

Writing a Life Policy Under Trust

Any life insurance policy can be set up in Trust, whether it is a regular savings plan, a single premium investment bond or even a life protection policy.

By setting a policy up in Trust, you can ensure that the proceeds of that policy are distributed to the beneficiaries in accordance with the policyholder's wishes without delay. A trust is created at no extra cost.



What is a trust?

- A trust is a legal document.
- It transfers the legal ownership of a policy to Trustees.
- In the event of the death of the life insured, the proceeds of the policy are paid to the Trustees. They must then forward these proceeds to the beneficiaries you name.



The Zurich Life General Trust Form

- The General Trust Form is available on Zurich's Broker Centre.
- The person named as policyholder on the policy's application form is automatically named as Trustee. This allows the policyholder to retain control over the policy during their life.
- A person is named who is given the power to appoint a Trustee on the death of the policyholder. This person may also appoint him/herself as a Trustee.
- The names of the beneficiaries and the percentage payable to each must be specified.
- Each policyholder then signs the General Trust Form and the signature is witnessed.
- The General Trust Form is suitable only for new policies and not existing policies.

Advantages of writing a policy under trust

- There is no delay in distributing the proceeds of the policy in line with the policyholder's wishes. The benefit from the policy is paid directly to the Trustees, on receipt of the necessary proofs.
- Setting a policy up under Trust removes the need for it to be included in the Will.
- Setting a policy up under Trust protects the proceeds of the policy from creditors, unless the policy was specifically effected to defraud creditors.
- The trustees must pay the proceeds of the policy to the beneficiaries named on the trust form. A trustee can be a beneficiary but, as this may present a conflict of interest, it is not recommended.

Disadvantages of writing a policy under trust

- An additional form must be completed.
- A policy written under trust cannot be assigned or used as collateral for a loan in the future.

The following is a step-by-step guide relating to each area of the form which needs to be completed when setting a policy up under General Trust.

- the first section is completed by the policy owner(s) on the policy
- this means that the person taking out the policy is recorded as the trustees of the policy. They are recorded as original trustees and will retain control over the policy during their lifetime (unless trustees change), should the need arise to encash or surrender the policy.

Occupation

- Under paragraph 7 of the conditions of the trust (page 2) the names of the beneficiaries and the percentage of the sum insured payable to each is filled in.

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(a) in the event of a death benefit being payable, for the benefit of all or such one or more exclusively of the others or other of such of my/our spouse, children, remoter issue, parents, brothers, sisters, uncles, aunts, nephews and nieces who are now living or shall hereafter be born during my lifetime/the lifetime of the survivor of us and the additional beneficiary or beneficiaries (if any) named later in this clause as I/we and the survivor of us may at any time or times by deed or deeds revocable or irrevocable appoint provided that I/we and the survivor of us may at any time or times by deed wholly or partially release or restrict the future exercise of this power of appointment and in default of and subject to any such appointment for the absolute benefit of:

[illegible]

- it is the policy owners/trustees of the policy/trust form who sign the trust form. There is no requirement for those who are nominated to appoint trustees to sign the trust form
- the signatures of the trustees should be witnessed and the witness signs it, giving details of profession and address.

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**First Policy Owner/
Trustee:**
Please sign.



Witness:
Please sign.

Signature of First Policy Owner/Trustee
X

Signature of witness
X

Please note that Zurich Life does not advise on the suitability of the General Trust Form for clients and advise that clients contact their own solicitor for advice on this form.

Zurich Life Assurance plc is regulated by the Central Bank of Ireland.

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