
- 9.2.8 by opening in the name of the Additional Trustees and operating accounts with any local authority, bank, insurance company, building society or finance company upon such terms as the Additional Trustees think fit;
- 9.2.9 by participating in any scheme of deposit administration or any managed fund administered by an insurance company; and
- 9.2.10 by participating in any investment (whether income producing or not) or in the acquisition, and/or development of any interest in land or property jointly with any other party or parties whether as partners or as trustees to hold it upon trust for sale or otherwise, even if the Additional Trustees interest in any such venture is a minority interest;

and may

- 9.2.11 lend monies to, and borrow or raise monies from, any person for such purposes and upon such security and subject to such terms as it considers fit;
- 9.2.12 enter into any arrangements with an insurance company to reinsure the whole or any portion of the risks undertaken, and in particular including reinsuring against any excess of claims that might fall upon the Trust owing to a catastrophe or epidemic;
- 9.2.13 make any other arrangements with an insurance company for the provision of all or any Benefits.

9.3 Any provision made under the power to insure in respect of any Benefit (whether immediate or contingent) may be made by effecting an individual annuity contract or policy in the name of the Beneficiary or in the name of the Additional Trustees or (if the contract or policy was initially effected in the name of the Additional Trustees) by assigning it to the Beneficiary.

10. TRUSTEES

10.1 Appointment and Removal of Trustees

- 10.1.1 The Settlor may at any time by deed remove a person appointed as an Additional Trustee from that role and appoint one or more persons to be replacement or additional Trustee. After the death of the Settlor the power of appointment and removal vests with the Additional Trustees and shall be exercisable by majority decision.
- 10.1.2 There shall be no maximum number of Additional Trustees.
- 10.1.3 A corporate body may act as an Additional Trustee and as sole Additional Trustee whether or not it is a trust corporation or has been preceded in office by more than one Additional Trustee.

- 10.1.4 A corporate Additional Trustee or an Additional Trustee who is a solicitor or an accountant or engaged in any profession or business shall be entitled to such remuneration as may be agreed with the Settlor or, after the death of the Settlor, with the other Additional Trustees.
- 10.1.5 Where a corporate body acts as an Additional Trustee its function is to be exercisable either by its board of directors or by any one or more of its duly authorised officers.
- 10.1.6 An Additional Trustee may resign from office by giving not less than one month's written notice to any other Additional Trustees. The Additional Trustee's resignation shall take effect on the date specified in the notice but not before any other Additional Trustees receive the notice. The Additional Trustees shall execute such documents and do such things as may be necessary to give proper effect to such resignation or removal.
- 10.1.7 Any appointment of new or Additional Trustees or removal of a Trustee or resignation of a Trustee must be in writing. The Company shall not be bound by any change, addition, appointment or resignation of a Trustee until notice of such change, addition, appointment or resignation is received at the Company's Head Office.

10.2 **Trustee Proceedings**

- 10.2.1 The Additional Trustees may act by majority vote at a quorate meeting and (subject to any subsequent decision) any resolution so passed will bind any dissentient or absent Additional Trustees. Except where there is a sole corporate Additional Trustee (and subject to any Additional Trustees' resolution to the contrary) two Additional Trustees constitute a quorum.
- 10.2.2 The continuing Additional Trustees may continue to act notwithstanding any vacancy in their number.
- 10.2.3 The Additional Trustees may act by written resolution signed by a majority of the Additional Trustees and for this purpose each Trustee may sign a separate identical document which will be as valid as if they had all signed the same document.

10.3 **Protection of Additional Trustees**

- 10.3.1 The duty of care under section 1 of the Trustee Act 2000 shall not apply to any Additional Trustee.
- 10.3.2 No Additional Trustee (or any officer or representative of an Additional Trustee or any delegate or nominee of the Trustee) will be liable for any breach of trust except to the extent attributable to his act or omission knowingly and wilfully committed in bad faith or in the case of a professional Additional Trustee, negligently.
- 10.3.3 Any Additional Trustee (or any officer or representative of an Additional Trustee or any delegate or nominee of the Trustee) may be a Beneficiary (and may retain any benefit).
- 10.3.4 No Additional Trustee's decision will be invalidated or questioned because any of the Trustees (or any officer or representative of an Additional Trustee or any delegate or nominee of the Additional Trustee) had any interest (or was an officer or trustee of, or otherwise connected with, any third party interested) in it.

11. **PAYMENTS**

11.1 Payment from the Policy to the Additional Trustees will be a full discharge of any liability under the Policy in respect of that payment. Where Benefits are payable to the Additional Trustees it is the responsibility of the Additional Trustees to pass this on to the Beneficiaries and not the responsibility of the Company or any other party.

11.2 Any payment to a Beneficiary shall be paid by bank transfer or otherwise as the Additional Trustees may agree with the recipient.

11.3 If a Beneficiary is a minor, or in the Additional Trustees' opinion, is unable to act by reason of mental disorder or otherwise, the Additional Trustees may pay or direct the payment to any one or more of his parents, guardians, Spouse or Civil Partner or other person legally appointed or authorised to receive it on his behalf to be applied for his benefit.

12. **AMENDMENT OF TRUST**

The Additional Trustees may at any time during the Trust Period amend, extend or modify any of the provisions of this Deed. Any amendment, extension or modification must be made by deed. This power cannot be exercised if it would permit the Settlor to benefit directly or indirectly from the Trust Fund.

13. **GOVERNING LAW**

The Trust shall be construed according to, and be governed by, the laws of England and the parties hereto irrevocably submit to the non-exclusive jurisdiction of the English courts for the purposes of this Declaration of Trust.

IN WITNESS WHEREOF the parties have executed this DEED on []

SIGNED as a **DEED** by the Settlor:

in the presence of (Signature of Witness):

Witness's Occupation:

Print Name and Address of Witness:

Postcode:

SIGNED as a **DEED** by the First Trustee:

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in the presence of (Signature of Witness):

--

Witness's Occupation:

--

Print Name and Address of Witness:

--

Postcode:

SIGNED as a **DEED** by the Second Trustee:

--

in the presence of (Signature of Witness):

--

Witness's Occupation:

--

Print Name and Address of Witness:

--

Postcode:

SIGNED as a **DEED** by the Third Trustee:

--

in the presence of (Signature of Witness):

--

Witness's Occupation:

--

Print Name and Address of Witness:

--

Postcode:

SCHEDULE 1
SETTLOR'S DETAILS

Name of Settlor:

--

Address:

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SCHEDULE 2

DETAILS OF THE ADDITIONAL TRUSTEES

Name of First Additional Trustee:

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Address of First Additional Trustee:

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Name of Second Additional Trustee:

--

Address of Second Additional Trustee:

--

Name of Third Additional Trustee:

--

Address of Third Additional Trustee:

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SCHEDULE 3

DETAILS OF DEFAULT BENEFICIARIES

Full Names	Address (including post code)	Date of Birth	Relationship to Settlor	Share of trust Fund (%)

Guide to filling in the Declaration of Trust

These notes do not form part of the Declaration of Trust.

This Declaration of Trust document is a draft only. The parties signing it must satisfy themselves that the document is suitable for their use and it has the legal effect they intend to achieve. The parties may wish to consult their legal or other advisors. If the parties use this draft then they are deemed to have accepted responsibility for it. Metropolitan Police Friendly Society Limited cannot accept any responsibility for the tax or other consequences arising from the use of this draft.

No other assets should be added to this Trust.

This draft Declaration of Trust is written for English Law.

This Declaration of Trust has been drawn up based on our understanding of current law and HMRC guidance (as at May 2010) which may alter.

Please complete all relevant parts of the Declaration of Trust in black ink and use block capitals (except for signatures) and always give full names (i.e. include middle names). If you leave a part blank it could mean that the Declaration of Trust is invalid.

If you make a mistake, draw a line through it and place your initials close by in the margin. Do not use correction fluid.

The Declaration of Trust has been drafted on the basis that it is being set up with a new application for a policy not yet issued **OR** for an existing policy which has been issued but not for both situations. Therefore, on page 1 complete only the boxes in (A) (1) or in (A) (2) (see step 1. below).

The following steps are ordered according to how in practice you are likely to fill in the Declaration of Trust, not in the order they actually appear.

Step 1. You, the Settlor:

Page 1: "PART A" EITHER **complete** the application date in (A) (1) if you are applying for a new policy OR **insert** the policy number and start date of the policy in (A) (2) if you wish to place an existing policy into trust. Contact us for the details if you are in any doubt.

Page 8: **LEAVE BLANK** (for the present – see step 5. below) the space after "in witness whereof the parties have executed this deed on")

Page 8: "Signed as a Deed by the Settlor": you should **sign** here. (As the Settlor, you are automatically a Trustee of this Trust; you must sign the Declaration of Trust as the Settlor, but you do not need to sign again as a Trustee.)

Page 10: "Schedule 1 Settlor's Details". **Insert** your full name and address.

Page 12: "Schedule 3 Details of Default Beneficiaries". **Insert** the name address, date of birth and relationship to you of all the Beneficiaries (your children or grandchildren, for example) you want to benefit from the Trust, and the share each is to receive. The shares must total 100%. These Beneficiaries will only benefit if no other appointment is made within the trust period. You should insert only names i.e. not a beneficiary clause. There must be at least one Default Beneficiary.

Step 2. Your witness (you can use the same witness as the trustees)

Your signature on page 8 (and the signatures on page 9 of each of the Additional Trustees) must be witnessed by someone over the age of 18 who is not a party to the Trust (i.e. neither the Settlor nor a Trustee). After each signature that they have witnessed, the witness must **sign** and then **print** their occupation, full names, and address. One person may witness more than one of the signatures, but must sign and fully complete all their details after each signature that they witness.

Step 3. The Additional Trustees:

(As the Settlor, you are automatically a Trustee of this Trust. We strongly recommend that you appoint at least one Additional Trustee, it is advisable to have at least two Additional Trustees, and this Declaration of Trust has room for up to three. A Trustee must be over 18 years of age.)

Page 9. Each Additional Trustee must **sign** here and each signature must be witnessed (see step 4 below.)

Page 11 “Schedule 2 Details of the Additional Trustees”. **Insert** the full names and addresses of the Additional Trustees you are appointing. (You are automatically a Trustee, so you don’t have to include your own name again.)

Step 4. Witnesses for the Additional Trustees

The signatures of each of the Additional Trustees on pages 8 and 9 (as well as your signature on page 8) must be witnessed by someone over the age of 18 who is not a party to the Deed (i.e. neither the Settlor nor a Trustee). After each signature that they have witnessed, the witness must **sign** and then **print** their occupation, full names, and address including postcode. One person may witness more than one of the signatures, but must sign and fully complete all their details after each signature that they witness.

Step 5. Finally: someone (preferably yourself):

Page 8: Now **insert** (after “in witness whereof the parties have executed this deed on”) the date this Trust is set up on. This should be the date on which the **last witness** has signed the Trust. Write this date again at the top of the front page (“Dated _____ 20__”)

Once completed, you should check it to ensure you are happy with it, refer it if possible to a legal or financial professional, then send it to us, keeping copies for each of the other Trustees.

May 2010